CONTENTS

MUMTAZ HOTELS LIMITED

BOARD

Mr. P. R. S. Oberoi, *Chairman*
Mr. Shivy Bhasin, *Vice Chairman*
Mr. Bharath Bhushan Goyal, *Managing Director*

Mr. T. K. Sibal
Mr. Manish Goyal
Mr. Vikram Oberoi
Mr. Arjun Oberoi

AUDITORS

Virmani & Associates
Chartered Accountants
Suite No. 702
Nilgiri Place
9, Barakhamba Road
New Delhi 110 001

REGISTERED OFFICE

4, Mangoe Lane
Kolkata 700 001

DIRECTORS' REPORT

The Board presents its Twenty-fourth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2014.

The financial highlights are set out below:

	Rupees (in million)	
	2013-2014	2012-2013
Total Revenue	**855.24**	806.87
Earnings before Interest, Depreciation, Taxes, Amortisation and Exceptional items (EBIDTA)	**428.46**	394.53
Interest and Finance Charges	**0.70**	0.64
Depreciation	**35.61**	32.34
Profit before Tax	**392.15**	361.55
Current Tax	**130.10**	112.40
Deferred Tax	**1.92**	8.88
Profit after Tax	**260.13**	240.27
Profit brought forward	**188.57**	213.20
Dividend	**206.50**	206.50
Dividend Tax	**35.10**	34.30
General Reserve	**26.40**	24.10
Balance carried forward	**180.70**	188.57

In terms of General Circular No. 08/2014 dated 4th April, 2014 of the Ministry of Corporate Affairs, Government of India, the Board Report has been prepared in accordance with Section 217 of the Companies Act, 1956.

The Company, in respect of the year under report, recorded yet another year of satisfactory performance:

- Total Revenue during the Financial Year 2013-2014 was ₹ 855.24 million as compared to ₹ 806.87 million in the previous year, which is an increase of 6%;
- Operating Profit during the Financial Year 2013-2014 was ₹ 428.46 million as compared to ₹ 394.53 million in the previous year;
- The Profit before Tax during the Financial Year 2013-2014 was ₹ 392.15 million as compared to ₹ 361.55 million in the previous year, an increase of 8.5%;
- The Profit after Tax was ₹ 260.13 million as compared to ₹ 240.27 million in the previous year.

At its Meeting held on 25th January, 2014, the Board had approved payment of an interim dividend @ ₹ 5 per Equity Share. This was paid to all Shareholders on 29th January, 2014. The Board recommends to the shareholders a Final Dividend of ₹ 10 per Equity Share (inclusive of interim dividend of ₹ 5 per share) for the financial year 2013-2014.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act") and, based upon representations from the Management, the Board states that:

a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;

b) the Directors have selected accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the year;

c) the Directors have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

The present term of appointment of Mr. Bharat Bhushan Goyal as Managing Director of the Company expired on 27th October, 2013. At the Board meeting held on 25th January, 2014, the Board had re-appointed Mr. Bharat Bhushan Goyal as Managing Director of the Company for a fresh term of five years with effect from 28th October, 2013, subject to the approval of the shareholders. Mr. Bharat Bhushan Goyal will not receive any remuneration as Managing Director of the Company.

The Board recommends to the shareholders re-appointment of Mr. Bharat Bhushan Goyal as Managing Director of the Company without receiving any remuneration from the Company.

Mr. T.K. Sibal and Mr. Shivy Bhasin, Directors, retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

The Auditors of the Company, Messrs. Virmani & Associates, Chartered Accountants, retire and are eligible for re-appointment. They have confirmed that, if reappointed, their appointment will be within the limits prescribed. Directors recommend their re-appointment as Auditors of the Company for the financial year 2014-2015.

Energy conservation measures taken during this year were mainly focused on improved controls in operation of equipment, air-conditioning, ventilation and lighting of hotel.

Measures planned for next year include replacement of lamps to energy efficient LED lamps, replacement of pumps by energy efficient pumps and improving insulation of equipment & piping apart from continued effort in operational controls.

Foreign Exchange earnings during the year amounted to ₹ 760.59 million as against ₹ 721.06 million in the previous year. The expenditure in foreign currency during the year was ₹ 10.46 million as against ₹ 24.97 million in the previous year.

The Oberoi Amarvilās received the following Awards during the Financial Year 2013-2014:

Award	**Awarded by**
India's Leading Resort	World Travel Awards 2013
Top 15 Hotels in India (Ranked 4th)	*Condé Nast Traveler,* USA, Readers' Choice Awards 2013
Top 15 Resorts in Asia (Ranked 9th)	*Travel + Leisure,* World's Best Awards, Readers' Survey 2013

The Company is conscious of its role towards the community and has been working closely with following organisations on a regular and long term basis:

a) Hotel team members periodically visit Wildlife SOS and spend time at the rescue centre to have a better understanding of the rescue work carried out by the Wildlife SOS and also assist them in cultivating vegetables on their lands.

b) Every month team from the Hotel visit Mother Teresa Home and organise programmes for the destitute children and bestow them with gifts and Articles.

c) Hotel also celebrates World Environment day by developing greenery in and around the hotel and upto Taj Mahal.

There are no employees requiring to be reported under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

The Company expresses its gratitude to the Government of India, Department of Tourism and all other Central and State Departments for their continued co-operation and support.

The Board takes the opportunity to thank all employees for their commitment and dedication.

For and on behalf of the Board

New Delhi	Shivy Bhasin	Bharath Bhushan Goyal
14th May, 2014	*Vice Chairman*	*Managing Director*

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mumtaz Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mumtaz Hotels Limited ("the Company") which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from an examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

   e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of Mumtaz Hotels Limited (" the Company") for the year ended March 31, 2014. We report that

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

2) The fixed assets are physically verified by the management according to a phased program designed to cover all items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, the management during the year has physically verified a portion of the fixed assets and no material discrepancies were noticed between the book records and the physical inventory.

3) The fixed assets disposed off do not constitute a substantial part of the fixed assets of the Company and therefore such disposal of fixed assets does not affect the going concern.

4) The inventory has been physically verified during the year by the management at reasonable intervals.

5) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

6) The Company is maintaining proper records of inventory. Having regard to the size of operation of the Company and nature of inventory held, the discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.

7) 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. Accordingly matters relating to number of parties and amounts involved in the transactions, rate of interest, receipt of principal and interest on a regular basis and recovery etc., are not applicable.

8) 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. Accordingly, matters relating to number of parties, amount involved in the transactions, rate of interest, payment of principal and interest on a regular basis and the other terms and conditions etc., are not applicable.

9) According to the information and explanation given to us, we are of the opinion that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

10) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.

(b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except that for printed materials no comparable quotations are available. We are informed by the management that the charges so paid for printed materials are reasonable having regard to the nature and quality of work involved.

11) The Company has not accepted any deposits from the public. The provisions of Sections 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

12) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

13) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.

14) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance dues, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, etc., with the relevant authorities.

15) According to the information and explanations given to us, no undisputed amounts payable by the Company in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, etc., were in arrears as at March 31, 2014, for a period of six months from the date they became payable.

16) According to the information and explanation given to us, the following dues of income tax, value added tax, sales tax, expenditure tax and excise duty have not been deposited by the Company on account of disputes:

S.No.	Name of Statute	Nature of Dues	Period for which it relates	Forum where dispute is pending	Amount [₹]
1.	Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Financial year 2006-07	Uttar Pradesh Commercial Tax Tribunal, Agra	761,782/-
			Financial year 2007-08	Allahabad High Court, U.P.	229,605/-
				TOTAL	991,387/-
2.	Uttar Pradesh Value Added Tax Act, 2008	Value added tax	Financial Year 2007-08	Uttar Pradesh Commercial Tax Tribunal, Agra	329,904/-
			Financial Year 2008-09	Joint Commissioner (Appeals), Agra	785,507/-
			Financial Year 2010-2011	Joint Commissioner (Appeals), Agra	1,934,907/-
				TOTAL	3,050,318/-
3.	Central Excise Act 1944	Excise Duty	Financial year 2003-04 to 2007-08	Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Delhi	302,065/-
				TOTAL	302,065/-
4.	Income Tax Act 1961	Fringe Benefit Tax	Assessment Year 2007-08	Commissioner of Income Tax (Appeals), Kolkata	128,782/-
			Assessment Year 2008-09		443,936/-
				TOTAL	572,718/-
5.	Income Tax Act 1961	Income Tax	Assessment Year 2007-08	Income Tax Appellate Tribunal (ITAT), Kolkata	2,889,673/-
			Assessment Year 2009-10	Commissioner of Income Tax (Appeals), Kolkata	128,174/-
			Assessment Year 2010-11	Commissioner of Income Tax (Appeals), Kolkata	9,595,558/-
			Assessment Year 2011-12	Commissioner of Income Tax (Appeals), Kolkata	55,299,990/-
				TOTAL	67,913,395
6.	Expenditure Tax Act, 1987	Expenditure tax	Assessment Year 2002-03	Assessing Officer, Kolkata	96,638/-
				TOTAL	96,638/-

17) The Company has no accumulated losses as at March 31, 2014 and has not incurred cash loss during the financial year under report and in the immediately preceding financial year.

18) As per records of the Company and on the basis of the information and explanation given, there are no borrowings from bank or financial institution. The Company has not issued any debentures. Accordingly, matters specified in sub-paragraph (xi) of paragraph 4 of the Order relating to defaults in repayment etc., are not applicable.

19) The Company has not given any loans and advances on the basis of security of pledge of shares, debentures etc., and matters specified in sub-paragraph (xii) of paragraph 4 of the Order are not applicable.

20) The matters specified in sub-paragraph (xiii) of paragraph 4 of the Order are not applicable as the Company is not a chit fund or a nidhi / mutual benefit fund/society.

21) The matters specified in sub-paragraph (xiv) of paragraph 4 of the Order are not applicable as the Company is not dealing or trading in shares, securities, debentures etc.

22) The Company has not given any guarantee for loans taken by others from any bank or financial institutions.

23) In our opinion the term loans were applied for the purpose for which they were raised.

24) The Company has not raised any funds on short term basis.

25) The matters specified in sub-paragraph (xviii), (xix) and (xx) of paragraph 4 of the Order relating to preferential allotment of shares, creation of security or charge for debentures issued and end use of money raised by public issue respectively are not applicable.

26) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported in the course of our audit.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

Balance Sheet
as at 31st March, 2014

		As at 31st March	
		2014	2013
I. EQUITY AND LIABILITIES	Note	**Rupees**	Rupees
Shareholders' Funds			
Capital	2	**206,500,000**	206,500,000
Reserves and Surplus	3	**559,704,076**	541,170,632
		766,204,076	747,670,632
Non-current Liabilities			
Long Term Borrowings	4	**3,862,067**	2,487,722
Deferred Tax Liabilities (Net)	5	**136,320,541**	134,400,374
Long Term Provisions	6	**2,086,000**	1,796,000
		142,268,608	138,684,096
Current Liabilities			
Trade Payables	7	**66,787,551**	65,064,669
Other Current Liabilities	8	**32,174,197**	31,638,335
Short-Term Provisions	9	**121,164,302**	224,579,022
		220,126,050	321,282,026
Total		**1,128,598,734**	1,207,636,754
II. ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	**769,155,166**	784,192,061
Capital work in progress		**248,151**	2,559,715
		769,403,317	786,751,776
Long term loans and advances	11	**14,833,049**	1,495,957
Current Assets			
Investments	12	**–**	106,975,915
Inventories	13	**20,697,486**	21,659,810
Trade Receivables	14	**86,907,109**	103,463,517
Cash and Bank Balances	15	**200,145,859**	156,297,961
Short-term Loans and Advances	16	**31,102,513**	25,598,306
Other Current Assets	17	**5,509,401**	5,393,512
		344,362,368	419,389,021
Total		**1,128,598,734**	1,207,636,754
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 35		

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

For and on behalf of the Board

SHIVY BHASIN — *Vice-Chairman*
BHARATH BHUSHAN GOYAL — *Managing Director*

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
Directors

Statement of Profit and Loss for the year ended 31st March, 2014

	Note	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME			
Revenue from Operations	18	**844,590,487**	796,187,051
Other Income	19	**10,650,225**	10,681,749
Total Income		**855,240,712**	806,868,800
EXPENSES			
Consumption of Provisions, Stores, Wines and Smokes	20	**47,767,053**	44,030,708
Employee Benefits Expense	21	**69,085,457**	68,217,161
Finance Cost	22	**702,455**	637,464
Depreciation		**35,606,807**	32,344,123
Other Expenses	23	**309,930,653**	300,087,216
Total Expenses		**463,092,425**	445,316,672
Profit Before Tax		**392,148,287**	361,552,128
Tax Expense	24		
– Current Tax		**130,100,000**	112,400,000
– Deferred Tax		**1,920,167**	8,881,012
Profit For The Year		**260,128,120**	240,271,116
Earnings Per Share - Basic and Diluted		**12.60**	11.64
Number of Equity Shares		**20,650,000**	20,650,000
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 35		

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

For and on behalf of the Board

SHIVY BHASIN — *Vice-Chairman*
BHARATH BHUSHAN GOYAL — *Managing Director*

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
Directors

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax as per statement of profit and loss	**392,148,287**	361,552,128
	Adjustments for:		
	Depreciation	**35,606,807**	32,344,123
	Assets written off	**3,361**	–
	Loss/(Profit) on sale of fixed assets	**578,097**	(247,619)
	Loss/(Profit) on redemption of units of mutual funds	**410,877**	(11,554)
	Dividend Income from Mutual Funds	**(5,666,262)**	(7,598,588)
	Provision for Wealth Tax	**19,546**	114,623
	Interest Income	**(3,230,892)**	(1,132,384)
	Interest Expense	**702,455**	637,464
	Prior period expense	**–**	842,286
	Operating Profit before Working Capital Changes	**420,572,276**	386,500,479
	Adjustments for:		
	Inventories	**962,324**	2,367,858
	Trade & Other Receivables	**15,353,586**	(42,024,238)
	Trade Payables and other dues	**2,468,545**	5,794,481
	Cash Generated from Operations before Tax & Prior Period Items	**439,356,731**	352,638,580
	Prior Period (expense)/income	**–**	(842,286)
		439,356,731	351,796,294
	Payment of Direct Taxes	**(134,368,226)**	(114,452,931)
	Net Cash from Operating Activities	**304,988,505**	237,343,363
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(23,070,006)**	(37,003,504)
	Decrease/(Increase) in capital work in progress	**2,311,564**	4,231,389
	(Increase) in advances made for capital contracts	**(13,365,919)**	1,466,026
	Decrease/(Increase) in Investment in mutual funds	**106,975,915**	(106,975,915)
	Sale of Fixed Assets	**1,918,636**	247,619
	Interest Received	**3,070,679**	1,404,898
	Changes in other bank balances	**3,507,831**	(7,258,235)
	Dividend Income from Mutual Funds	**5,666,262**	7,598,588
	(Loss)/Profit on redemption of units of Mutual Funds	**(410,877)**	11,554
	Cash used in Investing Activities	**86,604,085**	(136,277,580)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	**(702,455)**	(637,464)
	Increase of Finance Lease liability	**1,310,270**	(1,400,966)
	Dividend paid including tax on Dividend	**(344,844,676)**	(136,749,463)
	Net Cash used in Financing Activities	**(344,236,861)**	(138,787,893)
	Net Increase in Cash and Cash Equivalents (A+B+C)	**47,355,729**	(37,722,110)
	Opening Balance of Cash and Cash Equivalents	**141,933,718**	179,655,828
	Closing Balance of Cash and Cash Equivalents	**189,289,447**	141,933,718

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

For and on behalf of the Board

SHIVY BHASIN — *Vice-Chairman*
BHARATH BHUSHAN GOYAL — *Managing Director*
T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
— *Directors*

Significant Accounting Policies and Notes on Financial Statements

COMPANY OVERVIEW

Mumtaz Hotels Limited owns 'The Oberoi Amarvilas', a leading luxury hotel having 102 rooms. The Oberoi Amarvilas is located about 600 meters from the Taj Mahal and all rooms, suites, lobby, bar and lounge offer a picturesque view of the monument. Built in a style inspired by the Moorish and Mughal architecture, the hotel is a splendid display of terraced lawns, fountains, reflection pools and pavilions.

The Company has a long term management agreement with EIH Limited, its holding company for running and managing the hotel.

1 .
SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of financial statements
The Financial Statements have been prepared on accrual basis in accordance with historical cost convention on a going concern basis and in accordance with the Accounting Standards specified under section 211(3C) of the Companies Act 1956 and other relevant provisions of the Companies Act 1956.

Revenue recognition
Revenue from hospitality services is recognised on accrual basis on rendering of service. Revenue from shop licence fees is recognised on accrual basis as per terms of agreement. Income from interest is accrued and recognised on a time basis, determined by contractual rate of interest. Dividend income is stated at gross amount when right to receive dividend is established.

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

Provisions, Contingent liability and Contingent assets
Provisions are recognised in terms of Accounting Standard (AS) 29 on 'Provisions, Contingent Liabilities and Contingent Assets', when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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

Contingent Assets are not recognised in the Financial Statements.

Tangible fixed assets and capital work in progress
Fixed assets are stated at cost. Expenditure incurred during construction period including interest on borrowed capital used for construction is capitalized. Capital work in progress refers to assets under construction and installation.

Finance leases
Fixed assets acquired under finance leases are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged in the Statement of Profit and Loss.

Depreciation
Depreciation on fixed assets other than land & leased vehicles is provided on 'Straight Line Method' at the rates provided in Schedule XIV of Companies Act, 1956. Leased vehicles are amortized over the life of the lease contract.

Impairment of assets
Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Significant Accounting Policies and Notes on Financial Statements – *Contd.*

Investments
Investments that is readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments and are carried at the lower of cost and fair value. All other investments are classified as long term investments and are carried at the cost unless there is any permanent diminution in value where provision for diminution is made on individual basis.

Transactions in foreign currency
Transactions in foreign currency including services are converted at the prevailing rate of exchange at the date of transactions. Difference in realization is accounted as profit/loss on foreign exchange.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the year-end.

Retirement benefits

Short Term Employee Benefits

Short term employee benefits is recognized as expense in the Statement of Profit and Loss of the year in which related service is rendered.

Post-employment benefits

(a) The Company operates a defined contribution scheme for Provident Fund and makes regular contributions, which are fully funded and administered by Government. Contributions are recognized in the Statement of Profit and Loss on accrual basis.

(b) The Company maintains defined benefit plans like Gratuity and Leave Encashment. These plans are not funded and provision is made for Gratuity and Leave Encashment on the basis of actuarial valuation and the charge is recognized in the Statement of Profit and Loss after considering actuarial gains and losses and benefits paid during the year.

Inventories
Inventories are valued at lower of cost and net realizable value. Cost is determined on First-In-First-Out basis. Unserviceable, damaged, discarded stock and shortages are charged in Statement of Profit and Loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Taxes on income
Current tax is determined on the amount of tax payable in respect of taxable income for the year.

The deferred tax charge or credit is recognized using the tax rate. Where there are unabsorbed depreciation or carry forward losses etc., deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date to reassess realization/liabilities.

Earnings per share
Basic and Diluted earnings per equity share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares in issue during the year.

Cash flow statement
Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Proposed Dividend
Dividend when recommended by the Board of Directors, is provided for in the Accounts pending Shareholders' approval.

Notes on Financial Statements

	As at 31st March 2014 Rupees	2013 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity Shares of ₹ 10 each (2013 - 25,000,000)	**250,000,000**	250,000,000
	250,000,000	250,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP		
20,650,000 Equity Shares of ₹ 10 each, fully paid up (2013 - 20,650,000)	**206,500,000**	206,500,000
	206,500,000	206,500,000

The Company has only one class of shares referred to as equity shares with the par value of ₹ 10/- each. All equity share capital has been issued for consideration received in cash. Each holder of equity share is entitled to one vote per share. Dividends are declared and paid by the Company out of profits after providing depreciation. The Dividends paid do not exceed the amount recommended by the Board of Directors and are subject to the approval of shareholders. In the event of winding up of the Company, the equity shareholders will be entitled to return of capital on a *pari passu* basis among themselves.

The reconciliation of the number of shares outstanding at the beginning and at the close of the year is setout below:

	31st March 2014		31st March 2013	
	Number	**Amount Rupees**	Number	Amount Rupees
Number of shares at the beginning and close of the year	**20,650,000**	**206,500,000**	20,650,000	206,500,000

Details of equity shares held by holding company EIH Limited and shareholders holding more than 5% shares in the paid-up equity capital of the Company.

	31st March 2014		31st March 2013	
	Number of Shares	**Percentage**	Number of Shares	Percentage
Equity shares held by EIH Limited (Holding Company)	**12,390,000**	**60%**	12,390,000	60%
Names of other shareholders holding more than 5% Equity Shares in the equity capital of the Company				
Mr. Shivy Bhasin	**1,560,108**	**7.56%**	1,560,108	7.56%
Mrs. Mridu Bhasin	**1,560,107**	**7.55%**	1,560,107	7.55%
Mr. Manav Goyal	**1,068,939**	**5.18%**	1,068,939	5.18%
Mr. Gaurav Goyal	**1,068,940**	**5.18%**	1,068,940	5.18%

Notes on Financial Statements — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
3		
RESERVES AND SURPLUS		
(i) Reserves and Surplus		
(a) Securities premium reserve account		
Balance at the beginning and close of the year	**293,500,000**	293,500,000
(b) General Reserve		
Balance at the beginning of the year	**59,100,000**	35,000,000
Add: Transfer from Statement of Profit and Loss	**26,400,000**	24,100,000
Balance at the end of the year	**85,500,000**	59,100,000
(c) Surplus		
Balance at the beginning of the year	**188,570,632**	213,196,586
Add: Profit for the year transferred from Statement of Profit and Loss	**260,128,120**	240,271,116
Amount available for appropriations	**448,698,752**	453,467,702
Appropriations		
Interim Dividend	**103,250,000**	103,250,000
Final Dividend	**103,250,000**	103,250,000
Tax on Dividend	**35,094,676**	34,297,070
Transfer to General Reserve	**26,400,000**	24,100,000
Balance at the end of the year	**180,704,076**	188,570,632
Total of Reserves and Surplus	**559,704,076**	541,170,632

	2014 Rupees	2013 Rupees
4		
LONG TERM BORROWINGS		
Long term maturities of finance lease obligations (secured)	**3,862,067**	2,487,722
	3,862,067	2,487,722

Finance lease obligation are secured against hypothecation of leased assets being motor vehicles. (refer note 27)

Notes on Financial Statements — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
5		
DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Excess of Net Block of Fixed Assets as per Companies Act 1956 over written down value as per the provisions of the Income Tax Act 1961	**137,513,607**	135,464,712
Deferred Tax Assets		
Provision for Gratuity	**(148,876)**	(143,778)
Provision for Leave Encashment	**(566,613)**	(471,781)
Provision for Bonus	**(477,577)**	(448,779)
	136,320,541	134,400,374

Deferred Tax Liability charged for the current year amounting to ₹ 1,920,168 (2013 - ₹ 8,881,012) has been recognised in the Statement of Profit and Loss under tax expense (refer note 24)

	2014 Rupees	2013 Rupees
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**1,655,000**	1,378,000
Gratuity	**431,000**	418,000
	2,086,000	1,796,000
7		
TRADE PAYABLES		
Amount payable for goods and services*	**66,787,551**	65,064,669
	66,787,551	65,064,669

* includes amounts due to related parties (refer note 26)

* As identified by the Company on the basis of information available, there are no amounts due to Micro and Small Enterprises required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

Notes on Financial Statements — *Contd.*

	At at 31st March	
	2014	2013
	Rupees	Rupees
8		
OTHER CURRENT LIABILITIES		
Salary & Wages and other dues payable	**589,700**	602,353
Employee related statutory dues payable	**1,840,444**	1,735,773
Amounts payable for capital expenditure	**4,285,635**	4,233,635
Security Deposit from shops	**1,748,000**	1,698,000
Current Maturity of Finance Lease Obligation	**1,254,662**	1,318,737
Indirect Taxes Payable	**3,755,930**	3,854,215
Income Tax deducted at source & payable	**5,846,213**	5,884,425
Advance from customers	**12,853,613**	12,311,197
	32,174,197	31,638,335

9		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	**12,000**	10,000
Gratuity	**7,000**	5,000
Compensated absences	**124,991**	273,275
Other Provisions		
Income Tax*	**–**	–
Wealth Tax	**94,191**	114,627
Fringe Benefit Tax for earlier years	**128,782**	128,782
Proposed Dividend - final (2013 - Interim and final)	**103,250,000**	206,500,000
Tax on Dividend	**17,547,338**	17,547,338
	121,164,302	224,579,022

* net of advance tax and tax deducted/tax collected at source aggregating to ₹ 130,100,000 (2013 - ₹ 112,400,000)

Notes on Financial Statements — *Contd.*

10
FIXED ASSETS
TANGIBLE ASSETS
AS AT 31ST MARCH 2014

Name of the assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April 2013	Additions during the year	Sale / Adjust-ments	Total Cost as on 31st March 2014	As on 1st April 2013	For the period	Written back on sale or adjustment	Total as at 31st March 2014	As at 31st March 2014	As At 31st March 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land*	56,985,340	-	-	56,985,340	-	-	-	-	**56,985,340**	56,985,340
Building	698,311,195	3,576,796	-	701,887,991	134,011,450	11,405,633	-	145,417,083	**556,470,908**	564,299,745
Plant & Machinery	492,183,721	13,853,132	1,971,859	504,064,994	340,916,166	20,296,017	1,238,743	359,973,440	**144,091,554**	151,267,555
Furniture & Fixtures	94,173,369	1,005,031	55,365	95,123,035	92,608,483	135,121	55,148	92,688,456	**2,434,579**	1,564,886
Vehicles on operating lease	7,741,941	-	-	7,741,941	5,164,551	735,484	-	5,900,035	**1,841,906**	2,577,390
Vehicles	5,405,116	-	-	5,405,116	1,847,676	507,396	-	2,355,072	**3,050,044**	3,557,440
Office Equipments	1,330,220	-	-	1,330,220	579,371	63,185	-	642,556	**687,664**	750,849
TOTAL (A)	**1,356,130,902**	**18,434,959**	**2,027,224**	**1,372,538,637**	**575,127,697**	**33,142,836**	**1,293,891**	**606,976,642**	**765,561,995**	**781,003,205**
Assets on finance lease										
Vehicles	6,095,544	4,635,047	3,300,672	7,429,919	2,906,688	2,463,971	1,533,911	3,836,748	**3,593,171**	3,188,856
TOTAL (B)	**6,095,544**	**4,635,047**	**3,300,672**	**7,429,919**	**2,906,688**	**2,463,971**	**1,533,911**	**3,836,748**	**3,593,171**	**3,188,856**
TOTAL (A+B)	**1,362,226,446**	**23,070,006**	**5,327,896**	**1,379,968,556**	**578,034,385**	**35,606,807**	**2,827,802**	**610,813,390**	**769,155,166**	**784,192,061**
Previous year	1,337,218,984	37,003,504	11,996,042	1,362,226,446	557,686,304	32,344,123	11,996,042	578,034,385	**784,192,061**	779,532,680

* Includes Leasehold Land of the value of ₹ 30,592,639 (2013 - ₹ 30,592,639) in respect of which the registration formalities for conversion into Freehold Land is pending completion with Agra Development Authority.

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2014	2013
	Rupees	Rupees
11		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances for capital contracts	**13,542,915**	176,996
Security Deposits with Government Agencies/departments	**1,283,455**	1,283,455
Prepaid Expenses	**6,679**	35,506
	14,833,049	1,495,957
12		
CURRENT INVESTMENTS		
(at lower of cost and fair value)		
Reliance money manager fund institutional option - daily dividend plan; Nil units (2013 : 106829.401 units with face value of ₹ 1,001.3715)	**–**	106,975,915
	–	106,975,915
Aggregate amount of Quoted Investments		
At cost	**–**	–
At fair value	**–**	–
Aggregate amount of Unquoted Investments	**–**	106,975,915
13		
INVENTORIES		
(at lower of cost and net realisable value)		
Provision, stores, wines & smokes	**6,837,447**	6,141,464
Cutlery, crockery, chinaware, glassware, linen etc.	**6,444,480**	8,161,086
Other stores	**7,415,559**	7,357,260
	20,697,486	21,659,810
14		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding over six months	**264,850**	167,996
Other debts*	**86,642,259**	103,295,521
	86,907,109	103,463,517

* includes trade receivables due from related parties (refer note 26)

Notes on Financial Statements — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
15		
CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
– Cash in hand	**1,401,968**	1,467,376
– Fixed deposit accounts with banks with original maturity of less than three months	**169,650,000**	2,580,000
– Current accounts	**18,237,479**	137,886,342
(b) Other Bank Balances		
– Fixed deposits with maturity of three months and less than twelve months	**10,856,412**	14,364,243
	200,145,859	156,297,961

	2014	2013
16		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advance to staff	**17,886**	26,097
Advance to suppliers	**2,427,458**	1,258,248
Sales tax recoverable	**2,577,663**	2,577,663
Advance service tax	**1,292,625**	1,356,284
Cenvat Credit Refundable	**3,880,587**	3,990,233
Prepaid expenses	**5,932,172**	5,641,089
Security Deposits	**701,772**	704,576
Advance Tax and Tax Deducted at source refundable*	**4,286,688**	1,945,892
Income Tax Refundable	**9,359,580**	7,472,142
Guarantee commission refundable from Bank	**626,082**	626,082
	31,102,513	25,598,306

* net provision of income tax ₹ 130,100,000 (2013 - ₹ 112,400,000)

	2014	2013
17		
OTHER CURRENT ASSETS		
Land compensation claim recoverable*	**5,190,356**	5,190,356
Interest accrued on fixed deposit with banks	**315,015**	154,802
Other receivables	4,030	48,354
	5,509,401	5,393,512

* refers to cost of land acquired by State Government, the Uttar Pradesh Shashan Van Anubhag. The Company's claim for compensation is pending adjudication before the Additional District Judge, Agra, Uttar Pradesh.

Notes on Financial Statements — *Contd.*

	Year ended 31st March **2014** **Rupees**	2013 Rupees
18		
REVENUE FROM OPERATIONS		
Sale of Services		
Rooms	**582,225,955**	556,718,810
Food & Beverages	**209,259,009**	192,149,046
Other operating services	**53,105,523**	47,319,195
	844,590,487	796,187,051
19		
OTHER INCOME		
Interest	**3,230,892**	1,132,384
Rent	**624,000**	624,000
Dividend from Mutual Funds	**5,666,262**	7,598,588
Profit on redemption of units of Mutual Funds	**–**	11,554
Profit on Sale of Assets	**–**	247,619
Foreign Currency Incentive	**1,129,071**	1,067,604
	10,650,225	10,681,749
20		
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES		
Opening Stock	**6,141,464**	5,719,354
Add : Purchases	**48,463,036**	44,452,818
	54,604,500	50,172,172
Less : Closing Stock	**6,837,447**	6,141,464
	47,767,053	44,030,708
21		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	**58,982,492**	58,641,622
Company's Contribution to Provident Fund and other funds	**2,966,603**	2,971,327
Workmen & Staff Welfare Expenses	**7,136,362**	6,604,212
	69,085,457	68,217,161

Notes on Financial Statements — *Contd.*

	Year ended 31st March **2014** **Rupees**	2013 Rupees
22		
FINANCE COST		
Interest	**702,455**	637,464
	702,455	637,464
23		
OTHER EXPENSES		
Expenses on apartment & board	**22,001,214**	20,930,058
Contract Services	**12,071,598**	11,209,344
Power & Fuel	**64,012,987**	57,216,672
Rent	**3,605,076**	3,145,207
Repairs		
– Building	**5,162,263**	21,087,348
– Plant & Machinery	**16,941,502**	15,998,300
Royalty	**8,579,065**	8,064,638
Hotel Operating Fees	**55,591,431**	50,427,849
Advertisement, publicity & other promotional expenses	**41,348,849**	41,257,963
Commission to travel agents & on credit cards	**37,062,038**	32,794,722
Rates & Taxes	**11,190,397**	11,372,156
Insurance	**1,704,451**	1,522,983
Loss on sale of assets	**578,097**	–
Loss on redemption of units of mutual funds	**410,877**	–
Auditors Remuneration		
– As Auditor	**950,000**	775,000
– For taxation matters	**112,360**	100,000
– For certification	**168,540**	–
– For reimbursement of out of pocket expenses	**22,536**	26,518
Prior period expenses	**–**	842,286
Miscellaneous	**28,417,372**	23,316,172
	309,930,653	300,087,216
24		
TAX EXPENSES		
Current Tax	**130,100,000**	112,400,000
Deferred Tax	**1,920,167**	8,881,012
	132,020,167	121,281,012

Notes on Financial Statements — *Contd.*

25
CONTINGENT LIABILITIES AND COMMITMENTS

I. Contingent Liabilities not provided for in respect of:

Claims against the Company pending adjudication by assessing officer/appellate authorities:

(i) Stamp Duty ₹ 10,231,992 (2013 - ₹ 10,231,992)

(ii) Expenditure tax ₹ 96,638 (2013 - ₹ 96,638)

(iii) Sales tax demand ₹ 991,387 (2013 - ₹ 1,602,936)

(iv) Value Added Tax ₹ 3,050,318 (2013 - ₹ 4,169,455)

(v) Central Excise duty demand ₹ 302,065 (2013 - ₹ 302,065)

(vi) Income tax demand ₹ 67,913,395 (2013 - ₹ 12,613,405)

(vii) Fringe Benefit Tax ₹ 443,936 (2013 - ₹ 443,936)

II. Commitments

(a) The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ Nil (2013 - ₹ 271,653).

(b) Other commitments ₹ Nil (2013 - ₹ Nil)

Notes on Financial Statements — *Contd.*

26
RELATED PARTY DISCLOSURES

A. Names of the Related Parties of the Company are as follows:

I. Holding Company
EIH Limited

II. Fellow Subsidiary Companies
(a) Mercury Car Rentals Limited (ceased to be subsidiary with effect from 30 September 2013)
(b) Mashobra Resort Limited
(c) EIH International Limited
(d) Oberoi Kerala Hotels and Resorts Limited
(e) EIH Flight Services Limited, Mauritius

III. Enterprises in which Key Management Personnel have significant influence
Adyar Gate Hotel Limited

IV. Key Management Personnel
Mr. Bharath Bhushan Goyal - Managing Director

B. Transactions with Related Parties during the Financial Year and outstanding balances as on 31st March, 2014.

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises in which Key Management Personnel has significant influence	Key Management Personnel
	₹	₹	₹	₹
Purchases				
Goods & Services (inclusive of service tax of ₹ 2,996,531)	38,957,804 (38,762,095)	191,294 (464,591)	–	–
Expenses				
Management Contract (inclusive of service tax of ₹ 8,991,846)	81,741,406 (74,783,587)	–	–	–
Remuneration				
Board sitting fees	–	–	–	80,000 (60,000)
Sales				
Goods & Services	1,108,479 (225,846)	320,150 (865,587)	–	–
Fixed Assets	170,859	–	–	–
Outstanding Balances				
Payables				
For Goods & Services	35,913 956 (37,455,261)	4,400 (1,103,226)	–	–
Receivables				
For Goods & Services	121,265 (98,068)	– (70,141)	–	–

Figures in brackets relate to 2013.

Notes on Financial Statements — *Contd.*

27. Leases

(A) Finance Lease

As Lessee

Fixed Assets – Leased Vehicles refer to leased assets acquired under finance leases and capitalised at the present value of minimum lease payments. The depreciation charged on such assets amounts to ₹ 2,463,971 (2013 - ₹ 1,326,601). The yearwise break-up of outstanding lease obligations are detailed as under:

The minimum lease payments outstanding as on 31st March, 2014 amount to ₹ 7,052,906 (2013 - ₹ 5,006,930) and the present value of lease liabilities amounts to ₹ 5,116,729 (2013 - ₹ 3,806,459).

		Year ended 31st March	
		2014	2013
		Rupees	Rupees
(i)	**Not later than one year**		
	Minimum Lease Payments	**1,856,850**	1,785,626
	Present value as at 31st March, 2014	**1,254,662**	1,318,737
(ii)	**Later than one year but not later than five years**		
	Minimum Lease Payments	**4,191,656**	3,221,304
	Present value as at 31st March, 2014	**3,038,358**	2,487,722
(iii)	**Later than five years**		
	Minimum Lease Payments	**1,004,400**	–
	Present value as at 31st March, 2014	**823,709**	–

(B) Operating Leases

(I) As Lessor

The Company has entered into arrangements for giving shop premises, accommodation and motor vehicles on operating lease. Depreciation on shop premises and accommodation is not separately determinable as it is part of building. Depreciation on motor vehicles for the year is ₹ 735,484 (2013 - ₹ 735,484)

Future minimum lease payments recoverable by the Company in respect of operating leases relating to accommodation, shops and motor vehicles is as follows:

		Non cancellable Amount Rupees	Cancellable Amount Rupees
(i)	**Not later than one year**	–	–
(ii)	**Later than one year but not later than five years**	–	–
(iii)	**Later than five years**	–	–

Contingent rent recognised as income in Statement of Profit and Loss ₹ 6,957,774 (2013 - ₹ 6,512,647)

(II) As Lessee

Future minimum lease payments payable by the Company in respect of operating leases relating to Employee Housing is as follows :

(i)	**Not later than one year**	–	620,400
		–	–
(ii)	**Later than one year but not later than five years**	–	–
(iii)	**Later than five years**	–	–

The company has entered into cancellable lease agreements for residential premises for employees. The lease rentals of ₹ 3,605,076 (net of recoveries of ₹ 863,540) (2013 - ₹ 3,145,207) has been shown as rent under Other Expenses.

Notes on Financial Statements — *Contd.*

28. Post Retirement Benefits

Long Term Defined Benefit Plans in respect of Gratuity and Leave Encashment on 31st March, 2014 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		2014		2013	
		Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
		₹	₹	₹	₹
I	**Components of Employer Expense**				
1	Current Service Cost	193,000	144,000	194,461	102,000
2	Interest Cost	35,000	115,000	24,000	111,000
3	Expected Return on Plan Assets	–	–	–	–
4	Curtailment Cost/(Credit)	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–
6	Past Service Cost	–	–	–	–
7	Actuarial Losses/(Gains)	(213,000)	20,000	(14,000)	(88,000)
8	**Total expense recognised in the Statement of Profit and Loss**	**15,000**	**279,000**	**204,461**	**125,000**
II	**Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2014**				
1	Present Value of Defined Benefit Obligations	438,000	1,667,000	423,000	1,388,000
2	Fair Value of Plan Assets	–	–	–	–
3	Status [Surplus/(Deficit)]	–	–	–	–
4	Unrecognised Past Service Cost	–	–	–	–
5	**Net Asset / (Liability) recognised in Balance Sheet**	**438,000**	**1,667,000**	**423,000**	**1,388,000**
III	**Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2014**				
1	Present value of DBO as at beginning of the year	423,000	1,388,000	273,000	1,263,000
2	Current Service Cost	193,000	144,000	194,461	102,000
3	Interest Cost	35,000	115,000	24,000	111,000
4	Curtailment Cost/(Credit)	–	–	–	–
5	Settlement Cost/(Credit)	–	–	–	–
6	Plan Amendments	–	–	–	–
7	Acquisitions	–	–	–	–
8	Actuarial (Gains)/Losses	(213,000)	20,000	(14,000)	(88,000)
9	Benefits Paid	–	–	(54,461)	–
10	**Present Value of DBO at the end of year***	**438,000**	**1,667,000**	**423,000**	**1,388,000**
	***Comprises of**				
	Current Liability	7,000	12,000	5,000	10,000
	Non-Current Liability	431,000	1,655,000	418,000	1,378,000
IV	**Actuarial Assumptions**				
1	Discount Rate (%)	9.00%	9.00%	8.25%	8.25%
2	Expected rate of return	–	–	–	–
3	Salary Escalation (%)	5.00%	5.00%	5.00%	5.00%
4	Mortality	LIC (2006-08) mortality tables		LIC (1994-96) mortality tables	

	Experience Adjustments	**2014**		**2013**		**2012**		**2011**		**2010**	
V	**Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
1	Present Value of DBO	438,000	1,667,000	423,000	1,388,000	273,000	1,263,000	298,000	1,764,000	253,000	1,494,000
2	Fair Value of Plan Assets	–	–	–	–	–	–	–	–	–	–
3	Status [Surplus/(Deficit)]	(438,000)	(1,667,000)	(423,000)	(1,388,000)	(273,000)	(1,263,000)	(298,000)	(1,764,000)	(253,000)	(1,494,000)
4	Experience Adjustment of Plan Liabilities [(Gain)/Loss]	(213,000)	20,000	(14,000)	(88,000)	(181,000)	(756,000)	(211,000)	78,000	(192,000)	1,137,000

Schedules to Accounts — *Contd.*

29. Value of Imports calculated on C.I.F. basis in respect of

	Year ended 31st March **2014** **Rupees**	2013 Rupees
(i) Raw Materials	**–**	–
(ii) Spares	**1,605,278**	1,946,132
(iii) Capital Goods	**4,827,632**	10,441,961
	6,432,910	12,388,093

30. Expenditure in foreign currency :

Marketing, Room Commission & Others (Including amounts provided but not paid)	**10,461,055**	11,299,414

31. Earnings in foreign exchange :

For hotel services (as certified by Management) inclusive of taxes	**760,588,363**	712,066,716

32. Total value of consumption of Indigenous & Imported Raw materials and Spares:

	Year ended 31st March 2014		Year ended 31st March 2013	
	Amount Rupees	Percentage	Amount Rupees	Percentage
Raw Materials				
Imported	–	–	–	–
Indigenous	47,767,053	100.00%	44,030,708	100.00%
	47,767,053	100.00%	44,030,708	100.00%
Spares				
Imported	1,605,278	14.97%	1,946,132	21.28%
Indigenous	9,115,417	85.03%	7,200,898	78.72%
	10,720,695	100.00%	9,147,030	100.00%

33. Particulars of unhedged foreign currency exposure as at the balance sheet date

Trade Payables

(i) USD 19,515.85 (₹ 1,180,514) [2013 - USD 21,335 (₹ 1,169,383)]

(ii) Euro 132 (₹ 11,019) [2013 - Euro 210 (₹ 14,750)]

(iii) GBP 5,391.47 (₹ 543,838) [2013 GBP 5,296 (₹ 439,585)]

Trade Receivables Nil (2013 - Nil)

34. The Board of Directors in their meeting held on January 25, 2014 declared an interim dividend of ₹ 5 per equity share. Further, the Board of Directors in their meeting held on May 14, 2014 proposed a final dividend of ₹ 5 per equity share. The proposed dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend appropriation amounted to ₹ 24,15,94,676 including corporate dividend tax of ₹ 3,50,94,676.

For the year ended March 31, 2013, the Company paid dividend of ₹ 10 per share. The dividend appropriation for the year ended March 31, 2013 amounted to ₹ 240,797,070 including Corporate Dividend Tax of ₹ 34,297,070.

35. The Company has only one business segment - Hotels. Accordingly, disclosure of segmentwise information is not applicable under Accounting Standard (AS-17) relating to Segment Reporting.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

For and on behalf of the Board

SHIVY BHASIN — *Vice-Chairman*
BHARATH BHUSHAN GOYAL — *Managing Director*
T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL — *Directors*

MASHOBRA RESORT LIMITED

BOARD

Mr. Parthasarathi Mitra, *Chairman* (*w.e.f. 20th June, 2014*) Mr. Sudripta Roy, *Chairman* (*ceased w.e.f. 20th June, 2014*) Mr. Vidya Chander Pharka Dr. Shrikant Baldi	*Nominees of the Government of Himachal Pradesh*
Mr. Vikram Oberoi Mr. S.N. Sridhar Mr. T.K. Sibal Mr. Arjun Oberoi, *Managing Director*	*Nominees of EIH Limited*

AUDITORS

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

REGISTERED OFFICE

Hotel Wildflower Hall
Chharabra
Shimla - 171 012

DIRECTORS' REPORT

To

The Members
Mashobra Resort Limited

The Board presents its Nineteenth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2014.

The financial highlights of the year under review as compared to the previous year are given below:

	(Rupees in Million)	
	2013-2014	2012-2013
Total Revenue	**321.72**	276.67
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**122.76**	109.27
Interest	**1.41**	1.86
Depreciation	**22.43**	22.20
Profit/(Loss) before Tax	**98.92**	85.22
Taxation (Deferred Tax)	**47.10**	(106.22)
Profit/(Loss) after Tax	**51.82**	191.44
Dividend on Equity Shares	**23.10**	–
Dividend Distribution Tax	**3.92**	–
Profit/(Loss) Brought Forward	**(642.43)**	(833.87)
Profit/(Loss) Carried Forward	**(617.63)**	(642.43)

In terms of General Circular No. 08/2014 date 4th April. 2014 of the Ministry of Corporate Affairs, Government of India, the Board Report has been prapared in accordance with Section 217 of the Companies Act, 1956.

During the Financial Year under review, the Company's Total Revenue was ₹ 321.72 million as compared to ₹ 276.67 million in the previous year. This represents an increase of 16% when compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 122.76 million as compared to ₹ 109.28 million in the previous year, an increase of 12%.

The Board recommends a dividend of Re. 0.70 per Equity Share (7%) for the financial year 2013-2014. The outgo on dividend and Dividend Distribution Tax will be ₹ 27.02 million. The dividend, if approved at the forthcoming Annual General Meeting, will be paid on 24th June, 2014. As per Income Tax Act, 1961 the tax on the Dividend will be borne by the Company.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act"), and based on representations from the Management, the Board states that:

a) in preparing the Annual Accounts, applicable Accounting Standards have bean followed and that there are no material departures;

b) the Directors have selected such accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Profit of the Company for that period;

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.

Disputes between the Joint Venture Partners, viz. EIH Limited and Government of Himachal Pradesh relating to Wildflower Hall in which Company is also a party are pending in the High Court of Himachal Pradesh. All rooms of Wildflower Hall are operational and the orders of the High Court of Himachal Pradesh dated 17th December, 2003, are being complied with.

The present term of appointment of Mr. Arjun Oberoi as Managing Director of the Company expired on 23rd April, 2014. At the Board meeting held on 28th February, 2014, the Board had re-appointed Mr. Arjun Oberoi as Managing Director of the Company for a fresh term of five years with effect from 24th April, 2014, subject to the approval of the shareholders. Mr. Arjun Oberoi will not receive any remuneration as Managing Director of the Company.

The Board recommends to the shareholders re-appointment of Mr. Arjun Oberoi as Managing Director of the Company without receiving any remuneration.

Mr. P.R.S. Oberoi and Mr. S.S. Mukherji resigned from the Directorship of the Company consequent to the change in the nominee by the holding company, EIH Limited on the Board of the Company. In the casual vacancy caused due to the resignation of Mr. P.R.S. Oberoi and Mr. S.S. Mukherji, the Board had appointed Mr. Vikram Oberoi and Mr. S.N. Sridhar as Directors on the Board. Mr. Vikram Oberoi and Mr. S.N. Sridhar will hold office till Mr. P.R.S. Oberoi and Mr. S.S. Mukherji normally would have held it.

Mr. T.K. Sibal and Mr. Sudripta Roy retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Energy conservation measures taken during the year include installation of online hot water generator, installation of compact steam boiler for use during off peak loads to reduce main boiler running time and fuel consumption, installation of energy efficient pumps and strict operational control on equipments and lighting to save energy.

Some of the actions planned for next year are replacement of Halogen lamps with LED lamps and further operational control on equipment and lighting to lower energy consumption.

Foreign Exchange earnings during the year amounted to ₹ 48.28 million as compared to ₹ 51.52 million in the previous year. The outflow of Foreign exchange during the year was ₹ 6.11 million as compared to ₹ 7.42 million in the previous year.

The Auditor's Observations in their report have been fully explained in Note numbers 25(a)(i), 25(a)(ii) and 25(d) of the Statement of Accounts and do not call for any further comments.

The Auditors, Ray & Ray, Chartered Accountants, retire at the conclusion of the Nineteenth Annual General Meeting and offer themselves for re-appointment.

Awards won by Wildflower Hall, Shimla are as under:

Top 25 Hotels for Romance in India (Ranked 2nd)	Trip Advisor, Travellers' Choice Awards, 2014
Top 25 Hotels in India (Ranked 4th)	Trip Advisor, Travellers' Choice Awards, 2014

The Board takes this opportunity to thank all employees for their commitment and dedication.

For and on behalf of the Board

Shimla
16th May, 2014

ARJUN OBEROI
Managing Director

T.K. SIBAL
Director

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held at 11.30 a.m. on Friday, 20th June, 2014, at CS Committee Room, 2nd Floor, Ellerslie Building, Himachal Pradesh Secretariat, Shimla-171002 to transact the following business:

1. To adopt the Audited Accounts of the Company for the year ended 31st March, 2014, together with the Directors' and Auditor's Report thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. T.K. Sibal, who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sudripta Roy, who retires by rotation and, being eligible, offers herself for re-appointment.

5. To appoint Auditors and to fix their remuneration.

As Special Business

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the consent of the Company be and is hereby accorded to the re-appointment of Mr. Arjun Oberoi as Managing Director of the Company for a period of five years, effective 24th April, 2014.

   RESOLVED FURTHER that Mr. Arjun Oberoi will not receive any remuneration as Managing Director of the Company."

Registered Office:
Hotel Wildflower
Chharabra
Shimla-171012
16th May, 2014

BY ORDER OF THE BOARD

ARJUN OBEROI
Managing Director

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a Member of the Company.

2. Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the Meeting.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") in respect of Special Business.

Item No. 6

Mr. Arjun Oberoi's term as the Managing Director of the Company expired on 23rd April, 2014.

The Board of Directors of the Company at its Meeting held on 28th February, 2014 re-appointed Mr. Arjun Oberoi, Managing Director for a further term of five years effective 24th April, 2014 subject to approval of shareholders in General Meeting. Mr. Arjun Oberoi will not be entitled to any remuneration from the Company.

General Meeting approval through ordinary resolution is now sought for the appointment.

The ordinary resolution set out in the Notice convening the General Meeting is, therefore, recommended for acceptance by shareholders.

Save and except Mr. Arjun Oberoi, no other Director of the Company and/their relatives as defined in the Act and also the Key Managerial Personnel and their relatives, if any of the Key Managerial Personnel in the Company, has any concern or interest in the resolution.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Mashobra Resort Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mashobra Resort Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 25 (a)(i) to the Financial Statements regarding disclosure of Advance towards shares, Note 25(a)(ii) regarding basis of going concern and Note 25(d) regarding the ongoing dispute between EIH Ltd, the holding company and the Government of Himachal Pradesh. Our opinion is not qualified in these respects.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956 ('the Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by section 227(3) of 'the Act', 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 purpose of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
   e. on the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

For RAY & RAY
Chartered Accountants
(Firm's Registration No.301072E)

(ASISH KUMAR MUKHOPADHYAY)
Partner Membership No. 056359

Shimla
16th May, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal Requirements' of our report of even date)

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

(b) As per the information and explanation given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of the fixed assets adopted by the Company and no discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.

(c) During the year no substantial part of fixed assets has 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.

ii. (a) The inventory has been physically verified during the year by the Management at reasonable intervals.

(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. Having regard to the size of operation of the Company and nature of inventory held, the discrepancies noticed on physical verification as compared to book records were not material and has been properly dealt with in the books of account.

iii. 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 to the company.

(b) The Company during the year has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. In respect of advances received from the holding company up to 31.3.2012, has been shown as 'Advance Towards Shares' and has been disclosed as such in the Balance Sheet. [Also refer Note No. 25(a) (i) of Notes to the Accounts].

(c) In view of our comment in paragraph 3(b) above, the requirements of clauses (iii) (f) & (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.

iv. 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 with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. 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.

v. (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 under section 301 of the Companies Act, 1956 that need to be entered into the Register maintained under section 301 have been so entered/are being entered.

(b) According to the information and explanations given to us, the transactions of purchase of printing material, food & delicatessen items etc. made in pursuance of contracts, or arrangements entered into the Register maintained under section 301 of the Act during the year cannot be compared in absence of market quotations for similar items. It is stated that the goods are made to order according to specification and are/ or of specialized nature.

vi. The Company has not accepted any deposit from the public. As such requirement of clause (vi) of paragraph 4 of the aforesaid Order is not applicable.

vii. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.

viii. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for the Company.

ix. (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, investor education and protection fund, income tax, wealth tax, value added tax/sales tax, customs duty, service tax, 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, value added tax/sales tax, customs duty, service tax, excise duty and cess were outstanding as at 31st March, 2014 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, wealth tax, value added tax/sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. However, according to information and explanation given to us, the following dues of Service tax have not been deposited by company on account of disputes:

Name of the Statue	**Natures of Dues**	**Amount (in Rs.)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Service Tax	Service Tax demanded	5,163,974	Financial year 2004 - 2005 to 2008 - 2009	Customs, Excise & Service Tax Appellate Tribunal

x. The accumulated losses of the Company are more than fifty percent of its net worth. The Company has not incurred any cash loss during the financial year covered by our audit in the immediately preceding financial year.

xi. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution/ bank.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities. Therefore, the provisions of clause (xii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

xiii. 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.

xiv. In our opinion, and according to the information and explanations given to us 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.

xv. The Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi. According to the information and explanations given to us, the company has not raised any term loans during the year. Accordingly, the provisions of Clause (xvi) of paragraph 4 of the aforesaid Order are not applicable to the Company.

xvii. 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 except permanent working capital and for financing cash losses.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

xix. 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.

xx. 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.

xxi. 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 or have we been informed of any such case by the Management.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

Balance Sheet
as at 31st March, 2014

	Notes		As at 31st March 2014	2013
I EQUITY AND LIABILITIES		**Rupees**	**Rupees**	Rupees
1. SHAREHOLDERS' FUNDS				
a) Share Capital	2	**330,000,000**		330,000,000
b) Reserves and Surplus	3	**(617,630,642)**		(642,427,854)
			(287,630,642)	(312,427,854)
2. ADVANCE TOWARDS SHARES			**1,361,925,454**	1,361,925,454
3. NON CURRENT LIABILITIES				
a) Long Term Borrowings	4	**5,903,261**		6,324,914
b) Other Long Term Liabilities	5	**8,820**		34,494
c) Long Term Provisions	6	**1,328,719**		1,114,257
			7,240,800	7,473,665
4. Current Liabilities				
a) Trade Payables	7	**14,544,397**		9,530,020
b) Other Current Liabilities	8	**16,062,693**		15,740,045
c) Short Term Provisions	9	**28,005,690**		74,083
			58,612,780	25,344,148
Total			**1,140,148,392**	1,082,315,413
II ASSETS				
1. NON CURRENT ASSETS				
a) Fixed Assets	10			
i) Tangible Assets				
Gross Block		**892,917,270**		890,777,447
Less : Depreciation		**319,775,404**		299,434,108
Net Block		**573,141,866**		591,343,339
ii) Intangible Assets		**–**		–
iii) Capital Work-in-Progress		**–**		346,007
		573,141,866		591,689,346
b) Deferred Tax Asset (Net)	11	**134,252,421**		180,567,868
c) Long Term Loans and Advances	12	**1,003,425**		978,748
			708,397,712	773,235,962
2. CURRENT ASSETS				
a) Inventories	13	**15,011,750**		12,501,345
b) Trade Receivables	14	**9,786,486**		10,258,408
c) Cash and Bank Balances	15	**393,807,225**		279,471,837
d) Short Term Loans and Advances	16	**12,569,073**		6,661,062
e) Other Current Assets	17	**576,146**		186,799
			431,750,680	309,079,451
TOTAL			**1,140,148,392**	1,082,315,413
Significant Accounting Policies	1			

The notes are an integral part of these financial statements

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

For RAY & RAY
Chartered Accountants

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

ARJUN OBEROI *Managing Director*

T.K. SIBAL *Director*

Statement of Profit and Loss for the year ended 31st March, 2014

		Notes	Rupees	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME					
I	Revenue from Operations	18		**292,013,381**	254,866,789
II	Other Operating Income	19		**911,521**	628,470
III	Other Income	20		**28,797,905**	21,173,909
IV	**Total Revenue (I+II+III)**			**321,722,807**	276,669,168
V	Expenses				
	Cost of Materials Consumed	21		**24,718,971**	23,048,380
	Employee Benefits Expense	22		**45,176,978**	40,276,122
	Finance Costs	23		**1,405,946**	1,859,445
	Depreciation and Amortisation Expenses			**22,430,210**	22,196,766
	Other Expenses	24		**129,071,198**	104,071,800
	Total Expenses			**222,803,303**	191,452,513
VI	Profit before Taxation (IV-V)			**98,919,504**	85,216,655
VII	Tax Expense				
	Current Tax		6,353,000		–
	Less: MAT Credit Entitlement		5,572,000		–
	Net Current Tax		781,000		–
	Deferred Tax		46,315,447		(106,225,241)
				47,096,447	(106,225,241)
VIII	Profit for the period (VI-VII)			**51,823,057**	191,441,896
IX	Earnings per Equity Share	25(m)			
	(1) Basic			**1.57**	5.80
	(2) Diluted			**1.57**	5.80

The notes are an integral part of these Financial Statements.

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

For RAY & RAY
Chartered Accountantss

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

ARJUN OBEROI *Managing Director*

T.K. SIBAL *Director*

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March	
		2014	2013
		Rupees	Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	**98,919,504**	85,216,655
	Adjustments for:		
	Depreciation	**22,430,210**	22,196,766
	Interest Paid	**1,405,946**	1,859,445
	Sales/Adjustment of Fixed Assets	**688,876**	1,619,981
	Interest Received	**(28,797,905)**	(21,173,909)
	Operating Profit before Working Capital Changes	**94,646,631**	89,718,938
	Adjustments for:		
	Trade & Other Receivables	**(57,722)**	(5,652,367)
	Inventories	**(2,510,405)**	313,743
	Trade Payables	**5,254,596**	3,058,678
	Cash Generated from Operations	**97,333,100**	87,438,992
	Interest Paid	**(1,405,946)**	(2,368,045)
	Payment of Direct Taxes	**(5,572,758)**	(794,178)
	Net cash from Operating Activities	**90,354,396**	84,276,769
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(4,597,280)**	(6,784,327)
	Interest Received	**28,578,272**	30,548,523
	Net cash used in Investing Activities	**23,980,992**	23,764,196
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of		
	Term Loans	**–**	(19,642,888)
	Net Cash used in Financing Activities	–	(19,642,888)
	Net Increase in Cash & Cash Equivalents (A+B+C)	**114,335,388**	88,398,077
	Cash and Cash Equivalents at beginning of year	**279,471,837**	191,073,760
	Cash and Cash Equivalents at end of year	**393,807,225**	279,471,837

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances. Cash & Bank Balances include ₹ 310,504,013 (2013 - ₹ 247,529,354) deposited in a separate Bank Account in terms of Hon'ble Himachal Pradesh High Court Order Dated 17th December, 2003 (Refer note 25(d)).
3. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the period and treated as a part of the Investing Activities.

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

For RAY & RAY
Chartered Accountants

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

ARJUN OBEROI *Managing Director*

T.K. SIBAL *Director*

Notes to the Account

1
SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on on accrual basis of accounting in accordance with the Generally Accepted Accounting Principle, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

USE OF ESTIMATES

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

REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable. Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract. Revenue from interest is accrued and recognised on time basis and determined by contractual rate of interest.

PRIOR PERIOD ADJUSTMENTS, EXTRA ORDINARY ITEMS & CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, extra ordinary items & changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

FIXED ASSETS

Tangible Fixed Assets - Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of tax, duties, freight and other incidental expenses relating to acquisition, improvement and installation. Interest during construction period on borrowings to finance fixed assets is capitalized.

Assets acquired on lease are capitalized at the Present Value of minimum lease payments and are stated at the capitalized value net of accumulated depreciation/amortisation.

Capital Work-in-Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

Intangible Assets - Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of Thirty six months.

LEASES

In respect of assets acquired on or after 1st April, 2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the interest charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest component is charged to the Statement of Profit and Loss.

Operating Lease payments are recognized as expenditure in the Statement of Profit and Loss on straight line basis, over the lease period.

DEPRECIATION / AMORTISATION

Depreciation on Fixed Assets other than leased vehicles is provided for on Straight Line Method and at the rates which are in conformity with Schedule XIV of the Companies Act, 1956. Vehicles acquired on lease are depreciated over their respective lease period. Computer Software are being amortised over a period of Thirty six months.

INVENTORIES

Inventories are valued at cost which is based on First-in-First-out method or net realisable value, whichever is lower. Unserviceable/ damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

TRANSACTIONS IN FOREIGN CURRENCY

a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

b) Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the difference is recognised as income or expenses.

Notes to the Account — *Contd.*

EMPLOYEE BENEFITS

Post Employment and other Long Term Employee benefits are provided for in the accounts in the following manner:

(i) Gratuity – Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per the Company's Scheme in respect of executives. For other employees, provision/write back, if any, is made on the basis of the present value of a liability as at the Balance Sheet date determined by actuarial valuation following Projected Unit Method and is treated as liability.

(ii) Leave Encashment on retirement/separation - As per independent actuarial valuation as at the Balance Sheet date following pojected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.

(iii) Provident Fund – Liability on account of Provident Fund is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.

BORROWING COST

Borrowing costs that are attributable to the acquisition/construction of Fixed Assets are capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

TAXES ON INCOME

Income tax is accounted for after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961, and in accordance with Accounting Standard (AS-22) – 'Accounting for Taxes on Income'.

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

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 losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

PROPOSED DIVIDEND

Dividend, when recommended by the Board of Directors, is provided for in the Accounts pending Shareholders' approval.

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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

Notes to the Account — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
2			
SHARE CAPITAL			
AUTHORISED			
50,000,000 (2013 - 50,000,000) Equity Shares of ₹ 10 each		**500,000,000**	500,000,000
		500,000,000	500,000,000
ISSUED, SUBSCRIBED, CALLED & PAID UP			
33,000,000 (2013 - 33,000,000) Equity Shares of ₹ 10 each fully paid up		**330,000,000**	330,000,000
		330,000,000	330,000,000

(a) Reconciliation of Equity Share Capital

	As at 31st March 2014		As at 31st March, 2013	
	No. of shares	**Amount**	No. of shares	Amount
Balance at the beginning of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000
Add/Less: Movement during the year	**–**	**–**	–	–
Balance at the end of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000

(b) Rights, preferences and restrictions attached to the shares

The Company has one class of equity shares having face value of ₹ 10 per share with equal voting rights.

(c) Equity Shares held by the Holding Company

25,999,995 (2013 - 25,999,995) Equity Shares are held by the holding Company, EIH Limited

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

	As at 31st March, 2014		As at 31st March 2013	
	Number of Shares	**Holding %**	Number of Shares	Holding %
EIH Limited	**25,999,995**	**78.79%**	25,999,995	78.79%
Government of Himachal Pradesh	**7,000,000**	**21.21%**	7,000,000	21.21%

(e) 6,999,997 Equity Shares were allotted as fully paid up pursuant to a contract without payment being received in cash on 22nd March, 1997.

		As at 31st March	
		2014	2013
3	**Rupees**	**Rupees**	Rupees
RESERVES & SURPLUS			
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year		**(642,427,854)**	(833,869,750)
Profit for the year		**51,823,057**	191,441,896
Less: Appropriations			
Proposed Dividend on Equity Shares	23,100,000		
Dividend Distribution Tax on proposed dividend on Equity Shares	3,925,845	27,025,845	–
Balance at the end of the year		**(617,630,642)**	(642,427,854)

Notes to the Account — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
4		
LONG TERM BORROWINGS		
(i) SECURED (Note a below)		
Long Term maturities of finance lease obligation	**903,261**	1,324,914
(ii) UNSECURED (Note b below)		
Government of Himachal Pradesh	**5,000,000**	5,000,000
	5,903,261	6,324,914

Particulars of security and terms of repayment for borrowing

Name of the Lender		Nature of security	Terms of repayment
(a)	Finance lease obligations	Finance Lease Obligations are secured by hypothecation of Vehicles underlying the leases.	Equated Monthly lease rentals over the respective period of leases.
(b)	Government of Himachal Pradesh	Unsecured	Repayable at the option of the Company. Rate of Interest: 16.50% p.a.

	As at 31st March 2014 Rupees	2013 Rupees
5		
OTHER LONG TERM LIABILITIES		
(i) Trade Payables		
Total Outstanding Dues of Micro Enterprises & Small Enterprises	**–**	–
Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises	–	–
	–	–
(ii) Other Payables		
Liability for Capital Expenditure	**8,820**	34,494
	8,820	34,494
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
(i) Leave Encashment	**1,018,815**	843,581
(ii) Gratuity	**309,904**	270,676
	1,328,719	1,114,257

Notes to the Account — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
7			
TRADE PAYABLES			
(i) Total Outstanding Dues of Micro Enterprises & Small Enterprises		**–**	–
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises		**14,544,397**	9,530,020
		14,544,397	9,530,020

There are no Micro Enterprises and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues.

8			
OTHER CURRENT LIABILITIES			
(i) Current maturities of Finance Lease Obligations (Refer Note 4a above)		**421,653**	545,616
(ii) Advance from customers		**3,830,530**	3,769,587
(iii) Other Payables			
Retention Money		**5,487,432**	5,487,432
Statutory Liabilities		**3,278,324**	3,147,985
Other Liabilities		**3,044,754**	2,789,425
		16,062,693	15,740,045

9			
SHORT TERM PROVISIONS			
A Provision for Employee Benefits			
(i) Leave Encashment		**194,997**	71,322
(ii) Gratuity		**3,848**	2,761
B Other Provisions			
(i) Provision for Income Tax	**6,353,000**		
Less: MAT Credit Entitlement (Note 25(g))	**(5,572,000)**		
(ii) Provision for Proposed Dividend on - Equity Shares	**23,100,000**		
(iii) Provision for Tax on Dividend	**3,925,845**	**27,806,845**	–
		28,005,690	**74,083**

Notes to the Account — *Contd.*

10
FIXED ASSETS

Description of assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April 2013	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2014	As at 1st April, 2013	For the year	Sales/ Adjustments	As at 31st March, 2014	**As at 31st March, 2014**	As at 31st March, 2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	**Rupees**	Rupees
TANGIBLE ASSETS										
Freehold Land	74,405,229	–	–	74,405,229	–	–	–	–	**74,405,229**	74,405,229
Building	449,953,071	–	–	449,953,071	87,201,533	7,333,559	–	94,535,092	**355,417,979**	362,751,538
Sanitary Installation	32,888,815	76,673	–	32,965,488	6,234,278	535,689	–	6,769,967	**26,195,521**	26,654,537
Plant & Machinery	261,120,128	3,593,383	1,453,689	263,259,822	141,315,631	12,733,452	820,632	153,228,451	**110,031,371**	119,804,497
Office Equipment	1,089,452	–	–	1,089,452	601,107	25,849	–	626,956	**462,496**	488,345
Computers	14,061,752	574,345	244,161	14,391,936	10,882,925	836,677	244,161	11,475,441	**2,916,495**	3,178,827
Furniture, Fixtures & Fittings	52,694,193	673,212	241,051	53,126,354	51,058,025	276,635	185,232	51,149,428	**1,976,926**	1,636,168
Vehicles Others	1,635,918	–	–	1,635,918	944,799	130,150	–	1,074,949	**560,969**	691,119
Tangible Assets (A)	887,848,558	4,917,613	1,938,901	890,827,270	298,238,298	21,872,011	1,250,025	318,860,284	**571,966,986**	589,610,260
Assets taken on Finance Lease Leased Vehicles (Note 25(c))	2,928,889	–	838,889	2,090,000	1,195,810	558,199	838,889	915,120	**1,174,880**	1,733,079
Tangible Assets on Lease (B)	2,928,889	–	838,889	2,090,000	1,195,810	558,199	838,889	915,120	**1,174,880**	1,733,079
Tangible Assets (A)+(B)	890,777,447	4,917,613	2,777,790	892,917,270	299,434,108	22,430,210	2,088,914	319,775,404	**573,141,866**	591,343,339
INTANGIBLE ASSETS										
Computer Software	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Intangible Assets (C)	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Grand Total (A+B+C)	891,574,999	4,917,613	2,777,790	893,714,822	300,231,660	22,430,210	2,088,914	320,572,956	**573,141,866**	591,343,339
Previous year	887,545,770	7,613,815	3,584,586	891,574,999	279,999,499	22,196,766	1,964,605	300,231,660	**591,343,339**	

1) The Company has taken over Wildflower Hall premises comprising Land, Trees, Building and other structures at a value of ₹ 75,005,229. The value of Wildflower Hall has been allocated to the building at ₹ 600,000 on a fair basis as determined by a competent valuer and the balance of ₹ 74,405,229 has been taken as residual value of the land.

2) Depreciation has been provided in the accounts on “Straight Line Method” at the rate prescribed Schedule XIV to the Companies Act, 1956 except for specific Asset stated below, where different rates are applied which are not less than those prescribed under the Companies Act, 1956.

   Vehicle acquired on lease are depreciated over their respective lease period of 36,48 or 60 months.

Notes to the Account — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
11		
DEFERRED TAX ASSETS (NET)		
Deferrd Tax Assets on account of:-		
Unabsorbed Depreciation	**173,665,320**	191,723,505
Unabsorbed business loss	**68,375,786**	102,423,729
Provision for Gratuity and Leave Encashment	**495,618**	403,917
	242,536,724	294,551,151
Deferred Tax Liabilities on account of:		
Depreciation	**108,284,303**	113,983,283
	108,284,303	113,983,283
Deferred Tax Assets (Net)	**134,252,421**	180,567,868

Based on the last couple of years continued improved performance, coupled with infusion of capital as "Advance towards Shares", consequent reduction in interest outgo and the current trends in Travel & Tourism Industry per se, the Company is of the opinion that there is virtual certainity of sustainable profitability from the business in future years. Accordingly, the Company expects that sufficient future taxable income will be available against which deferred tax assets on account of brought forward business losses and unabsorbed depreciation amounting to ₹ 68,375,786 (2013 - 102,423,729) & ₹ 173,665,320 (2013 - ₹ 191,723,505) respectively, will be realised in future.

	2014 Rupees	2013 Rupees
12		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good (unless otherwise stated)		
(i) Capital Advances	–	202,248
(ii) Security Deposits	**797,549**	732,549
(iii) Prepaid Expenses	**205,876**	43,951
	1,003,425	978,748

	2014 Rupees	2013 Rupees
13		
INVENTORIES		
(i) Provisions, Stores, Wines & Smokes	**4,437,591**	2,785,671
(ii) Other traded goods	**1,376,576**	1,401,403
(iii) Crockery, Cutlery, Chinaware, Glassware, Linen etc.	**4,813,373**	5,222,283
(iii) Other Stores	**4,384,210**	3,091,988
	15,011,750	12,501,345

Inventories are valued at cost which is based on First-in-First-out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

Notes to the Account — *Contd.*

			As at 31st March	
			2014	2013
		Rupees	**Rupees**	Rupees
14				
TRADE RECEIVABLES (Unsecured, considered good)				
(i)	Outstanding for a period of exceeding six months from the due date		**–**	6,000
(ii)	Others		**9,786,486**	10,252,408
			9,786,486	10,258,408
15				
CASH & BANK BALANCES				
A.	Cash & Cash Equivalents			
(i)	Cash on hand	**572,329**		1,282,362
(ii)	Cheques on hand	**656,141**		726,949
(iii)	Bank Balances			
	In Current Accounts	**22,393,576**		26,633,172
			23,622,046	28,642,483
B.	Other Bank Balances			
(i)	Balance in Fixed Deposit Accounts having more than 3 months but less than 12 months maturity	**59,681,166**		3,300,000
(ii)	In Bank account as per High Court order dated 17th December, 2003 (Refer note 25(d))			
	In current accounts	**19,478**		15,494
	Balance in Fixed deposit accounts having more than 3 months but less than 12 months maturity	**310,484,535**		247,513,860
			370,185,179	250,829,354
			393,807,225	279,471,837
16				
SHORT TERM LOANS AND ADVANCES				
Unsecured considered good (unless otherwise stated)				
(i)	Advance recoverable in cash or in kind or for value to be received			
	– From Related Parties		**–**	–
	– From Others		**1,102,636**	1,217,869
(ii)	Prepaid Expenses		**2,577,865**	2,108,779
(iii)	Income Tax Refundable	**2,336,744**		2,335,986
(iv)	MAT Credit Entitlement (Note 25(g))	**(5,572,000)**		–
			7,908,744	2,335,986
(v)	Sundry Deposits		979,828	998,428
			12,569,073	6,661,062
17				
OTHER CURRENT ASSETS				
Unsecured considered good (unless otherwise stated)				
(i)	Other Receivables		**171,285**	1,571
(ii)	Interest accrued		**404,861**	185,228
			576,146	186,799

Notes to the Account — *Contd.*

	Year ended 31st March 2014 Rupees	2013 Rupees
18		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars & Banquets etc.		
Rooms	**173,398,867**	148,011,368
Food & Beverages	**90,101,451**	79,989,904
Other Services	**28,513,063**	26,865,517
	292,013,381	254,866,789
19		
OTHER OPERATING INCOME		
Others	**911,521**	628,470
	911,521	628,470
20		
OTHER INCOME		
Interest from banks	**28,797,905**	21,157,239
Interest from others	**–**	16,670
	28,797,905	21,173,909
21		
COST OF MATERIALS CONSUMED		
a. Provisions, Smokes & Wines		
Opening Stock	**2,785,671**	2,926,731
Add : Purchases	**23,446,440**	19,885,839
	26,232,111	22,812,570
Less : Closing Stock	**4,437,591**	2,785,671
Consumption (a)	**21,794,520**	20,026,899
b. Other traded goods		
Opening Stock	**1,401,403**	1,383,498
Add : Purchases	**2,899,624**	3,039,386
	4,301,027	4,422,884
Less : Closing Stock	**1,376,576**	1,401,403
Consumption (b)	**2,924,451**	3,021,481
Total (a+b)	**24,718,971**	23,048,380
22		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	**40,605,740**	35,701,506
Company's Contribution towards Provident Fund	**1,524,336**	1,399,245
Contribution to Gratuity Fund including provision of ₹ 61,430 (2013 - ₹ 145,357) (Refer note 22 (a))	**256,585**	265,581
Provision for Leave Encashment (Refer note 22(a))	**620,718**	783,685
Workmen and Staff Welfare Expenses	**2,169,599**	2,126,105
	45,176,978	40,276,122

Notes to the Account — *Contd.*

22 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2014 as per Actuarial Valuation using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		Gratuity	Year ended 31st March, 2014	Year ended 31st March 2013
I	**Components of Employer Expense**			
	(a)	Current Service Cost	111,175	78,304
	(b)	Interest Cost	21,688	12,782
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains) / Losses	(71,433)	54,271
	(h)	Liability no longer required	-	-
	(i)	Total expense/(gain) recognised in the Statement of Profit & Loss	61,430	145,357
II	**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2014**			
	(a)	Present Value of Defined Benefit Obligations	313,752	273,437
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(313,752)	(273,437)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	(313,752)	(273,437)
III	**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2014**			
	(a)	Present value of DBO as at 31st March 2013	273,437	164,080
	(b)	Current Service Cost	111,175	78,304
	(c)	Interest Cost	21,688	12,782
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	(71,433)	54,271
	(i)	Benefits Paid	(21,115)	(36,000)
	(j)	Liability no longer required	-	-
	(k)	Present Value of DBO as at 31st March, 2014	313,752	273,437
IV	**Change in Fair Value of Assets during the year ended 31st March, 2014**			
	(a)	Plan Assets as at 31st March, 2013	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	21,115	36,000
	(f)	Benefits Paid	(21,115)	(36,000)
	(g)	Plan Assets as at 31st March, 2014	-	-
V	**Investment Details**			
	Invested with LIC Group Gratuity Scheme		-	-
VI	**Actuarial Assumptions**			
	(a)	Discounting Rate (%)	9.00%	8.25%
	(b)	Expected rate of return	–	–
	(c)	Salary Escalation (%)	5.50%	5.50%
	(d)	Mortality	Indian assured lives mortality (2006-08) (modified) Ultimate	Indian assured lives mortality (1994-96) (modified) Ultimate

Notes to the Account — *Contd.*

(VII)	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010
(a)	Present Value of Defined Benefit Obligation	313,752	273,437	164,080	598,976	551,571
(b)	Fair Value of Plan Assets	–	–	–	–	–
(c)	Status [Surplus/(Deficit)]	(313,752)	(273,437)	(164,080)	(598,976)	(551,571)
(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	(16,595)	25,758	(32,542)	113,701	(269,705)
(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–	–
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	(54,838)	28,513	(14,968)	(12,811)	(32,865)

		Leave Encashment	Year ended 31st March, 2014	Year ended 31st March, 2013
I	**Components of Employer Expense**			
	(a)	Current Service Cost	101,886	70,395
	(b)	Interest Cost	51,753	36,450
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains)/Losses	467,079	676,840
	(h)	Liability no longer required	-	-
	(i)	Total expense/(gain) recognised in the statement of Profit & Loss	620,718	783,685
II	**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2014**			
	(a)	Present Value of Defined Benefit Obligations	1,025,483	849,849
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(1,025,483)	(849,849)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	(1,025,483)	(849,849)
III	**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2014**			
	(a)	Present value of DBO as at 31st March, 2013	849,849	766,985
	(b)	Current Service Cost	101,886	70,395
	(c)	Interest Cost	51,753	36,450
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	467,079	676,840
	(i)	Benefits Paid	(445,084)	(700,821)
	(j)	Liability no longer required	–	–
	(k)	Present Value of DBO as at 31st March 2014	1,025,483	849,849
IV	**Changes in Fair Value of Assets during the year ended 31st March, 2014**			
	(a)	Plan Assets as at 31st March, 2013	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	445,084	700,821
	(f)	Benefits Paid	(445,084)	(700,821)
	(g)	Plan Assets as at 31st March, 2014	-	-

Notes to the Account — *Contd.*

V	**Investment Details**		
	Invested with LIC Group Gratuity Scheme	-	-
VI	**Actuarial Assumptions**		
	(a) Discounting Rate (%)	9.00%	8.25%
	(b) Expected rate of return	-	-
	(c) Salary Escalation (%)	5.50%	5.50%
	(d) Mortality	Indian assured lives mortality (2006-08) (modified) Ultimate	Indian assured lives mortality (1994-96) (modified) Ultimate

VII	**Net Aaset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Year ended 31st March 2014**	**Year ended 31st March 2013**	**Year ended 31st March 2012**	**Year ended 31st March 2011**	**Year ended 31st March 2010**
(a)	Present Value of Defined Benefit Obligation	1,025,483	849,849	766,985	661,780	433,459
(b)	Fair Value of Plan Assets	–	–	–	–	–
(c)	Status [Surplus/(Deficit)]	(1,025,483)	(849,849)	(766,985)	(661,780)	(433,459)
(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	623,322	594,738	349,566	454,947	(359,023)
(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–	–
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	(156,243)	82,102	(67,786)	(14,349)	(23,878)

Notes to the Account — *Contd.*

		Year ended 31st March 2014 Rupees	2013 Rupees
23			
FINANCE COSTS			
Interest on borrowing			
– From Banks		**–**	92,473
– From others		**1,405,946**	1,766,972
(Including Interest on Income Tax u/s 234B & 234C is ₹ 256,319: 2013-Nil)			
		1,405,946	1,859,445
24			
OTHER EXPENSES			
A.	UPKEEP & SERVICE COST		
	Linen, Uniform Washing & Laundry Expenses	**629,345**	616,617
	Expenses on Apartment & Board	**9,433,147**	9,139,181
	Power & Fuel	**36,190,041**	29,032,121
	Renewals & Replacements	**4,180,420**	3,478,418
	Repair & Maintenance - Building	**5,289,266**	7,557,216
	- Plant & Machinery	**5,149,101**	4,692,179
	- Others	**4,188,315**	4,054,047
		65,059,635	58,569,779
B.	ADMINISTRATIVE, SELLING & OTHER EXPENSES		
	Expenses for contractual services	**7,263,255**	6,351,288
	Rent	**1,133,718**	1,332,070
	Advertisement, Publicity & Other Promotional Expenses	**3,278,106**	3,162,688
	Printing & Stationery	**1,015,346**	987,966
	Insurance	**846,230**	675,529
	Passage & Travelling	**5,112,903**	5,517,569
	Postage, Telephone & Telex	**1,073,094**	982,544
	Subscriptions	**453,605**	657,647
	Water Charges	**9,339,677**	7,294,772
	Commission to Travel Agents and others	**9,695,066**	8,465,748
	Auditor's Remuneration		
	– Audit Fees	**21,000**	21,000
	– For taxation matters	**15,000**	15,000
	Loss on exchange (Net)	**–**	51
	Legal & Professional	**18,504,893**	3,156,381
	Donation	**17,000**	10,000
	Rates & Taxes	**2,202,854**	2,324,321
	Musical, Banquet & Kitchen Expenses	**1,838,882**	1,725,724
	Other Expenses	**2,200,934**	2,821,723
		64,011,563	45,502,021
	Grand Total (A+B)	**129,071,198**	104,071,800

Notes to the Account — *Contd.*

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NOTES TO THE ACCOUNT

a) i) Advances received from EIH Limited, the holding Company, amounting to ₹ 1,361,925,454 (2013 - ₹ 1,361,925,454) have been shown as "Advance towards Shares" as the Company intends to issue shares against the said advances without allotment, pending settlement of *inter se* legal issues between Government of Himachal Pradesh and EIH Limited in relation to the Company and the stay orders issued by the Honb'le High Court of Himachal Pradesh at Shimla in this regard. In view of the above, the same has not been disclosed as Non-Current Liability but as a separate line item below Shareholders' Fund in the Balance Sheet.

ii) The paid up share capital of the Company has been eroded by its accumulated losses of the past period. However, keeping in view of the improved business outlook, sustained profitability over the last couple of years and infusion of funds as "Advance towards Shares", the accounts of the Company have been continued to be prepared on the basis of going concern.

b) Contingent Liabilities and Commitments :

i) Contingent Liabilities – Claims against the Company not acknowledged as debts – ₹ 5,163,974 (2013 - ₹ 5,163,974) in respect of a service tax case which is pending before Customs, Excise & Service Tax Appellate Tribunal.

ii) Capital Commitments - The estimated amount of contracts remaining to be executed on Capital account and not provided for ₹ Nil (2013 - ₹ 2,64,922).

c) **Leases**

i) Motor Vehicles acquired on Finance Lease amounting to ₹ 2,090,000 (2013 - ₹ 2,928,889), being the assets acquired between 1st April, 2003 to 31st March, 2014. This includes an amount of ₹ Nil (2013 - ₹ 950,000) being the assets acquired during the year under finance lease and capitalised in line with the requirements of Accounting Standard (AS-19) on "Accounting for Leases". Depreciation for the year includes an amount of ₹ 558,199 (2013 - ₹ 553,284) being depreciation charged on the assets.

The year-wise break up of outstanding lease obligations as on 31.03.2014 in respect of these Assets capitalised during the year are as under:-

	(Rupees)
Vehicles taken on Lease	
Total Minimum Lease Payments as at 31.03.2014	**1,858,602** (2,725,648)
Present value of Minimum Lease Payments as at 31.03.2014	**1,324,914** (1,870,530)
Not later than one year	
Minimum Lease Payments	**660,493** (867,046)
Present value as on 31.03.2014	**421,653** (545,616)
Later than one year but not later than 5 years	
Minimum Lease Payments	**1,198,110** (1,858,602)
Present value as on 31.03.2014	**903,261** (1,324,914)
Later than 5 Years	
Minimum Lease Payments	**Nil**
Present value as on 31.03.2014	**Nil**
Contingent Rent recognised as expenses in the Statement of Profit and Loss for the period	**Nil**
The total future minimum sublease payments expected to be received under non-cancellable sublease at the Balance Sheet date.	**Nil**

(Figures in brackets represent figures for year ended 31st March, 2013)

Notes to the Account — *Contd.*

ii) Disclosures in respect of Company's Operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on leases:

(1) General description of the Company's operating lease arrangements:

The Company has entered into operating lease arrangements primarily for hiring office equipments and residential premises for its employees. Some of the significant terms and conditions of the arrangements are:

– Lease agreements are not non-cancellable in nature and may generally be terminated by either party by serving a notice other than for the arrangements as mentioned below;

– The lease agreements are generally renewable by mutual consent on mutually agreeable terms.

(2) Rent in respect of the above is charged/credited to the Statement of Profit and Loss.

Office Equipments taken on Operating Lease	**Rupees**
Not Later than one year	
Minimum Lease payments	35,000
	(42,000)
Later than one year but not later than 5 years	
Minimum Lease payments	Nil
	(35,000)
Later than 5 Year	
Minimum Lease payments	Nil
Lease payments recognised as expenses in the Statement of Profit & Loss for the period	42,000
	(7,000)
Contingent Rent recognised as expenses in the statement of profit & loss for the period	64,044
	(8,413)
The total future minimum sublease payments expected to be received under non-cancellable sub lease at the Balance Sheet	Nil

(Figures in brackets represents figure for year ended 31st March, 2013)

d) The Company was incorporated consequent upon a Joint Venture Agreement between EIH Limited and the Government of Himachal Pradesh. Disputes *inter se* between the two Joint Venture Partners as well as between the Company and the Government of Himachal Pradesh were referred by the High Court of Himachal Pradesh by an Order dated 17th December, 2003 to an Arbitral Tribunal consisting of a single Arbitrator.

The Arbitrator's Award dated 23rd July, 2005 has been challenged, both by the Company and EIH Limited, amongst others, before the High Court of Himachal Pradesh. The operation of the Award stands stayed pending substantive hearing and disposal of the Application by the High Court. As a result, the status of the matter stood restored to the same position as it was on 17th December, 2003, when the disputes were referred by the High Court to arbitration. The Company's hotel unit, Wildflower Hall continues to be operated accordingly.

In view of the foregoing, the effect of the Award has not been recognised in these accounts. However, pending the final outcome of the above proceedings, the Company continues to keep 30% of the Room Revenue in respect of the balance 57 Rooms, being operated as per the directions of the High Court, deposited with a Nationalised Bank, in accordance with the 17th December, 2003 Order above referred to.

Appropriate intimation of such deposit has been given to the Himachal Pradesh Government. This deposit has been disclosed in these accounts under "Cash and Bank Balances" (Refer note 15(B) (ii)).

Notes to the Account — *Contd.*

e) As there is no Company Secretary, the Accounts could not be authenticated under Section 215 of the Companies Act, 1956 read with Section 383A of the Companies Act, 1956.

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

A. Name of the Related Parties

(I) Holding Company - EIH Limited

(II) Fellow Subsidiary Companies

1. Mercury Car Rentals Limited - ceased to be subsidiary of EIH Limited w.e.f. 30th September, 2013
2. Mumtaz Hotels Limited
3. EIH International Limited
4. Oberoi Kerala Hotels & Resorts Limited
5. EIH Flight Services Limited, Mauritius

(III) Enterprises in which Key Management Personnel have significant influence:

1. Oberoi Hotels Private Limited
2. Oberoi Properties Private Limited
3. Oberoi Holdings Private Limited
4. Oberoi Investments Private Limited
5. Oberoi Buildings and Investments Private Limited
6. Oberoi Plaza Private Limited
7. Bombay Plaza Private Limited
8. Oberoi Leasing & Finance Company Private Limited
9. Aravali Polymers LLP
10. Oberoi International LLP
11. Golden Jubilee Hotels Limited
12. Mercury Car Rentals Limited - w.e.f. 30th September, 2013

(IV) Key Management Personnel

1. Mr. Arjun Oberoi

Notes to the Account — *Contd.*

B. Transactions with Related Parties during the financial year and outstanding balances as on 31.03.2014:

	Holding Company	Fellow Subsidiary Companies	Enterprises in Which Key Management Personnel have significant influence	Key Management Personnel
Purchases	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Goods & Services	6,529,123 (4,349,258)	353,384 (949,449)	239,594 (Nil)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Expenses				
Rent & Service Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Sales				
Goods & Services	922,354 (993,766)	217,804 (567,054)	279,468 (Nil)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Finance				
Advance against equity shares application received (net)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan Received	Nil (17,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Repayment of Loan	Nil (17,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Paid/Provided (Net)	Nil (592,904)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Outstanding balances				
Payables				
For Goods & Services	291,523 (208,856)	Nil (307,026)	18,596 (Nil)	Nil (Nil)
Receivables				
For Goods & Services	70,759 (2,093,286)	4,400 (184,629)	42,951 (Nil)	Nil (Nil)
Others				
Loans Payable (including interest accrued & due)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advance towards Equity Shares	1,361,925,454 (1,361,925,454)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Figures in brackets represent figures for year ended 31st March, 2013)

g) The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). MAT credit entitlement has been shown under Short Term Loans and Advances (2013-Nil)

h) Expenditure in Foreign Currency:

	Year ended 31st March	
	2014	2013
	Rupees	Rupees
Other matters	**1,464,355**	1,826,874

Notes to the Account — *Contd.*

i) Earnings in Foreign Currencies on Sales:

	Year ended 31st March **2014** **Rupees**	2013 Rupees
As per return submitted to DGFT	**48,282,429**	51,521,463

j) CIF Value of Imports:

a. Value of Imports calculated on C.I.F. basis in respect of:

	2014	2013
Capital Goods	**1,204,129**	2,319,889
Components & Spares	**952,237**	1,456,200
Provisions, Stores & Wines	**2,490,420**	1,815,186

b. Total value of Consumption of Provisions, Smokes & Wines:

	Year ended 31st March 2014		2013	
	Rupees	Percentage	Rupees	Percentage
Imported	1,899,502	8.72%	1,518,913	7.58%
Indigenous	19,895,018	91.28%	18,507,986	92.42%
Total	21,794,520	100.00%	20,026,899	100.00%

k) Foreign currency exposure not hedged by any derivative instrument or otherwise:

Currency	As a 31st March, 2014		As at 31st March, 2013	
	Receivable ₹	Payable ₹	Receivable ₹	Payable ₹
US Dollar	–	427,649	–	338,307
GBP	–	–	–	333,018

l) Segment Reporting:

There is no reportable segment other than hotel as per Accounting Standard (AS-17) on Segment Reporting.

	Year ended 31st March **2014** **Rupees**	2013 Rupees
m) Earnings per Equity Share :		
Computation of both Basic and Diluted Earnings per share of ₹ 10		
Profit/(Loss) as per the Statement of Profit and Loss	**51,823,057**	191,441,896
No. of Equity Shares	**33,000,000**	33,000,000
Basic and Diluted Earnings per Equity Share	**1.57**	5.80

n) Proposed Dividend

On Equity Shares of ₹ 10 each		
Amount of dividend proposed	23,100,000	–
Dividend per Equity Share (₹)	0.70 per share	–

o) As mentioned in the earlier Accounts also, the Accounts of the Company were not approved by the Nominee Directors of the Himachal Pradesh Government – the Joint Venture Partner. As such the Accounts were approved by the Audit Committee and the Board of Directors by majority.

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

ARJUN OBEROI *Managing Director*

Shimla
16th May, 2014

T.K. SIBAL *Director*

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD

Mr. P. R. S. Oberoi Mr. S. S. Mukherji Mr. T. K. Sibal	*Nominees of EIH Limited*
Mr. Rajesh Kumar Sinha Mr. Anil Kumar Sivaraman Nair Mr. Harikishore Subramanian	*Nominees of the Government of Kerala*

AUDITORS

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

REGISTERED OFFICE

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

DIRECTORS' REPORT

To the Members,

The Board presents the Twentieth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2014, together with the Auditor's Report thereon.

The Company earned a profit of ₹ 19,002 during the Financial Year 2013-14 as against the loss of ₹ 75,018 during the previous year. The accumulated losses as on 31st March, 2014 amounted to ₹ 8,527,261. This is being carried forward.

Mr. S. Harikishore, nominee of Kerala Government was appointed by the Board in the casual vacancy caused due to the vacation by Mr. Prasanth N. Mr. S. Harikishore shall hold office upto the date Mr. Prasanth N. would have held had he not vacated. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Prasanth N.

Mr. P.R.S. Oberoi, Director of the Company, retires by rotation at the forthcoming Twentieth Annual General Meeting and is 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 profit 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 Auditor's observations, if any, on the accounts for the financial year ended 31st March 2014, have been explained suitably in the notes to the accounts.

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 outgo during the year required to be reported under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as the Company is yet to commence operations.

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 year 2014-15, 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.

For and on behalf of the Board

RAJESH KUMAR SINHA
T. K. SIBAL
Directors

Delhi
30th April, 2014

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 (H), 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 2014. 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/after 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 4 (Four) times on 20.05.2013, 08.08.2013, 17.10.2013, 03.02.2014 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 Debenture holders.
6. the 19th Annual General Meeting for the financial year ended on 31.03.2013 convened on 25.06.2013 was adjourned to 02.07.2013 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 or Persons or Firms or Companies referred to under 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 of 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) no allotment/transfer/transmission of securities.

    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. The appointment of Director and Casual Director has been duly made. There was no appointment of Alternate Director.

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.

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 is seen 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.

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

Trivandrum
20th May, 2014

Encls: Annexures 'A' & 'B'

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 cvu/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.
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, 2013

1. Form No. 66, Secretarial Compliance Certificate dated 20.05.2013 u/s 383A of the Companies Act, 1956, on 09.07.2013, paid ₹ 500 vide Challan No. Q09425802

2. Form No. 20B, Annual Return of the Company made upto 02.07.2013, the date of the 19th Annual General Meeting, filed on 29.07.2013, paid ₹ 500 vide Challan No. Q09769019.

3. Form 32, Appointment of Nominee Director, filed on 15.11.2013, paid ₹ 500 vide Challan No. B89163356.

4. Form No. 23ACXBRL and Form No. 23ACAXBRL, Annual Accounts of the Company for the year ended 31.03.2013 as adopted at the 19th Annual General Meeting held on 02.07.2013 filed on 23.08.2013 paid ₹ 1500 vide Challan No. Q10358711.

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

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Oberoi Kerala Hotels and Resorts Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of Oberoi Kerala Hotel & Resorts Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act') read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act read with General Circular 08/2014 dated 04/04/2014 issued by Ministry of Corporate Affairs in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014 and;

(b) in the case of the Statement of Profit and Loss Statement, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 19 as regards freehold land at Thekkady having a cost of Rs. 17,179,831 is held by the Company for disposal and the Company has not commenced any construction/operations of the Hotel.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, 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 purpose of our audit;

   b. in our opinion books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

   e. on the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
30th April, 2014

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

The annexure referred to in our report to the members of Oberoi Kerala Hotel & Resorts Limited for the year ended 31st March, 2014. We report that:

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. As substantial part of the assets is expecting disposal, the continuance of the Company as a going concern may be affected.

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 system 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 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 31.03.2014, for a period of more than six months from the date they became payable.

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 not incurred cash losses during the financial period covered by our report and has incurred cash losses in the immediately preceding financial period.

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
Firm Registration No. 301072E

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
30th April, 2014

Balance Sheet
as at 31st March, 2014

	Note	Rupees	As at 31st March 2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2	**27,200,070**		27,200,070
RESERVES AND SURPLUS	3	**(8,527,261)**		(8,546,263)
			18,672,809	18,653,807
SHARE APPLICATION MONEY AGAINST ISSUE OF EQUITY SHARES PENDING ALLOTMENT	4		**–**	1,600,000
NON-CURRENT LIABILITIES				
OTHER LONG TERM LIABILITIES	5		**1,600,000**	–
CURRENT LIABILITIES				
TRADE PAYABLES	6	**427,524**		231,033
OTHER CURRENT LIABILITIES	7	**20,220**		–
SHORT TERM PROVISIONS	8	**–**		33,908
			447,744	264,941
			20,720,553	20,518,748
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
TANGIBLE ASSETS	9	**20,331,258**		20,331,258
LONG TERM LOANS & LOANS AND ADVANCES	10	**181,350**		181,350
			20,512,608	20,512,608
CURRENT ASSETS				
TRADE RECEIVABLES	11		150,846	–
CASH AND CASH EQUIVALENTS	12		**3,360**	6,140
SHORT-TERM LOANS AND ADVANCES	13		53,739	–
			207,945	6,140
			20,720,553	20,518,748

NOTES TO THE ACCOUNTS
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

New Delhi
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR — *Directors*
T.K. SIBAL

Statement of Profit and Loss for the year ended 31st March, 2014

	Note	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME			
REVENUE FROM OPERATIONS		**–**	–
OTHER INCOME	14	**429,619**	391,542
		429,619	391,542
EXPENSES			
DEPRECIATION AND AMORTISATION EXPENSE		**–**	–
OTHER EXPENSES	15	**402,119**	376,950
		402,119	376,950
PROFIT / (LOSS) BEFORE TAX		**27,500**	14,592
CURRENT TAX	16	**8,498**	89,610
DEFERRED TAX		**–**	–
PROFIT/(LOSS) FOR THE PERIOD		**19,002**	(75,018)
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value ₹ 10	20	**0.007**	(0.028)

NOTES TO THE ACCOUNTS

form an integral part of the Statement of Profit & Loss

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

For RAY & RAY
Chartered Accountants

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

New Delhi
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR — *Directors*
T.K. SIBAL

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March 2014 Rupees	2013 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT/(LOSS) BEFORE TAX	**27,500**	14,592
	Adjustments for:		
	Rent Received	**(429,619)**	(391,542)
		(402,119)	(376,950)
	Operating Profit before Working Capital Changes		
	Adjustments for:		
	Trade & Other Receivables	**(150,846)**	–
	Trade Payables & others	**1,816,711**	38,990
	Cash Generated from Operations	**1,263,746**	(337,960)
	Direct Taxes (Net)	**(96,145)**	(66,889)
	Net Cash from Operating Activities	**1,167,601**	(404,849)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**–**	–
	Share Application Money (Note 17)	(1,600,000)	–
	Rent Received	**429,619**	391,542
	Cash from Investing Activities	**(1,170,381)**	391,542
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash used in Financing Activities	**–**	–
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(2,780)**	(13,307)
	Cash and Cash Equivalents at the beginning of period	**6,140**	19,447
	Cash and Cash Equivalents at the end of period	**3,360**	6,140

Notes :

1. The Cash Flow Statement has been prepared in indirect method. Rent received is treated as a part of Investing Activities.
2. 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

New Delhi
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR
T.K. SIBAL
Directors

Notes to Accounts

1
SIGNIFICANT ACCOUNTING POLICIES

a) The Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material aspects with the Accounting Standards notified under the Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared on accrual basis and under the historical cost convention. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) The preparation of the Financial Statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reporting amounts of income and expenditure during the year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c) 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.

d) 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.

e) 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.

f) 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.

g) Preliminary Expenses are written off.

h) Current tax is determined on the amount of tax payable in respect of taxable income for the year 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.

i) Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

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

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

   Contingent Assets are not recognised in the Financial Statements.

Notes to Accounts — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
10,000,000 (2013 - 10,000,000) Equity Shares of ₹ 10 each	**100,000,000**	100,000,000
	100,000,000	100,000,000
ISSUED		
2,720,007 (2013 - 2,920,007) Equity Shares of ₹ 10 each	**27,200,070**	29,200,070
	27,200,070	29,200,070
SUBSCRIBED & FULLY PAID UP		
2,720,007 (2013 - 2,720,007) Equity Shares of ₹ 10 each	**27,200,070**	27,200,070
	27,200,070	27,200,070

Notes:

a) Reconciliation of number of shares

	As at 31st March 2014 Number of shares	2013 Number of shares
Balance of the beginning of the year	2,720,007	2,720,007
Movement during the year	–	–
Balance at the end of the year	2,720,007	2,720,007

b) Details of Shares held by Shareholders holding more than 5 percent of the aggregate shares in the Company

	As at 31st March 2014		2013	
	Number of Shares	**% holding**	Number of Shares	% holding
(1) EIH Limited – The Holding Company	**2,176,000**	**80**	2,176,000	80
(2) Kerala Tourism Insfrastructure Limited [formerly known as Tourist Resorts (Kerala) Limited]	**544,000**	**20**	544,000	20

c) The Company has one class of equity shares having a par value of Rs. 10 each. Each Shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Director, subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Notes to Accounts — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
3			
RESERVES AND SURPLUS			
DEBIT BALANCE IN STATEMENT OF PROFIT & LOSS			
Balance at the beginning of the year	**(8,546,263)**		(8,471,245)
Add: Profit/(Loss) after tax as per Statement of Profit & Loss	**19,002**		(75,018)
		(8,527,261)	(8,546,263)
		(8,527,261)	(8,546,263)
4			
SHARE APPLICATION MONEY AGAINST ISSUE OF SHARES PENDING ALLOTMENT			
(Note 17)		**–**	1,600,000
		–	1,600,000
5			
LONG TERM LIABILITIES			
Security Deposit (from EIH Ltd. - The Holding Company)		**1,600,000**	–
		1,600,000	–
6			
TRADE PAYABLES - CURRENT			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 18)	**–**		–
Total Outstanding dues of Creditors other than Micro & Small Enterprises	**427,524**	**427,524**	231,033
		427,524	231,033
7			
OTHER CURRENT LIABILITIES			
Statutory Liabilities		**20,220**	–
		20,220	–
8			
SHORT TERM PROVISIONS			
Taxation (Net of advances)		**–**	33,908
		–	33,908

Notes to Accounts — *Contd.*

9
FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Original Cost as at 31st March, 2013 ₹	Additions ₹	Original Cost as at 31st March 2014 ₹	As at 31st March, 2013 ₹	For the year ₹	As at 31st March, 2014 ₹	**As at 31st March, 2014 ₹**	As at 31st March, 2013 ₹
I) TANGIBLE ASSETS								
Freehold Land	3,151,427	–	3,151,427	–	–	–	3,151,427	3,151,427
Freehold Land (held for disposal) Note 19	17,179,831	–	17,179,831	–	–	–	17,179,831	17,179,831
Total	20,331,258	–	20,331,258	–	–	–	20,331,258	20,331,258
Previous Year	20,331,258	–	20,331,258	–	–		20,331,258	

	As at 31st March **2014** **Rupees**	2013 Rupees
10		
LONG TERM LOANS AND ADVANCES (Unsecured)		
Security Deposits	**181,350**	181,350
	181,350	181,350
11		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Other debts	**150,846**	–
	150,846	–
12		
CASH AND CASH EQUIVALENTS		
Balances with Banks in Current Account	**3,360**	6,140
	3,360	6,140
13		
SHORT TERM LOANS AND ADVANCES		
Advance Tax (Net of Provision)	**53,739**	–
	53,739	–
14		
OTHER INCOME		
Rental Income	**429,619**	391,542
	429,619	391,542

Notes to Accounts — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
15			
OTHER EXPENSES			
Electricity & Water		**999**	960
Lease Rental		**118,169**	101,542
Rates & Taxes		**–**	1,082
Legal & Professional		**60,533**	59,433
Security Charges		**197,978**	174,744
Bank Charges		**152**	589
Travelling & Conveyance		**138**	4,843
Telephone & Postage		**1,930**	1,496
Auditors' Remuneration			
Audit Fees	**17,000**		17,000
Service Tax	**2,101**		2,101
		19,101	19,101
Repairs and Maintenance		**310**	5,830
Miscellaneous Expenses (Including Filing Fees)		**2,809**	7,330
		402,119	376,950
16			
CURRENT TAX			
Income Tax		**8,498**	89,610
		8,498	89,610

17. EIH Limited (EIH) - the Holding Company provided ₹ 1,600,000 as advance towards equity of the Company. In view of a communication from the other joint venture partner viz. Kerala Tourism Infrastructure Limited stating their inability to contribute to the proposed issue of shares, this amount became refundable to EIH. Company also entered into a supplementary agreement for lease of land with EIH which required EIH to provide a security deposit of ₹ 1,600,000. At the request of EIH, the amount refundable as aforesaid has been adjusted towards the security deposit.

18. The Company has not received from parties any information/memorandum as required to be filed by suppliers/vendors with notified authority under Micro, Small & Medium Enterprises Act, 2006 claiming their status as Micro, Small & Medium Enterprises. As such, the Company does not owe any dues on account of principal amount together with interest and accordingly no additional disclosures are made. This has been relied upon by the Auditors.

19. Freehold land at Thekkady, having a cost of ₹ 17,179,831, is held by the Company for disposal. Necessary approvals are still awaited. The Company has not commenced any construction/operations of the Hotel.

20. Earnings per share :

Particulars	As at 31st March	
	2014 Rupees	2013 Rupees
Profit/Loss computation for both Basic and Diluted earnings per share of ₹ 10 each		
Profit/(Loss) available for Equity Shareholders	**19,002**	(75,018)
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	**0.007**	(0.028)

Notes to Accounts — *Contd.*

21. 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".

22. 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.

23. Disclosures in respect of Company's operating lease arrangements, entered on or after 1st April, 2001, under Accounting Standard (AS-19) on Leases:

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 Statement Profit and Loss.

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, 2014	**133,000** (**116,445**)
Not later than 1 year	**133,000** (116,445)

(Figures in bracket represent figures for 2013)

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

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

	Rupees
Not later than one year	**450,000** (310,300)
Later than one year but not later than five years	**2,544,679** (1,684,867)
Later than five years	**1,843,178** (1,646,273)

(Figures in bracket represent figures for 2013)

Notes to Accounts — *Contd.*

25. 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 (upto 30.09.2013)
iv) EIH Flight Services Limited, Mauritius
v) EIH International Ltd.
vi) EIH Holdings Ltd.
vii) EIH Marrakech Ltd.
viii) J&W Hongkong Ltd.
ix) EIHH Corporation Ltd.
x) EIH Investments NV
xi) EIH Management Services BV
xii) PT Widja Putra Karya
xiii) PT Waka Oberoi Indonesia
xiv) 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

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 31.3.2014.

Nature of transactions	Holding Company	Enterprise in which Key Management Personnel have significant influence Associates*	Key Management Personnel
	Rupees	Rupees	Rupees
Purchases			
Goods & Services	– (10,425)	201,355 (185,860)	– (-)
Sale			
Rental Income	429,619 (391,542)	– (-)	– (-)
Other			
Share Application Money against issue of shares adjusted (Note 17)	1,600,000 (Nil)	– (–)	– (–)
Security Deposit Received (Note 17)	1,600,000 (Nil)	– (–)	– (–)
Outstanding balances			
Payable for Goods & Services	Nil (2,520)	157,669 (113,050)	– (-)
Receivables for Goods & Services	150,731 (Nil)	–	–
Security Deposit Payable	1,600,000 (Nil)	–	

(Figures in brackets indicate figures for 2013)

*EIH Associated Limited

26. The figures for the previous year have been regrouped/recast as far as practicable to make them comparable to the current year presentation.

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR *Directors*
T.K. SIBAL

New Delhi
30th April, 2014

EIH FLIGHT SERVICES LIMITED

BOARD

Mr. P. R. S. Oberoi, Chairperson
Mr. S.S. Mukherji
Mr. Zafar Siamwala
Mrs. Véronique Magny-Antoine

SECRETARY

Abax Corporate Administrators Ltd.
6th Floor, Tower A
1, Cyber City
Ebène
Mauritius

AUDITORS

PricewaterhouseCoopers
18, Cyber City
Ebène
Mauritius

REGISTERED OFFICE

The Oberoi Mauritius
Baie aux Tortues
Pointe aux Piments
Mauritius

All figures in Mauritian Rupees unless otherwise stated.

Annual Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of catering services to airlines.

REVIEW OF THE BUSINESS

The Company's loss for the year is Rs. 68,949,977 (2013 - loss of Rs. 151,627,115).
The Directors do not recommend the payment of a dividend for the year under review.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Financial Statements of the Company for the year ended 31 March 2014 are set out on pages 99 to 120. The Independent Auditor's Report on these Financial Statements is on pages 96 and 97.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (IN RESPECT OF THE FINANCIAL STATEMENTS)

Company law requires the Directors to prepare financial statements for each financial year which present fairy the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether the requirements of the Code of Corporate Governance have been adhered to, subject to any departures disclosed and explained in the Corporate Governance Report.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual Report ... *Contd.*

AUDITOR

The fees paid to the Auditor, PricewaterhouseCoopers, for audit and other services were:

	2014	2013
	Rs.	Rs.
Audit	**250,000**	183,750
Other services	**50,000**	38,115
	300,000	221,865

AUDITOR

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Authorised by the Board of Directors on 29 April 2014
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine
Directors

Statement of Compliance

(Section 75 (3) of the Financial Reporting Act)

Name of FIE : EIH Flight Services Ltd.
Reporting Period : 1 April, 2013 to 31 March, 2014

We, the Directors of EIH Flight Services Ltd, confirm that, to the best of our knowledge, EIH Flight Services Ltd has complied with all Sections of the Code of Corporate Governance (the 'Code') that apply to EIH Flight Services Ltd except for the following:

(i) Under Section 8.4 of the Code:
- Directors dealing in company's shares
- Directors' share interest
- Share price information

The Company being a private company, need not comply with the above conditions of the Code which are specific to public listed companies.

(ii) Section 2.2.2 – Boards and Directors, Composition (Appointment of an Independent Director), as detailed in the Corporate Governance Report;

(iii) Section 3 – Board Committees, as detailed in the Corporate Governance Report; and

(iv) Section 2.10 – Boards and Directors, Board and Director Appraisal, as detailed in the Corporate Governance Report.

The Company, being newly qualified as a Public Interest Entity, the Board is in the process of putting in place various corporate governance measures that would be applicable to the Company.

SIGNED BY

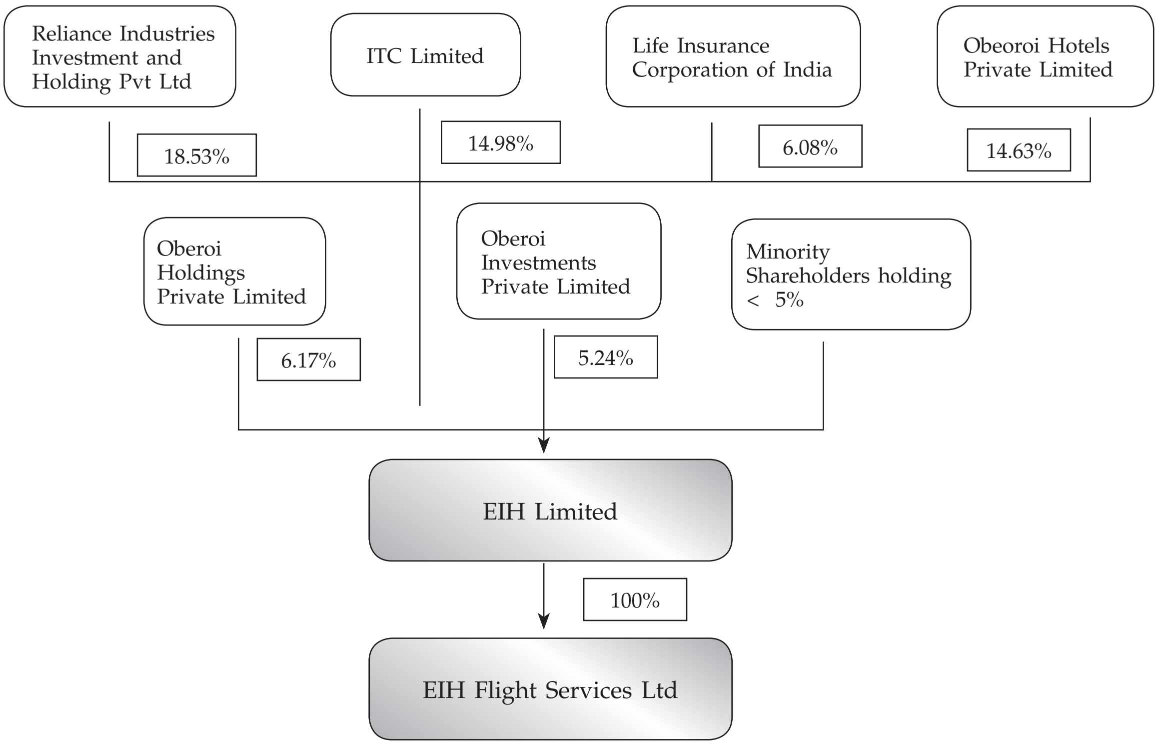
Zafar Siamwala	Véronique Magny-Antoine
Director	Director

Date: 29 April, 2014

Corporate Governance Report

HOLDING STRUCTURE AND COMMON DIRECTORS

The Company is held by EIH Limited (100%), a public listed company in India.



The list of common Directors at the cascading holding structure level is disclosed as follows:

Directors Companies	Mr. Prithivi Raj Singh Oberoi	Mr. Shib Sanker Mukherji	Mr. Zafar Siamwala	Mrs. Véronique Magny-Antoine
EIH Limited	✓	✓		
Oberoi Hotels Private Limited	✓	✓		
Oberoi Holdings Private Limited	✓	✓		
Oberoi Investments Private Limited	✓	✓		

Mr Prithivi Raj Singh Oberoi is also a Director of all Oberoi companies.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

EIH Limited held 100% of the Company's shares as at 31 March 2014

Divident Policy

There is no formal dividend policy in place as the Company never had distributable reserves since the start of its operations. A formal dividend policy will be considered when distributable reserves are available.

Corporate Governance Report *(Continued)*

BOARD OF DIRECTORS

The Board is comprised of four Directors.

The following Directors held office during the year ended 31 March 2014 and at the date of this report:

Mr Prithivi Raj Singh Oberoi
Mr. Shib Sanker Mukherji
Mr. Zafar Siamwala
Mrs. Véronique Magny Antonie

DIRECTORS' PROFILE

Mr. P. R. S. Oberoi (appointed on 29 June 2007)

Mr. P. R. S. Oberoi is the Executive Chairman of The Oberoi Group. He was educated in India, the United Kingdom and Switzerlan. Mr. Oberoi graduated with a degree in Hospitality from the University of Lausanne, Switzerland.

Mr. Oberoi has been instrumental in pioneering the development of the new Oberoi hotels and resorts. The ''Oberoi'' brand has come to represent fine luxury hotels.

Mr. Oberoi was awarded the 'Padma Vibhushan', India's second highest civilian honour, in recognition of his exceptional service to the country in 2008.

In September 2009. Mr Oberoi received the Lifetime Achievement Award at the first Economic Times TAAI Travel Awards 2009.

Mr. Oberoi was presented with the '2010 Corporate Hotelier of the World' award by HOTELS magazinie in November 2010. Mr. Oberoi hasa over 60 years' experience in the hospitality industry.

Mr. Shib Sanker Mukherji (appointed on 29 June 2007)

Mr. Shib Sankar Mukherji is a member of the Institute of Chartered Accountants of India and has completed an Advanced Management Programme from Harward University in the United States. He has over 35 years of working experience in the hospitality industry. He was appointed as Duputy Managing Director in 1998, then promoted as Managing Director. Mr Mukherji is now the Vice Chairman and Chief Executive of EIH Limited since January 2013. He is based in Kolkata.

Mr. Zafar Siamwala (appointed on 19 march 2007)

Mr. Zafar Siamwala is a qualified Chartered Accountant. He has completed a Hospitality Management course form Ecole Hoteliere de Lausanne in 2001. Mr Siamwala has 28 years of working experience with the Oberoi Group. He was initially in the finance department and has moved to the operations department since 1995.

Mrs. Véronique Magny-Antoine (appointed on 14 November 2008)

Mrs. Véronique Magny-Antoine is the Head of Company Secretarial at Abax Corporate

Corporate Governance Report *(Continued)*

Services Ltd. (ABAX). She is an Associate member of the Institue of Chartered Secretaries and Administrators (UK). From 1997 to 2006, she was a senior consultant at Pricewaterhouse Coopers Mauritius, where she was also acting as company secretary for a large portfolio of companies, including public listed companies. Véronique heads the company secretarial and investor services clusters of ABAX. She also serves as Director on the Board of several Global Business companies.

ATTENDANCE AT MEETINGS HELD IN 2013

The Board met three times during the year 2013

The overall attendance record at Board meetings is set out in the table below:

Directors	Category	Board Meetings
Prithivi Raj Singh Oberoi	Non-Executive	0 out of 3
Shib Sanker Mukherji	Non-Executive	0 out of 3
Zafar Siamwala	Executive	3 out of 3
Veronique Magny-Antonie	Non-Executive	3 out of 3
Zafar Slamwala (Alternate to Pritivi Raj Singh Oberoi) (newly appointed on 20 March 2014)	Executive	0 out of 3

The Directors do no have other directorships in listed companies.

Mr. Prithivi Raj Singh Oberoi indirectly holds 0.05% shareholding in the Company via EIH Limited.

Mr. Shib Sanker Mukherji Inidirectly holds 1.27% shareholding in the Compnay vis EIH Limited.

DIRECTORS 'REMUNERATION

The Directors, being the representatives of the holding company, are not entitled to remuneration as the Company does not have a remuneration policy in place for its Directors, except for Mrs. Véronique Magny-Antoni who is a representative of Abax Corporate Administrators Ltd. (Abax). Abax is paid a fee for procurement of Director.

STATEMENT OF REMUNERATION PHILOSOPHY

For remuneration paid to employees of the Company, the Company ensures that the employes at all levels are paid in line with the market rate. The Company believes in recruiting and retaining the best talent in the industry.

BOARD COMPOSITION

Until now, the Company, being a private company and wholly owned by EIH Limited, was not required to have any board committees. The Board had the full responsibility of the Company. The Company now being classified as a Public Interest Entity, the Directors have taken note of the requirements of the Code and are currently reviewing the composition of the Board. The Directors are considering the appointement of an Independent Director.

BOARD COMMITTEES

The Company is planning to set up two Board Committees, namely, the Audit and Risk Committee and the Corporate Governance Committee. The Composition of the Committees and the terms of reference thereof would be finalised in the financial year ended 31 March 2015.

Corporate Governance Report *(Continued)*

BOARD APPRISAL – SELECTION, TRAINING AND DEVELOPMENT

Once the composition of the Board will be finalised the Company will then be in a position to proceed with an effective and meaningful evaluation of its Board as per Section 2.10.2 of the Code.

PROFILE OF SENIOR MANAGEMENT TEAM

Mr. Samar Kumar - Chief Accountant (appointed on 10 January 2013)

Mr Samar Kumar is the Chief Accountant of the Company. He has an experience of nearly 27 years in the hospitality industry. He holds a B.Com (Hons.) Chartered Accountancy Intermediate. He joined the Oberoi Group as an Accounts Executive in February 1987 and has been the Chief Accountant of the Oberoi Group since October 2000.

Mr Karthik Sukumar –Manager (appointed on 1 December, 2013)

Mr Karthik Sukumar is the Manager of the Company. He has 18 years of experience in the Airline catering operations under the Oberoi Group of companies. He holds a Bachelor of Hotel Management. He joined the Company on 15 January, 2000.

Mr. Sumeet Raina - General Manager (appointed on 1 September 2012)

Mr Sumeet Raina is the General Manager of the Company. He has more than 15 years in the hospitality industry in the Oberoi Group. He holds a Diploma in Hotel Management, a Bachelor's Degree in Tourism Studies, an Executive Program in Business Management from IIM Kolkata and a Certificate in Financial Management from Cornell University, USA.

RELATED PARTY TRANSACTIONS

Details of related party transactions have been disclosed in Note 19 to the financial statements.

MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

There are no material clauses to the Constitution of the Company.

MATERIAL CLAUSES OF THE SHAREHOLDERS' AGREEMENT

The Company does not have a Shareholders' Agreement in place, as it is wholly owned by only one shareholders, namely EIH Limited.

TERMS OF MANAGEMENT AGREEMENT WITH THIRD PARTIES

The Company had entered into a Management and Licence Agreement (the "Agreement") with its parent company, namely EIH Limited ('EIH'). Under the terms of the Agreement, the Company has agreed to pay EIH management fees as disclosed in Note 5 of the financial statements. As part of this same agreement, Oberoi Hotels Private Limited ('OHP') was entitled to licence fees from the Company. The contractual obligations of the Company towards OHP were terminated by the latter effective from 31 March 2012.

Abax Corporate Administrators Ltd, being the Company's Secretary, ahs a third party Services Agreement with the Company during the year under review which is in the normal course of business. The mechanism of the company secretarial fees, administrative and other services are defined in the managment contract and depend on the level of work.

There was no other management agreement with third parties apart from the above.

Corporate Governance Report *(Continued)*

RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, namely market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Risk management is carried out by the Company under policies approved by senior management. The holding company has various group policies in place which are also applicable at the level of the Company.

Compliance risk with local laws and regulations

Compliance risk is being monitored by Abax Corporate Administrators Ltd (ABAX) pursuat to a Service Agreement between ABAX and the Company.

Details of risk management and more details on the various types of risks faced by the Company have been disclosed in Note 3 of the financial statements.

SHARE OPTION PLAN

The Company does not have any employee share option plan.

CHARITABLE DONATIONS

The Company did not make any charitable donations during the year ended 31 march 2014.

POLITICAL DONATIONS

The Company did not make any political donations during the year ended 31 march 2014 (2013-NIL)

SOCIAL, ETHICAL, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Company has the following policies in place:

1. Occupational Health and Safety Policy

The objective of the Occupational Health and Safety Policy is to give practical advice on how to reduce health and safety risks associated with Operation work. It summarizes employers' responsibilities and provides a checklist for employers and staff themselves.

2. Food Safety Policy

The Company is committed to deliver Quality Food that is tasty, appealing, and safe and of the highest hygiene standards to its clients on time. The Company continuously strives to improve its Supply Chain Management, Food Safety Management System and HACCP System by adopting the latest Technology and respecting the International Standards.

The Company improves the skills and competency of its employees by training and developing its team members.

3. Environment Policy

The Oberoi Group sees itself as an organization which is committed to the environment by using natural products and recycled items thus ensuring proper use of diminishing natural resources.

Corporate Governance Report *(Continued)*

The Company is committed to continually improve the environment by:

(a) Optimizing the usage of resources such as energy, effluent treatment of water.

(b) Enhancing the practice of awareness amongst its suppliers and employees and minimising its carbon foot print.

(c) Providing a hygienic and safe working environment within its premises and also maintaining and increasing the greenery within and around its premises.

(d) Implementing Rain Water Harvesting Technology and using Solar energy in its premises.

(e) Minimizing adverse impact on the environment by constantly adopting improvements in available technology.

4. Health and Safety Policy

The Company ensures that the Health and Safety of its employees are always given priority and all measures are taken to safeguard it.

INTERNAL CONTROL AND AUDIT

The Company has internal controls in place which are in line with the EIH Group Policy and Standards. The internal controls in place are commensurate to the size and nature of the business of the Company. These controls are strictly monitored by the management by regular checks and are also reviewed on continuous basis to further strengthen them.

IMPORTANT EVENTS

The Calendar for the year ending 31 March 2015 is as follows:

	Events	Dates
1.	Quartely Board meetings	April 2014 September 2014 January 2015
2.	Annual Meeting	May 2014

Authorised for issue by the Board of Directors on 29 April 2014
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine — *Directors*

SECRETARY'S CERTIFICATE

Under Section 166 (d) of the Mauritius Companies act 2001

We confirm that, based on records and information made available to us by the Directors and Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2014, all such returns as are required of the Company under the Mauritius Companies Act 2001.

NISHA PROAG DOOKUN

FOR ABAX CORPORATE ADMINISTRATORS LTD.

SECRETARY

Date: 29 April 2014

Independent Auditor's Report

To the Shareholders of
EIH Flight Services Limited

Report on the Financial Statements

We have audited the Financial Statements of EIH Flight Services Limited on pages 99 to 120 which comprise the statement of financial position at 31 March 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. 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. In making those risk assessments, the Auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements on page 99 to 120 give a true and fair view of the financial position of the Company at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Independent Auditor's Report *(Continued)*

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company other than in our capacity as auditor and tax advisor;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of companies with the Code of Corporate Governance of Mauritius (''Code'') as disclosed in the annual report and on wether the disclosure is consistent with the requirements of the Code.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Mushtaq Oosman, licensed by FRC 29 April 2014

Statement of Comprehensive Income for the year ended 31 March 2014

	2014 Rupees	2013 Rupees
Revenue	**196,860,472**	172,454,627
Cost of Sales	**(94,958,032)**	(86,550,258)
Gross Profit	**101,902,440**	85,904,369
Other Income	**-**	70,644
Management expenses (Note 5)	**(7,853,020)**	(5,173,637)
Administrative expenses	**(146,807,613)**	(144,912,973)
Operating Loss (Note 6)	**(52,758,193)**	(64,111,597)
Finance costs - Net (Note 8)	**(16,191,784)**	(87,515,518)
Loss before Income Tax	**(68,949,977)**	(151,627,115)
Income Tax Expense (Note 9)	**–**	–
Loss and total comprehensive income for the year	**(68,949,977)**	(151,627,115)

The notes to the Financial Statements are an integral part of these Financial Statements.

Statement of Financial Position - 31 March 2014

	2014 Rupees	2013 Rupees
ASSETS		
Non Current Assets		
Property, plant and equipment (Note 10)	**459,671,363**	529,473,201
Current Assets		
Inventories (Note 11)	**5,564,350**	3,958,546
Trade and other receivables (Note 12)	**53,971,650**	41,735,155
Cash and cash equivalents (Note 13)	**2,478,391**	14,818,823
	62,014,391	60,512,524
Total Assets	**521,685,754**	589,985,725
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 14)	**353,380,066**	353,380,066
Accumulated losses	**(472,968,390)**	(404,018,413)
Shareholder's deficit	**(119,588,324)**	(50,638,347)
Liabilities		
Non-current Liabilities		
Borrowings (Note 16)	**583,300,000**	598,120,000
Current Liabilities		
Trade and other payables (Note 15)	**42,947,623**	42,504,072
Borrowings (Note 13)	**15,026,455**	-
	57,974,078	42,504,072
Total Liabilities	**641,274,078**	640,624,072
Total Equity and Liabilities	**521,685,754**	589,985,725

Authorised for issue by the Board of Directors on 29 April 2014
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine
Directors

The notes to the Financial Statements are an integral part of these Financial Statements.

Statement of Changes in Equity for the year ended 31 March 2014

	Share Capital Rupees	Accumulated Losses Rupees	Total Rupees
At 01 April 2012	160,147,215	(252,391,298)	(92,244,083)
Loss and total comprehensive income for the year	–	(151,627,115)	(151,627,115)
Transaction with owner:			
Issue of shares	193,232,851	-	193,232,851
At 31 March 2013	**353,380,066**	**(404,018,413)**	**(50,638,347)**
Loss and total comprehensive income for the year	–	**(68,949,977)**	**(68,949,977)**
At 31 March 2014	**353,380,066**	**(472,968,390)**	**(119,588,324)**

The notes to the Financial Statements are an integral part of these Financial Statements.

Statement of Cash Flows
for the year ended 31 March 2014

	2014 Rupees	2013 Rupees
Cash flow from operating activities		
Loss before income tax	**(68,949,977)**	(151,627,115)
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	**69,837,803**	70,895,360
Unrealised exchange loss/(gain)	**(14,314,232)**	17,558,611
Profit on disposal of property, plant and equipment	**-**	(70,644)
Interest expense	**30,741,909**	37,500,211
Operating profit/(loss) before working capital changes	**17,315,503**	(25,743,577)
(Increase)/decrease in inventories	**(1,605,804)**	424,005
Increase in trade and other receivables	**(12,236,496)**	(15,425,406)
Increase in trade and other payables	**443,552**	4,822,959
Cash generated from/used in) operations	**3,916,755**	(35,922,019)
Interest paid	**(30,741,909)**	(34,770,200)
Net cash used in operating activities	**(26,825,154)**	**(70,692,219)**
Cash flow from Investing activities		
Payment for purchases of property, plant and equipment	**(35,964)**	(53,000)
Proceeds from sale of property, plant and equipment	**-**	245,000
Net cash (used in)/generated from investing activities	**(35,964)**	192,000
Cash flow from financing activities		
Payments for capital element on finance lease	-	(270,567)
Loan from immediate parent (Note 19)	-	(12,363,550)
Proceeds from new bank loans	-	582,540,000
Repayment of bank loans	-	(480,454,688)
Net cash (used in)/generated from financing activities	-	**89,451,195**
Net (decrease)/increase in cash and cash equivalents	**(26,861,118)**	**18,950,976**
Unrealised exchange difference on cash and cash equivalents	**(505,769)**	(1,978,611)
Cash and cash equivalents at beginning of year	**14,818,823**	(2,153,542)
Cash and cash equivalents at end of year (Note 13)	**(12,548,064)**	14,818,823

The cash and cash equivalents of **(Rs 12,548,064)** comprises of cash in hand and at bank of **Rs 2,478,391** and a bank overdraft of **Rs 15,026,455.**

The notes to the Financial Statements are an integral part of these Financial Statements.

Notes to the Financial Statements
31 March 2014

1. GENERAL INFORMATION

EIH Flight Services Limited is a private Company incorporated and domiciled in Mauritius. The address of its office and principal place of business is Opposite Airport Police Station, Plaine Magnien, Mauritius. The company is classified as a Public Interest Entity as per the Financial Reporting Act 2004.

The principal activity of the Company is the of provision of catering service to airlines.

These Financial Statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the shareholders of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements are prepared under the historical cost convention.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgements in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed on in note 2.

Going concern

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has received a bank guarantee in respect of the carring amount of the bank borrowings from its parent to continue in business for the foreseeable future. At 31 March 2014 the Company has incurred a loss of Rs. 68,949,977 (2013 – Rs 151,627,115) and has a shareholder's deficit of Rs. 119,588,324 (2013 – Rs 50,638,347). Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, based on the validity of this assumption the financial statements have been prepared on the going concern basis.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the year beginning on 1 April 2013 and have a material impact on the Company.

IAS 1 - Presentation of financial statements

Amendment to IAS 1, 'Financial Statements Presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

IFRS 7 - Financial instruments

Amendment to IFRS 7, Financial instruments: Disclosures', on asset and liability offsetting. This amendement includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19 - Employee benefits

IFRS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

(b) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2011, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact.

Amendment to IAS 32 - Financial instruments: Presentation

The amendments are to the application guidance in IAS 32, 'Financial instruments; presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment is effective for annual periods beginning on or after 01 January 2014.

The Directors are in the process of estimating the impact of adopting new standards and interpretations effective for the Company's financial year end 31 March 2015 and intend to adopt those not later than its effective date. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expeceted to have a material impact on the Company.

Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation rates

The Company depreciates its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in Mauritian rupees, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Profit or Loss.

Foreign exchange gains and losses are presented in profit and loss within 'finance income or cost'.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Profit or Loss in the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual rates used are:

Buildings on leasehold land	3.33%
Furniture, fittings and kitchen equipment	15.00%
Office equipment	33.00%
Motor vehicles	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end date.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the First-in-First-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Financial Assets

(i) Classification

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired. The directors determine the classification of the financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Financial Assets *(Contd.)*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. It not, they are presented as non-current assets.

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement on financial position.

Share Capital

Ordinary shares are classified as 'share capital' in equity.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions

Provisions are recognised 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 has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Profit or Loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred. The interest costs capitalised are then depreciated in accordance with the Company's depreciation policy for property, plant and equipment.

Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 3.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards or ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Revenue recognition

Revenue is recognised on delivery of food, net of value added tax and discount.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks, namely, market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The Company does not hedge any of its risk exposures. Risk management is carried out by the Company under policies approved by senior management.

- *Interest rate risk*

  The Company's interest rate risk arises from loan due to bank.

  The loan due to the bank bears interest of 3 months LIBOR plus 500 basis points per annum. The effective interest rate on the loan was 5.316% at 31 March 2014. Based on simulations performed, the impact on post tax loss of a 1% shift in interest rates would be an increase/(decrease) of Rs. 5,963,265 (2013 - Rs. 5,981,200).

- *Credit risk*

  Credit risk arises from cash and cash equivalents and credit exposures from trade and other receivables.

  For banks, the Company transacts only with highly reputable financial institutions. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the Company is dealing with. In the opinion of the Company there is no associated risk as these are reputable institutions in the Industry.

  For trade receivables, the Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Credit facilities are based on the recommendations of the sales offices of the Oberoi Group abroad, after performing a credit worthiness check on these customers.

- *Foreign exchange risk*

  The Company has assets and liabilities denominated in foreign currencies. Consequently, the Company is exposed to the risk that the exchange rate of the Mauritian rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in foreign currencies.

  As at 31 March 2014, if the USD had weakened/strengthened by 10% against the Mauritian rupee, the financial assets would have been higher by Rs. 4,671 (2013 - Rs. Nil) and financial liabilities would have been higher by Rs. 58,330,000 (2013 - Rs. 59,818,107).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

- *Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial Assets 2014 Rs.	**Financial Liabilities 2014 Rs.**	Financial Assets 2013 Rs.	Financial Liabilities 2013 Rs.
US dollar	**46,709**	**583,300,000**	–	598,181,073
Mauritian rupee	**53,131,078**	**57,618,975**	56,482,209	42,442,999
	53,177,787	**640,918,975**	56,482,209	640,624,072

Prepayments of Rs. 3,272,254 (2013 - Rs. 71,769) have not been included in financial assets.

Social security and other taxes of Rs. 355,103 (2013 - Rs. Nil) have not been included in financial liabilities.

- *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year Rs.	**Between 1 to 2 years Rs.**	**Between 2 to 5 years Rs.**	**Over 5 years Rs.**
At 31 March 2014				
Trade and other payables	42,947,623	–	–	–
Bank overdraft	15,026,455	–	–	–
Bank Loans	31,008,228	147,668,228	405,794,810	122,861,464
	88,982,306	147,668,228	405,794,810	122,861,464
At 31 March 2013				
Trade and other payables	42,504,072	–	–	–
Bank Loans	32,035,423	32,035,126	425,452,397	251,552,998
	74,539,495	32,035,126	425,452,397	251,552,998

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

- *Fair values*

  Assets and liabilities not carried at fair value but for which fair value is disclosed

  The carrying amounts of trade and other receivables, cash and cash equivalents, borrowings and trade and other payables approximate their fair values.

  Trade and other receivables, borrowings and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

  The assets mentioned above are carried at amortised cost.

  Cash and cash equivalents include cash at bank in an active market.

  Borrowings and trade and other payables represent the contractual amounts and obligations due by the Company for settlement of its expenses and its operating activities.

- Financial instruments by category

	2014 Loans and receivables Rs.	2013 Loans and receivables Rs.
31 March 2014		
Assets as per the statement of financial position		
Cash and cash equivalents	**2,478,391**	14,818,065
Trade and other receivables	**50,699,396**	40,267,974
	53,177,787	55,086,039

Liabilities as per statement of financial position	**At amortised cost Rs.**	At amortised cost Rs.
Financial Liabilities		
Borrowings	**583,300,000**	598,120,000
Trade and other payables	**42,592,520**	42,504,071
Bank overdraft	**15,026,455**	–
	640,918,975	640,624,071

Prepayments of Rs. 3,272,254 (2013 - Rs. 71,769) have not been included in financial assets. Social security and other taxes of Rs. 355,103 (2013 - Nil) have not been included in financial liabilities.

- *Capital risk management*

  The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

debt. The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the statement of financial position plus net debt. The gearing ratios at 31 March 2014 and 2013 were as follows:

	2014 **Rs.**	2013 Rs.
Total borrowings	**583,300,000**	598,120,000
Less: Cash in hand and at banks	**(2,478,391)**	(14,818,823)
Add: Bank overdraft	**15,026,455**	–
Net debt	**595,848,064**	583,301,177
Total Equity	**(119,588,324)**	(50,638,346)
Total Capital	**476,259,740**	532,662,831
Gearing ratio	**125%**	110%

The increase in the gearing ratio is due to the bank overdraft taken by the company and an increase in the shareholders' deficit. As per the agreement with the bank the gearing of the Company should not exceed 200%.

4 REVENUE

Revenue is based on the invoiced value net of Value Added Tax and discounts.

5 MANAGEMENT EXPENSES

	2014 **Rs.**	2013 Rs.
Management fees		
Basic management fees	**5,905,814**	5,173,637
Inventive fees	**1,947,206**	–
Total management expenses	**7,853,020**	5,173,637

Management Agreement (the "Agreement") was entered into between the Company and EIH Limited ("EIH"). Under the terms of the Agreement, the Company has agreed to pay EIH the following fees:

Management fees to EIH

- Basic management fee – 3% of the Company's turnover; and
- Incentive management fee – 5% of the Company's gross operating profit.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

6. OPERATING LOSS

	2014 Rs.	2013 Rs.
The following items have been charged in arriving at the operating loss:		
Depreciation of property, plant and equipment (Note 10)		
– Owned assets	**69,837,802**	70,796,998
– Leased assets	**–**	98,362
Auditor's remuneration	**250,000**	183,750
Lease rental	**5,498,992**	5,534,779
Cost of inventories expensed (Note 11)	**70,960,083**	66,202,460
Staff costs (Note 7)	**48,401,680**	44,967,801
Transportation costs	**5,095,416**	4,694,609
Utilities	**15,369,229**	16,083,884
Repairs and maintenance	**5,366,433**	4,738,457

7. STAFF COSTS

Wages and Salaries	**46,494,622**	43,717,163
Social security costs	**1,907,058**	1,250,638
	48,401,680	44,967,801
	Number	Number
Average number of employees	**166**	127

8. FINANCE INCOME AND COSTS

	2014 Rs.	2013 Rs.
(i) *Finance Income:*		
Foreign exchange gains	**17,003,589**	842,173
(ii) *Finance costs:*		
Interest expense - bank overdraft	**(229,325)**	–
Interest expense - bank loans	**(30,512,584)**	(37,500,211)
Foreign exchange losses	**(2,453,464)**	(50,857,480)
	(33,195,373)	(88,357,691)
Net finance costs	**(16,191,784)**	(87,515,518)

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

9. INCOME TAX EXPENSE

The Company is liable to income tax at 17% (2013 - 17%) on its chargeable income. At 31 March 2014, the Company had accumulated tax losses of Rs. 177,789,972 (2013 – Rs. 163,454,745) and was therefore not liable to income tax.

In accordance with the Company's accounting policy, deferred tax asset has not been recognised as there is uncertainty that future taxable profits will be available to utilise these accumulated tax losses. The unrecognised deferred tax asset at 31 March 2014, which is attributable to tax losses, exchange differences and accelerated capital allowances amounted to Rs. 73,142,674 (2013 - Rs. 69,909,577).

The unrecognised deferred tax is attributable to the following items:

	2014 Rs.	2013 Rs.
Tax loss unutilised	**30,224,295**	27,698,453
Exchange differences	**(2,519,400)**	8,645,772
Excess of depreciation over capital allowance	**45,437,779**	33,565,352
	73,142,674	69,909,577

A reconciliation between the actual tax charge of the Company and the theoretical amount that would arise using the applicable income tax rate of 17% (2013 - 17%) follows:

	2014 Rs.	2013 Rs.
Loss before income tax	**(68,949,977)**	(151,627,115)
Tax at 17% (2013 - 17%)	**(11,721,496)**	(25,776,610)
Impact of:		
Unrecognised deferred tax asset	**2,525,843**	4,934,885
Other permanent differences	**–**	–
Non allowable expenses	**12,038,053**	20,908,049
Income not subject to tax	**(2,842,400)**	(66,324)
Actual tax credit	**–**	–

The expiry dates for the accumulated tax losses of the Company are as follows:

Expiry date	**Tax losses Rs.**
31 March 2014	19,890,426
31 March 2015	11,711,976
31 March 2016	51,777,463
31 March 2017	50,523,474
31 March 2018	29,028,735
31 March 2019	14,857,898
Total	177,789,972

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Total Rs.
Cost:					
At 01 April 2012	344,313,887	335,858,053	4,220,414	38,352,679	722,745,033
Additions	–	53,000	–	–	53,000
Disposals	–	–	–	(564,500)	(564,500)
At 31 March 2013	344,313,887	335,911,053	4,220,414	37,788,179	722,233,533
Additions	–	25,676	10,289	–	35,965
At 31 March 2014	344,313,887	335,936,729	4,230,703	37,788,179	722,269,498
Accumulated depreciation:					
At 01 April 2012	(20,072,689)	(88,163,051)	(2,396,677)	(11,622,699)	(122,255,116)
Charge for the year	(11,465,652)	(50,380,973)	(1,392,737)	(7,655,998)	(70,895,360)
Disposals	–	–	–	390,144	390,144
At 31 March 2013	(31,538,341)	(138,544,024)	(3,789,414)	(18,888,553)	(192,760,332)
Charge for the year	(11,465,652)	(50,388,580)	(425,939)	(7,557,632)	(69,837,803)
At 31 March 2014	(43,003,993)	(188,932,604)	(4,215,353)	(26,446185)	(262,598.135)
Net book value:					
At 31 March 2014	301,309,894	147,004,125	15,350	11,341,994	459,671,363
At 31 March 2013	312,775,546	197,367,029	431,000	18,899,626	529,473,201

Borrowings are secured for an aggregate amount of USD 19,000,000 (2013: USD 19,000,000) with a fixed charge over the buildings on leasehold land and a floating charge on all other assets (Note 16).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

11. INVENTORIES

	2014 Rs.	2013 Rs.
Food and beverage, at cost	**3,558,161**	2,172,969
Other consumables, at cost	**2,006,189**	1,785,577
	5,564,350	3,958,546

The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 70,960,083 (2013 - Rs. 66,202,460)

12. TRADE AND OTHER RECEIVABLES

	2014 Rs.	2013 Rs.
Trade receivables	**46,903,791**	37,692,365
Less: provision for impairment of trade receivables	–	–
Trade receivables - net	**46,903,791**	37,692,365
Prepayments	**3,272,254**	71,769
Other receivables	**3,795,605**	3,971,021
	53,971,650	41,735,155

The carrying amount of trade and other receivables approximate their fair values.

Trade receivables that are less than three months past due are not considered impaired. As of 31 March 2014, trade receivables of Rs. 1,632,366 (2013 - Rs. Nil) were past due but not impaired. These relate to airline operators and other customers for whom there is no recent history of default. The ageing analysis of these trade receivables are as follows:

	2014 Rs.	2013 Rs.
Up to 3 months	**45,271,425**	37,692,365
3 to 6 months	**1,079,150**	_
Over 6 months	**553,216**	_
	46,903,791	37,692,365

The carrying amounts of the Company's trade and other receivables are denominated in Mauritian Rupee.

The other classes within trade and other receivables do not contain impaired assets.

As at reporting date, trade receivables were inclusive of Rs. 703,656 (2013: Nil) which was receivable from the immediate parent.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

13 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following statement of financial position amounts:

	2014 Rs.	2013 Rs.
Cash at bank and in hand	**2,478,391**	14,818,823
Bank Overdraft	**(15,026,455)**	–
	(12,548,064)	14,818,823

The Company has been granted an overdraft limit of Rs. 25,000,000. The bank overdraft bears interest at 9.65%. The overdraft facility has been renewed on 3 January 2014 for a period of one year.

14 SHARE CAPITAL

	2014 Number	2013 Number	**2014 Rs.**	2013 Rs.
Issued and fully paid:				
Ordinary shares at Rs 10 each	**35,338,006**	35,338,006	**353,380,066**	353,380,066

15 TRADE AND OTHER PAYABLES

	2014 Rs.	2013 Rs.
Trade payables	**25,457,176**	17,321,554
Amount payable to related party (Note 19(b))	**9,453,756**	10,567,949
Accruals	**3,980,118**	7,100,675
Social security and other taxes	**1,773,228**	4,946,057
Other payables	**2,283,345**	2,567,837
	42,947,623	42,504,072

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

16 BORROWINGS

	2014 Rs.	2013 Rs.
Non-current:		
Bank borrowings (Note 16(a))	**583,300,000**	598,120,000
Total borrowings	**583,300,000**	598,120,000

(a) Bank borrowings

Later than 1 year and no later than 5 years	**466,640,000**	358,872,000
Later than 5 years	**116,660,000**	239,248,000
	583,300,000	598,120,000

The movement in the bank borrowings is attributable to unrealised exchange differences since the loan is denominated in USD.

The principal amount of bank borrowings of USD 19,000,000 will be repayable in quarterly instalments of USD 950,000 starting from April 2015 and ending January 2020.

The bank borrowings bear interest at the rate of 3 months LIBOR plus 500 basis points per annum. Interest is payable on a monthly basis. During the year ended 31 March 2014 the Company paid interest of Rs. 30,741,909 (2013 - Rs. 37,482,863).

The borrowings are secured for an aggregate amount of USD 19,000,000 (2013 - USD 19,000,000) based on fixed charges on the building on leasehold land and a floating charge on all other assets (Note 10).

The carrying amount of the bank borrowings approximates to the fair value, as the impact of discounting is not significant as the loan terms are at market rates.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2014 Rs.	2013 Rs.
US dollar	**583,300,000**	598,120,000
	583,300,000	598,120,000

EIH Limited, the immediate parent, has given a bank guarantee of up to the carrying amount of the bank borrowings in respect of subsequent repayments.

17 CONTINGENT LIABILITIES

Bank guarantees

At 31 March 2014, there were contingent liabilities in respect of guarantees given in the ordinary course of business from which it is anticipated that no material liabilities will arise. At 31 March 2014, Expatriate Guarantee and Custom Guarantee amounted to Rs. 305,000 (2013 - Rs. 345,000) and Rs. 9,000,000 (2013 - Rs. 4,000,000) respectively.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

18 INCORPORATION, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in Mauritius under the Mauritian Companies Act 2001 as a Private Company with Limited Liability. The Company's registered office is at The Oberoi Mauritius, Baie aux Tortues, Pointe aux Piments, Mauritius. Its main business operations are Opposite Airport Police Station, Plaine Magnen, Mauritius.

19 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of EIH Limited, a Company incorporated in India. Oberoi Hotels Private Limited is a Company in which key management personnel of immediate parent have significant influence.

The following transactions were carried out with related parties:

(a) Purchases of services

	2014 Rs.	2013 Rs.
Immediate parent (management fees) (Note 5)	**7,853,020**	5,173,637

(b) Payable to immediate parent

Amount due to immediate parent	**9,453,756**	10,567,949

The amount due to immediate parent is unsecured, interest free and repayable on demand.

(c) Loans from related party

	2014 Rs.	2013 Rs.
Immediate parent		
At 1 April	–	205,596,401
Loans advanced during year	–	90,589,407
Loans repaid during the year	–	(102,952,950)
Loan converted into equity	–	(193,232,858)
At 31 March	**–**	–

The loan due to its immediate parent is unsecured, interest free and repayable on demand.

(d) Receivable from immediate parent

	2014 Rs.	2013 Rs.
Amount due by immediate parent	**703,656**	–

The amount due by immediate parent is unsecured, interest free and repayable on demand.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

(e) Remuneration of key management personnel

Key management personnel include the General Manager, the Operations Manager and the Chief Accountant.

	2014 **Rs.**	2013 Rs.
Salaries and other short term employee benefits	**3,550,000**	3,150,000

20 IMMEDIATE AND ULTIMATE PARENT

The Directors consider EIH Limited, a Company incorporated in India, as its immediate and ultimate parent, respectively.

21 COMMITMENTS

Operating lease commitments

The future aggregate minimum lease payments under operating leases are as follows:

	2014 **Rs.**	2013 Rs.
Not later than 1 year	**3,578,520**	3,578,520
Later than 1 year and not later than 5 years	**21,295,772**	15,781,273
Later than 5 years	**68,736,046**	77,829,066
	93,610,338	97,188,859

Operating lease commitments relate to the leasing of the land area where the operations of the Company are carried out. The Lease agreement covers a period of 20 years and may be renewed for two additional periods of ten years, subject to terms and conditions which may be agreed between the Lessor and the Lessee. The rent charge at the start of the lease in April 2011 was Rs. 27.11 per square metre per month, over a total surface of 10,000 square metres, and is subject to an increase of 10% every 2 years. The rent charge was revised to Rs. 29.82 per square metre as at April 2013. The lease is non-cancellable from the standpoint of the lessee.

22 EVENTS AFTER REPORTING PERIOD

Effective from 1 May 2014, the Company will offer catering services to an additional client with expected revenues of USD 69,300 for the next financial year.

EIH INTERNATIONAL LTD

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. Deepak Madhok
Mr. V. S. Oberoi (w.e.f. 20/03/2014)
Mr. A. S. Oberoi (w.e.f. 20/03/2014)

AUDITORS

Ernst & Young
Ernst & Young Building
121, King William Street
Adelaide SA 5000
Australia

REGISTERED OFFICE

Romasco Place, Wickhams Cay 1,
Road Town, Tortola,
British Virgin Islands

DIRECTORS' REPORT

DIRECTORS

The Directors have pleasure in submitting the Statement of Financial Position of EIH International Ltd and its controlled entities (the 'Group') as at 31 March 2014, and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and report as follows :

The names of the Directors in office at the date of this report are :

P R S Oberoi

S S Mukherji

Deepak Madhok

V S Oberoi (appointed 20 March 2014)

A S Oberoi (appointed 20 March 2014)

PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the year was investment and management. There were no significant changes in activities of the Group during the year.

RESULTS

The net profit for the year was $2,776,474 (2013 : $938,237) for the Group and a profit of $1,323,395 (2013 : $1,197,310) for the Company, after provision for income tax expense of $623,801 (2013 : $556,077) for the Group and $Nil (2013 : $Nil) for the Company.

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that require disclosure in the Financial Statements.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group's operations are not regulated by any significant environmental regulation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

The results of the Company operations during the year have not, in the opinion of the Directors, been affected by any item, transaction or event of a material or unusual nature.

DIVIDENDS

During the year a dividend totalling $1,045,773 (2013 : $1,000,000) was declared and paid.

DIRECTORS' REMUNERATION

No Director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements or the fixed salary of a full-time employee of the Group or a related body corporate, by reason of a contract made by the Group or a related body corporate with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

SHARE OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the year and there were no options outstanding at the date of this report.

AUDITORS INDEPENDENCE

A copy of the Auditor's Independence declaration is attached to this financial report.

This report has been made in accordance with a resolution of Directors.

DEEPAK MADHOK

15 May, 2014 *Director*

Independent Auditor's Report

To the Members of
EIH International Ltd

We have audited the accompanying financial report of EIH International Ltd and its controlled entities, which comprises the Balance Sheet as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Statement.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet their financial reporting requirements and meet the needs of the members. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

We conducted our audit in accordance with International Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the Directors' financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the professional accounting bodies.

Independent Auditor's Report *(Contd...)*

Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of EIH International Ltd and its consolidated entities as of 31 March 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

ERNST & YOUNG

Adelaide
15 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

		Consolidated		Standalone	
		31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
	Note				
Continuing Operaions					
Turnover	3	**13,749,621**	12,801,921	**1,357,269**	1,273,422
Cost of Sales		**(1,048,722)**	(1,067,193)	**–**	–
Gross Profit		**12,700,899**	11,734,728	**1,357,269**	1,273,422
Operating Expenses					
Other operating expenses		**1,439,950**	1,509,167	**–**	–
Payroll and related expenses		**2,395,041**	1,393,033	**–**	–
Administration and General Expenses		**2,020,620**	1,919,762	**31,478**	73,631
Marketing expenses		**556,247**	576,698	**–**	–
Upkeep and service cost		**1,879,816**	1,953,551	**–**	–
Project development expenses		**150,615**	107,663	**–**	–
Provision for furniture, fixture and equipment		**364,588**	361,548	**–**	–
Other Expenses		**90,143**	98,803	**2,396**	2,481
Depreciation and amortisation		**1,403,906**	1,466,562	**–**	–
Total Operating Expenses		**10,300,926**	9,386,787	**33,874**	76,112
Other Income/(Expense)					
Interest expense		**(1,587)**	(43,089)	–	–
Share of profit of investments accounted for using the equity method		**174,773**	(386,659)	–	–
Other Income/(expense)		**827,116**	(423,878)	–	–
Total Other Income/(Expense)		**1,000,302**	(853,627)	–	–
Profit before taxation		**3,400,275**	1,494,314	**1,323,395**	1,197,310
Taxation	5	**(623,801)**	(556,077)	–	–
Profit after taxation		**2,776,474**	938,237	**1,323,395**	1,197,310
Profit/(Loss) for the year is attributable to:					
Owners of the parents		**2,233,908**	481,876	**1,323,395**	1,197,310
Non-controlling Interest		**542,566**	456,361	–	–
		2,776,474	938,237	**1,323,395**	1,197,310
Other comprehensive income/(loss)					
Profit after taxation		**2,776,474**	938,237	**1,323,395**	1,197,310
Share of other comprehensive income of Investments accounted for using the equity method		**(10,557)**	–	**–**	–
Movement in foreign currency translation reserve		**(1,439,520)**	166,980	**–**	–
Total comprehensive income		**1,326,397**	1,105,217	**1,323,395**	1,197,310
Total comprehensive income/(loss) for the year is attributable to:					
Owners of the parents		**948,291**	704,841	**1,323,395**	1,197,310
Non-controlling interest		**378,106**	400,376	**–**	–
		1,326,397	1,105,217	**1,323,395**	1,197,310

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	Consolidated		Standalone	
		31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Non-Current Assets					
Amount due from related parties	10	**8,283,092**	7,894,043	**5,117,564**	4,827,891
Investments	7	**17,200,615**	17,036,399	**81,675,314**	81,675,314
Property, plant and equipment	8	**8,719,073**	9,262,720	–	–
Intangibles assets	9	**64,408,758**	65,318,758	–	–
Deferred tax assets		**237,143**	275,832	–	–
Other assets		**557,253**	658,721	–	–
Total Non-Current Assets		**99,405,934**	100,446,473	**86,792,878**	86,503,205
Current Assets					
Cash and cash equivalents	11	**11,532,352**	11,014,098	**951,806**	938,084
Receivable	12	**1,008,673**	776,662	**–**	–
Inventories		**419,648**	511,729	**–**	–
Other assets		**271,821**	321,399	**–**	–
Total Current Assets		**13,232,494**	12,623,888	**951,806**	938,084
Total Assets		**112,638,428**	113,070,361	**87,744,684**	87,441,289
Current Liabilities					
Trade and other payables	13	**1,877,027**	2,032,821	**50,000**	70,000
Long-term loan - current portion	14	**–**	271,870	–	–
Provision for taxation		**316,017**	192,256	–	–
Total Current Liabilities		**2,193,044**	2,496,947	**50,000**	70,000
Non-Current Liabilities					
Amounts due to related parties	15	**3,120,000**	3,390,000	**181,087**	181,087
Long term bank loan	14	**–**	–	–	–
Deferred tax liabilities		**–**	–	–	–
Employee benefits liabilities		**572,207**	590,861	–	–
Total Non-Current Liabilities		**3,692,207**	3,980,861	**181,087**	181,087
Total Liabilities		**5,885,251**	6,477,808	**231,087**	251,087
Net Assets		**106,753,177**	106,592,553	**87,513,597**	87,190,202
Equity					
Share Capital	16	**93,607,800**	93,607,800	**93,607,800**	93,607,800
Retained Earnings		**13,764,358**	12,586,780	**(6,094,203)**	(6,417,598)
Translation reserve		**(2,096,536)**	(821,476)	**–**	–
Minority Interest	17	**1,477,555**	1,219,449	**–**	–
Total Equity		**106,753,177**	106,592,553	**87,513,597**	87,190,202

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	Consolidated				
		Share Capital $	Translation Reserve $	Retained earnings $	Non-Controlling Interest $	Total Equity $
As at 1 April 2013	16	93,607,800	(821,476)	12,586,780	1,219,449	106,592,553
Issued during the year		–	–	–	–	–
Translation reserve		–	(1,275,060)	–	(164,460)	(1,439,520)
Profit for year		–	–	2,233,908	542,566	2,776,474
Other Comprehensive Income		–	–	(10,557)	–	(10,557)
Dividend paid		–	–	(1,045,773)	(120,000)	(1,165,773)
As at 31 March 2014	16	**93,607,800**	**(2,096,536)**	**13,764,358**	**1,477,555**	**106,753,177**
As at 1 April 2012	16	89,607,800	(1,044,441)	13,104,904	819,073	102,487,336
Issued during the year		4,000,000	–	–	–	4,000,000
Translation reserve		–	222,965	–	(55,985)	166,980
Profit for year		–	–	481,876	456,361	938,237
Other Comprehensive Income		–	–	–	–	–
Dividend paid		–	–	(1,000,000)	–	(1,000,000)
As at 31 March 2013	16	**93,607,800**	**(821,476)**	**12,586,780**	**1,219,449**	**106,592,553**

Statement of Changes in Equity – *(Contd.)* for the year ended 31 March 2014

(Expressed in United States dollars)

		Standalone		
	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2013	16	93,607,800	(6,417,598)	87,190,202
Profit for year		–	1,323,395	1,323,395
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2014	16	**93,607,800**	**(6,094,203)**	**87,513,597**
As at 1 April 2012	16	89,607,800	(6,614,908)	82,992,892
Issued during the year		4,000,000	–	4,000,000
Profit for year		–	1,197,310	1,197,310
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2013	16	**93,607,800**	**(6,417,598)**	**87,190,202**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 31 March 2014

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	$	$	**$**	$
Cash Flows from Operating Activities				
Profit before taxation	**3,400,275**	1,494,314	**1,323,395**	1,197,310
Adjustment for:				
Depreciation	**1,403,906**	1,466,562	**–**	–
Share of associates net (profit)/loss	**(174,773)**	–	**–**	–
Interest income	**(439,070)**	(208,209)	**(289,717)**	(273,422)
Dividend received	**–**	–	**(1,067,552)**	(1,000,000)
Interest expense	**1,587**	43,089	**–**	–
Loss on disposal of fixed assets	**–**	–	**–**	–
Gain on remeasurement of pre-existing interest	–	–	–	–
Impact on foreign currency translation	**(827,018)**	460,232	**–**	–
(Increase)/Decrease in assets:				
Decrease in receivables	**(174,624)**	40,407	**–**	–
Decrease in Inventories	**92,081**	169,703	**–**	–
Decrease/(Increase) in prepayments	**152,841**	(3,596)	**–**	–
(Decrease)/Increase in Liabilities:				
(Decrease)/Increase in payables	**(222,384)**	(348,615)	**(20,000)**	(17,400)
Increase in provision	**230,365**	260,907	**–**	–
Cash generated from/(used by) operations	**3,443,186**	3,374,794	**(53,874)**	(93,512)
Interest paid	**1,587**	43,087	**–**	–
Taxes paid	**493,341**	639,580	**–**	**–**
Net Cash Flows (used by)/from operating activities	**2,948,258**	2,692,127	**(53,874)**	(93,512)
Cash Flows from Investing Activities				
Dividend received	**–**	–	**1,067,552**	1,000,000
Acquisition of fixed assets	**(626,355)**	(788,067)	**–**	–
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	**(406,418)**	(354,927)	**–**	–
Proceeds from sale of property, plant and equipment	**–**	–	**–**	–
Repayment of advance to related party	–	–	–	–
Share of associates net (profit)/loss	–	386,659	–	–
Payment for acquisition of investments	**–**	(3,189,000)	**–**	(4,000,000)
Interest received	**242**	1,214	**44**	145
Dividend paid	**(1,165,773)**	(1,000,000)	**(1,000,000)**	(1,000,000)
Net Cash Flows (used by)/from investing activities	**(2,198,304)**	(4,944,121)	**67,596**	(3,999,855)
Cash Flows from financing activities				
Proceeds from issuance of shares	**–**	4,000,000	**–**	4,000,000
Proceeds from related party borrowings	**–**	(272,155)	**–**	–
Repayment of bank loans	**(231,700)**	(771,393)	**–**	–
Net Cash Flows from financing activities	**(231,700)**	2,956,452	**–**	4,000,000
Net increase/(decrease) in cash and cash equivalents	**518,254**	704,458	**13,722**	(93,367)
Cash and cash equivalents at beginning of year	**11,014,098**	10,309,640	**938,084**	1,031,451
Effect of exchange rate changes on cash balances	–	–	–	–
Adjustment on account of inclusion of Subsidiaries	–	–	–	–
Cash and cash equivalents at end of year (Note 11)	**11,532,352**	11,014,098	**951,806**	938,084

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 March 2014

1. Corporate Information

The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2014 was authorised for issue on 15th May 2014.

EIH International Ltd and its controlled entities is a company limited by shares and incorporated in British Virgin Island. The principal activity of the Group during the course of the year was investment and management.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation
The financial report has been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRS').

The financial report has also been prepared on a historical cost basis.

The financial report is presented in United States dollars and all values are rounded to the nearest dollars unless otherwise stated.

(b) Compliance with IFRS
The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Changes in accounting policies and disclosures

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

The application of IFRS 11 impacted the Group's accounting of its interest in a joint venture, Oberoi Mauritius Limited (see Note 7). The Group has a 50% interest on Oberoi Mauritius Limited, a company whose principal activity during the period was investment and management. Prior to the transition to IFRS 11, Oberoi Mauritius Limited was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest in Oberoi Mauritius Limited to be classified as a joint venture under IFRS 11 and it is required to be accounted for using the equity method (refer Note 2(l) below). The transition was applied retrospectively as required by IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying IFRS 11 on the Group's financial statements is as follows:

Impact on Statement of Comprehensive Income

	2013
Increase/(decrease) in profit:	$
Reported revenue (sale of goods)	(4,577,167)
Cost of sales	493,433
Gross profit	**(4,083,734)**
Other operating expenses	571,072
Payroll and related expenses	1,187,737
Administration and general expenses	673,179
Marketing expenses	225,854
Upkeep and service cost	787,043
Other expenses	122
Depreciation and amortisation	362,912
Interest Expenses	207,009
Other Expenses	220,722
Share of profit of equity accounted investment	(386,659)
Profit before tax	**(234,743)**
Income tax	(234,743)
Net impact on profit after tax for the year	–
Increase/(decrease) in other comprehensive income:	
Foreign currency translation reserve	–
Share of other comprehensive income of equity accounted investment	–
Net impact on OCI for the period	–
Impact on Total Comprehensive Income	–

Notes to the Financial Statements *(Contd...)*

2. Summary of Significant Accounting Policies (Contd…)

Impact on equity (increase/(decrease) in net equity):

	31 March 2013	1 April 2012
	$	$
Cash and bank balances	(1,970,163)	(1,660,555)
Trade receivables	(288,838)	(408,473)
Other receivables	(98,964)	(114,206)
Inventories	(571,477)	(550,390)
Total current assets	(2,929,444)	(2,733,624)
Property, Plant & Equipment	(5,383,421)	(6,017,440)
Intangible assets	(5,938,359)	(5,945,693)
Amounts due from related party	3,293,734	(523,573)
Investments in a joint venture	6,226,863	7,191,894
Total non-current assets	(1,801,183)	(5,294,812)
Creditors and accruals	566,628	595,548
Current tax liabilities	–	–
Total current liabilities	566,628	595,548
Amounts due to related party	3,656,901	6,889,814
Deferred tax liability	402,645	445,331
Employee benefits liability	104,453	97,743
Total non-current liabilities	4,163,999	7,432,888
Total liabilities	4,730,627	8,028,436
Foreign currency translation reserve	–	–
Net impact on other equity	–	–

Impact on cash flow statement (increase/(decrease) in cash flows):

	2013
	$
Operating	(745,027)
Investing	2,766,886
Financing	(2,773,704)
Net decrease in cash and cash equivalents	(751,845)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of EIH International Ltd (the "Company") and its controlled entities as at 31 March 2014 (the "Group"). The financial information of the controlled entities is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are stated at cost less provisions for any permanent diminution in value, with income from subsidiaries being recognised to the extent of dividends received and receivable.

(e) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Notes to the Financial Statements *(Contd...)*

2. Summary of Significant Accounting Policies (Contd…)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(f) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(g) Foreign Currencies Translation

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into United States dollars at the exchange rates ruling at the balance date.

Non-monetary items measured at fair value in a foreign currency in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange gains and losses on foreign currency translation are dealt with in the Statement of Comprehensive Income account.

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve.

(h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

(i) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Notes to the Financial Statements *(Contd...)*

2. Summary of Significant Accounting Policies (Contd…)

(j) Inventories
Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments
Other investments are carried at cost, less provision for any permanent diminution in value. Similarly, parent entity investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

(l) Investments in associates and joint ventures
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements *(Contd...)*

2. Summary of Significant Accounting Policies (Contd…)

The reporting dates of the associate and the Group are identical and the associates' accounting policies to those used by the Group for like transactions and events in similar circumstances.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land - not depreciated
- Buildings - over 20 years
- Plant and equipment - over 5 to 15 years
- Leased equipment - over 8 to 10 years
- Motor vehicles - over 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(n) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Management contracts

Management contracts are measured at cost. After initial recognition, management contracts are measured at cost less any accumulated amortisation and impairment losses.

Amortisation of the various management contracts commenced from 1 April 2011 and was calculated based on the remaining terms of the respective contracts.

Notes to the Financial Statements *(Contd...)*

(o) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provision and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

– When deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

– When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

– When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of 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.

– When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements *(Contd...)*

(r) Contributed Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Revenue recognition
Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) *Rendering of Services*
Revenue from management and service fees received as hotel operators and managers for services rendered to hotel is recognised by reference to the billing to the customers.

(ii) *Sale of Goods*
Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer, the amount can be reliably measured and collectibility of the related receivables is reasonably assured. Risks and rewards are considered passed to the buyer at the time of despatch or at the time of delivery of the goods to the customer.

(iii) *Interest Income*
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

3. Turnover

Turnover represents income from hotel operations' management and service fees received as hotel operators and managers for services rendered to hotels, royalty, dividend and interest income.

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Hotel revenues	**12,152,906**	12,059,075	**–**	–
Hotel management fees	**635,563**	290,567	**–**	–
Sales & Marketing	**518,974**	223,481	**–**	–
Royalty	**3,108**	20,589	**–**	–
Dividends	**–**	–	**1,067,552**	1,000,000
Interest	**439,070**	208,209	**289,717**	273,422
	13,749,621	12,801,921	**1,357,269**	1,273,422

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging:	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Audit remuneration:				
– audit of financial report	**115,280**	128,948	**40,997**	38,643
– accounting advice	**–**	–	**–**	–
	115,280	128,948	**40,997**	38,643

Notes to the Financial Statements *(Contd...)*

5. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Profit before tax	**3,400,275**	1,494,315	**1,323,395**	1,197,310
Tax at the statutory tax rate of Nil% (2013 : Nil%)	–	–	**–**	–
Tax rate differential in foreign countries	**(623,801)**	(556,077)	**–**	–
Tax expense	**(623,801)**	(556,077)	**–**	–

6. Directors' Remuneration

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Fees	**–**	–	**–**	–
Other emoluments	–	–	**–**	–
	–	–	**–**	–

7. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Unlisted shares, at cost	**–**	–	76,043,814	76,043,814

Other Investments

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Other investments	**17,200,615**	17,036,399	5,631,500	5,631,500

Other investments represent investments in Oberoi Mauritius Limited, Tourism Investment Company at Sahl Hasheesh and La Roseraie De L'Atlas SA.

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Total Investments	**17,200,615**	17,036,399	81,675,314	81,675,314

Notes to the Financial Statements *(Contd...)*

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company: Directly	Percentage of equity attributable to the Company: Indirectly	Principal Activities	Directors
EIH Holdings Ltd	British Virgin Islands	93.57	6.43	Hotel Investment and Management	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. V.S. Oberoi Mr. A.S. Oberoi
EIH Marrakech Limited	British Virgin Islands	100	–	Investment	Mr. P.R.S. Oberoi Mr. S.S. Mukherji Mr. D. Madhok
PT Widja Putra Karya	Indonesia	21.11	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	26.20	57.13	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
J&W Hongkong Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok
EIHH Corporation Ltd.	Hongkong	–	100	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok
EIH Investment N.V.	Netherlands Antilles	–	100	Investment and Management	Intertrust (Curacao) BV
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
PT Astina Graha Ubud	Indonesia	–	60	Hotel Development	I Wayan Pasek Tjokorda Raka Kerthayasa Mr. Deepak Madhok

Notes to the Financial Statements *(Contd...)*

8. Property, Plant and Equipment

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Freehold Land				
At Cost	**5,559,584**	5,644,193	**–**	–
Accumulated depreciation	**–**	–	**–**	–
	5,559,584	5,644,193	**–**	–
Freehold Buildings				
At Cost	**4,151,661**	4,626,303	**–**	–
Accumulated depreciation	**(2,934,573)**	(3,217,580)	**–**	–
	1,217,088	1,408,723	**–**	–
Plant and Equipment				
At Cost	**2,221,048**	2,472,948	**–**	–
Accumulated depreciation	**(1,887,824)**	(2,120,327)	**–**	–
	333,224	352,621	**–**	–
Furniture & Fittings				
At Cost	**3,190,918**	3,528,029	**–**	–
Accumulated depreciation	**(2,789,141)**	(3,121,005)	**–**	–
	401,777	407,024	**–**	–
Motor Vehicles				
At Cost	**158,216**	166,676	**–**	–
Accumulated depreciation	**(142,321)**	(162,993)	**–**	–
	15,895	3,683	**–**	–
Project Expenses	**1,191,505**	1,446,476	**–**	–
Total property, plant and equipment, net	**8,719,073**	9,262,720	**–**	–
At cost	**16,472,932**	17,884,625	**–**	–
Accumulated depreciation	**(7,753,859)**	(8,621,905)	**–**	–
Written Down Value	**8,719,073**	9,262,720	**–**	–

9. Intangible Assets

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Goodwill	**30,738,758**	30,738,758	**–**	–
Management contracts	**36,400,000**	36,400,000	**–**	–
Less: Accumulated Amortisation	**(2,730,000)**	(1,820,000)	**–**	–
Management contracts, net	**33,670,000**	34,580,000	**–**	–
	64,408,758	65,318,758	**–**	–

10. Amounts Due from Related Parties

The amounts due from related parties are unsecured, non-interest bearing and without predetermined repayment terms.

Notes to the Financial Statements *(Contd...)*

11. Cash and Cash Equivalents

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Cash at Bank	**11,524,403**	11,003,383	**951,806**	938,084
Cash on hand	**7,949**	10,715	**–**	–
	11,532,352	11,014,098	**951,806**	938,084

12. Receivables

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Trade receivables	**960,546**	719,387	**–**	–
Other receivables	**48,127**	57,275	**–**	–
	1,008,673	776,662	**–**	–

13. Payables

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Third parties	**1,877,027**	2,032,821	**50,000**	70,000
Related parties	**–**	–	**–**	–
	1,877,027	2,032,821	**50,000**	70,000

14. Long-Term Bank Loans

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Current portion	**–**	271,870	**–**	–
Non-current portion	**–**	–	**–**	–
	–	271,870	**–**	–

On 6 April 2010, the Company entered into a credit agreement with PT Bank International Indonesia Tbk with a maximum credit of $2,380,000. The proceeds of the loan were used for the early repayment of the long-term loan payable to PT Bank CIMB Niaga TbK amounting to $2,383,957 which bore interest at annual rates ranging from 7.01% to 7.11% in 2010.

The terms of the loan agreement with PT Bank International Indonesia Tbk are as follows:

– Amount of facility	:	$2,380,000
– Final maturity date	:	6 July 2013
– Interest	:	7% per annum, based on one-month SIBOR plus 6.7574% per annum (reviewed every 3 months)
– Repayment	:	The loan will be repaid in 39 monthly instalments starting May 2010 until July 2013
– Collateral	:	Land and buildings in the form of hotel located at Jl. Kayu Aya, Seminyak, Kuta, Bali.

Notes to the Financial Statements *(Contd...)*

15. Amounts Due to Related Parties

The amounts due to the related parties are unsecured and without predetermined repayment terms.

16. Contributed Equity

Share Capital

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Issued and fully paid: 93,607,800 (2013 : 93,607,800) ordinary shares	**93,607,800**	93,607,800	93,607,800	93,607,800

	Consolidated		Standalone	
	Number of Shares	**$**	**Number of Shares**	**$**
As at 31 March 2012	**89,607,800**	89,607,800	**89,607,800**	89,607,800
Shares Issued	**4,000,000**	4,000,000	**4,000,000**	4,000,000
As at 31 March 2013	**93,607,800**	93,607,800	**93,607,800**	93,607,800
Share Issued	**–**	–	**–**	–
As at 31 March 2014	**93,607,800**	93,607,800	**93.607,800**	93,607,800

17. Non-controlling Interest

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Contributed equity	**3,158,046**	3,158,046	**–**	–
Translation reserve	**(164,460)**	(478,678)	**–**	–
Dividend paid	**(120,000)**	–	–	–
Retained earnings	**(1,938,597)**	(1,916,280)	**–**	–
Current year profit	**542,566**	456,361	**–**	–
	1,477,555	1,219,449	**–**	–

18. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

Notes to the Financial Statements *(Contd...)*

19. Commitments and Contingencies

EIH Holdings Ltd (subsidiary company)

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2014, the assessed tax for the years ended 30 June 2001 to 30 June 2009 is US$597,960 and penalties of US$389,212.

Based on the advice received from Pricewaterhouse Coopers, the Company claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under this formula from 30 June 2001 to 31 March 2014 is US$38,764. The company has paid $32,660 as at 31 March 2014.

The company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The company has made an on-account payment of US$300,792 in order to lodge the appeal with ARC.

The MRA did not agree with the Company and the matter has been presented and heard before the ARC and their ruling is awaited.

If successful, the amount of US$300,792 will be refunded. If not, the liability of the Company will be the US$597,960 and US$38,212 already assessed by the MRA as at 31 March 2014, plus US$221,714 (applying the same basis of calculation for the years ended 30 June 2010 to 31 March 2014) and any applicable penalties.

The total tax liability will therefore be US$1,208,946, plus penalties on tax for the years ended 30 June 2010 to 31 March 2014, estimated at US$144,114. No amount has been provided as the company believes that the ruling will be returned in its favour, and therefore no tax will be required to be paid.

There are no other outstanding commitments and contingencies at year end.

Oberoi Mauritius Ltd (jointly controlled entity)

In Mauritius, the Mauritius Revenue Authority (MRA) assessed the Company for payment of tax on interest income commencing from the year ended 30 June 2003 to 30 June 2010. MRA in its tax assessments determined the interest on the loan receivable from Island Resort Limited as taxable without deducting interest payable on the loan from shareholders. The assessed tax and penalty as per MRA is US$1,282,926 and US$730,935 respectively for the years ended 30 June 2003 to 30 June 2010.

The Company has claimed that the interest on shareholders loans should be allowed as an expense deduction. The Company does not accept the method of taxation of interest income without deduction of interest expense. The Company lodged tax returns every year on this basis and has paid tax of US$30,660.

The matter went for review by the Assessment Review Committee (ARC) and the Company made on-account payments of US$635,614 as part of the review process. In addition, the Company has paid the balance of tax as claimed by MRA amounting to US$323,045 for the years 2007-08 to 2010-11 without prejudice to its right of appeal, to avoid payment of interest. ARC in April 2012 decided that the interest expense is not allowable as a deduction but it is still reviewing whether MRA used its discretion properly in determining that the deduction of interest expense was disallowable. Notwithstanding, the Company has lodged a submission with ARC as it believes that interest expense should be allowed as deduction.

The ruling from ARC is awaited and if it is not in the company's favour, then the company has to pay US$1,282,926 and US$730,935 as above less US$635614, US$30,660 and US$323,045 already paid for the year ended 30 June 2003 to 30 June 2010 i.e. US$1,024,542. Further, the estimated tax liability for the years ended 30 June 2010 to 31 March 2014 is US$439,469 plus applicable panalty on this amount.

In all, the outstanding tax liability will be US$1,464,012 plus penalty for years ended 30 June 2010 to 31 March 2014. No amount has been provided as the company believes that the ruling will be returned in its favour and therefore no tax will be required to be paid.

No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

Directors' Statement

In the opinion of the Directors :

(a) the Statement of Comprehensive Income and Statement of Changes in Equity is drawn up so as to give a true and fair view of the results of the Group for the year ended 31 March 2014;

(b) the Statement of Financial position is drawn up so as to give a true and fair view of the state of affairs of the Group at 31 March 2014; and

(c) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of Directors.

Melbourne
15 May 2014

DEEPAK MADHOK
Director

EIH HOLDINGS LTD

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. V.S. Oberoi (w.e.f. 20/03/2014)
Mr. A.S. Oberoi (w.e.f. 20/03/2014)

AUDITORS

Ernst & Young
Ernst & Young Building
121, King William Street
Adelaide SA 5000
Australia

REGISTERED OFFICE

Romasco Place, Wickhams Cay 1,
Road Town, Tortola,
British Virgin Islands

DIRECTORS' REPORT

DIRECTORS

The directors have pleasure in submitting the Statement of Financial Position of EIH Holdings Ltd (the 'Company') as at 31 March 2014, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended and report as follows:

The names of the directors in office at the date of this report are:

P R S Oberoi
Deepak Madhok
V S Oberoi (appointed 20 March 2014)
A S Oberoi (appointed 20 March 2014)

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the year was investment and management.

RESULT

The net profit for the year was $638,999 (2013: $1,373,574) after provision for income tax expense of $54,865 (2013: $63,603).

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that require disclosure in the financial statements.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

The results of the Company operations during the year have not, in the opinion of the Directors, been affected by any item, transaction or event of a material or unusual nature.

DIVIDENDS

During the year, a dividend of $1,000,000 was declared and paid (2013: $1,000,000).

DIRECTORS' REMUNERATION

No director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements or the fixed salary of a full-time employee of the Company or a related body corporate, by reason of a contract made by the Company or a related body corporate with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the date of this report.

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

This report has been made in accordance with a resolution of directors.

14 May, 2014

DEEPAK MADHOK
Director

Independent Auditor's Report

To the Members of
EIH Holdings Ltd

We have audited the accompanying financial report of EIH Holdings Ltd, which comprises the statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' statement.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet their financial reporting requirements and meet the needs of the members. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

We conducted our audit in accordance with International Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the professional accounting bodies.

Independent Auditor's Report *(Contd...)*

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of EIH Holdings Ltd as on 31 March 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

ERNST & YOUNG

Adelaide
14 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	31 March 2014 $	31 March 2013 $
Continuing Operaions			
Turnover	3	**2,203,779**	1,644,654
Cost of Sales		**–**	–
Gross Profit		**2,203,779**	1,644,654
Operating Expenses			
Administration and General Expenses		**1,357,843**	99,610
Project Development Expenses		**150,615**	107,663
Total Operating Expenses		**1,508,458**	207,273
Other Income/(Expense)			
Other Income/(Expense)		**(1,457)**	(204)
Total Other Income/(Expense)		**(1,457)**	(204)
Profit before taxation	4	**693,864**	1,437,177
Taxation	5	**(54,865)**	(63,603)
Profit after taxation		**638,999**	1,373,574
Other Comprehensive Income			
Other Comprehensive Income		**–**	–
Total Comprehensive Income		**638,999**	1,373,574

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** $	31 March 2013 $
Non-Current Assets			
Investments	7	**11,672,539**	11,672,539
Amount due from related parties	8	**19,458,460**	19,395,013
		31,130,999	31,067,552
Current Assets			
Cash and cash equivalents	9	**8,231,413**	8,870,759
Receivables	10	**775,978**	638,367
Total Current Assets		**9,007,391**	9,509,126
Total Assets		**40,138,390**	40,576,678
Current Liabilities			
Payables	11	**23,290**	100,577
Total Current Liabilities		**23,290**	100,577
Non-Current Liabilities			
Amounts due to related parties	12	**13**	13
Total Non-Current Liabilities		**13**	13
Total Liabilities		**23,303**	100,590
Total Net Assets		**40,115,087**	40,476,088
Equity			
Share Capital	13	**34,085,714**	34,085,714
Retained Earnings		**6,029,373**	6,390,374
Total Equity		**40,115,087**	40,476,088

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2013	13	34,085,714	6,390,374	40,476,088
Profit for year		–	638,999	638,999
Other Comprehensive Income		–	–	–
Issue of capital		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2014	13	34,085,714	6,029,373	40,115,087
As at 1 April 2012	13	30,085,714	6,016,800	36,102,514
Profit for year		–	1,373,574	1,373,574
Other Comprehensive Income		–	–	–
Issue of capital		4,000,000	–	4,000,000
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2013	13	34,085,714	6,390,374	40,476,088

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 March 2014

(Expressed in United States dollars)

	31 March 2014 $	31 March 2013 $
Cash Flows from Operating Activities		
Profit before taxation	**693,864**	1,437,177
Adjustment for:		
Interest income	**(149,155)**	(140,712)
Dividend income	**(176,004)**	–
Other	**1,457**	204
(Increase)/Decrease in assets:		
Decrease/(Increase) in receivables	**(137,611)**	103,203
(Decrease)/Increase in Liabilities:		
(Decrease)/Increase in payables	**(77,287)**	(322,029)
Cash generated from operations	**155,264**	1,077,843
Tax paid	**(54,865)**	(63,603)
Net Cash Flows from operating activities	**100,399**	1,014,240
Cash Flows from Investing Activities		
Dividends paid	**(1,000,000)**	(1,000,000)
Dividend income	**176,004**	–
Issue of share capital	**–**	4,000,000
Purchase of investments	**–**	(3,188,269)
Interest received	**150**	576
Net Cash Flows from/(used by) investing activities	**(823,846)**	(187,693)
Cash Flows from financing activities		
Payments on loans provided to related parties	**–**	(266,977)
Proceeds from related party borrowings	**85,708**	49,422
Net Cash Flows used by financing activities	**85,708**	(217,555)
Net increase in cash and cash equivalents	**(637,739)**	608,992
Cash and cash equivalents at beginning of year	**8,870,759**	8,262,402
Effect of exchange rate changes on cash balances	**(1,607)**	(635)
Cash and cash equivalents at end of year (Note 9)	**8,231,413**	8,870,759

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 March 2014

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2014 was authorised for issue on 14th May 2014.

EIH Holdings Ltd is a company limited by shares and incorporated in British Virgin Island. The principal activity of the Company during the course of the year was investment and management.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation
The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRS'), except as outlined below.

The financial report has also been prepared on a historical cost basis.

The financial report is presented in United States dollars and all values are rounded to the nearest dollars unless otherwise stated.

(b) Compliance with IFRS
The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, with the following exceptions:

- IFRS 27 "Consolidated and Separate Financial Statements", as consolidated financial statements have not been prepared.

(c) Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation
Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into United States dollars at the exchange rates ruling at the balance date.

Non-monetary items measured at fair value in a foreign currency in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange gains and losses on foreign currency translation are dealt with in the Statement of Comprehensive Income account.

(e) Cash and Cash Equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

(f) Receivables
Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Notes to the Financial Statements *(Contd...)*

(g) Investments

Other investments are carried at cost, less provision for any permanent diminution in value. Investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

(h) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(j) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(k) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) Rendering of Services

Revenue from management and service fees received as hotel operators and managers for services rendered to hotel is recognised by reference to the billing to the customers.

(ii) Interest Income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements *(Contd...)*

3. Revenue

Revenue represents income from management and service fees received as hotel operators and managers for services rendered to hotels, royalty, dividend and interest income.

(Expressed in United States dollars)

	31 March 2014	31 March 2013
	$	$
Hotel Management Fees	**991,800**	803,488
Sales and Marketing	**883,562**	679,289
Royalty	**3,108**	20,589
Dividends	**176,004**	–
Interest	**149,305**	141,288
	2,203,779	1,644,654

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2014	31 March 2013
	$	$
Interest Income (Note 3)	**149,305**	141,288
Auditor remuneration:		
– audit of financial report	**9,138**	18,643
– accounting advice	**–**	–
	9,138	18,643

5. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows :

	31 March 2014	31 March 2013
	$	$
Profit before tax	**693,864**	1,437,177
Tax at the statutory tax rate of Nil % (2013 : Nil%)	–	–
Tax rate differential in Foreign Countries	**54,865**	63,603
Tax Expense	**54,865**	63,603

6. Directors' Remuneration	**31 March 2014**	31 March 2013
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

Notes to the Financial Statements *(Contd...)*

7. Investments

Investments in Subsidiaries	**31 March 2014**	31 March 2013
	$	$
Unlisted shares, at cost	**1,566,013**	1,566,013

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
PT Widja Putra Karya	Indonesia	–	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	–	57.13	Hotel ownership	Mr. I Ketut Siandana Mr. I Wayan Pasek Mr. Deepak Madhok
PT Astina Graha Ubud	Indonesia	60	–	Hotel development	Mr. I Wayan Pasek Mr. Tjokorda Raka Kerthayasa Mr. Deepak Madhok
EIH Investment N.V.	Netherlands Antilles	100	–	Investment and Management	Intertrust (Curaçao) B.V.
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
EIHH Corporation Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. Deepak Madhok

Other Investments	**31 March 2014**	31 March 2013
	$	$
Other Investment at cost	**10,106,526**	10,106,526
	10,106,526	10,106,526

Other investments represent interests in joint ventures and are carried at cost, less provision for any permanent diminution in value.

	31 March 2014	31 March 2013
	$	$
Total Investments	**11,672,539**	11,672,539

8. Amount Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of $ 19,458,460, $ 2,635,065 are interest bearing, and $ 16,823,395 are non-interest bearing

Notes to the Financial Statements *(Contd...)*

9. Cash and Cash Equivalents

	31 March 2014	31 March 2013
	$	$
Cash at Bank	**8,231,413**	8,870,759

10. Receivables

Trade receivables	**775,978**	638,367
	775,978	638,367

11. Payables

Third parties	**23,290**	100,577
	23,290	100,577

12. Amounts Due to Related Parties

The amounts due to the related parties are unsecured, non-interest bearing and without predetermined repayment terms.

13. Share Capital

	31 March 2014	31 March 2013
	$	$
Issued and fully paid :		
34,085,714 ordinary shares	**34,085,714**	34,085,714

	Number of Shares	$
As at 31 March 2012	30,085,714	30,085,714
Shares issued	4,000,000	4,000,000
As at 31 March 2013	34,085,714	34,085,714
Shares issued	–	–
As at 31 March 2014	34,085,714	34,085,714

14. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

15. Commitments and Contingencies

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2014, the assessed tax for the years ended 30 June 2001 to 30 June 2009 is US$597,960 and penalties of US$389,212.

Notes to the Financial Statements *(Contd...)*

Based on the advice received from Pricewaterhouse Coopers, the company has claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under the company's formula from 30 June 2001 to 31 March 2014 is US$38,764. The company has paid $32,660 as at 31 March 2014.

The company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The company has made an on-account payment of US$300,792 in order to lodge the appeal with ARC.

The MRA did not agree with the company and the matter has been presented and heard before the ARC and their rulling is awaited.

If successful, this amount of US$300,792 will be refunded. If not, the liability of the Company will be the US$597,960 and US$38,212 already assessed by the MRA as at 31 March 2014, plus US$221,714 (applying the same basis of calculation for the years ended 30 June 2010 to 31 March 2014) and any applicable penalties.

The total tax liability will therefore be US$1,208,946, plus penalties on tax for the years ended 30 June 2010 to 31 March 2014, estimated at US$144,114. No amount has been provided as the company believes that the rulling will be returned in its favour, and therefore no tax will be required to be paid.

There are no other outstanding commitments and contingencies at year end.

Directors' Statement

In the opinion of the Directors :

(a) the Statement of Comprehensive Income and Statement of Changes in Equity is drawn up so as to give a true and fair view of the result of the Company for the year ended 31 March 2014;

(b) the Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2014; and

(c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of Directors.

DEEPAK MADHOK
Director

14 May 2014

EIH MARRAKECH LTD

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. Deepak Madhok

AUDITORS

Ernst & Young
Ernst & Young Building
121, King William Street
Adelaide SA 5000
Australia

REGISTERED OFFICE

Romasco Place, Wickhams Cay 1,
Road Town, Tortola,
British Virgin Islands

DIRECTORS' REPORT

DIRECTORS

The Directors present their report on the Company for the year ended 31 March 2014.

The name of the Company's Directors in office during the year and until the date of this report are as follows.

P R S Oberoi
S S Mukherji
Deepak Madhok

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was investment.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was $Nil (2013: $Nil) after providing for income tax of $Nil (2013: $Nil).

No significant change in the nature of these activities occurred during the year.

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that require disclosure in the financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

The results of the Company operations during the year have not, in the opinion of the Directors, been affected by any item, transaction or event of a material or unusual nature.

DIVIDENDS

No dividends have been paid, declared or recommended during the preceding year ended 31 March 2014.

SHARE OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the date of this report.

AUDITORS INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

Signed in accordance with a resolution of the Director:

DEEPAK MADHOK
14 May, 2014 — *Director*

Independent Auditor's Report

To the Members of
EIH Marrakech Ltd

We have audited the accompanying financial report of EIH Marrakech Ltd, which comprises the Statement of financial position as at 31 March 2014, the statement of comprehensive income and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' statement.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the professional accounting bodies.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of EIH Marrakech Ltd as of 31 March 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Independent Auditor's Report *(Contd...)*

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Marrakech Ltd to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Marrakech Ltd and should not be distributed to parties other than the members.

ERNST & YOUNG

Adelaide
14 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
Turnover	3	–	–
Profit before taxation	4	–	–
Taxation expense	5	–	–
Profit after taxation		–	–
Other Comprehensive Income			
Total Comprehensive Income		–	–

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
Current Assets			
Cash and cash equivalents		**100**	100
Total Current Assets		**100**	100
Total Assets		**100**	100
Current Liabilities			
Amount due to related parties		**–**	–
Total Current Liabilities		**–**	–
Non-Current Liabilities			
Amount due to shareholder		**–**	–
Total Non-Current Liabilities		**–**	–
Total Liabilities		**–**	–
Net Assets		**100**	100
Equity			
Share Capital	7	**100**	100
Retained Earnings		**–**	–
Total Equity		**100**	100

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 March 2014

(Expressed in United States dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2013	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2014	100	–	100
As at 1 April 2012	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2013	100	–	100

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 March 2014

1. Corporate Information

The financial report of EIH Marrakech Ltd. (the "Company") for the year ended 31 March 2014 was authorised for issue on 14th May 2014.

EIH Marrakech Ltd. is a company limited by shares and incorporated in the British Virgin Islands. The nature of the operations and principal activity of the Company is described in the Directors' report.

2. Significant Accounting Policies

(a) Basis of Preparation
The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRS').

The financial report has also been prepared on a historical cost basis.

The financial report is presented in United States Dollars and all values are rounded to the nearest dollars unless otherwise stated.

A statement of cash flows has not been prepared given that there were no cash transactions during the current year.

(b) Compliance with IFRS
The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Changes in accounting policies and disclosures
The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation
Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into United States dollars at the exchange rates ruling at the balance date.

Non-monetary items measured at fair value in a foreign currency in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange gains and losses on foreign currency translation are dealt with in the Statement of Comprehensive Income account.

(e) Cash and Cash Equivalents
Cash and cash equivalents in the statement of financial position comprise cash at bank and which are subject to an insignificant risk of changes in value.

(f) Deferred Taxation
Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

Notes to the Financial Statements *(Contd...)*

(g) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Turnover

Turnover represents dividends from investments.

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging :	**31 March 2014**	31 March 2013
	$	$
Auditors' remuneration	**–**	–

The audit fee has been met by a related company.

5. Taxation

(a) No provision has been made for income tax as the Company did not earn income subject to tax.

(b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

6. Directors' Remuneration

	31 March 2014	31 March 2013
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

7. Share Capital

	31 March 2014	31 March 2013
	$	$
Issued and fully paid :		
100 ordinary shares of $1.00 each	**100**	100

8. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

9. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

Directors' Statement

In the opinion of the Directors:

(a) the statement of comprehensive income and statement of changes in equity is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2014;

(b) the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2014; and

(c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of Directors.

DEEPAK MADHOK

14 May 2014 *Director*