

DIRECTORS' REPORT

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, 2015.

Financial Highlights

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

	Rupees (in million)	
	2014-2015	2013-2014
Total Revenue	380.44	321.72
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	180.05	122.76
Interest	1.16	1.41
Depreciation	37.59	22.43
Profit / (Loss) before Tax	141.30	98.92
Tax including Deferred Tax	39.55	47.10
Profit/ (Loss) after Tax	101.75	51.82
Dividend on Equity Shares	-	23.10
Dividend Distribution Tax	-	3.92
Profit/(Loss) Brought Forward from earlier year	(617.63)	(642.43)
Profit/(Loss) Carried Over	(532.57)	(617.63)
Carrying amount of fixed assets where remaining useful life as on 01.04.2015 is Nil	(16.69)	-

Performance

During the Financial year under review, the Company's Total Revenue was Rs. 380.44 million as compared to Rs. 321.72 million in the previous year. This represents an increase of 18 % when compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was Rs. 180.05 million as compared to Rs. 122.76 million in the previous year, an increase of 47 %. The Profit after tax was Rs. 101.75 million as compared to Rs. 51.82 million, an increase of 96%.

Directors' Responsibility Statement

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

- a) in preparing the Annual Accounts, it has followed applicable Accounting Standards and that there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements 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 that period;
- c) the Directors, to the best of their knowledge and ability, have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of this 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; and
- e) the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operate effectively.

JV Dispute

Disputes between the Joint Venture Partners, viz. EIH Limited and Government of Himachal Pradesh relating to Wildflower Hall in which the 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.

Directors

Mr. Parthasarathi Mitra had replaced Mr. Sudripta Roy as a Government of H.P nominee on the Board in the casual vacancy caused due to retirement of Mr. Sudripta Roy from the services of Government of Himachal Pradesh. Mr. Parthasarathi Mitra will hold office till Mr. Sudripta Roy would have normally held office. The Board wishes to place on record its deep appreciation of the valuable contributions made by Mr. Sudripta Roy during his tenure as a Chairperson/ Director on the Board.

Mr. P.R.S. Oberoi and Mr. S.S. Mukherji have resigned from the Board of Directors of the Company. The Board wishes to place on record its deep appreciation of the valuable contributions made by Mr. P.R.S. Oberoi and Mr. S.S. Mukherji during their long tenure as Directors on the Board.

Mr. V.C. Pharka was appointed by the Board on 27th February, 2013 in the casual vacancy caused due to vacation of office by Mr. Deepak Sanan. Mr. V.C. Pharka will hold office till Mr. Deepak Sanan would have held office had he not vacated i.e upto the date of the forthcoming Annual General Meeting. Relevant Notice under Section 160 of the Companies Act, 2013 along with payment of a sum of Rs. 1,00,000 has been received from a shareholder proposing the appointment of Mr. V.C. Pharka as a regular Director on the Board, liable to retire by rotation.

Mr. Vikram Oberoi was appointed by the Board on 16th May, 2014 in the casual vacancy caused due to the vacating of office by Mr. P.R.S. Oberoi. Mr. Vikram Oberoi will hold office till Mr. P.R.S. Oberoi would have held office had he not vacated i.e upto the date of the forthcoming Annual General Meeting. Relevant Notice under Section 160 of the Companies Act, 2013 along with payment of a sum of Rs. 1,00,000 has been received from a shareholder proposing the appointment of Mr. Vikram Oberoi as a regular Director on the Board, liable to retire by rotation.

Mr. S.N. Sridhar was appointed by the Board on 16th May, 2014 in the casual vacancy caused due to the vacating of office by Mr. S.S. Mukherji. Mr. S.N. Sridhar will hold office till Mr. S.S. Mukherji would have held office had he not vacated i.e upto the date of the forthcoming Annual General Meeting. Relevant Notice under Section 160 of the Companies Act, 2013 along with payment of a sum of Rs. 1,00,000 has been received from a shareholder proposing the appointment of Mr. S.N. Sridhar as a regular Director on the Board, liable to retire by rotation.

In accordance with Section 149 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment & Qualification) Rules, 2014, Mr. Shashank Bhagat and Mr. Viresh S. Mathur were appointed as "Independent Directors" on the Board for a consecutive period of 5 years, not liable to retire by rotation. The Board of Directors

was of the unanimous opinion that both Mr. Shashank Bhagat and Mr. Viresh S. Mathur are meet the criteria of "Independence" prescribed under sub- section (6) of Section 149 of the Act. Mr. Shashank Bhagat and Mr. Viresh S Mathur have also given a declaration of independence that they meet the requirement of "Independence" pursuant Section 149 of the Companies Act, 2013.

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

Key Managerial Personnel

Mr. Samit Guha who was appointed as the Chief Financial Officer ('CFO') of the Company at the Board meeting held on 16th May, 2014 had resigned. In his place Mr. Biswajit Mitra has been appointed as the CFO of the Company with effect from 29th November, 2014, at the Board Meeting held on 28th November, 2014.

Mr. S.N. Sridhar has been appointed as the Company Secretary of the Company, at the Board Meeting held on 16th May, 2014.

Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has formulated a CSR policy which can be accessed at the website of the holding company viz: www.eihltd.com. The details of the policy and the Annual Report on CSR on or after 1st April, 2014 is given in the enclosed **Annexure** which forms part of this Report.

The Board of Directors confirms that the Company had committed the full CSR amount of Rs 14,53,000 and work on CSR activities commenced in the month of March, 2015.

The Company could only spend Rs.11,34,000 as at end of financial year 2014-15 as the work assigned could not be completed before 31st March, 2015. The completion of work will extend into the financial year 2015-16 when the balance amount of Rs 3,29,000 will be spent.

The reason for not spending the entire CSR amount in the financial year 2014-15 was due to the CSR activity being approved by CSR committee in March, 2015. Since the Company closely monitors the implementation of the CSR activity through effective participation of the Company and its employees, there was insufficient time to spend the entire amount in the financial year 2014-15. However, the Company will spend the unspent amount of the financial year 2014-15 in the financial year 2015-16, in addition to what it requires to spend in that financial year."

Audit Committee

The Board of Directors have reconstituted the Audit Committee in accordance with Section 177 of the Companies Act, 2013 i.e majority comprising of Independent Directors. The Audit Committee now comprises of Mr. Shashank Bhagat, Independent Director and Chairperson of the Audit Committee, Mr. Viresh S Mathur, Independent Director as Member and Mr. Arjun Oberoi, Managing Director as Member.

Company's Policy on Directors' Appointment and Remuneration and Board Evaluation Process

The Company has formulated a Policy on Directors' Appointment and Remuneration in accordance with Section 178 of the Companies Act, 2013, a copy of which is annexed. The policy can be accessed at the website of the Company's holding Company viz: www.eihltd.com. As on date, the Company does not have any senior management personnel as defined in Section 178. The Company has also put in place the Board Evaluation Process and Policy for the evaluation of Board of Directors, Independent Directors, Board committees etc.

Risk Management

The Company is a subsidiary of EIH Limited, the holding Company. At the group level, a comprehensive Risk Management policy, procedure and risk committee is in place which is being followed by the Company's hotel, Wildflower Hall and the Company as a whole. The risk, if any on the Company and the Company's hotel is monitored periodically.

Energy Conservation Measures

Energy conservation measures taken during current year include replacement of incandescent lamps with LED lamps, replacement of a boiler with an energy efficient boiler, sewage treatment plant renovation and improved insulation of pipe lines.

Some of the actions planned for next year are replacement of Halogen lamps with LED lamps, replacement of pumps with energy efficient pumps, an energy audit and thermography for the hotel.

Foreign Exchange Earnings and outgo

Foreign Exchange earnings during the year amounted to Rs. 62.88 million as compared to Rs.48.28 million in the previous year. The outflow of Foreign exchange during the year was Rs. 3.57 million as compared to Rs. 1.46 million in the previous year.

Auditors

The Auditors, Ray & Ray, Chartered Accountants, retire at the conclusion of the Twentieth Annual General Meeting and offer themselves for re-appointment. They have confirmed that if appointed, their appointment will be within the limits prescribed under Section 139 of the Act. Directors recommend their appointment as auditors of the Company for the financial year 2015-16.

Auditor's Report

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

Significant and Material Orders, if any

During the year, there are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

Contracts or Arrangements

The Contract or arrangements with Related Parties are in the ordinary course of business and are at arm's length. There are no material Contracts or arrangements entered into by the Company with its Related Parties, required to be reported in the prescribed form in terms of Section 188 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

Extract of Annual Return

Extract of Annual Return in Form MGT-9 Annexed.

Loans, Guarantees or investments

During the year, the Company has not given any loan or Guarantee and has not made any investments.

Deposits

During the year, the Company has not accepted any deposits.

Secretarial Audit, Internal Audit, Vigil Mechanism

The Company does not qualify for the requirement for appointment of a Secretarial Auditor and Internal Auditor under the relevant provisions of the Companies Act, 2013. The Company does not qualify for the requirement of establishment of a Vigil

Mechanism in terms of Section 177 of the Act read with Rule 7 (1) of the Companies (Meetings of the Board) Rules, 2014.

Board Meetings

During the year, the Company held four Board Meetings on 16th May, 2014, 9th September, 2014, 28th November, 2014 and 27th February, 2015 respectively.

Subsidiaries, Associates and Joint Ventures

The Company does not have any subsidiary, associate or joint venture.

Director / KMP Remuneration

Directors of the Company are neither paid any remuneration nor paid any sitting fee for each sitting of the Board or committee thereof. Mr. Arjun Oberoi, Managing Director of the Company do not draw any remuneration from the Company. The Key Managerial Personnel, viz: CFO and the Company Secretary of the Company also do not draw any remuneration from the Company.

Particulars of Employees

There are no employees in the Company drawing remuneration more than the limit as prescribed under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration) Rules, 2014.

Awards

Awards won by Wildflower Hall, Shimla are as under:

Best Relaxation Hotel in India	Lonely Planet The Travel Award, 2014
Top 25 Hotels in India (Ranked 1st)	Trip Advisor, Travellers' Choice Awards, 2015
Top 25 Hotels for Romance in India (Ranked 2nd)	Trip Advisor, Travellers' Choice Awards, 2015
Top 25 Hotels for Service in India (Ranked 3 rd)	Trip Advisor, Travellers' Choice Awards, 2015

Top 25 Luxury Hotels in India (Ranked 5 th)	Trip Advisor, Travellers' Choice Awards, 2015
Top 25 Hotels in Asia (Ranked 8 th)	Trip Advisor, Travellers' Choice Awards, 2014
Top 25 Luxury Hotels in India (Ranked 7 th)	Trip Advisor, Travellers' Choice Awards, 2014

Acknowledgement

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

For and on behalf of the Board

Place: Shimla
Date: 14th May, 2015

Arjun Oberoi
Managing Director

T.K. Sibal
Director

Annexure

Format for the Annual Report on CSR Activities to be included in the Board Report

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

The Board of Directors, on the recommendation of the CSR Committee, had formulated a Corporate Social Responsibility Policy ("CSR"). As per the Policy Statement, the Company's CSR policy will focus on addressing the critical social, economic and educational needs of the marginalized under-privileged and differently abled children of the society. The policy will particularly direct its energies to orphan, homeless and differently abled children and care for their educational, nutritional, health and psychological development needs. The policy will also focus on sanitation including contribution to the Swacch Bharat Kosh set up by the Central Government for the promotion of sanitation, Contribution to Clean Ganga Fund set up by the Central Government for rejuvenation river Ganga and also contribution to the Prime Minister's National Relief Fund.

The Board of Directors at the Board meeting held on 27th February, 2015, on the recommendation of the CSR Committee, approved a CSR spend of Rs 14,53,000 (2% of the average net profits of the Company made during the three immediately preceding financial years) for the financial year 2014-15 on the following:

- i) Special Home for speech and hearing impaired children in Village Dhalli, Distt: Shimla;
- ii) Special Home for visually challenged Children in Village Dhalli, Distt: Shimla.

These two homes fall under Himachal Pradesh State Council for Child Welfare, Himachal Pradesh.

The following work was recommended by the CSR Committee in the aforesaid two Institutions:-

- a) Relaying of the wiring of the Computer lab and school;
- b) Relaying of the plumbing system in certain areas;
- c) Repair of roof of the common hall/ and repair of some part of classrooms;
- d) Repair of class room furniture with new additions;
- e) Repair of bunker with work on flooring, ceiling and new mattresses;
- f) Renovate the kitchen with new kitchen equipments, cupboard etc;
- g) Repair of play ground in the premises.

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

2. The Composition of the CSR Committee

The Composition of CSR Committee is as under:

- i) Mr. Arjun Oberoi- Chairperson;
- ii) Mr. Vikram Oberoi- Member;
- iii) Mr. Parthasarathi Mitra- Member;
- iv) Mr. Shashank Bhagat – Independent Director and Member

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

Rs. 7,26,45,000 (Rupees Seven crores twenty six lacs forty five thousand).

4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above).

Rs. 14,53,000 (Rupees Fourteen lacs fifty three thousand).

5. Details of CSR spent during the financial year

- a) Total Amount to be spent for the financial year : Rs 14,53,000;
- b) Amount unspent, if any : Rs 3,29,000;
- c) Manner in which the amount spent during the financial year is detailed below:

(1) S.No	(2) CSR Project or activity identified	(3) Sector in which the project is covered	(4) Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (Rs in Lacs)	(6) Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (Rs in Lacs)	(7) Cumulative expenditure up to the reporting period (Rs in Lacs)	(8) Amount spent Direct or through implementing agency
1	Promoting education, Setting up homes & hostels for differently abled Children	Rural	Special Home for Speech & Hearing impaired and Visually challenged Children, Dhaili,	14.53	11.19	11.19	Direct

			District Shimla, Himachal Pradesh				
2.	Swacch Bharat Abhiyan	Rural	NH-22 near Chharabra Market	-	0.15	0.15	Direct
			TOTAL	14.53	11.34	11.34	

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

The reasons for not spending the amount of CSR spent is given in the Board Report under the head "Corporate Social Responsibility"

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

Arjun Oberoi
Managing Director

Arjun Oberoi
Chairperson – CSR Committee

MASHOBRA RESORT LTD

Director Appointment and Remuneration Policy

This Director Appointment and Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board") of Mashobra Resort Limited (the "Company").

1. Purpose

The objective of this Policy is to provide a framework and set standards for the appointment of high quality directors who have the capacity and ability to lead the Company towards achieving sustainable development. The Company aims to achieve a balance of experience and skill amongst its directors. It also defines the role of the Nomination and Remuneration Committee.

2. Accountability

2.1 The Board is ultimately responsible for the appointment of directors.

2.2 In terms of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee ("NRC") assesses and selects candidates for directors and recommends to the Board their appointment.

3. Role of the Nomination and Remuneration Committee

The NRC is responsible for:

- 3.1 Reviewing the structure, size and composition (including the skill, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board with due regard to Board Diversity;
- 3.2 Identifying individuals suitably qualified to become Board members, Key Managerial and Senior Management Personnel;
- 3.3 Making recommendations to the Board on the appointment, re-appointment or removal of directors, Key Managerial and Senior Management Personnel.
- 3.4 Making recommendations for succession planning for directors, Key Managerial and other Senior Management Personnel, including the Managing Director (s), Whole-time Director(s) and CEO.

3.5 Formulating criteria for evaluation of performance of every director including independent directors and the Board;

3.6 Recommending remuneration payable to Senior and Key Management Personnel, executive and non-executive directors including Board sitting fees;

4. Appointment of Directors

4.1 Matching the needs of the Company and enhancing the competencies of the Board

are the basis for the NRC to select a candidate for appointment to the Board. When recommending a candidate for appointment, the NRC will have regard to:

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

4.2 The recommended director would:

- Possess a degree in a relevant discipline;
- Have experience of management in a diverse organization;
- Have excellent interpersonal, communication and representational skills;
- leadership skills;
- Possess high standards of ethics, personal integrity and probity;
- Continuously refresh his professional knowledge and skills.

For details of the personal specifications of a director, please refer to Attachment-1.

4.3 Every director should ensure that he can give sufficient time and attention to the Company's affairs and regularly attend Board meetings and other committee meetings in which he is a member.

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

4.5 In addition to those requirements specified in the clauses 4.2 and 4.3, the independent non-executive directors shall also fulfill the requirements pursuant to Section 149 (6) of the Companies Act, 2013.

4.7 In assessing the independence of a non-executive director, the following factors shall be taken into account:

Independent director shall mean a non-executive director, other than a nominee director of the company:

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. apart from receiving director's remuneration has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross
- e. turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year.
- f. Who, neither himself nor any of his relatives –
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or

associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of--

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover or such firm;

(iii) holds together with his relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the company;

g. who is not less than 21 years of age.

Explanation

For the purposes of the sub-clause (1):

- i. "Associate" shall mean a company which is an "associate" as defined in Accounting Standard (AS)23, "Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India;
- ii. "Key Managerial Personnel" shall mean "Key Managerial Personnel" as defined in section 2(51) of the Companies Act, 2013;
- iii. "Relative" shall mean "relative" as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.

5. Letter of Appointment

- 5.1 Each director will be issued a Letter of Appointment signed by the Chairperson of the Board.

6. Appointment Procedure

- 6.1 The NRC shall ensure that the appointment of directors will be in terms of the Policy and recommendations made to the Board for appointment.
- 6.2 If required, an external data base can be used and advice taken to access a wide base of potential directors as prescribed under the Companies Act, 2013.

7. Appointment and Remuneration of Managerial Personnel

- 7.1 The NRC shall ensure that the appointment and remuneration payable to the Managing Director(s), CEO, Whole-time Directors, Manager, if any are in accordance with the provisions of Chapter XIII (Sections 196 to 203) read with Schedule V of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company's Managing Director and KMP's does not draw any remuneration from the Company.
- 7.2 The NRC may recommend a suitable sitting fee, reimbursement of incidentals, travel and other expenses to non-executive directors as may be prescribed under the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

8. Familiarization Program

The Management will familiarize the Independent Directors on the following:

- a) The Oberoi Dharma;
- b) Company's History, Structure and the Business Model;
- c) Memorandum & Articles of Association of the Company;
- d) Past 3 (three) years accounts and any important factors in the accounts of the Company;
- e) Interaction with other Directors on the Board and with the Senior Executives of the Company.

Chairperson- Nomination & Remuneration
Committee

Chairperson

MASHOBRA RESORT LIMITED

Personal Specification for Directors

1. Qualifications

- Degree holder in relevant disciplines (e.g. management, accountancy, legal, sales, marketing, administration, finance, and Corporate Governance and hospitality industry related disciplines); or
- Recognised specialist.

2. Experience

- Experience of management in a diverse organization;
- Experience in accounting and finance, administration, corporate, legal and strategic planning;
- Ability to work effectively with other members of the Board.

3. Skills

- Excellent interpersonal, communication and representational skills;
- Leadership skills;
- Extensive team building and management skills;
- Strong influencing and negotiating skills;
- Continuous professional development to refresh knowledge and skills;

4. Abilities and Attributes

- Commitment to high standards of ethics, personal integrity and probity;
- Commitment to observe "The Oberoi Dharma" and the fundamental code of conduct.

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U55101HP1995PLC017440
2.	Registration Date	13/12/1995
3.	Name of the Company	MASHOBRA RESORT LIMITED
4.	Category/Sub-category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON GOVERNMENT COMPANY
5.	Address of the Registered office & contact details	HOTEL WILDFLOWER HALL, CHHARABRA, SHIMLA -171012 HIMACHAL PRADESH, INDIA Phone: 01772648585 Fax: 01772648686
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	HOTEL SERVICE	9963/99631110	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

SNo.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Share held	Applicable Section
1	EIH Limited, 4, Mangoe Lane, Kolkata- 700001	L55101WB1949PLC017981	HOLDING	78.79%	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)	NIL	7000000	7000000	21.21	NIL	7000000	7000000	21.21	NIL
d) Bodies Corp.	NIL	26000000	26000000	78.79	NIL	26000000	26000000	78.79	NIL
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)	NIL	33000000	33000000	100	NIL	33000000	33000000	100	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									

i) Others (specify)										
Sub-total										
(B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions										
a) Bodies Corp.										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh										
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh										
c) Others (specify)										
Non Resident Indians										
Overseas Corporate Bodies										
Foreign Nationals										
Clearing Members										
Trusts										
Foreign Bodies - DR										
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	33000000	33000000	100	NIL	33000000	33000000	100	NIL	NIL

(ii) Shareholding of Promoters- AS PER ANNEXURE - 1

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								

AS PER ANNEXURE - 1

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	33000000	100	33000000	100
	Date wise Increase / Decrease In Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NO CHANGE			
	At the end of the year	33000000	100	33000000	100

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NOT APPLICABLE			
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each of the Directors and each of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE
	At the end of the year				

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits (RS)	Unsecured Loans (Rs)	Deposits (Rs)	Total Indebtedness (Rs)
Indebtedness at the beginning of the financial year				

i) Principal Amount	1,324,914	5,000,000		6,324,914
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition	950,000			950,000
* Reduction	529,852			529,852
Net Change	420,148			420,148
Indebtedness at the end of the financial year				
i) Principal Amount	1,745,062	50,00,000		6,745,062
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1,745,062	50,00,000		6,745,062

Note :

1. Secured Loans obligations are secured by hypothecation of Vehicles underlying the leases and paid by Equated Monthly lease rentals over the respective period of lease.
2. Unsecured Loans are from "Govt of Himachal Pradesh" and repayable at the option of the company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1	Gross salary	NOT APPLICABLE	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NOT APPLICABLE	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NOT APPLICABLE	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NOT APPLICABLE	
2	Stock Option	NOT APPLICABLE	

3	Sweat Equity	NOT APPLICABLE	----	----	----	----
4	Commission	NOT APPLICABLE	----	----	----	----
	- as % of profit	NOT APPLICABLE	----	----	----	----
	- others, specify...					
5	Others, please specify					
	Total (A)	NOT APPLICABLE	----	----	----	----
	Ceiling as per the Act	NOT APPLICABLE	----	----	----	----
	B. Remuneration to other directors	NOT APPLICABLE	----	----	----	----

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	NOT APPLICABLE	----	----	----	----
	Fee for attending board committee meetings	NOT APPLICABLE	----	----	----	----
	Commission	NOT APPLICABLE	----	----	----	----
	Others, please specify	NOT APPLICABLE	----	----	----	----
	Total (1)	NOT APPLICABLE	----	----	----	----
2	Other Non-Executive Directors	NOT APPLICABLE	----	----	----	----
	Fee for attending board committee meetings	NOT APPLICABLE	----	----	----	----
	Commission	NOT APPLICABLE	----	----	----	----
	Others, please specify	NOT APPLICABLE	----	----	----	----
	Total (2)	NOT APPLICABLE	----	----	----	----
	Total (B)=(1+2)	NOT APPLICABLE	----	----	----	----
	Total Managerial Remuneration	NOT APPLICABLE	----	----	----	----
	Overall Ceiling as per the Act	NOT APPLICABLE	----	----	----	----

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD					
SN	Particulars of Remuneration	Key Managerial Personnel			
1	Gross salary	CEO	CS	CFO	Total
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NOT APPLICABLE	N.A	N.A	N.A
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	----	----	----	----
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	----	----	----	----
2	Stock Option	----	----	----	----
3	Sweat Equity	----	----	----	----
4	Commission	----	----	----	----
	- as % of profit	----	----	----	----
	others, specify...	----	----	----	----
5	Others, please specify	----	----	----	----
	Total	NOT APPLICABLE	N.A	N.A	N.A

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

B) Shareholding of Promoters- ANNEXURE - 1

Name of shareholder	Shareholding at the beginning of the year		Shareholding At the end of the year		% change in shareholding during the year
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
GOVERNMENT OF HIMACHAL PRADESH	7000000	21.21	7000000	21.21	NIL
BIH LIMITED	25999995	78.79	25999995	78.79	NIL
OBEROI HOTELS PRIVATE LIMITED	1	—	1	—	NIL
OBEROI HOLDINGS PRIVATE LIMITED	1	—	1	—	NIL
OBEROI PROPERTIES PRIVATE LIMITED	1	—	1	—	NIL
OBEROI INVESTMENTS PRIVATE LIMITED	1	—	1	—	NIL
OBEROI PLAZA PRIVATE LIMITED	1	—	1	—	NIL
Total	33000000	100	33000000	100	NIL

RAY & RAY

CHARTERED ACCOUNTANTS

6 CHURCH LANE, KOLKATA - 700 001, POST BOX NO. 706
Telephones : +91-33-22489861, 22438562, 22309584, Facsimile : (033) 22480547
Telegrams : ASSURE, KOLKATA, E-mail : raynray@vsnl.com

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 31 March 2015, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements.

Note 25(a)(i) to the financial statements regarding disclosure of advance towards equity shares and allotment of shares pending settlement of legal issues between Government of Himachal Pradesh and EIH Limited and the stay order awarded by the Hon'ble High Court of Himachal Pradesh and note 25(e) regarding ongoing litigation between EIH Ltd., the holding company and the Government of Himachal Pradesh. The said note describes the uncertainty related to the outcome of the above legal matter.

Note 25(a)(ii) to the financial statements regarding erosion of paid up share capital of the company by its accumulated losses and the accounts being prepared on going concern basis.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 of the said Order.

2.As required by section 143(3) of the Act, we report that.

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- i. The impact of pending litigations against the Company on its financial position in its financial statements is not ascertainable as indicated in note 25(a), 25(b) and 25 (e).
 - ii. The company did not have any long-term contracts including derivative contracts for which there is material foreseeable losses.
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Shimla
Dated: 14th May, 2015

Abhijit Neogi
PARTNER
Membership No.61380

Annexure to the independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory 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 have 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 the nature of its business.
- (ii)
 - (a) The physical verification of inventory has been conducted at reasonable intervals by the management.
 - (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) (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Therefore the clauses (iii)(a) and (b) of the paragraph 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, for purchase of inventory, fixed assets and for the sale of goods and services. Further, during the course of our audit, we have neither come across nor we have been informed of any instance of major weaknesses in the aforesaid internal control system which would require corrective action.

- (v) The company has not accepted any deposits, and as such the requirement of clause (v) is not applicable to the company.
- (vi) The Central Government has not prescribed the maintenance of cost records U/s 148(1) of the Companies Act, 2013 for the company.
- (vii) (a) According to the records of the company the company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount payable in respect income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, and cess were outstanding as at 31st March, 2015 for a period of more than 6 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 customs duty, excise duty and cess which have not been deposited on account of any disputes. However, according to information and explanations given to us the following dues of service tax have not been deposited by the companies on account of dispute.
- | Name of the statute | Nature of dues | Amount (In Rs) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|----------------|----------------|---------------------------------------|---|
| Service Tax | Service Tax | 51,63,974/- | Financial year 2004-2005 to 2008-2009 | Customs Excise and Service Tax Appellate Tribunal |
- (c) There has not been any amount which is required to be transferred to the Investor Education and Protection Fund by the Company. Therefore, the clause vii(c) is not applicable to the company.
- (viii) 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 and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us by the management, the company has not defaulted in repayment of dues to a financial institutions/ Bank.
- (x) According to the information and explanations given to us by the management, the

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

- (xi) The Company has not taken any term loan from bank or financial institution.
- (xii) During the course of our examination of the books of account carried out in accordance with the Generally Accepted Accounting Practices, we have neither come across any instance of fraud on or by the company nor we have been informed of any such case by the management.

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

Place: Shimla
Dated: 14th May, 2015

Abhijit Neogi
PARTNER
Membership No.61380

MASHOBRA RESORT LIMITED
Balance Sheet
As at 31st March, 2015

		As at 31st March	
		2015 Rupees	2014 Rupees
I EQUITY AND LIABILITIES	NOTES		
1 SHAREHOLDERS' FUNDS			
a) Share Capital	2	330,000,000	330,000,000
b) Reserves and Surplus	3	(532,570,770)	(617,630,642)
		(202,570,770)	(287,630,642)
2 ADVANCE TOWARDS SHARES		1,361,925,454	1,361,925,454
3 NON CURRENT LIABILITIES			
a) Long Term Borrowings	4	6,058,582	5,903,261
b) Other Long Term Liabilities	5	-	8,820
c) Long Term Provisions	6	1,780,641	1,328,719
		7,839,223	7,240,800
4 CURRENT LIABILITIES			
a) Trade Payables	7	17,628,861	14,544,397
b) Other Current Liabilities	8	17,408,363	16,062,693
c) Short Term Provisions	9	36,374,290	33,377,690
		71,411,514	64,184,780
TOTAL		1,238,605,421	1,145,720,392
II ASSETS			
1 NON CURRENT ASSETS			
a) Fixed Assets			
i) Tangible Assets	10		
Gross block		901,536,251	892,917,270
Less: Depreciation		378,974,431	319,775,404
Net Block		522,561,820	573,141,866
ii) Intangible Assets under Development and Implementation		510,273	573,141,866
		523,072,093	573,141,866
b) Deferred Tax Assets (Net)	11	102,886,293	134,252,421
c) Long Term Loans and Advances	12	986,466	1,033,425
		626,944,852	708,397,712
2 CURRENT ASSETS			
a) Inventories	13	14,362,565	15,011,750
b) Trade Receivables	14	16,919,216	9,786,486
c) Cash and Bank Balances	15	501,810,900	393,807,225
d) Short Term Loans and Advances	16	75,811,781	18,141,073
e) Other Current Assets	17	2,756,107	576,146
		611,660,569	437,322,680
TOTAL		1,238,605,421	1,145,720,392

Significant Accounting Policies
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

Nehjit Nogi
Partner
Membership No. 61380

Shimla
14th May, 2015

Chief Financial Officer

Managing Director

Company Secretary

Director

MASHOBRA RESORT LIMITED
Statement of Profit and Loss
For the Year ended 31st March 2015

		Year ended 31st March	
		2015	2014
		Rupees	Rupees
INCOME			
I	Revenue from Operations	18	
II	Other Operating Income	19	
III	Other Income	20	
IV	Total Revenue (I+II+III)		
		338,777,025	292,013,381
		1,097,758	911,521
		40,561,327	28,797,905
		<u>380,436,110</u>	<u>321,722,807</u>
V Expenses			
	Cost of Materials Consumed	21	
	Employee Benefits Expense	22	
	Finance Costs	23	
	Depreciation and Amortisation Expenses (Refer Note 25c)		
	Other Expenses	24	
	Total Expenses		
		21,725,817	20,268,749
		57,237,422	50,195,950
		1,157,445	1,405,946
		37,589,682	22,430,210
		121,428,355	128,502,448
		<u>239,138,721</u>	<u>222,803,303</u>
VI	Profit before Taxation (IV-V)		
VII	Tax Expense		
	Current Tax		
	Less: MAT Credit Entitlement		
	Net Current Tax		
	Mat Credit Entitlement Adjustment for Earlier Year		
	Deferred Tax		
		141,297,389	98,919,504
		29,617,000	6,353,000
		<u>(29,617,000)</u>	<u>(5,572,000)</u>
		-	781,000
		(408,846)	
		<u>39,958,880</u>	<u>39,550,034</u>
			46,315,447
VIII Profit for the period (VI-VII)			
		<u>101,747,355</u>	<u>51,823,057</u>
IX Earnings per Equity Share			
		25(m)	
(1) Basic			
(2) Diluted			
		3.08	1.57
		3.08	1.57

The notes are an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.
For Ray & Ray
Chartered Accountants

Abhijit Neogti
Partner
Membership No. 61380

Shimla
14th May, 2015

Chief Financial Officer

Managing Director

Company Secretary

Director

MASHOBRA RESORT LIMITED

Cash Flow Statement

For the Year ended 31st March 2015

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	141,297,389	98,919,504
Adjustments for:		
Depreciation	37,589,682	22,430,210
Interest Paid	1,157,445	1,405,946
Sale / Adjustment of Fixed Assets	776,005	688,876
Interest Received	(40,561,327)	(28,797,905)
Operating Profit before Working Capital Changes	140,259,194	94,646,631
Adjustments for:		
Trade & Other Receivables	(5,743,241)	(57,722)
Inventories	649,185	(2,510,405)
Trade Payables	2,783,208	5,254,596
Cash Generated from Operations	137,948,346	97,333,100
Interest Paid	(1,157,445)	(1,405,946)
Payment/(Refund) of Direct Taxes (Net)	(29,012,569)	(5,572,758)
Interest received on Income Tax refund	123,404	-
Net cash from Operating Activities	107,901,736	90,354,396
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(11,458,689)	(4,597,280)
Sale of Fixed Assets	333,334	-
Interest Received	38,253,139	28,578,272
Net cash used in Investing Activities	27,127,784	23,980,992
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(23,100,000)	-
Tax on Dividend	(3,925,845)	-
Net Cash used in Financing Activities	(27,025,845)	-
Net Increase in Cash & Cash Equivalents(A+B+C)	108,003,675	114,335,388
Cash and Cash Equivalents at beginning of year	393,807,225	279,471,837
Cash and Cash Equivalents at end of year	501,810,900	393,807,225

Notes:

- The Cash Flow Statement has been prepared in indirect method.
- Cash and Cash Equivalents represent Cash and Bank Balances. Cash and Bank Balances include ₹ 386,275,747 (2014 - ₹ 310,504,013) deposited in a separate Bank Account in terms of Hon'ble Himachal Pradesh High Court Order Dated 17th December 2003.
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-progress between the beginning and 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

Abhijit Neogi
Partner
Membership No. 61380

Shimla
14th May, 2015

Chief Financial Officer Managing Director

Company Secretary Director

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

1

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the Generally Accepted Accounting Principle, Accounting Standards notified under Section 133 of the Companies Act, 2013 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 amount of assets and liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the amount 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.

REVENUE RECOGNITION

Revenue of hotel operations is recognized when the services are rendered and the same becomes chargeable. Revenue from Shop License Fee included under "Other Services" is recognized on accrual basis as per terms of contract. Revenue from interest is accrued and recognized 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/amortization.

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 amount amortized and net of impairment if any. Computer Software is amortized over a period of 60 months.

LEASES

In respect of assets acquired on or after 1st April, 2001, the same 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 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 hotel building and leased vehicle is provided on Straight Line basis over the useful life of the various class of assets prescribed under Schedule II of the Companies Act, 2013.

In the case of hotel building the carrying amount after setting aside residual value is equally amortised over the residual life of the building ascertained by technical assessment.

Vehicles acquired on lease are depreciated over the respective lease period. Computer software are being amortized over a period of 60 months.

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

INVENTORIES

Inventories are valued at cost which is based on First-in-First-out method or net realizable 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 recognized as income or expenses.

EMPLOYEE BENEFITS

Short Term Employee Benefit is provided for in statement of Profit & Loss of the year in which related service is rendered to the company.

- 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 the 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/ termination - As per independent actuarial valuation as at the Balance Sheet date following projected 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 capitalized as part of the cost of the respective assets. Other borrowing costs are recognized 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 recognized as an asset in the Balance Sheet. Deferred tax is provided and recognized 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 recognized unless there is virtual certainty about availability of future taxable income to realize 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 recognized 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 recognized 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.

MASHOBRA RESORT LIMITED

Notes to the Accounts - contd.

	Rupees	2015 Rupees	As at 31st March 2014 Rupees
2			
SHARE CAPITAL			
AUTHORISED			
50,000,000 (2014 - 50,000,000) Equity Shares of ₹ 10 each		500,000,000	500,000,000
		<u>500,000,000</u>	<u>500,000,000</u>
ISSUED, SUBSCRIBED, CALLED & PAID UP			
33,000,000 (2014 - 33,000,000) Equity Shares of ₹ 10 each fully paid up		330,000,000	330,000,000
		<u>330,000,000</u>	<u>330,000,000</u>

(a) Reconciliation of Equity Share Capital

Balance at the beginning of the year
Add/Less: Movement during the year
Balance at the end of the year

As at 31st March 2015		As at 31st March 2014	
No. of shares	Amount	No. of shares	Amount
33,000,000	330,000,000	33,000,000	330,000,000
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 (2014 - 25,999,995) Equity shares are held by the holding Company, EIH Limited.

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

EIH Limited

Government of Himachal Pradesh

As at 31st March 2015		As at 31st March 2014	
Number of Shares	Holding %	Number of Shares	Holding %
25,999,995	78.79%	25,999,995	78.79%
7,000,000	21.21%	7,000,000	21.21%
32,999,995	100.00%	32,999,995	100.00%

(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

3

RESERVES AND SURPLUS

Surplus in the Statement of Profit and Loss

Balance at the beginning of the year

Less: Carrying amount of fixed assets where remaining useful life is nil as on 01.04.2014 (Sch-II of Companies Act, 2013) net of Deferred tax

Add: Profit for the year

Less: Appropriations

Proposed Dividend on Equity Shares

Dividend Distribution Tax on proposed dividend on Equity Shares

Balance at the end of the year

(617,630,642)	(642,427,854)
(16,687,483)	-
101,747,355	51,823,057
-	23,100,000
-	3,925,845
<u>(532,570,770)</u>	<u>(617,630,642)</u>

MASHOBRA RESORT LIMITED

Notes to the Accounts - contd.

	Rupees	2015 Rupees	As at 31st March 2014 Rupees
4			
LONG TERM BORROWINGS			
(i) SECURED (Note a below)			
Long term maturities of finance lease obligation		1,058,582	903,261
(ii) UNSECURED (Note b below)			
Government of Himachal Pradesh		5,000,000	5,000,000
		<u>6,058,582</u>	<u>5,903,261</u>

Particulars of security and terms of repayment for borrowing

Name of the Lender	Nature of Security	Terms of Repayment/ Rate of Interest
(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

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
	-	<u>8,820</u>

6 LONG TERM PROVISIONS

Provision for Employee Benefits		
(i) Leave Encashment	1,438,920	1,018,815
(ii) Gratuity	<u>341,721</u>	<u>309,904</u>
	<u>1,780,641</u>	<u>1,328,719</u>

MASHOBRA RESORT LIMITED

Notes to the Accounts - contd.

	As at 31st March	
	2015 Rupees	2014 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	17,628,861	14,544,397
	<u>17,628,861</u>	<u>14,544,397</u>
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)	686,480	421,653
(ii) Advance from customers	3,099,919	3,830,530
(iii) Liability for Capital Expenditure	1,509,614	-
(iv) Other Payables		
Retention money	5,616,148	5,487,432
Statutory Liabilities	3,525,398	3,278,324
Other Liabilities	2,970,804	3,044,754
	<u>17,408,363</u>	<u>16,062,693</u>
9		
SHORT TERM PROVISIONS		
A Provision for Employee Benefits		
(i) Leave Encashment		
(ii) Gratuity	144,233	194,997
B Other Provisions	3,738	3,848
(i) Provision for Income Tax		
(ii) Provision for Proposed Dividend on Equity Shares	36,226,319	6,353,000
(iii) Provision for Tax on Dividend	-	23,100,000
	<u>36,374,290</u>	<u>33,577,690</u>

Notes to the Account (Contd.)

[illegible]

MASHOBRA RESORT LIMITED

Notes to the Accounts - contd.

	As at 31st March	
	2015 Rupees	2014 Rupees
11		
DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets on account of:		
Unabsorbed Depreciation	171,205,544	173,665,320
Unabsorbed Business Loss	31,062,498	68,375,786
Accrued expenses deductible on payment	467,303	-
Provision for Gratuity and Leave Encashment	667,454	495,618
	<u>203,402,799</u>	<u>242,536,724</u>
Deferred Tax Liabilities on account of:		
Depreciation	100,516,506	108,284,303
	<u>100,516,506</u>	<u>108,284,303</u>
Deferred Tax Assets (Net)	<u>102,886,293</u>	<u>134,252,421</u>

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 certainty 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 ₹ 31,062,498 (2014 - ₹ 68,375,786) & ₹ 171,205,544 (2014 - ₹ 173,665,320) respectively, will be realised in future.

12 LONG TERM LOANS AND ADVANCES Unsecured, considered good (unless otherwise stated)

(i) Security Deposits	838,975	797,549
(ii) Prepaid Expenses	147,491	205,876
	<u>986,466</u>	<u>1,003,425</u>

13 INVENTORIES

(i) Provisions, Stores, Wines & Smokes	3,470,102	4,437,591
(ii) Other traded goods	1,206,842	1,376,576
(iii) Crockery, Cutlery, Chinaware, Glassware, Linen etc.	5,829,105	4,813,373
(iv) Other Stores	3,856,516	4,384,210
	<u>14,362,565</u>	<u>15,011,750</u>

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

14 TRADE RECEIVABLES (Unsecured, considered good) (i) Outstanding for a period of exceeding six months from the due date (ii) Others

	16,919,216	9,786,486
	<u>16,919,216</u>	<u>9,786,486</u>

MASHOBRA RESORT LIMITED

Notes to the Accounts - contd.

		As at 31st March	
	Rupees	2015 Rupees	2014 Rupees
15			
CASH AND BANK BALANCES			
A Cash & Cash Equivalents			
(i) Cash on hand	403,409		572,329
(ii) Cheques on hand	671,745		656,141
(iii) Bank Balances			
In current accounts	300,225		645,552
In fixed deposits with less than 3 months maturity	<u>4,408,689</u>		<u>21,748,024</u>
		5,784,068	23,622,046
B Other Bank Balances			
(i) Balance in Fixed deposit accounts having more than 3 months but less than 12 months maturity	109,751,085		59,681,166
(ii) In Bank account as per High court order dated 17th December, 2003 (Refer note 25 (c))			
In current accounts	18,560		19,478
In fixed deposits	<u>386,257,187</u>		<u>310,484,535</u>
		496,026,832	370,185,179
		<u>501,810,900</u>	<u>393,807,225</u>
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		699,399	1,102,636
(ii) Prepaid Expenses		2,132,796	2,577,865
(iii) Advance Tax including TDS	36,435,912		7,908,744
(iv) MAT Credit Entitlement (Note - 25(g))	<u>35,597,846</u>		<u>5,572,000</u>
		72,033,758	13,480,744
(v) Sundry Deposits		<u>945,828</u>	<u>979,828</u>
		<u>75,811,781</u>	<u>18,141,073</u>
17			
OTHER CURRENT ASSETS			
Unsecured, considered good (unless otherwise stated)			
(i) Other Receivables		166,462	171,285
(ii) Interest accrued		<u>2,589,645</u>	<u>404,861</u>
		<u>2,756,107</u>	<u>576,146</u>

MASHOBRA RESORT LIMITED
Notes to the Accounts - contd.

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
18 REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars & Banquets, etc.		
Rooms	214,105,962	173,398,867
Food & Beverages	93,575,955	90,101,451
Other Services	31,095,108	28,513,063
	<u>338,777,025</u>	<u>292,013,381</u>
19 OTHER OPERATING INCOME		
Others	1,097,758	911,521
	<u>1,097,758</u>	<u>911,521</u>
20 OTHER INCOME		
Interest from banks	40,375,039	28,797,905
Interest from others	186,288	-
	<u>40,561,327</u>	<u>28,797,905</u>
21 COST OF MATERIALS CONSUMED		
a Provisions, Smokes & Wines		
Opening Stock		
Add : Purchases	4,437,591	2,785,671
	<u>17,824,438</u>	<u>18,996,218</u>
Less : Closing Stock	22,262,029	21,781,889
Consumption (a)	<u>3,470,102</u>	<u>4,437,591</u>
	<u>18,791,927</u>	<u>17,344,298</u>
b Other traded goods		
Opening Stock		
Add : Purchases	1,376,576	1,401,403
	<u>2,764,156</u>	<u>2,899,624</u>
Less : Closing Stock	4,140,732	4,301,027
Consumption (b)	<u>1,206,842</u>	<u>1,376,576</u>
Total (a+b)	<u>2,933,890</u>	<u>2,924,451</u>
	<u>21,725,817</u>	<u>20,268,749</u>
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	45,717,249	41,369,645
Company's contribution towards Provident Fund	1,984,920	1,524,336
Provision for Gratuity (Refer note 22 (a))	165,149	61,430
Provision for Leave Encashment (Refer note 22 (b))	1,070,059	620,718
Workmen and staff welfare expenses	8,300,045	6,619,821
	<u>57,237,422</u>	<u>50,195,950</u>

MASHOBRA RESORT LIMITED
NOTES TO THE ACCOUNT (Contd.)
22 (a)

Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absence on 31st March, 2015 as per Actuarial Valuation using Projected Unit Credit Method and recognized in the Financial Statements in respect of Employee Benefit Schemes:

Gratuity		Year ended 31st March 2015	Year ended 31st March 2014
(i)	Components of Employer Expense		
(a)	Current Service Cost	105,898	111,175
(b)	Interest Cost	22,233	21,688
(c)	Expected Return on Plan Assets	-	-
(d)	Curtailment Cost / (Credit)	-	-
(e)	Settlement Cost / (Credit)	-	-
(f)	Past Service Cost	-	-
(g)	Actuarial (Gains) / Losses	37,018	(71,433)
(h)	Liability no longer required	-	-
(i)	Total expense / (gain) recognized in the Statement of Profit & Loss	165,149	61,430
(II)	Net Asset / (Liability) recognized in Balance Sheet		
(a)	Present Value of Defined Benefit Obligations	345,459	313,752
(b)	Fair Value of Plan Assets	-	-
(c)	Funded Status [Surplus/(Deficit)]	(345,459)	(313,752)
(d)	Unrecognised Past Service Cost	-	-
(e)	Net Asset / (Liability) recognised in Balance Sheet	(345,459)	(313,752)
(III)	Change in Defined Benefit Obligations (DBO) during the year ended on 31st March 2015		
(a)	Present value of DBO at beginning of period	313,752	273,437
(b)	Current service cost	105,898	111,175
(c)	Interest cost	22,233	21,688
(d)	Curtailment cost/(Credit)	-	-
(e)	Settlement cost/(Credit)	-	-
(f)	Plan Amendments	-	-
(g)	Acquisitions	-	-
(h)	Actuarial (gains)/losses	37,018	(71,433)
(i)	Benefits paid	(133,442)	(21,115)
(j)	Liability no longer required	-	-
(k)	Present value of DBO at the end of period	345,459	313,752
(IV)	Change in Fair Value of Assets during the year ended 31st March 2015		
(a)	Plan Assets as at beginning of the period	-	-
(b)	Acquisition Adjustment	-	-
(c)	Actuarial Return on Plan Assets	-	-
(d)	Actuarial Gains / (Losses)	-	-
(e)	Actual Company Contribution	133,442	21,115
(f)	Benefits Paid	(133,442)	(21,115)
(g)	Plan Assets at the end of period	-	-
(V)	Investment Details		
	Invested with LIC in Group Gratuity Scheme	-	-

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

(VI) Actuarial Assumptions						
(a)	Discount rate (%)	8.00%		9.00%		
(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 (2006-08) (modified) Ultimate		
(VII)	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011
(a)	Present Value of Defined Benefit Obligation	345,459	313,752	273,437	164,080	598,976
(b)	Fair Value of Plan Assets	-	-	-	-	-
(c)	Funded Status [Surplus/(Deficit)]	(345,459)	(313,752)	(273,437)	(164,080)	(598,976)
(d)	Experience Adjustments on Plan Liabilities loss/(gains)	(35,331)	(16,595)	25,758	(32,542)	113,701
(e)	Experience adjustments on plan assets gain/(loss)	-	-	-	-	-
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	72,349	(54,838)	28,513	(14,968)	(12,811)

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

22 (b)

Leave Encashment		Year ended 31st March 2015	Year ended 31st March 2014
(I)	Components of Employer Expense		
(a)	Current Service Cost	102,635	101,886
(b)	Interest Cost	43,033	51,753
(c)	Expected Return on Plan Assets		
(d)	Curtailment Cost / (Credit)		
(e)	Settlement Cost / (Credit)		
(f)	Past Service Cost	904,391	467,079
(g)	Actuarial (Gains) / Losses		
(h)	Liability no longer required		
(i)	Total expense / (gain) recognized in the Statement of Profit & Loss		
(II)	Net Asset / (Liability) recognized in Balance Sheet	1,070,059	630,218
(a)	Present Value of Defined Benefit Obligations		
(b)	Fair Value of Plan Assets	1,445,306	1,025,483
(c)	Funded Status (Surplus/(Deficit))		
(d)	Unrecognised Past Service Cost	(1,445,306)	(1,025,483)
(e)	Net Asset / (Liability) recognised in Balance Sheet	0,000,000	0,000,000
(III)	Change in Defined Benefit Obligations (DBO) during the year ended on 31st March 2015		
(a)	Present value of DBO at beginning of period	1,025,483	849,849
(b)	Current service cost	102,635	101,886
(c)	Interest cost	43,033	51,753
(d)	Curtailment cost/(Credit)		
(e)	Settlement cost/(Credit)		
(f)	Plan Amendments		
(g)	Acquisitions		
(h)	Actuarial (gains)/losses		
(i)	Benefits paid	904,391	467,079
(j)	Liability no longer required	(650,236)	(465,084)
(k)	Present value of DBO at the end of period	1,445,306	1,025,483
(IV)	Change in Fair Value of Assets during the year ended 31st March 2015		
(a)	Plan Assets as at beginning of the period		
(b)	Acquisition Adjustment		
(c)	Actuarial Return on Plan Assets		
(d)	Actuarial Gains / (Losses)		
(e)	Actual Company Contribution		
(f)	Benefits Paid	630,236	465,084
(g)	Plan Assets at the end of period	(650,236)	(465,084)
(V)	Investment Details		
	Invested with LIC in Group Gratuity Scheme		

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

(VI)	Actuarial Assumptions					
(a)	Discount rate (%)	8.00%		9.00%		
(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 (2006-08) (modified) Ultimate		
(VII)	Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	Year ended 31st March 2015	Year ended 31st March 2014	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011
(a)	Present Value of Defined Benefit Obligation	1,445,306	1,025,483	849,849	766,985	661,780
(b)	Fair Value of Plan Assets	-	-	-	-	-
(c)	Funded Status [Surplus/(Deficit)]	(1,445,306)	(1,025,483)	(849,849)	(766,985)	(661,780)
(d)	Experience Adjustments on Plan Liabilities loss/(gains)	656,681	623,322	594,738	349,566	454,947
(e)	Experience adjustments on plan assets gain/(loss)	-	-	-	-	-
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	247,710	(156,243)	82,102	(67,786)	(14,349)

MASHOBRA RESORT LIMITED
Notes to the Accounts - contd.

	Year ended 31st March	
	2015 Rupees	2014 Rupees
23 FINANCE COSTS		
Interest Expense	1,157,445	1,405,946
(Including Interest on Income Tax u/s 234B & 243C ₹ Nil; 2014 - ₹ 256,319)		
	<u>1,157,445</u>	<u>1,405,946</u>
24 OTHER EXPENSES		
Linen, Uniform Washing & Laundry Expenses	671,273	629,345
Expenses on Apartment & Board	10,691,577	9,433,147
Power & Fuel	32,730,699	36,190,041
Renewals & Replacements	5,614,583	4,180,420
Repair & Maintenance - Building	5,627,674	5,289,266
- Plant & Machinery	5,360,230	5,149,101
- Others	5,355,563	4,188,315
Expenses for contractual services	9,255,787	7,263,255
Rent	1,173,199	1,133,718
Advertisement, Publicity & Other Promotional Expenses	3,229,757	3,278,106
Printing & Stationery	1,129,641	1,015,346
Insurance	961,503	846,230
Passage & Travelling	5,560,035	4,544,153
Postage, Telephone & Telex	1,475,519	1,073,094
Subscriptions	895,039	453,605
Water Charges	8,275,271	9,339,677
Commission to Travel Agents and others	11,578,707	9,695,066
Auditors Remuneration		
- Audit fees	21,000	21,000
- For taxation matters	15,000	15,000
Legal & Professional	4,321,144	18,504,893
Donation	18,500	17,000
Rates & Taxes	2,173,036	2,202,854
Musical, Banquet & Kitchen Expenses	1,758,118	1,838,882
Corporate Social Responsibility	1,133,832	-
Other expenses	2,401,668	2,200,934
	<u>121,428,355</u>	<u>128,502,448</u>

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

25

a)

- i) Advances received from EIH Limited, the holding company, amounting to ₹ 1,361,925,454 (2014 - ₹ 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 Hon'ble 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 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 (2014 - ₹ 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 (2014 - ₹ Nil).
- e) In case of the hotel building of the company, due to superior structural condition, management decided to get the residual life assessed by technical expert. Based on the certification of the technical expert the carrying amount of the hotel building after setting aside residual value is being depreciated over residual life of 60 years.
- d) Leases
- i) Motor Vehicles acquired on Finance Lease amounting to ₹ 3,040,000 (2014 - ₹ 2,090,000), being the assets acquired between 1st April, 2003 to 31st March, 2015. This includes an amount of ₹ 950,000 (2014 - ₹ Nil) being the assets acquired during the year under finance lease and capitalized in line with the requirements of Accounting Standard (AS-19) on "Accounting for Leases". Depreciation for the year includes an amount of ₹ 553,342 (2014 - ₹ 558,199) being depreciation charged on the assets.

The Year wise break up of outstanding lease obligations as on 31.03.2015 in respect of these Assets capitalized during the year are as under :-

Vehicle taken on Lease		Rupees
Total minimum Lease payments as at 31.03.15		2,261,857
Present value of minimum Lease payments as at 31.03.15		(1,858,602)
		1,745,062
		(1,324,914)
Not Later than one year		
Minimum Lease payments		969,948
Present Value as on 31.03.15		(660,492)
		686,480
Later than one year but not later than 5 years		
Minimum Lease payments		(421,653)
		1,291,909
Present Value as on 31.03.15		(1,198,110)
		1,058,582
		(903,261)
Later than 5 Year		
Minimum Lease payments		Nil
Present Value as on 31.03.15		Nil

(Figures in brackets represents figure for year ended 31st March, 2014)

MASHOBRA RESORT LIMITED

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:

The Company has entered into operating lease arrangements primarily for hiring office equipments and residential premises for its employees which are cancellable in nature. It may generally be terminated by either party by serving a notice. The lease agreements are generally renewable by mutual consent on mutually agreeable terms. The company has incurred ₹ 1,450,139 during the year (2014- ₹ 1,377,490) towards expenditure on operating lease arrangements

- e) 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)).

- 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. Mumtaz Hotels Limited
2. EIH International Limited
3. Oberoi Kerala Hotels and Resorts Limited
4. 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

(IV) Key Management Personnel

1. Mr. Arjun Oberoi

MASHOBRA RESORT LIMITED
NOTES TO THE ACCOUNT (Contd.)

B. Transactions with Related Parties during the financial year and outstanding balances as on 31.03.2015

	Holding Company	Fellow Subsidiary Companies	Enterprises in which Key Management Personnel have significant influence	Key Management Personnel
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Purchases				
Goods & Services	33,652,945 (6,529,123)	73,710 (353,384)	37,055 (239,594)	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	7,558,943 (922,354)	51,118 (217,804)	25,615 (279,468)	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 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Repayment of Loan	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Paid/Provided (net)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Outstanding balances				
Payables				
For Goods & Services	262,374 (291,523)	13,167 (Nil)	Nil (18,596)	Nil (Nil)
Receivables				
For Goods & Services	190,742 (70,759)	Nil (4,400)	Nil (42,951)	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, 2014)

- 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 ₹ 35,597,846 (2014- ₹ 5,572,000)

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

h) Expenditure in Foreign Currencies:

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
Expenditure on Commission, Reservation fee etc	3,574,382	1,464,355

i) Earnings in Foreign Currencies on Sales:

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
Earnings in Foreign Currencies on Sales	62,881,802	48,282,429

j) CIF Value of Imports:

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

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
Capital Goods	2,127,694	1,204,129
Components & Spares	1,777,801	952,237
Provisions, Smokes & Wines	1,678,753	2,490,420

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

	Year ended 31st March			
	2015		2014	
	Rupees	Percentage	Rupees	Percentage
Imported	2,235,107	11.89%	1,899,502	10.95%
Indigenous	16,556,820	88.11%	15,444,796	89.05%
Total	18,791,927	100.00%	17,344,298	100.00%

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

Currency	As at 31st March 2015		As at 31st March 2014	
	Receivable	Payable	Receivable	Payable
	Rupees	Rupees	Rupees	Rupees
US Dollar	-	244,943	-	427,649
GBP	-	323,958	-	-

l) Segment Reporting:

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

MASHOBRA RESORT LIMITED

NOTES TO THE ACCOUNT (Contd.)

m) Earnings per Equity Share

Computation of both Basic and Diluted Earnings per share of ₹ 10/-

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
Profit / (Loss) as per the Statement of Profit and Loss	101,747,355	51,823,057
Number of Equity Shares	33,000,000	33,000,000
Basic and Diluted Earnings per Equity Share	3.08	1.57

n) Proposed Dividend

	Year ended 31st March	
	2015	2014
	Rupees	Rupees
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	-	23,100,000
Dividend per Equity Share (₹)	-	0.70 per share

- o) Against the required expenditure of ₹ 1,453,000/- for CSR activities pursuant to section 135 of the Companies Act 2013 read with Schedule VII and Companies (Corporate Social Responsibility) Rules 2014, being 2% of the average net profit of the company made during the three immediately preceding financial year, an amount of ₹ 1,133,832/- has been incurred by the company during the year. Out of this ₹ 1,119,188/- has been spent for promoting education, setting up homes & hostels for differently abled children at Dhalli in the district of Shimla, Himachal Pradesh and ₹ 14,644/- has been spent on Swatch Bharat Abhiyaan.
- p) 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.
- q) 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.

Chief Financial Officer

Managing Director

Company Secretary

Director

Shimla
14th May, 2015