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MUMTAZ HOTELS LIMITED

BOARD

Mr. P. R. S. Oberoi, *Chairman*

Mr. Shivy Bhasin, *Vice Chairman*

Mr. Bharath Bhushan Goyal, *Managing Director*

Mr. T. K. Sibal

Mr. Manish Goyal

Mr. Vikram Oberoi

Mr. Arjun Oberoi

Mr. Raj Kataria, *Independent Director*

Mr. Sandeep Kumar Barasia, *Independent Director*

AUDITORS

Virmani & Associates

Chartered Accountants

Suite No. 702

Nilgiri Place

9, Barakhamba Road

New Delhi 110 001

REGISTERED OFFICE

4, Mangoe Lane

Kolkata 700 001

DIRECTORS' REPORT

The Members
Mumtaz Hotels Limited

The Board presents its Twenty-sixth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the Financial Year ended 31st March, 2016.

Financial Highlights

The Financial Highlights of the year under review as compared to the previous year are given below:

PARTICULARS	₹ (in million)	
	2015-2016	2014-2015
Total Revenue	966.16	902.59
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	464.27	433.85
Interest and Finance Charges	0.55	0.63
Depreciation	25.36	39.87
Profit before Tax	438.36	393.35
Current Tax	145.15	134.00
Deferred Tax	3.82	(0.73)
Profit after Tax	289.39	260.08
Profit Brought forward	169.82	180.70
Dividend	206.50	206.50
Dividend Distribution Tax	42.04	41.66
General Reserve	-	-
Balance Carried forward	210.67	169.82
Carrying amount of fixed assets where remaining useful life as on 1.4.2014 is Nil	-	22.80

Performance

During the Financial Year under review, the Company's Total Revenue was ₹ 966.16 million as compared to ₹ 902.59 million in the previous year. This represents an increase of 7.04% when compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 466.25 million as compared to ₹ 433.85 million in the previous year, an increase of 7.47%. The Profit after tax was ₹ 290.67 million as compared to ₹ 260.08 million.

Dividend

At its meeting held on 11th February, 2016, the Board had approved payment of interim dividend of ₹ 5 per equity share of face value of ₹ 10 each. This was paid to all shareholders on 18th February, 2016. The Board recommends to the Shareholders a Final Dividend of ₹ 10 per Equity Share (inclusive of Interim Dividend of ₹ 5 per share) for the Financial Year ended 31st March, 2016 i.e for 2015-16. The outgo on Dividend and Corporate Dividend tax will be ₹ 248.54 million.

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 had 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, had taken proper and sufficient care for the maintenance of 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 had prepared the Annual Accounts of the Company on a "going concern" basis; and
- e) the Directors had devised a proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operate effectively.

Directors

Mr. Sandeep Kumar Barasia was appointed as an "Independent Director" on the Board at the Extraordinary General Meeting held on 24th November, 2015 for a period of 5 years. Mr. Barasia is not liable to retire by rotation after the Board of Directors at its meeting held on that day was of the unanimous opinion that Mr. Barasia is an Independent Director based on the declaration given by him under sub-section (6) of Section 149 of the Act.

Mr. Arjun Oberoi and Mr. Manish Goyal retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had formulated a CSR Policy last year which can be accessed at the website of the Company viz: www.eihltd.com.

The details of the policy and the Annual Report on CSR for the Financial Year 2015-16 is given in the enclosed *Annexure-I* which forms part of this Report.

On the recommendation of the CSR Committee, the Board of Directors had approved a CSR spend of ₹ 7.65 million for the Financial Year 2015-16, being 2% of the average net profit in the preceding three Financial Years. The Company has entered into an Agreement with the NGO HelpAge India for providing primary health care services for India's elderly population (60+ years) for the poor and needy in Agra. During the Financial Year 2015-16, the Company contributed ₹ 4.1 million to HelpAge India which includes capital expenditure of ₹ 1.6 million and a recurring cost of ₹ 2.5 million.

The balance amount of ₹ 3.29 million out of the total CSR spent of ₹ 7.65 million could not be spent in the Financial Year 2015-16 as no viable project could be identified in terms of the CSR Policy of

the Company. Therefore, on the recommendation of the CSR Committee, the Board had approved a carry forward of the said amount of ₹ 3.29 million to the next Financial Year to be spent on any project as may be identified by the CSR Committee. During the Financial Year, CSR Committee met on 11th February, 2016 which was attended by all the members.

Audit Committee

The Audit Committee comprises Mr. Raj Kumar Kataria, Independent Director, Mr. Sandeep Kumar Barasia, Independent Director and Mr. Vikram Oberoi, Director, as members. During the Financial Year, the Audit Committee met on 20th May, 2015 and this meeting was attended by Mr. Raj Kataria and Mr. Vikram Oberoi.

Risk Management

The Company is a subsidiary of EIH Limited. At the Group level, a comprehensive Risk Management policy, procedures and Risk Committee is in place which is being followed by the Company's hotel, *The Oberoi Amarvilas* and the Company as a whole. The risk, if any, on the Company and the Company's hotel is monitored periodically.

Independent Directors and their Meeting

The Company has two Independent Directors, namely, Mr. Sandeep Kumar Barasia and Mr. Raj Kumar Kataria. Both the Independent Directors have given a declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013. During the Financial Year, the Independent Directors met on 11th February, 2016 and discussed the requirements as prescribed under part VII (3) of Schedule IV of the Companies Act, 2013 *viz*: Code for Independent Directors.

Energy Conservation Measures

Energy conservation measures taken during this year includes replacement of halogen lamps to energy efficient LED lamps, energy audit and improved control of operation in air conditioning, condenser system replacement, ventilation, lighting and other equipments of hotel during normal and low season.

Actions planned for next year are replacement of fluorescent lamps with energy efficient LED lamps and installation of occupancy sensors in back of the house areas.

Foreign Exchange Earnings and outgo

Foreign Exchange earnings during the year amounted to ₹ 838.00 million as compared to ₹ 761.98 million in the previous year. The outflow of foreign exchange during the year was ₹ 11.04 million as compared to ₹ 9.61 million in the previous year.

Auditors

The Auditors, M/s Virmani & Associates, Chartered Accountants, (FRN 000356N) retire at the conclusion of the Twenty fifth 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 141 of the Act. Directors recommend their appointment as auditors of the Company for the Financial Year 2016-17.

Auditor's Report

The Auditor's Report does not contain any observation, adverse comment or qualification for the Board to comment.

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.

Related Party Transactions

The contracts, arrangements or transactions with related parties are in the ordinary course of business and are at arm's length. There is no material contract, arrangement or transaction 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. The related party transactions entered during the year are given in Note no. 26 of the Financial statement.

Internal Financial Controls

The company has put in place adequate internal Financial control systems commensurate with the size and operations of the business.

Extract of Annual Return

Extract of the Annual Return in Form MGT-9 is annexed as *Annexure - II*

Loans, Guarantees or investments

During the year, the Company has not given any loan or guarantee and have 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 the requirement for appointment of a Secretarial Auditor and Internal Auditor. 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, four Board Meetings were held on 20th May 2015, 8th September 2015, 24th November 2015 and 11th February 2016 respectively. Mr. Shivy Bhasin, Mr. B.B. Goyal, Mr. T.K. Sibal, Mr. Arjun Oberoi and Mr. Raj Kataria attended all four meetings. Mr. P.R.S.Oberoi, Mr. Manish Goyal and Mr. Vikram Oberoi attended three meetings and Mr. Sandeep Kumar Barasia who was appointed in November, 2015 attended two meetings.

Subsidiaries, Associates and Joint Ventures

The Company does not have any Subsidiary, Associate or Joint Venture.

Director / KMP Remuneration

Directors of the Company are not paid any remuneration except sitting fee for each sitting of the Board or committee thereof. Mr. Bharat Bhushan Goyal, Managing Director, do not draw any remuneration from the Company. The Key Managerial Personnel, CFO and the Company Secretary of the Company also do not draw any remuneration from the Company. Total sitting fee paid during the Financial Year 2015-16 was ₹ 1.48 million.

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 of Managerial Personnel) Rules, 2014.

Awards

Awards won by *The Oberoi Amarvilas* are as under:

The Oberoi Amarvilas, Agra, Uttar Pradesh, India	Top 25 Hotels for Romance (Ranked 2nd)	TripAdvisor, Travellers' Choice Awards 2016
	Top Resorts in Asia (Ranked 3rd)	<i>Travel + Leisure</i> , World's Best Awards, Readers' Survey 2015

Acknowledgement

The Board expresses its gratitude to the Government of India, Department of Tourism and all other Central and State Government Departments, Banks/Financial institutions and other stakeholders for their continued co-operation and support.

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

For and on behalf of the Board

Place: Gurgaon
Date: 16th May, 2016

BHARAT BHUSHAN GOYAL
Managing Director

SHIVY BHASIN
Vice Chairperson

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 last year ("CSR"). As per the Policy Statement, Company's CSR Policy will focus on addressing the critical social, economic and educational needs of the marginalized under-privileged children of the society and primary health care services for India's elderly population (60+ years) who are poor and needy. The policy will particularly direct its energies to orphan and homeless children and care for their educational, nutritional, health and psychological development needs and primary health care for elderly population. The policy will also focus on sanitation including contribution to the Swachh 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 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. Vikram Oberoi- Chairperson;
- ii) Mr. Arjun Oberoi- Member;
- iii) Mr. Manish Goyal- Member;
- iv) Mr. Raj Kataria- Independent Director and Member.

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

₹ 382.35 million.

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

₹ 7.65 million.

5. **Details of CSR spent during the Financial Year**

- a) Total Amount to be spent for the Financial Year : ₹ 7.65 million;
- b) Amount unspent, if any : ₹ 3.29 million;

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR Project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in million)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (₹ in million)	Cumulative expenditure up to the reporting period (₹ in million)	Amount spent Direct or through implementing agency
1	Primary health care services for India's elderly population (60+years) at the poor and needy	Urban	Agra, Uttar Pradesh.	4.10	4.10	4.10	HelpAge India
2	Swachh Bharat Abhiyan	Urban	Agra, Uttar Pradesh	0.26	0.26	0.26	Direct
			TOTAL	4.36	4.36	4.36	

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 CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

BHARAT BHUSHAN GOYAL
Managing Director

VIKRAM OBEROI
Chairperson – CSR Committee

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As at end of Financial Year on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

CIN	U55101WB1990PLC095270
Registration Date	01/10/1990
Name of the Company	Mumtaz Hotels Limited
Category / Sub-category of the Company	Company Limited by Shares / Indian Non Government Company
Address of the Registered office & contact details	4, Mangoe Lane, 6th Floor, Kolkata -700001, West Bengal
Whether listed company	No
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	HOTELS	9963/99631110	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Share held	Applicable Section
1	EIH Ltd, 4, Mangoe Lane, Kolkata - 700001	L55101WB1949PLC017981	HOLDING	60%	2(46)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	8,260,010	8,260,010	40.00	-	8,260,010	8,260,010	40.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	12,389,990	12,389,990	60.00	-	12,389,990	12,389,990	60.00	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	20,650,000	20,650,000	100.00	-	20,650,000	20,650,000	100.00	-
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) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
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 - D R	-	-	-	-	-	-	-	-	-

MUMTAZ HOTELS LIMITED

Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	20,650,000	20,650,000	100.00	-	20,650,000	20,650,000	-	-

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Parma Devi Goyal	233,005	1.13	-	233,005	1.13	-	-
2	Vijay Goyal	260,005	1.26	-	260,005	1.26	-	-
3	Sashi Malhotra	55,511	0.27	-	55,511	0.27	-	-
4	Manish Goyal	799,296	3.87	-	799,296	3.87	-	-
5	Manav Goyal	1,068,939	5.17	-	1,068,939	5.17	-	-
6	Ravish Goyal	799,294	3.87	-	799,294	3.87	-	-
7	Vinish Goyal	799,294	3.87	-	799,294	3.87	-	-
8	Gaurav Goyal	1,068,940	5.17	-	1,068,940	5.17	-	-
9	Chandra Seoni	55,501	0.26	-	55,501	0.26	-	-
10	Mridu Bhasin	1,560,107	7.56	-	1,560,107	7.56	-	-
11	Shivy Bhasin	1,560,108	7.56	-	1,560,108	7.56	-	-
12	EIH Limited	12,389,990	60.00	-	12,389,990	60.00	-	-
13	EIH Limited Jointly with P.K.Sarkar	1	-	-	1	-	-	-
14	EIH Limited Jointly with S.N.Sridhar	1	-	-	1	-	-	-
15	EIH Limited Jointly with Biswajit Mitra	2	-	-	2	-	-	-
16	EIH Limited Jointly with M.K Mukherjee	1	-	-	1	-	-	-
17	EIH Limited Jointly with Manas Kumar Datta	1	-	-	1	-	-	-
18	EIH Limited Jointly with P.K Mukhopadhyay	1	-	-	1	-	-	-
19	EIH Limited Jointly with S.S.Mondal	1	-	-	1	-	-	-
20	EIH Limited Jointly with Sumit Nag	1	-	-	1	-	-	-
21	EIH Limited Jointly with S.Dutta	1	-	-	1	-	-	-

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

SN	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	2,06,50,000	100	2,06,50,000	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 CHANGES		NO CHANGES	
	At the end of the year	2,06,50,000	100	2,06,50,000	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 Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NOT APPLICABLE		NOT APPLICABLE	
	At the end of the year				

(V) Shareholding of Directors and Key Managerial Personnel:

SNO 1	MR. SHIVY BHASIN VICE CHAIRMAN	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	15,60,108	7.56	15,60,108	7.56
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NO CHANGE		NO CHANGE	
	At the end of the year	15,60,108	7.56	15,60,108	7.56

SNO 2	MR. MANISH GOYAL DIRECTOR	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	7,99,296	3.87	7,99,296	3.87
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NO CHANGE		NO CHANGE	
	At the end of the year	7,99,296	3.87	7,99,296	3.87

V. INDEBTEDNESS –

Indebtedness of the Company including interest outstanding / accrued but not due for payment.
(in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	4,684,520	-	-	4,684,520
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,684,520	-	-	4,684,520
Change in Indebtedness during the Financial Year				
Addition	510,915	-	-	510,915
Reduction	1,891,615	-	-	1,891,615
Net Change	(1,380,700)	-	-	(1,380,700)
Indebtedness at the end of the Financial Year				
i) Principal Amount	3,303,820	-	-	3,303,820
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,303,820	-	-	3,303,820

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and /or Manager:**

(in ₹)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. B.B. Goyal, MD	
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-
	(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, Sitting fee	1,60,000	1,60,000
	Total (A)	1,60,000	1,60,000
	Ceiling as per the Act	10% of Net Profit	

B. Remuneration to other directors

(in ₹)

SN	Particulars of Remuneration	Name of Directors						Total Amount (Rs)
		Mr. Sandeep Kumar Barasia		Mr. Raj Kataria				
1	Independent Directors							
	Fee for attending board committee meetings	80,000			2,40,000			3,20,000
	Commission	-			-			-
	Others, please specify	-			-			-
	Total (1)	80,000			2,40,000			3,20,000
2	Other Non-Executive Directors	Mr. PRS Oberoi	Mr. Shivy Bhasin	Mr. Vikram Oberoi	Mr. Arjun Oberoi	Mr. Manish Goyal	Mr. T.K. Sibbal	Total Amount
	Fee for attending board committee meetings	1,20,000	1,60,000	2,00,000	2,00,000	1,60,000	1,60,000	10,00,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	10,00,000
	Total (B)=(1+2)							13,20,000
	Total Managerial Remuneration							Nil
	Overall Ceiling as per the Act	11% of Net Profit						

Note: Sitting fees does not form part of Managerial Remuneration

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

(in ₹)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-	-	-
	(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	-	-	-	-

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

For and on behalf of the Board

Place: Gurgaon
Date: 16th May, 2016

BHARAT BHUSHAN GOYAL
Managing Director

SHIVY BHASIN
Vice Chairperson

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mumtaz Hotels Limited

Report on the Financial Statements of Mumtaz Hotels Limited

We have audited the accompanying financial statements of Mumtaz Hotels Limited ('the Company'), which comprise the balance sheet as at March 31, 2016, the statement of profit and loss, and the cash flows 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 and presentation of these financial statements that give a true and fair view of the financial position and financial performance 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 of the Company.

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 this 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 March 31, 2016 and its profit and cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") 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, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial control over financial reporting of the Company and effectiveness of such controls refer to our separate report given in Annexure B and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 24 to the financial statements;
 - ii. Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

SURESH VIRMANI
Partner
Membership No: 17617

Gurgaon, Haryana
May 16, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure A referred to in our Independent Auditor's Report to the members of the Company on the financial statements of the Mumtaz Hotels Limited Company for the year ended March 31, 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management during the year and the discrepancies noticed on physical verification of fixed assets as compared to book records were not material and have been properly adjusted in the books of account.
- (c) On the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) The inventory has been physically verified during the year by the Management of the Company. The discrepancies noticed on physical verification as compared to the book records were not material and have been properly adjusted in the books of account.
- (iii) The Company has not given any loans, secured or unsecured to companies, firms or Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, matters relating to terms and conditions of granting such loans, repayment of principal amount, interest and recovery thereof etc., are not applicable.
- (iv) According to the information and explanation given and on the basis of our examination of the records, the Company has not given any loans, made investments, given guarantees and security attracting the provisions of sections 185 and 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the products and services offered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess, and any other material statutory dues except in a few cases where there are delays.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the following dues of income tax, fringe benefit tax, expenditure tax, sales tax, value added tax and excise duty, have not been deposited by the Company on account of disputes:

MUMTAZ HOTELS LIMITED

S.No.	Name of Statute	Nature of Dues	Period to which it relates	Amount ₹	Amount paid by the Company ₹	Forum where dispute is pending
1.	Expenditure Tax Act, 1987	Expenditure tax	Assessment Year 2002-03	96,638/-	Nil	Assessing Officer, Kolkata
2.	Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Financial year 2006-07	761,782/-	761,782/-	Uttar Pradesh Commercial Tax Tribunal, Agra
			Financial year 2007-08	189,810/-	189,810/-	Allahabad High Court, U.P.
				951,592/-	951,592/-	
3.	Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Financial Year 2007-08 (3 months)	329,904/-	329,904/-	Uttar Pradesh Commercial Tax Tribunal, Agra
			Financial Year 2007-08	340,839/-	340,839/-	Additional Commissioner (Judicial) Commercial Tax Agra
			Financial Year 2009-10	182,360/-	Nil	Uttar Pradesh Commercial Tax Tribunal, Agra
			Financial Year 2011-12	80,167/-	Nil	Additional Commissioner (Appeals) Commercial Tax Office, Range 1, Agra
			Financial Year 2012-13	177,600/-	Nil	Additional Commissioner (Appeals) Commercial Tax Office, Range 1, Agra
				1,110,870/-	670,743/-	
4.	Central Excise Act 1944	Excise Duty	Financial year 2003-04 to 2007-08	302,065/-		Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Delhi
				302,065/-		
5.	Income Tax Act 1961	Fringe Benefit Tax	Assessment Year 2007-08	128,782/-		Commissioner of Income Tax (Appeals), Kolkata
			Assessment Year 2008-09	443,936/-		Commissioner of Income Tax (Appeals), Kolkata
				572,718/-		

S.No.	Name of Statute	Nature of Dues	Period to which it relates	Amount ₹	Amount paid by the Company ₹	Forum where dispute is pending
6.	Income Tax Act 1961	Income Tax	Assessment Year 2009-10	1,28,174/-		Commissioner of Income Tax (Appeals), Kolkata
			Assessment Year 2012-13	20,794,370/-	20,794,370/-	Commissioner of Income Tax (Appeals), Kolkata
			Assessment Year 2013-14	6,84,039/-	6,84,039/-	Commissioner of Income Tax (Appeals), Kolkata
				21,606,583/-	21,478,409/-	

- (viii) According to the information given to us and on the basis of our examination of the records, the Company has not made any borrowing from a financial institution, bank or government. No debentures have been issued by the Company.
- (ix) According to the information and the explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, provisions of sub-clause (ix) of paragraph 3 of the Order, are not applicable.
- (x) Based on the audit procedures performed and information and explanations given to us, no material fraud on the Company, by its officers or employees, or by the Company, has been noticed or reported in the course of our audit.
- (xi) According to the information given and on the basis of our examination of the records of the Company, no managerial remuneration has been paid or provided in books of account of the Company. Accordingly, the provisions of sub-clause (xi) of paragraph 3 of the Order, are not applicable.
- (xii) Being a hotel company, the provisions of special statutes as may be applicable to a Nidhi Company, are not attracted. Accordingly, the provisions of sub-clause (xii) of paragraph 3 of the Order, are not applicable.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, the transaction with related parties are in compliance with the provisions of section 177 and 188 of the Companies Act, 2013 where applicable and have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under report. Accordingly, the provisions of sub-clause (xiv) of paragraph 3 of the Order, are not applicable.

MUMTAZ HOTELS LIMITED

- (xv) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, no non-cash transactions with directors or persons connected with them has been entered into by the Company.
- (xiv) According to the information and explanation given to us, the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

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

SURESH VIRMANI
Partner
Membership No: 017617

Gurgaon, Haryana
May 16, 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Mumtaz Hotels Limited as at 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accounts of India.

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

SURESH VIRMANI
Partner
Membership No: 017617

Gurgaon, Haryana
May 16, 2016

Balance Sheet

as at 31st March, 2016

		As at 31st March	
		2016	2015
		Rupees	Rupees
	Note		
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2	206,500,000	206,500,000
Reserves and surplus	3	<u>589,672,522</u>	<u>548,824,232</u>
		796,172,522	755,324,232
Non-current liabilities			
Long term borrowings	4	1,977,878	2,877,962
Deferred tax liabilities [net]	5	131,140,835	127,311,899
Other long term liabilities	5A	210,000	210,000
Long term provisions	6	<u>3,082,000</u>	<u>2,796,000</u>
		136,410,713	133,195,861
Current liabilities			
Trade payables	7	78,976,663	65,533,717
Other current liabilities	8	39,923,963	26,961,085
Short-term provisions	9	<u>124,573,332</u>	<u>124,728,415</u>
		243,473,958	217,223,217
Total		<u><u>1,176,057,193</u></u>	<u><u>1,105,743,310</u></u>
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	708,101,042	728,449,739
Intangible assets		532,156	-
Capital work-in-progress		<u>382,000</u>	<u>884,303</u>
		709,015,198	729,334,042
Long term loans and advances	11	1,314,102	1,882,074
Current assets			
Inventories	12	22,120,533	25,034,529
Trade receivables	13	92,446,004	95,277,713
Cash and bank balances	14	277,792,625	210,354,180
Short-term loans and advances	15	67,952,906	38,390,189
Other current assets	16	<u>5,415,825</u>	<u>5,470,583</u>
		465,727,893	374,527,194
Total		<u><u>1,176,057,193</u></u>	<u><u>1,105,743,310</u></u>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 36		

As per our report of even date attached

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

SURESH VIRMANI
Partner
Membership No. 17617

Gurgaon, Haryana
16th May, 2016

BISWAJIT MITRA
Chief Financial Officer

S.N. SRIDHAR
Company Secretary

For and on behalf of the Board

P.R.S. OBEROI *Chairman*
SHIVY BHASIN *Vice-Chairman*
BHARATH BHUSHAN GOYAL *Managing Director*

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
RAJ KATARIA
SANDEEP KUMAR BARASIA

} *Directors*

Statement of Profit and Loss for the year ended 31st March, 2016

		Year ended 31st March	
		2016	2015
		Rupees	Rupees
	Note		
INCOME			
Revenue from operations	17	953,859,236	891,744,764
Other income	18	12,296,998	10,841,536
Total Income		<u>966,156,234</u>	<u>902,586,300</u>
EXPENSES			
Consumption of provisions, stores, wines and smokes	19	52,823,109	49,679,860
Employee benefits expense	20	84,531,601	78,740,723
Finance cost	21	547,822	628,368
Depreciation		25,363,343	39,866,506
Other expenses	22	364,524,591	340,316,636
Total Expenses		<u>527,790,466</u>	<u>509,232,093</u>
Profit before tax		438,365,768	393,354,207
Tax Expense	23		
- Current tax		145,150,000	134,000,000
- Deferred tax		3,828,936	(731,321)
Profit for the year		<u>289,386,832</u>	<u>260,085,528</u>
Earnings Per Share - Basic and Diluted		14.01	12.59
Number of Equity Shares		20,650,000	20,650,000
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 36		

As per our report of even date attached

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

SURESH VIRMANI
Partner
Membership No. 17617

Gurgaon, Haryana
16th May, 2016

BISWAJIT MITRA
Chief Financial Officer

S.N. SRIDHAR
Company Secretary

For and on behalf of the Board

P.R.S. OBEROI *Chairman*
SHIVY BHASIN *Vice-Chairman*
BHARATH BHUSHAN GOYAL *Managing Director*

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
RAJ KATARIA
SANDEEP KUMAR BARASIA

} *Directors*

Cash Flow Statement for the year ended 31st March, 2016

	Year ended 31st March 2016	2015
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax as per statement of profit and loss	438,365,768	393,354,207
Adjustments for:		
Depreciation	25,363,343	39,866,506
Fixed assets written off	270,243	-
(Profit)/Loss on sale of fixed assets (net)	(514,361)	1,053,389
Dividend income from mutual funds	(8,207,108)	(7,692,057)
Provision for wealth tax written back	(179,450)	204,240
Interest income	(1,443,416)	(1,334,521)
Interest expense	547,822	628,368
Prior period expense	195,453	33,963
Operating Profit before Working Capital Changes	454,398,294	426,114,095
Adjustments for:		
Inventories	2,913,996	(4,337,043)
Trade and other receivables	(418,290)	(9,957,221)
Trade payables and other dues	27,221,587	(6,252,798)
Cash generated from operations before tax & prior period items	484,115,587	405,567,033
Prior period expense	(195,453)	(33,963)
	483,920,134	405,533,070
Payment of direct taxes	(171,344,551)	(139,822,059)
Net cash from operating activities	312,575,583	265,711,011
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(6,228,632)	(32,151,909)
Decrease/(Increase) in capital work in progress	502,303	(636,152)
Decrease/(Increase) in advances made for capital contracts	440,299	13,102,616
Sale of fixed assets	925,948	857,946
Interest received	1,482,890	1,384,593
Changes in other bank balances	2,308,988	1,670,654
Dividend income from mutual funds	8,207,108	7,692,057
(Loss)/ Profit on redemption of units of mutual funds	-	-
Cash used in investing activities	7,638,904	(8,080,195)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(547,822)	(628,368)
(Decrease) / Increase of finance lease liability	(1,380,690)	(432,209)
Dividend paid including tax on dividend	(248,538,542)	(244,691,264)
Net cash used in financing activities	(250,467,054)	(245,751,841)
Net increase in cash & cash equivalents (A+B+C)	69,747,433	11,878,975
Opening balance of cash & cash equivalents	201,168,422	189,289,447
Closing balance of cash & cash equivalents	270,915,855	201,168,422

As per our report of even date attached

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

SURESH VIRMANI
Partner
Membership No. 17617

Gurgaon, Haryana
16th May, 2016

BISWAJIT MITRA
Chief Financial Officer

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For and on behalf of the Board

P.R.S. OBEROI *Chairman*
SHIVY BHASIN *Vice-Chairman*
BHARATH BHUSHAN GOYAL *Managing Director*

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
RAJ KATARIA
SANDEEP KUMAR BARASIA } *Directors*

Significant Accounting Policies and Notes on Financial Statements

COMPANY OVERVIEW

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

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

1

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of financial statements

These financial statements of the Company have been prepared on accrual basis of accounting under the historical cost convention in accordance with generally accepted accounting principles in India and comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) in accordance with section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Revenue recognition

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

Use of estimates

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

Provisions, Contingent liability and Contingent assets

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

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

Contingent Assets are not recognised in the financial statements.

Tangible fixed assets and capital work in progress

Fixed assets are stated at cost of acquisition. Expenditure incurred on improvements and construction including interest on borrowed capital and incidental expenses that relate to construction activity are capitalized.

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

Assets acquired under finance lease are capitalized at lower of the fair value and the present value of minimum lease payments at the inception of lease term and are stated at the capitalized value net of accumulated depreciation.

Capital work in progress refers to cost of assets that are under construction, installation and are not ready for their intended use at the reporting date.

Intangible Assets

Intangible assets are recorded at the consideration paid for acquisition and is recorded at cost less accumulated depreciation and impairment.

Depreciation

Depreciation on fixed assets is provided on straight-line method on the useful life of the asset as specified in Part C of Schedule II of the Companies Act, 2013, except for hotel building, motor vehicles acquired under finance lease.

Depreciation for assets purchased/ sold during the period is charged on a pro rata basis.

Management has estimated the balance useful life of the hotel building at 61 years based on technical evaluation carried out by an independent valuer, and believes that the useful life of the hotel building as assessed best represents the period over which the hotel building is expected to be in use. Accordingly, the balance useful life estimated for hotel building is different from the useful life as prescribed in Part C of Schedule II of the Companies Act, 2013.

Motor vehicles under finance lease are amortised over the life of the lease contract. Intangible assets being computer software are amortised on the estimated useful life on a straight line basis over a period of 5 years as per criteria laid down under AS 26 relating to intangible assets.

Depreciation and amortisation methods, useful lives and residual values are reviewed periodically including at the end of each year.

Impairment of assets

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

Investments

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

Transactions in foreign currency

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

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

Retirement benefits

Short Term Employee Benefits

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

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

Post-employment benefits

- (a) The Company operates a defined contribution scheme for Provident Fund and makes regular contributions, which are fully funded and administered by Government. Contributions are recognized in the Statement of Profit and Loss on accrual basis.
- (b) The Company maintains defined benefit plans like Gratuity and Leave Encashment. These plans are not funded and provision is made in the books of account for Gratuity and Leave Encashment on the basis of actuarial valuation using the project unit credit method and the charge is recognized in the Statement of Profit and Loss after considering actuarial gains and losses and benefits paid during the year.

Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined on weighted average cost formula. Unserviceable, damaged, discarded stock and shortages are charged in Statement of Profit and Loss.

Cash and cash equivalents

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

Taxes on income

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

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

Earnings per share

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

Cash flow statement

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

Proposed Dividend

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

Notes on Financial Statements

Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year presentation.

	As at 31st March	
	2016 Rupees	2015 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity shares of ₹ 10 each (2015 - 25,000,000)	250,000,000	250,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP		
20,650,000 Equity shares of ₹ 10 each, fully paid up (2015-20,650,000)	206,500,000	206,500,000
	<u>206,500,000</u>	<u>206,500,000</u>

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

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

	31st March 2016		31st March 2015	
	Number	Amount ₹	Number	Amount ₹
Number of shares at the beginning and close of the year	20,650,000	206,500,000	20,650,000	206,500,000

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

	31st March 2016		31st March 2015	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares held by EIH Limited (Holding Company)	12,390,000	60%	12,390,000	60%
Names of other shareholders holding more than 5% equity shares in the equity capital of the Company				
Mr. Shivy Bhasin	1,560,108	7.56%	1,560,108	7.56%
Mrs. Mridu Bhasin	1,560,107	7.55%	1,560,107	7.55%
Mr. Manav Goyal	1,068,939	5.18%	1,068,939	5.18%
Mr. Gaurav Goyal	1,068,940	5.18%	1,068,940	5.18%

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
3		
RESERVES AND SURPLUS		
(i) Reserves and Surplus		
(a) Securities premium reserve		
Balance at the beginning and close of the year	293,500,000	293,500,000
(b) General reserve		
Balance at the beginning and close of the year	85,500,000	85,500,000
(c) Surplus		
Balance at the beginning of the year	169,824,232	180,704,076
<i>Less:</i> adjustment on account of charge for depreciation due to change in accounting policy (net of deferred tax)	-	22,802,175
<i>Add:</i> Profit for the year transferred from Statement of Profit and Loss	<u>289,386,832</u>	<u>260,085,528</u>
Amount available for appropriations	459,211,064	417,987,429
<u>Appropriations</u>		
Interim dividend	103,250,000	103,250,000
Final dividend	103,250,000	103,250,000
Tax on dividend	<u>42,038,542</u>	<u>41,663,197</u>
Balance at the end of the year	<u>210,672,522</u>	<u>169,824,232</u>
Total of Reserves and Surplus	<u>589,672,522</u>	<u>548,824,232</u>
4		
LONG TERM BORROWINGS		
Long term maturities of finance lease obligations (secured)	<u>1,977,878</u>	<u>2,877,962</u>
	<u>1,977,878</u>	<u>2,877,962</u>

Finance lease obligations are secured against hypothecation of leased assets being motor vehicles. (refer note 28)

Notes on Financial Statements — Contd.

	As at 31st March	
	2016 Rupees	2015 Rupees
5		
DEFERRED TAX LIABILITIES [NET]		
Deferred Tax Liabilities		
Excess of net block of fixed assets as per Companies Act 2013 over written down value as per the provisions of the Income tax Act 1961	133,742,782	128,751,429
Deferred Tax Assets		
Provision for Gratuity	(206,956)	(181,346)
Provision for Leave Encashment	(867,276)	(793,215)
Provision for Bonus	(1,527,715)	(464,969)
	<u>131,140,835</u>	<u>127,311,899</u>

Deferred Tax Liability charge for the current year amounting to ₹ 3,828,936 (2015 - ₹ 731,321) has been recognised in the Statement of Profit and Loss under tax expense (refer note 23)

5A
OTHER LONG TERM LIABILITY

Security deposit from customer	210,000	210,000
	<u>210,000</u>	<u>210,000</u>

6
LONG TERM PROVISIONS

Provision for Employee Benefits		
Leave encashment	2,491,000	2,286,000
Gratuity	591,000	510,000
	<u>3,082,000</u>	<u>2,796,000</u>

CURRENT LIABILITIES

7
TRADE PAYABLES

Amount payable for goods and services *	78,976,663	65,533,717
	<u>78,976,663</u>	<u>65,533,717</u>

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

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

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
8		
OTHER CURRENT LIABILITIES		
Salary & wages and other dues payable	582,926	412,017
Employee related statutory dues payable	4,789,422	1,657,841
Amounts payable for capital expenditure	4,730,537	4,233,635
Security deposit from shops	1,748,000	1,748,000
Current maturity of finance lease obligation	1,325,952	1,806,558
Indirect taxes payable	3,615,120	2,388,786
Income tax deducted at source & payable	6,207,621	7,258,442
Advance from customers	16,924,385	7,455,806
	<u>39,923,963</u>	<u>26,961,085</u>
9		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave encashment	15,000	6,000
Gratuity	7,000	14,000
Compensated absences	153,279	106,122
Other Provisions		
Income Tax *	-	-
Wealth tax	-	204,240
Fringe benefit tax for earlier years	128,782	128,782
Proposed dividend - final	103,250,000	103,250,000
Tax on dividend	21,019,271	21,019,271
	<u>124,573,332</u>	<u>124,728,415</u>

* net of advance tax and tax deducted / tax collected at source aggregating to ₹ 145,150,000 (2015 ₹ 134,000,000)

Notes on Financial Statements — Contd.

Name of the assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	Original Cost as at 1st April 2015	Additions during the year	Sale / Adjustments	Total Cost as on 31st March 2016	As on 1st April 2015	Amount transferred to Retained Earnings	For the year	Written back on sale or adjustment	Total as at 31st March 2016	As at 31st March 2015	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
(i) Tangible Assets											
Freehold Land*	56,985,340	-	-	56,985,340	-	-	-	-	-	56,985,340	56,985,340
Building	701,887,991	-	-	701,887,991	154,069,310	-	8,770,162	162,839,472	539,048,519	547,818,681	
Plant & Machinery	503,791,296	4,944,724	6,199,006	502,537,014	408,736,791	-	10,720,399	5,872,695	413,584,495	88,952,519	
Furniture & Fixtures	95,435,316	121,281	94,312	95,462,159	93,332,328	-	404,462	67,718	93,669,072	1,793,087	
Vehicles on operating lease	28,047,438	-	5,794,313	22,253,125	7,481,915	-	3,523,490	5,504,598	5,500,807	16,752,318	
Vehicles	4,205,147	-	-	4,205,147	1,953,101	-	542,230	-	2,495,331	1,709,816	
Office Equipments	1,330,220	-	148,900	1,181,320	1,059,774	-	83,344	141,455	1,001,663	179,657	
Tangible Assets- Own (A)	1,391,682,748	5,065,879	12,236,531	1,384,512,096	666,633,219	-	24,044,087	11,586,466	679,090,840	705,421,256	725,049,529
Assets on finance lease Vehicles	7,350,114	510,915	1,791,201	6,069,828	3,949,904	-	1,199,573	1,759,435	3,390,042	2,679,786	3,400,210
Tangible Assets- on Finance Lease (B)	7,350,114	510,915	1,791,201	6,069,828	3,949,904	-	1,199,573	1,759,435	3,390,042	2,679,786	3,400,210
TOTAL (A+B)	1,399,032,862	5,576,794	14,027,732	1,390,581,924	670,583,123	-	25,243,660	13,345,901	682,480,882	708,101,042	728,449,739
(ii) Intangible Assets											
Computer Software	3,924,814	651,838	-	4,576,652	3,924,814	-	119,683	-	4,044,495	532,156	-
Grand Total	1,402,957,676	6,228,632	14,027,732	1,395,158,576	674,507,937	-	25,363,343	13,345,901	686,525,377	708,633,198	728,449,739
Previous year	1,379,968,556	32,151,909	9,162,789	1,402,957,676	610,813,390	31,079,496	39,866,506	7,251,455	674,507,937	728,449,739	769,155,166

* Includes Leasehold Land of the value of ₹ 30,592,639 (2015 ₹ 30,592,639) in respect of which the registration formalities for conversion into freehold is pending completion with Agra Development Authority.

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
11		
LONG TERM LOANS AND ADVANCES		
[Unsecured; considered good]		
Advances for capital contracts	-	440,299
Security deposits with Government Agencies/Departments	1,283,455	1,283,455
Prepaid expenses	30,647	158,320
	<u>1,314,102</u>	<u>1,882,074</u>
12		
INVENTORIES		
Provision, stores, wines & smokes	7,711,024	7,789,157
Cutlery, crockery, chinaware, glassware, linen etc.	8,324,540	8,214,660
Other stores	6,084,969	9,030,712
	<u>22,120,533</u>	<u>25,034,529</u>
13		
TRADE RECEIVABLES		
[Unsecured; considered good]		
Debts outstanding over six months	2,574,782	1,478,615
Other debts *	89,871,222	93,799,098
	<u>92,446,004</u>	<u>95,277,713</u>
* includes trade receivables due from related parties (refer note 26)		
14		
CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
- Cash in hand	1,392,794	1,649,890
- Fixed deposit accounts with banks with original maturity of less than three months	230,009,420	149,000,000
- Current accounts	39,513,641	50,518,532
(b) Other Bank Balances		
- Fixed deposits with maturity of three months and less than twelve months	6,876,770	9,185,758
	<u>277,792,625</u>	<u>210,354,180</u>

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
15		
SHORT TERM LOANS AND ADVANCES (Unsecured; considered good)		
Advance to staff	19,243	2,535
Advance to suppliers	1,876,466	2,053,444
Claim recoverable	-	786,529
Sales tax recoverable	2,974,663	2,974,663
Advance service tax	437,236	1,089,538
Cenvat credit refundable	7,755,066	5,422,342
VAT recoverable	66,782	61,445
Prepaid expenses	6,241,940	5,846,578
Security deposits	680,622	682,572
Stamp duty recoverable	2,282,350	-
Advance tax and tax deducted at source refundable *	5,352,502	5,393,296
Income tax refundable	40,266,036	14,055,481
Advance Excise Duty	-	21,766
	67,952,906	38,390,189

* net of provision of income tax ₹ 145,150,000 (2015 ₹ 134,000,000)

16**OTHER CURRENT ASSETS**

Land compensation claim recoverable *	5,190,356	5,190,356
Interest accrued on fixed deposit with banks	225,469	264,943
Other receivables	-	15,284
	5,415,825	5,470,583

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

Notes on Financial Statements — *Contd.*

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
17		
REVENUE FROM OPERATIONS		
Sale of services		
Rooms	675,413,154	625,882,262
Food & beverages	228,090,513	211,722,572
Other operating services	50,355,569	54,139,930
	<u>953,859,236</u>	<u>891,744,764</u>
18		
OTHER INCOME		
Interest	1,443,416	1,334,521
Rent	819,000	624,000
Dividend from mutual funds	8,207,108	7,692,057
Provision for bonus for earlier years reversed	-	136,944
Provision for wealth tax of earlier years written back	179,450	-
Profit on sale of assets (net)	514,361	-
Foreign currency incentive	1,133,663	1,054,014
	<u>12,296,998</u>	<u>10,841,536</u>
19		
CONSUMPTION OF PROVISIONS, STORES, WINES AND SMOKES		
Opening stock	7,789,157	6,837,447
<i>Add:</i> Purchases	<u>52,744,976</u>	<u>50,631,570</u>
	60,534,133	57,469,017
<i>Less:</i> Closing stock	<u>7,711,024</u>	<u>7,789,157</u>
	<u>52,823,109</u>	<u>49,679,860</u>
20		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	72,950,251	66,663,287
Company's contribution to provident fund and other funds	3,574,858	3,322,105
Workmen & staff welfare expenses	8,006,492	8,755,331
	<u>84,531,601</u>	<u>78,740,723</u>

Notes on Financial Statements — *Contd.*

	Year ended 31st March	
	2016 Rupees	2015 Rupees
21		
FINANCE COST		
Interest	547,822	628,368
	<u>547,822</u>	<u>628,368</u>
22		
OTHER EXPENSES		
Expenses on apartment & board	22,042,212	22,889,478
Contract services	15,636,884	13,532,835
Power & fuel	56,672,397	62,380,109
Rent	3,469,984	3,185,347
Repairs		
- Building	14,232,916	8,989,221
- Plant & machinery	20,475,255	16,498,891
Royalty	9,643,914	9,021,129
Hotel operating fees	61,509,658	58,289,040
Advertisement, publicity & other promotional expenses	53,173,605	51,853,523
Commission to travel agents & on credit cards	54,061,553	40,336,932
Rates & taxes	14,961,100	13,040,289
Insurance	1,851,307	1,825,495
Loss on sale of assets	-	1,053,389
Auditors remuneration		
- As auditor	1,250,000	1,250,000
- For taxation matters	100,000	100,000
- For certification	165,000	165,000
- For reimbursement of out of pocket expenses	19,450	35,104
Corporate Social Responsibility	4,357,018	6,792,001
Prior period expenses	195,453	33,963
Miscellaneous	30,706,885	29,044,890
	<u>364,524,591</u>	<u>340,316,636</u>
23		
TAX EXPENSES		
Current tax	145,150,000	134,000,000
Deferred tax	3,828,936	(731,321)
	<u>148,978,936</u>	<u>133,268,679</u>

Notes on Financial Statements — *Contd.***24 Contingent liabilities and commitments****I Contingent Liabilities not provided for in respect of :**

Claims against the Company pending adjudication by the Hon'ble High Court of Allahabad / Assessing officer / Appellate authorities:

- (i) Stamp Duty ₹ 10,231,992 (2015 - ₹ 10,231,992). Stamp duty of ₹ 6,207,992 is pending adjudication by the Hon'ble High Court of Allahabad and against which the Company has paid ₹ 2,282,350 and obtained a stay of demand. Other stamp duty matters ₹ 4,024,000 (2015 - ₹ 4,024,000)
- (ii) Expenditure tax ₹ 96,638 (2015 - ₹ 96,638)
- (iii) Sales tax demand ₹ 951,592 (2015 - ₹ 951,592)
- (iv) Value Added Tax ₹ 1,110,870 (2015 - ₹ 853,103)
- (v) Central Excise duty demand ₹ 302,065 (2015 - ₹ 302,065)
- (vi) Fringe Benefit Tax ₹ 443,936 (2015 - ₹ 443,936)
- (vii) Income Tax demand ₹ 21,606,583 (2015 - ₹ 20,922,544)

II Commitments

- (a) The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ Nil (2015 - ₹ 68,386).
- (b) Other commitments ₹ Nil (2015 ₹ Nil)

25 Corporate Social Responsibility

The Company has made an expenditure of ₹ 4,357,018 (2015 - ₹ 6,792,001) towards Corporate Social Responsibility Activities under section 135 of the Companies Act 2013 on account of the following:

	Year ended 31st March	
	2016 ₹	2015 ₹
a) Swachh Bharat Abhiyyan	257,018	138,249
b) Contribution to the Prime Minister's Relief Fund	-	6,653,752
c) Contribution to the Helpage India	4,100,000	-
	4,357,018	6,792,001

Notes on Financial Statements — Contd.

26

RELATED PARTY DISCLOSURES

(A) Names of the related parties of the Company are as follows

(I) Holding Company

EIH Limited

(II) Fellow Subsidiary Companies

- (a) Mashobra Resorts Limited
- (b) EIH International Limited
- (c) Oberoi Kerala Hotels and Resorts Limited
- (d) EIH Flight Services Limited, Mauritius

(III) Enterprises in which key management person has significant influence.

Adyar Gate Hotels Limited

(IV) Key Management Person

Mr. Bharath Bhushan Goyal - Managing Director

Mr. Biswajit Mitra - Group Chief Financial Officer

Mr. S.N. Sridhar - Group Company Secretary

(B) Transactions with Related Parties during the Financial Year and Outstanding Balances as at 31st March 2016

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises in which Key Management person has significant influence	Key Management Person
	₹	₹	₹	₹
Purchases				
Goods & services [inclusive of service tax of ₹ 2,879,346 (₹ 2,670,395)]	31,909,232	37,141		
	(33,349,797)	(51,118)		
Expenses				
Management contract [inclusive of service tax of ₹ 11,661,724 (₹ 9,434,548)]	92,475,589			
	(85,765,846)			
Remuneration				
Board sitting fees				160,000 (120,000)
Sales				
Goods & services	2,596,442	61,186		
	(1,390,378)	(47,765)		
Fixed Assets	13,680			
	(-)			
Outstanding Balances				
Payables				
For Goods & services	40,882,570	387,627		-
	(32,162,359)	(-)		
Receivables				
For Goods & services	978,988	41,878		-
	(427,655)	(13,167)		

Figures in brackets relate to 2015

Notes on Financial Statements — Contd.

- 27 The Company has changed the method of valuation of inventories from first-in first-out method to weighted average method with effect from May 1, 2015. Had the Company followed the first-in first-out method, the profit for the year would have been higher by ₹ 19,084.

28

LEASES

(A) Finance Lease

As Lessee

Fixed assets - Leased Vehicles refer to leased assets acquired under finance leases and capitalised at the present value of minimum lease payments. The depreciation charged on such assets amounts to ₹ 1,199,573 (2015 - ₹ 1,305,955). The yearwise break-up of outstanding lease obligations are detailed as under:

The minimum lease payments outstanding as on 31st March 2016 amounts to ₹ 4,126,488 (2015 - ₹ 5,943,314) and the present value of lease liabilities amounts to ₹ 3,303,830 (2015 - ₹ 4,684,520)

	Year ended 31st March	
	2016	2015
	₹	₹
(i) not later than one year		
Minimum lease payments	1,762,718	2,393,858
Present value as at 31st March 2016	1,325,952	1,806,558
(ii) later than one year but not later than five years		
Minimum lease payments	2,363,770	3,549,456
Present value as at 31st March 2016	1,977,878	2,877,962
(iii) later than five years		
Minimum lease payments	-	-
Present value as at 31st March 2016	-	-

(B) Operating Leases

(I) As Lessor

The Company has entered into arrangements for giving shop premises, accommodation and motor vehicles on operating lease. Depreciation on shop premises and accommodation is not separately determinable as it is part of hotel building. Depreciation on motor vehicles for the year is ₹ 4,065,720 (2015 - ₹ 1,977,320)

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

	Non cancellable Amount	Cancellable Amount
	₹	₹
(i) not later than one year	-	-
(ii) later than one year but not later than five years	-	-
(iii) later than five years	-	-
Contingent rent recognized as income in Statement of Profit and Loss		
₹ 3,199,780 (2015 - ₹ 4,842,033).		

(II) As Lessee

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

(i) not later than one year	-	-
(ii) later than one year but not later than five years	-	-
(iii) later than five years	-	-

(Figures in bracket represent figures for 2015)

The Company has entered into cancellable lease agreements for residential premises for employees. The lease rentals of ₹ 3,469,984 (net of recoveries of ₹ 899,037) (2015 - ₹ 3,185,347 /-) (net of recoveries of ₹ 848,123) has been shown as rent under Other Expenses.

Notes on Financial Statements — Contd.

29 Post retirement Benefits

Long Term Defined Benefit Plans in respect of Gratuity and Leave Encashment on 31st March 2016 as per Actuarial Valuation using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		2016		2015							
		Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded						
		₹	₹	₹	₹						
I	Components of Employer Expenses										
1	Current Service Cost	205,000	196,000	176,000	134,000						
2	Interest Cost	38,000	140,000	36,000	150,000						
3	Expected Return on Plan Assets	-	-	-	-						
4	Curtailment Cost / (Credit)	-	-	-	-						
5	Settlement Cost / (Credit)	-	-	-	-						
6	Past Service Cost	-	-	-	-						
7	Actuarial Losses / (Gains)	(72,768)	993,910	(40,846)	341,000						
8	Total expenses recognised in the Statement of Profit and Loss	170,232	1,329,910	171,154	625,000						
II	Net Asset / (liability) recognised in Balance Sheet as at 31st March 2016										
1	Present Value of Defined Benefit Obligations	598,000	2,506,000	524,000	2,292,000						
2	Fair Value on Plan assets	-	-	-	-						
3	Status [Surplus / (Deficit)]	-	-	-	-						
4	Unrecognised Past service Cost	-	-	-	-						
5	Net Asset / (Liability) recognised in Balance Sheet	598,000	2,506,000	524,000	2,292,000						
III	Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2016										
1	Present value of DBO at the beginning of the year	524,000	2,292,000	438,000	1,667,000						
2	Current Service Cost	205,000	196,000	176,000	134,000						
3	Interest Cost	38,000	140,000	36,000	150,000						
4	Curtailment Cost / (Credit)	-	-	-	-						
5	Settlement Cost / (Credit)	-	-	-	-						
6	Plan Amendments	-	-	-	-						
7	Acquisitions	-	-	-	-						
8	Actuarial (Gains) / Losses	(72,768)	993,910	(40,846)	341,000						
9	Benefits paid	(96,232)	(1,115,910)	(85,154)							
10	Present Value of DBO at the end of the year*	598,000	2,506,000	524,000	2,292,000						
	*Comprises of										
	Current liability	7,000	15,000	14,000	6,000						
	Non-Current liability	591,000	2,491,000	510,000	2,286,000						
IV	Actuarial Assumptions		2016		2015						
1	Discount Rate (%)		7.95%		8.05%						
2	Expected rate of return		-		-						
3	Salary Escalation (%)		5.00%		5.00%						
4	Mortality		LIC (2006-08) mortality tables		LIC (1994-96) mortality tables						
V	Experience Adjustments		2016	2015	2014	2013	2012				
	Net Asset / (Liability) recognised in Balance Sheet (including experience adjustment impact)	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment		
		₹	₹	₹	₹	₹	₹	₹	₹		
1	Present value of DBO	598,000	2,506,000	524,000	2,292,000	438,000	1,667,000	423,000	1,388,000	273,000	1,263,000
2	Fair Value of Plan Assets	0	0	0	0	0	0	0	0	0	0
3	Status [Surplus / (Deficit)]	(598,000)	(2,506,000)	(524,000)	(2,292,000)	(438,000)	(1,667,000)	(423,000)	(1,388,000)	(273,000)	(1,263,000)
4	Experience Adjustments on Plan liabilities (gains) / losses	(72,768)	993,910	(40,846)	341,000	(213,000)	20,000	(14,000)	(88,000)	(181,000)	756,000

Notes on Financial Statements — *Contd.*

		Year ended 31st March	
		2016	2015
30	Value of Imports calculated on C.I.F. basis in respect of		
	(i) Raw Materials	-	-
	(ii) Spares	443,223	720,942
	(iii) Capital goods	<u>3,598,960</u>	<u>24,158,742</u>
		<u>4,042,183</u>	<u>24,879,684</u>
31	Expenditure in foreign currency: Marketing, room commission & others (including amounts provided but not paid)	11,039,113	9,612,314
32	Earnings in foreign exchange For hotel services (as certified by Management) inclusive of taxes	837,999,525	761,982,649
33	Total value of consumption of Indigenous & Imported Raw materials and Spares:		
		Amount ₹	Percentage
	Raw Materials		
	Imported	-	
	Indigenous	<u>52,823,109</u>	<u>100.00%</u>
	Spares		
	Imported	491,067	4.09%
	Indigenous	<u>11,528,519</u>	<u>95.91%</u>
		<u>12,019,586</u>	<u>100.00%</u>
34	Particulars of unhedged foreign currency exposure as at the balance sheet date		
	Trade Payables		
	(i) USD 24,313.96 (₹ 1,623,443) [2015 USD 15,135.68 (₹ 947,342)]		
	(ii) Euro 400 (₹ 30,312) [2015 Euro 400 (₹ 27,004)]		
	(iii) GBP 3,000 (₹ 288,450) [2015 GBP 2,885 (₹ 266,718)]		
	Trade Receivables Nil (2015 Nil)		
35	The Board of Directors in their meeting held on February 11, 2016 declared an interim dividend of ₹ 5/- per equity share. Further, the Board of Directors in their meeting held on May 16, 2016 proposed a final dividend of ₹ 5/- per equity share. The proposed dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend appropriation amounted to ₹ 248,538,542/- including corporate dividend tax of ₹ 42,038,542/-.		
	For the year ended March 31, 2015, the Company paid dividend of ₹ 10/- per share. The dividend appropriation for the year ended March 31, 2015 amounted to ₹ 248,163,197 including corporate dividend tax of ₹ 41,663,197/-.		
36	The Company has only one business segment - Hotels. Accordingly, disclosure of segment wise information is not applicable under Accounting Standard (AS) 17 relating to Segment Reporting.		

For and on behalf of the Board

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

SURESH VIRMANI
Partner
Membership No. 17617

Gurgaon, Haryana
16th May, 2016

BISWAJIT MITRA
Chief Financial Officer

S.N. SRIDHAR
Company Secretary

P.R.S. OBEROI
SHIVY BHASIN
BHARATH BHUSHAN GOYAL

Chairman

Vice-Chairman

Managing Director

T. K. SIBAL
ARJUN OBEROI
VIKRAM OBEROI
MANISH GOYAL
RAJ KATARIA
SANDEEP KUMAR BARASIA

Directors

MASHOBRA RESORT LIMITED

BOARD

Mr. Parthasarathi Mitra, *Chairman*
Mr. Vidya Chander Pharka
Dr. Shrikant Baldi

}] *Nominees of the Government of
Himachal Pradesh*

Mr. Vikram Oberoi
Mr. S.N. Sridhar
Mr. T.K. Sibal
Mr. Arjun Oberoi, *Managing Director*

}] *Nominees of EIH Limited*

Mr. Viresh S. Mathur, *Independent Director*
Mr. Shashank Bhagat, *Independent Director*

AUDITORS

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

REGISTERED OFFICE

Hotel Wildflower Hall
Chharabra
Shimla - 171 012
Himachal Pradesh

DIRECTORS' REPORT

The Members
Mashobra Resort Limited

The Board presents its Twenty First Annual Report together with the Audited Financial Statement and the Auditor's Report for the Financial Year ended on 31st March, 2016.

Financial Highlights

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

Particulars	₹	
	2015-16	2014-15
Total Revenue	457,747,097	380,436,110
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	232,992,037	180,044,516
Interest	1,152,354	1,157,445
Depreciation and Amortization Expenses	36,361,627	37,589,682
Profit / (Loss) before Tax	195,478,056	141,297,389
Tax including Deferred Tax	68,133,360	39,550,034
Profit / (Loss) after Tax	127,344,696	101,747,355
Profit / (Loss) Brought Forward from earlier year	(532,570,770)	(617,630,642)
Profit / (Loss) Carried Over	(405,226,074)	(532,570,770)
Carrying amount of fixed assets where remaining useful life as on 1.4.2014 is Nil	–	(16,687,483)

Performance

During the Financial Year under review, the Company's Total Revenue was ₹ 457,747,097 as compared to ₹ 380,436,110 in the previous year. This represents an increase of 20.32 %. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 232,992,037 as compared to ₹ 180,044,516 in the previous year, an increase of 29.14 %. The Profit after tax was ₹ 127,344,696 as compared to ₹ 101,747,355, an increase of 25.16%.

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:

- in preparing the Annual Accounts, it has followed applicable Accounting Standards and that there are no material departures;
- 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;
- 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 the Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) the Directors have prepared the Annual Accounts of the Company on a “going concern” basis; 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.

Directors

Mr. Parthasarathi Mitra was appointed by the Board on 20th June, 2014 in the casual vacancy caused due to vacation of office by Mr. Sudripta Roy. Mr. Mitra will hold office till Mr. Roy 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 a sum of ₹ 100,000 has been received from a shareholder proposing the appointment of Mr. Mitra as a regular Director on the Board, liable to retire by rotation.

Mr. Vikram Oberoi and Mr. V.C. Pharka retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014, Company had formulated a CSR Policy in the Financial Year 2014-15. The Policy can be accessed on the holding Company’s website www.eihltd.com. The salient features of the Policy and the Annual Report on the CSR activities for the Financial Year 2015-16 is given in **Annexure-I** to this Report.

On the recommendation of the CSR Committee, the Board of Directors had approved a CSR spend of ₹ 2,200,000 for the Financial Year 2015-16, being 2% of the average net profit in the preceding three Financial Years. The carry forward CSR spend from the previous Financial Year 2014-15 was ₹ 319,168. Thus the total CSR spend for the Financial Year 2015-16 was ₹ 2,519,168.

CSR activities carried out during the Financial Year 2015-16 are as under:

- a) Repairing work at school for Hearing and Visually Impaired, Dhalli, Shimla;
- b) Setting up of Vocational Training Centre in the school for Hearing and Visually Impaired;
- c) Repair work in the primary school at Village Chharabra;
- d) Swachh Bharat Abhiyaan around 500 meters of the Hotel premises.

On the aforesaid activities, the Company had spent ₹ 2,028,934 as at the end of Financial Year i.e. 31st March, 2016. Some of the works which had commenced in the Financial Year could not be completed as at 31st March, 2016. The works relating to balance amount of ₹ 490,234 will spill over to Financial Year 2016-17 and are expected to be completed by 31st May, 2016. This amount will be in addition to what the Company is required to spend in the Financial Year 2016-17.

CSR Committee met twice during the year on 10th September, 2015 and 14th March, 2016 and both the meeting was attended by all the members.

Audit Committee

The Audit Committee of the company comprises of three members, namely, Mr. Shashank Bhagat, Independent Director and Chairperson of the Audit Committee, Mr. Viresh S. Mathur, Independent Director and Member and Mr. Arjun Oberoi, Managing Director and Member. During the year, the Board had approved one Nominee Director of Himachal Pradesh Government as the “permanent invitee” in the Audit Committee Meetings. Audit Committee met on 14th March, 2015 and the meeting was attended by all the members.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) comprises of three members, namely Mr. Shashank Bhagat, Mr. Viresh S. Mathur, Independent Directors and Mr. Vikram Oberoi. NRC met on 14th May, 2015 and the meeting was attended by all the members.

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

The Company had formulated a Policy on Directors’ Appointment and Remuneration last year in accordance with Section 178 of the Companies Act, 2013, a copy of which is annexed as **Anneuxre - II**. The policy can also 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 of the Companies Act, 2013.

The Company has also put in place a Board Evaluation Process and Policy for evaluation of Board of Directors, Independent Directors and Committees etc. In accordance with Board approval, M/s Excellence Enablers Private Limited led by former SEBI Chairman, Mr. M. Damodaran had conducted the process of Board evaluation of the Board, Committees and Individual Directors. Mr. Damodaran has submitted his report to the Nomination and Remuneration Committee (“NRC”) and the Board. The NRC and Board had taken note of this report.

Independent Directors and their Meeting

The Company has two Independent Directors, namely, Mr. Viresh S. Mathur and Mr. Shashank Bhagat. Both the Independent Directors have given declaration that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013. During the Financial Year, Independent Directors met on 14th March, 2016 and discussed the requirements as prescribed under part VII (3) of Schedule IV of the Companies Act, 2013 viz: Code for Independent Directors.

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 and reported to the Audit committee and the Board.

Energy Conservation Measures

Energy conservation measures taken during the year include installation of condensate heat recovery system for Jacuzzi water heating, up-gradation of capacitor bank for power factor improvement, replacement of incandescent and fluorescent lamps in guest rooms and lobby restaurant to energy efficient LED lamps and energy audit of the hotel.

Some of the actions planned for next year are installation of condensate heat recovery system for domestic water system and replacement of fluorescent lamps to energy efficient LED lamps in back of the house areas.

Foreign Exchange Earnings and outgo

Foreign exchange earnings during the year amounted to ₹ 111,202,628 as compared to ₹ 62,881,802 in the previous year. The outflow of foreign exchange during the year was ₹ 4,314,064 as compared to ₹ 3,574,382 in the previous year.

Auditor

The Auditors, M/s Ray & Ray, (FRN.301072E), Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the 21st 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 141 of the Companies Act, 2013. Directors recommend their appointment as auditors of the Company for the Financial Year 2016-17.

Auditors' Report

The Auditors' Observations in their report have been fully explained in Note no. 24 & 28 of the financial statement and do not call for any further comments.

Significant and Material Orders, if any

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

Related Party Transactions

The Contracts, arrangements or transactions with Related Parties are in the ordinary course of business and are at arm's length. There are no material Contracts, arrangements or transactions 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. The Related Party Transactions entered during the year are given in Note no.30 of the financial statement.

Internal Financial Controls

The Company has put in place adequate internal financial control systems commensurate with the size and operation of the business.

Extract of Annual Return

Extract of Annual return in Form MGT-9 is annexed. **(Annexure –III)**

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 for establishment of a Vigil Mechanism

as required under 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 14th May, 2015, 10th September, 2015, 27th November, 2015 and 14th March, 2016 respectively. Mr. Arjun Oberoi, Mr. Vikram Oberoi, Mr. T.K. Sibal, Mr. S.N. Sridhar and Mr. Viresh S Mathur attended all four meetings. Mr. P. Mitra, Dr. Srikant Baldi and Mr. Shashank Bhagat attended three meetings. Mr. V.C. Pharka attended two meetings.

Subsidiaries, Associates and Joint Ventures

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

Director / KMP Remuneration

The Key Managerial Personnel of the Company Mr. Arjun Oberoi, Managing Director, Mr. Biswajit Mitra, CFO and Mr. S.N. Sridhar Company Secretary does not draw any remuneration from the Company. Sitting fee of Rs. 40,000 per sitting of the Board or a committee thereof is paid to all Directors. Total sitting fee paid during the Financial Year 2015-16 was Rs. 1,800,000.

Particulars of Employees

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

Awards

Awards won by Wildflower Hall, Shimla are as under:

Top 25 Hotels for Service in India (Ranked 1st)	TripAdvisor, Travellers' Choice Awards 2016
Top 25 Hotels in India (Ranked 1st)	TripAdvisor, Travellers' Choice Awards 2015

Acknowledgement

Your Directors wish to place on record their deep appreciation of the commitment and dedication of the employees at all levels, which has been critical for the Company's performance. The Directors look forward to their continued support in future.

For and on behalf of the Board

Shimla
11th May, 2016

ARJUN OBEROI
Managing Director

T.K. SIBAL
Director

*Annexure- I***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 Policy"). As per the Policy, the Company 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 Swachh 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 10th September, 2015, on the recommendation of the CSR Committee, approved a CSR spend of Rs 2,200,000 (being 2% of the average net profits of the Company made during the three immediately preceding Financial Years) for the Financial Year 2015-16. The carry forward CSR spend from the previous Financial Year 2014-15 was Rs. 319,168. Thus the total CSR spend for the Financial Year 2015-16 was Rs. 2,519,168. This was spent 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;
- iii) Primary School at Village Chharabra; and
- iv) Swachh Bharat Abhiyaan

The homes mentioned in (i) and (ii) fall under Himachal Pradesh State Council for Child Welfare, Shimla.

The following work was recommended by the CSR Committee in the aforesaid Institutions and carried out during the Financial Year 2015-16:

- a) Repairing work at School for Hearing and Visually Impaired, Dhalli, Shimla;
- b) Setting up of Vocational Training Centre in the same School;
- c) Repair work in the Primary School at Village Chharabra, Shimla;

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

₹ 108,477,849

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

₹ Rs. 2,200,000

5. Details of CSR spent during the Financial Year

- a) Total Amount to be spent for the Financial Year : ₹ 2,519,168;
- b) Amount unspent, if any : ₹ 490,234;
- c) Manner in which the amount spent during the Financial Year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR Project or activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads: (₹)	Cumulative expenditure up to the reporting period (₹)	Amount spent Direct or through implementing agency
1.	Promoting education by setting up homes & hostels for differently abled children	Rural	Special Home for Speech & Hearing impaired and Visually challenged Children, Dhalli, Shimla, Himachal Pradesh	319,168	319,168	319,168	Direct
2.	Promoting education by setting up & repairing School for the Hearing and Visually impaired	Rural	Repair work at the School for the Hearing and Visually impaired, Dhalli, Shimla, Himachal Pradesh	1,100,000	1,161,076	1,161,076	Direct
3.	Promoting education by setting up vocational training centre in the School for the Hearing and visually impaired	Rural	Setting up of Vocational training centre in the School for the Hearing and visually impaired, Dhalli, Shimla	400,000	-	-	-
4.	Promoting education by Repairing School building	Rural	Repair work in the Primary School at Village Chharabra, Shimla, Himachal Pradesh	500,000	461,285	461,285	Direct
5.	Swachh Bharat Abhiyan	Rural	NH-22 near Chharabra Market, Shimla, Himachal Pradesh	200,000	87,005	87,005	Direct
			TOTAL	2,519,168	2,028,934	2,028,934	

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

*Annexure-II***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-I**.

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.

4.6 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.

Attachment I

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.

Annexure-III

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

As at Financial Year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (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

S.No.	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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	7,000,000	7,000,000	21.21	-	70,00,000	7,000,000	21.21	-
d) Bodies Corp.	-	26,000,000	26,000,000	78.79	-	26,000,000	26,000,000	78.79	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	33,000,000	33,000,000	100.00	-	33,000,000	33,000,000	100	-
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):-	-	-	-	-	-	-	-	-	-
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 - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	33,000,000	33,000,000	100.00	-	33,000,000	33,000,000	100.00	-

(ii) Shareholding of Promoters

S.No.	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	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Government of Himachal Pradesh	7,000,000	21.21	-	7,000,000	21.21	-	-
2	EIH Limited	25,999,995	78.79	-	25,999,995	78.79	-	-
3	Oberoi Hotels Private Ltd	1	-	-	1	-	-	-
4	Oberoi Holdings Private Ltd	1	-	-	1	-	-	-
5	Oberoi Properties Private Ltd	1	-	-	1	-	-	-
6	Oberoi Investments Private Ltd	1	-	-	1	-	-	-
7	Oberoi Plaza Private Ltd	1	-	-	1	-	-	-
	Total	33,000,000	100.00	-	33,000,000	100.00	-	-

(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	33,000,000	100.00	33,000,000	100.00
	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	33,000,000	100.00	33,000,000	100.00

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S.No	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 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 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. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	1,745,062	5,000,000	-	6,745,062
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,745,062	5,000,000	-	6,745,062
Change in Indebtedness during the Financial Year				
Addition	-	-	-	-
Reduction	686,480	-	-	686,480
Net Change	686,480	-	-	686,480
Indebtedness at the end of the Financial Year				
i) Principal Amount	1,058,582	5,000,000	-	6,058,582
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,058,582	5,000,000	-	6,058,582

Note :

- 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.
- 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 (Rs)
		Mr. Arjun Oberoi, MD	
1	Gross salary	N.A	-
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	N.A	-
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	N.A	-
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	N.A	-
2	Stock Option	N.A	-
3	Sweat Equity	N.A	-
4	Commission - as % of profit - others, specify...	N.A	-
5	Others- Sitting Fee	280,000	280,000
	Total (A)	280,000	280,000
	Ceiling as per the Act	10% of Net Profits	

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)
		Mr. Shashank Bhagat	Mr. Viresh Mathur	
1	Independent Directors			
	Fee for attending board committee meetings	280,000	240,000	520,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	280,000	240,000	520,000

2	Other Non-Executive Directors	Mr. Vikram Oberoi	Mr. T.K. Sibal	Mr. P. Mitra*	Mr. V. C. Pharka*	Dr. Shrikant Baldi*	Mr. S.N. Sridhar	Total
	Fee for attending board committee meetings	280,000	160,000	200,000	80,000	120,000	160,000	1,000,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	280,000	160,000	200,000	80,000	120,000	160,000	1,000,000
	Total (B)=(1+2)	-	-	-	-	-	-	1,520,000
	Total Managerial Remuneration							Nil
	Overall Ceiling as per the Act	11% of Net Profits						

* Sitting fee of the H.P Government nominee Directors have been deposited in the H.P Government treasury.

Note: Sitting fee does not form part of Managerial Remuneration.

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	N.A	N.A	N.A	N.A
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	N.A	N.A	N.A	N.A
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	N.A	N.A	N.A	N.A
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	N.A	N.A	N.A	N.A
2	Stock Option	N.A	N.A	N.A	N.A
3	Sweat Equity	N.A	N.A	N.A	N.A
4	Commission - as % of profit others, specify...	N.A N.A N.A	N.A N.A N.A	N.A N.A N.A	N.A N.A N.A
5	Others, please specify	N.A	N.A	N.A	N.A
	Total	N.A	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			None		
Punishment			None		
Compounding			None		
B. DIRECTORS					
Penalty			None		
Punishment			None		
Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment			None		
Compounding			None		

For and on behalf of the Board

Place: Shimla
Date: 11th May, 2016ARJUN OBEROI
Managing DirectorT.K. SIBAL
Director

INDEPENDENT AUDITORS' REPORT

To
The Members of
Mashobra Resort Limited

Report on the Financial Statements

We have audited the accompanying financial statements of MASHOBRA RESORT LIMITED ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, 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.

Auditors' 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, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

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

Note 24(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 Note 28 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 matters and accordingly the impact, if any, on the financial statements has not been ascertained.

Note 24(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 a 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, 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 ('the Act') we give in the Annexure-A a statement on the matters specified in paragraph 3 & 4 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in Annexure-B, and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 has been disclosed in note 25(i). However, the impact of pending litigations against the Company on its financial position in its financial statements is not ascertainable as indicated in note 24(i) and 28.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company and as such, the question of delay does not arise.

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

Shimla
11th May, 2016

ANIL P. VERMA
Partner
Membership No. 090408

ANNEXURE-A TO AUDITORS' REPORT OF MASHOBRA RESORT LIMITED

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2016. We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Fixed Assets of the Company have been physically verified by the management in terms of a phased programme adopted by the Company which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) (a to c) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given loans, guarantees and security in accordance of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records by the Company under Section 148(1) of the Companies Act, 2013. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income Tax, Service Tax, Employees' State Insurance, Sales tax/Value Added tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of above were outstanding, as at 31.03.2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of Sale tax/ Value Added tax, Income-tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute. However, according to information and explanations given to us the following dues of Service

tax have not been deposited by the Company on account of a 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	5,163,974	Financial Year 2004-2005 to 2008-2009	Customs, Excise & Service Tax Appellate Tribunal

- (viii) The Company has not defaulted in repayment of loans or borrowings from government. There are no loans or borrowings from financial institutions, banks or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of our audit.
- (xi) Based on our examinations of the records of the Company, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

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

ANIL P. VERMA
Partner
Membership Number 090408

Shimla
11th May, 2016

ANNEXURE-B TO AUDITORS' REPORT OF MASHOBRA RESORT LIMITED

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

We have audited the internal financial controls over financial reporting of Mashobra Resort Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accounts of India.

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

ANIL P. VERMA
Partner
Membership No. 090408

Shimla
11th May, 2016

Balance Sheet

as at 31st March, 2016

	Notes	Rupees	As at 31st March	
			2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	330,000,000		330,000,000
Reserves and Surplus	3	<u>(405,226,074)</u>		<u>(532,570,770)</u>
			(75,226,074)	(202,570,770)
ADVANCE TOWARDS EQUITY				
			<u>1,361,925,454</u>	<u>1,361,925,454</u>
NON CURRENT LIABILITIES				
Long Term Borrowings	4	5,493,964		6,058,582
Long Term Provisions	5	<u>2,245,394</u>		<u>1,780,641</u>
			7,739,358	7,839,223
CURRENT LIABILITIES				
Trade Payables	6	26,012,865		17,766,708
Other Current Liabilities	7	14,119,165		17,408,363
Short Term Provisoins	8	<u>77,956,621</u>		<u>36,236,443</u>
			<u>118,088,651</u>	<u>71,411,514</u>
TOTAL			<u>1,412,527,389</u>	<u>1,238,605,421</u>
ASSETS				
NON CURRENT ASSETS				
Fixed Assets				
Tangible Assets	9	493,551,926		522,561,820
Intangible Assets	9	499,155		-
Capital Work-in-Progress		517,512		-
Intangible Assets under Development and Implementation		-		510,273
		<u>494,568,593</u>		<u>523,072,093</u>
Deferred Tax Assets (Net)	10	34,753,293		102,886,293
Long Term Loans and Advances	11	<u>2,702,716</u>		<u>986,466</u>
			532,024,602	626,944,852
CURRENT ASSETS				
Inventories	12	18,037,010		14,362,565
Trade Receivables	13	19,976,438		16,919,216
Cash and Bank Balances	14	676,800,311		501,810,900
Short Term Loans and Advances	15	159,498,040		75,811,781
Other Current Assets	16	<u>6,190,988</u>		<u>2,756,107</u>
			<u>880,502,787</u>	<u>611,660,569</u>
TOTAL			<u>1,412,527,389</u>	<u>1,238,605,421</u>
Significant Accounting Policies	1			

The notes are an integral part of these financial statements

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

For RAY & RAY
Chartered Accountants

ANIL P. VERMA
Partner
Membership Number 90408

Shimla
11th May, 2016

BISWAJIT MITRA
Chief Financial Officer

ARJUN OBEROI
Managing Director

S.N. SRIDHAR
Company Secretary

T.K. SIBAL
Director

Statement of Profit and Loss for the year ended 31st March, 2016

	Notes	Year ended 31st March	
		2016 Rupees	2015 Rupees
Income			
Revenue from Operations	17	405,809,175	338,777,025
Other Operating Income	18	871,195	679,023
Other Income	19	51,066,727	40,980,062
Total Revenue		457,747,097	380,436,110
Expenses			
Cost of Materials Consumed	20	23,654,266	21,725,817
Employee Benefits Expense	21	59,409,263	57,237,422
Finance Costs	22	1,152,354	1,157,445
Depreciation and Amortisation Expenses (Refer Note 26)		36,361,627	37,589,682
Other Expenses	23	141,691,531	121,428,355
Total Expenses		262,269,041	239,138,721
Profit before Taxation		195,478,056	141,297,389
Tax Expense			
Current Tax		47,719,000	29,617,000
Less: MAT Credit Entitlement		(41,719,000)	(29,617,000)
Net Current Tax		-	-
Mat Credit Entitlement Adjustment for Earlier Year		360	(408,846)
Deferred Tax		68,133,000	39,958,880
Profit for the period		127,344,696	101,747,355
Earnings per Equity Share			
Earnings per Equity Share	37		
Basic		3.86	3.08
Diluted		3.86	3.08

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

ANIL P. VERMA
Partner
Membership Number 90408

Shimla
11th May, 2016

BISWAJIT MITRA
Chief Financial Officer

ARJUN OBEROI
Managing Director

S.N. SRIDHAR
Company Secretary

T.K. SIBAL
Director

Cash Flow Statement for the year ended 31st March, 2016

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	195,478,056	141,297,389
Adjustments for:		
Depreciation and Amortisation Expenses	36,361,627	37,589,682
Interest Paid	1,152,354	1,157,445
Loss on Sales/Discard of Fixed Assets (Net)	110,627	776,005
Interest Received	(47,789,558)	(40,561,327)
Provisions & liabilities no longer required, written back	(3,212,130)	(418,735)
Operating Profit before Working Capital Changes	<u>182,100,976</u>	<u>139,840,459</u>
Adjustments for:		
Trade & Other Receivables	(4,372,134)	(5,743,241)
Inventories	(3,674,445)	649,185
Trade & Other Payables	9,514,683	3,201,943
Cash Generated from Operations	<u>183,569,080</u>	<u>137,948,346</u>
Interest Paid	(1,152,354)	(1,157,445)
Payment/(Refund) of Direct Taxes (Net)	(40,568,892)	(29,012,569)
Interest received on Income Tax refund	140,422	123,404
Net cash from Operating Activities	<u>141,988,256</u>	<u>107,901,736</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(11,242,314)	(11,458,689)
Sale of Fixed Assets	-	333,334
Interest Received	44,243,469	38,253,139
Net cash used in Investing Activities	<u>33,001,155</u>	<u>27,127,784</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	-	(23,100,000)
Tax on Dividend	-	(3,925,845)
Net Cash used in Financing Activities	<u>-</u>	<u>(27,025,845)</u>
Net Increase in Cash & Cash Equivalents(A+B+C)	<u>174,989,411</u>	<u>108,003,675</u>
Cash and Cash Equivalents at beginning of year	<u>501,810,900</u>	<u>393,807,225</u>
Cash and Cash Equivalents at end of year	<u>676,800,311</u>	<u>501,810,900</u>

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 ₹ 471,501,786 (2015 - ₹ 386,275,747) 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 year 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

ANIL P. VERMA
Partner
Membership Number 90408

Shimla
11th May, 2016

BISWAJIT MITRA
Chief Financial Officer

ARJUN OBEROI
Managing Director

S.N. SRIDHAR
Company Secretary

T.K. SIBAL
Director

Notes to the Account

1 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on 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.

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.

Notes to the Account — *Contd.*

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.

Notes to the Account — *Contd.*

	As at 31st March	
	2016 Rupees	2015 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
50,000,000 (2015 - 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 (2015 - 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

As at 31st March 2016		As at 31st March 2015	
Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	33,000,000	33,000,000	330,000,000
Add/Less: Movement during the year	-	-	-
Balance at the end of the year	33,000,000	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 (2015 - 25,999,995) Equity Shares are held by the holding Company, EIH Limited

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

	As at 31st March 2016		As at 31st March 2015	
	Number of Shares	Holding %	Number of Shares	Holding %
EIH Limited	25,999,995	78.79%	25,999,995	78.79%
Government of Himachal Pradesh	7,000,000	21.21%	7,000,000	21.21%
	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.

	As at 31st March	
	2016 Rupees	2015 Rupees
3		
RESERVES AND SURPLUS		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(532,570,770)	(617,630,642)
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	-	(16,687,483)
Add: Profit for the year	127,344,696	101,747,355
Balance at the end of the year	<u>(405,226,074)</u>	<u>(532,570,770)</u>

Notes to the Account — *Contd.*

	As at 31st March	
	2016 Rupees	2015 Rupees
4		
LONG TERM BORROWINGS		
(i) SECURED (Note a below)		
Long term maturities of finance lease obligation	493,964	1,058,582
(ii) UNSECURED (Note b below)		
Government of Himachal Pradesh	5,000,000	5,000,000
	<u>5,493,964</u>	<u>6,058,582</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.

	As at 31st March	
	2016 Rupees	2015 Rupees
5		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
(i) Leave Encashment	1,821,415	1,438,920
(ii) Gratuity	423,979	341,721
	<u>2,245,394</u>	<u>1,780,641</u>

	As at 31st March	
	2016 Rupees	2015 Rupees
6		
TRADE PAYABLES		
(i) Total Outstanding Dues of Micro Enterprises & Small Enterprises	-	-
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises	26,012,865	17,766,708
	<u>26,012,865</u>	<u>17,766,708</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. There was neither any delay in payment nor any interest is due and remaining unpaid.

Notes to the Account — *Contd.*

		As at 31st March	
		2016	2015
		Rupees	Rupees
7			
	OTHER CURRENT LIABILITES		
(i)	Current maturities of Finance Lease Obligations (Refer Note 4a above)	564,618	686,480
(ii)	Advance from customers	3,572,158	3,099,919
(iii)	Liability for Capital Expenditure	65,333	1,509,614
(iv)	Other Payables		
	Retention money	2,592,674	5,616,148
	Statutory Liabilities	4,407,992	3,525,398
	Other Liabilities	2,916,390	2,970,804
		<u>14,119,165</u>	<u>17,408,363</u>
8			
	SHORT TERM PROVISIONS		
A	Provision for Employee Benefits		
	(i) Leave Encashment	7,093	6,386
	(ii) Gratuity	4,209	3,738
B	Other Provisions		
	Provision for Income Tax	77,945,319	36,226,319
		<u>77,956,621</u>	<u>36,236,443</u>

Notes to the Account — Contd.

Description of assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 31st March 2015	Additions during the year	Sales / Adjustments	Original Cost as at 31st March 2016	Adjustment against Retained Earnings	For the year	Sales / Adjustments	As at 31st March 2016	As at 31st March 2015	As at 31st March 2016
A. TANGIBLE ASSETS										
Freehold Land	74,405,229	-	-	74,405,229	-	-	-	-	74,405,229	74,405,229
Building	485,763,371	-	-	485,763,371	107,165,427	5,905,272	-	113,070,699	372,692,672	378,597,944
Plant and Machinery	267,588,588	4,022,947	141,208	271,470,327	204,448,886	28,243,913	81,589	232,611,210	38,859,117	63,139,702
Office Equipment	1,089,452	-	-	1,089,452	983,971	-	(51,008) #	1,034,979	54,473	105,481
Computers	14,461,063	1,418,574	-	15,879,637	12,927,793	866,410	-	13,794,203	2,085,434	1,533,270
Furniture, Fixtures & Fittings	53,330,367	465,057	-	53,795,424	51,328,055	390,054	-	51,718,109	2,077,315	2,002,312
Vehicles	1,858,181	1,500,320	-	3,358,501	651,837	244,670	-	896,507	2,461,994	1,206,344
Leased vehicles (Note-27)	3,040,000	-	-	3,040,000	1,468,462	655,846	-	2,124,308	915,692	1,571,538
Tangible Assets - (A)	901,536,251	7,406,898	141,208	908,801,941	378,974,431	36,306,165	30,581	415,250,015	493,551,926	522,561,820
B. INTANGIBLE ASSETS										
Computer Software	797,552	554,617	-	1,352,169	797,552	55,462	-	853,014	499,155	-
Intangible Assets (B)	797,552	554,617	-	1,352,169	797,552	55,462	-	853,014	499,155	-
Grand Total (C=A+B)	902,333,803	7,961,515	141,208	910,154,110	379,771,983	36,361,627	30,581	416,103,029	494,051,081	522,561,820
Previous Year	893,714,822	13,399,210	4,780,229	902,333,803	320,572,956	25,280,235	3,670,890	379,771,983	522,561,820	

#Transfer of Accumulated Depreciation from Plant and Machinery

Notes to the Account — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
10		
DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets on account of:		
Unabsorbed Depreciation	128,147,139	171,205,544
Unabsorbed Business Loss	-	31,062,498
Accrued expenses deductible on payment	412,425	467,303
Provision for Gratuity and Leave Encashment	780,997	667,454
	<u>129,340,561</u>	<u>203,402,799</u>
Deferred Tax Liabilities on account of :		
Depreciation	94,587,268	100,516,506
	<u>94,587,268</u>	<u>100,516,506</u>
Deferred Tax Assets (Net)	<u>34,753,293</u>	<u>102,886,293</u>

Based on the last few years continued improved performance, 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 ₹ Nil (2015 – ₹ 31,062,498) & ₹ 128,147,139 (2015 – ₹ 171,205,544) respectively, will be realised in future.

11
LONG TERM LOANS AND ADVANCES
(Unsecured, considered good)

(i) Capital Advances	1,829,279	-
(ii) Security Deposits	788,712	838,975
(iii) Prepaid Expenses	84,725	147,491
	<u>2,702,716</u>	<u>986,466</u>

12
INVENTORIES

(i) Provisions, Stores, Wines & Smokes	4,275,901	3,470,102
(ii) Other traded goods	1,402,060	1,206,842
(iii) Crockery, Cutlery, Chinaware, Glassware, Linen etc.	6,594,001	5,829,105
(iv) Other Stores	5,765,048	3,856,516
	<u>18,037,010</u>	<u>14,362,565</u>

The method of determining cost for valuation of inventories has been changed from 'First-In first-Out' to 'Cumulative Weighted Average Method' during the current year. As a result, inventories as on 31st March, 2016 is lower by ₹ 111,128/- with corresponding decrease in the profit of the company for year ended 31 March, 2016 by similar amount.

Notes to the Account — *Contd.*

	Rupees	As at 31st March	
		2016 Rupees	2015 Rupees
13			
TRADE RECEIVABLES (Unsecured, considered good)			
(i) Outstanding for a period of exceeding six months from the due date		71,723	-
(ii) Others		<u>19,904,715</u>	<u>16,919,216</u>
		<u>19,976,438</u>	<u>16,919,216</u>
14			
CASH AND BANK BALANCES			
A Cash & Cash Equivalents			
(i) Cash on hand	317,128		403,409
(ii) Cheques on hand	382,000		671,745
(iii) Bank Balances			
In current accounts	4,267,586		300,225
In fixed deposits with less than 3 months maturity	<u>13,510,674</u>		<u>4,408,689</u>
		18,477,388	5,784,068
B Other Bank Balances			
(i) Balance in Fixed deposit accounts having more than 3 months but less than 12 months maturity	186,821,137		109,751,085
(ii) In Bank account as per High court order dated 17th December, 2003 (Refer note 28)			
In current accounts	17,483		18,560
In fixed deposits	<u>471,484,303</u>		<u>386,257,187</u>
		658,322,923	496,026,832
		<u>676,800,311</u>	<u>501,810,900</u>
15			
SHORT TERM LOANS AND ADVANCES			
Unsecured, considered good			
(i) Advance recoverable in cash or in kind or for value to be received			
- From Others		1,644,453	699,399
(ii) Prepaid Expenses		2,587,897	2,132,796
(iii) Advance Tax	77,004,804		36,435,912
(iv) MAT Credit Entitlement (Note - 31)	<u>77,316,486</u>		<u>35,597,846</u>
		154,321,290	72,033,758
(v) Sundry Deposits		944,400	945,828
		<u>159,498,040</u>	<u>75,811,781</u>
16			
OTHER CURRENT ASSETS			
Unsecured, considered good			
(i) Other Receivables		195,676	166,462
(ii) Interest accrued		5,995,312	2,589,645
		<u>6,190,988</u>	<u>2,756,107</u>

Notes to the Account — *Contd.*

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
17		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars & Banquets, etc.		
Rooms	263,683,178	214,105,962
Food & Beverages	109,746,916	93,575,955
Other Services	<u>32,379,081</u>	<u>31,095,108</u>
	<u>405,809,175</u>	<u>338,777,025</u>
18		
OTHER OPERATING INCOME		
Others	<u>871,195</u>	<u>679,023</u>
	<u>871,195</u>	<u>679,023</u>
19		
OTHER INCOME		
Gain on Exchange (Net)	65,039	-
Interest from banks	47,589,745	40,375,039
Interest from others	199,813	186,288
Provisions & Liabilities no longer required, written back	<u>3,212,130</u>	<u>418,735</u>
	<u>51,066,727</u>	<u>40,980,062</u>
20		
COST OF MATERIALS CONSUMED		
a Provisions, Smokes & Wines		
Opening Stock	3,470,102	4,437,591
Add : Purchases	<u>22,080,293</u>	<u>17,824,438</u>
	25,550,395	22,262,029
Less : Closing Stock	<u>4,275,901</u>	<u>3,470,102</u>
Consumption (a)	<u>21,274,494</u>	<u>18,791,927</u>
b Other traded goods		
Opening Stock	1,206,842	1,376,576
Add : Purchases	<u>2,574,990</u>	<u>2,764,156</u>
	3,781,832	4,140,732
Less : Closing Stock	<u>1,402,060</u>	<u>1,206,842</u>
Consumption (b)	<u>2,379,772</u>	<u>2,933,890</u>
Total (a+b)	<u>23,654,266</u>	<u>21,725,817</u>
21		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	47,463,316	45,717,249
Company's contribution towards Provident Fund	1,842,679	1,984,920
Provision for Gratuity (Refer note 22 (a))	247,844	165,149
Provision for Leave Encashment (Refer note 22 (b))	635,095	1,070,059
Workmen and staff welfare expenses	<u>9,220,329</u>	<u>8,300,045</u>
	<u>59,409,263</u>	<u>57,237,422</u>

Notes to the Account — *Contd.*

21 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2016 as per Actuarial Valuation using Projected Unit Credit Method and recognized in the Financial Statements in respect of Employee Benefit Schemes:

Gratuity (Unfunded)	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
(I) Components of Employer Expense		
(a) Current Service Cost	116,198	105,898
(b) Interest Cost	21,032	22,233
(c) Expected Return on Plan Assets	-	-
(d) Curtailment Cost / (Credit)	-	-
(e) Settlement Cost / (Credit)	-	-
(f) Past Service Cost	-	-
(g) Actuarial (Gains) / Losses	110,614	37,018
(h) Liability no longer required	-	-
(i) Total expense / (gain) recognized in the Statement of Profit & Loss	247,844	165,149
(II) Net Asset / (Liability) recognized in Balance Sheet		
(a) Present Value of Defined Benefit Obligations	428,188	345,459
(b) Fair Value of Plan Assets	-	-
(c) Funded Status [Surplus/(Deficit)]	(428,188)	(345,459)
(d) Unrecognised Past Service Cost	-	-
(e) Net Asset / (Liability) recognised in Balance Sheet	(428,188)	(345,459)
(III) Change in Defined Benefit Obligations (DBO) during the year ended on 31st March 2016		
(a) Present value of DBO at beginning of period	345,459	313,752
(b) Current service cost	116,198	105,898
(c) Interest cost	21,032	22,233
(d) Curtailment cost/(Credit)	-	-
(e) Settlement cost/(Credit)	-	-
(f) Plan Amendments	-	-
(g) Acquisitions	-	-
(h) Actuarial (gains)/losses	110,614	37,018
(i) Benefits paid	(165,115)	(133,442)
(j) Liability no longer required	-	-
(k) Present value of DBO at the end of period	428,188	345,459
(IV) Change in Fair Value of Assets during the year ended 31st March 2016		
(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	165,115	133,442
(f) Benefits Paid	(165,115)	(133,442)
(g) Plan Assets at the end of period	-	-
(V) Investment Details		
Invested with LIC	-	-
(VI) Actuarial Assumptions		
(a) Discount rate (%)	7.93%	8.00%
(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

Notes to the Account — *Contd.*

(VII) Net Asset / (Liability) recognized in Balance Sheet (including experience adjustment impact)	Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees	Year ended 31st March 2012 Rupees
(a) Present Value of Defined Benefit Obligation	428,188	345,459	313,752	273,437	164,080
(b) Fair Value of Plan Assets	-	-	-	-	-
(c) Funded Status [Surplus/(Deficit)]	(428,188)	(345,459)	(313,752)	(273,437)	(164,080)
(d) Experience Adjustments on Plan Liabilities loss/(gains)	102,694	(35,331)	(16,595)	25,758	(32,542)
(e) Experience adjustments on plan assets gain/(loss)	-	-	-	-	-
(f) Experience (gain)/loss on plan liabilities due to change of assumptions	7,920	72,349	(54,838)	28,513	(14,968)

21 (b)

Leave Encashment (Unfunded)		Year ended 31st March 2016 Rupees	Year ended 31st March 2015 Rupees
(I) Components of Employer Expense			
(a) Current Service Cost		106,860	102,635
(b) Interest Cost		105,549	63,033
(c) Expected Return on Plan Assets		-	-
(d) Curtailment Cost / (Credit)		-	-
(e) Settlement Cost / (Credit)		-	-
(f) Past Service Cost		-	-
(g) Actuarial (Gains) / Losses		422,686	904,391
(h) Liability no longer required		-	-
(i) Total expense / (gain) recognized in the Statement of Profit & Loss		635,095	1,070,059
(II) Net Asset / (Liability) recognized in Balance Sheet			
(a) Present Value of Defined Benefit Obligations		1,828,508	1,445,306
(b) Fair Value of Plan Assets		-	-
(c) Funded Status [Surplus/(Deficit)]		(1,828,508)	(1,445,306)
(d) Unrecognised Past Service Cost		-	-
(e) Net Asset / (Liability) recognised in Balance Sheet		(1,828,508)	(1,445,306)
(III) Change in Defined Benefit Obligations (DBO) during the year ended on 31st March 2016			
(a) Present value of DBO at beginning of period		1,445,306	1,025,483
(b) Current service cost		106,860	102,635
(c) Interest cost		105,549	63,033
(d) Curtailment cost/(Credit)		-	-
(e) Settlement cost/(Credit)		-	-
(f) Plan Amendments		-	-
(g) Acquisitions		-	-
(h) Actuarial (gains)/losses		422,686	904,391
(i) Benefits paid		(251,893)	(650,236)
(j) Liability no longer required		-	-
(k) Present value of DBO at the end of period		1,828,508	1,445,306
(IV) Change in Fair Value of Assets during the year ended 31st March 2016			
(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		251,893	650,236
(f) Benefits Paid		(251,893)	(650,236)
(g) Plan Assets at the end of period		-	-
(V) Investment Details			
Invested with LIC		-	-

Notes to the Account — *Contd.*

	Year ended 31st March, 2016		Year ended 31st March, 2015		
(VI) Actuarial Assumptions					
(a) Discount rate (%)	7.93%		8.00%		
(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 2016 Rupees	Year ended 31st March 2015 Rupees	Year ended 31st March 2014 Rupees	Year ended 31st March 2013 Rupees	Year ended 31st March 2012 Rupees
(a) Present Value of Defined Benefit Obligation	1,828,508	1,445,306	1,025,483	849,849	766,985
(b) Fair Value of Plan Assets	-	-	-	-	-
(c) Funded Status [Surplus / (Deficit)]	(1,828,508)	(1,445,306)	(1,025,483)	(849,849)	(766,985)
(d) Experience Adjustments on Plan Liabilities loss / (gains)	397,113	656,681	623,322	594,738	349,566
(e) Experience adjustments on plan assets gain / (loss)	-	-	-	-	-
(f) Experience (gain) / loss on plan liabilities due to change of assumptions	25,573	247,710	(156,243)	82,102	(67,786)

Notes to the Account — *Contd.*

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
22		
FINANCE COSTS		
Interest Expense	1,152,354	1,157,445
	<u>1,152,354</u>	<u>1,157,445</u>
23		
OTHER EXPENSES		
Linen, Uniform Washing & Laundry Expenses	749,882	671,273
Expenses on Apartment & Board	12,106,125	10,691,577
Power & Fuel	29,257,667	32,730,699
Renewals & Replacements	4,883,184	5,614,583
Repair & Maintenance - Building	6,758,154	5,627,674
- Plant & Machinery	9,412,770	5,360,230
- Others	8,038,272	5,355,563
Expenses for contractual services	10,581,460	9,255,787
Rent	1,286,553	1,173,199
Advertisement, Publicity & Other Promotional Expenses	5,114,258	3,229,757
Printing & Stationery	799,394	1,129,641
Insurance	921,030	961,503
Passage & Travelling	4,899,839	5,560,035
Postage, Telephone & Telex	1,619,988	1,475,519
Subscriptions	960,391	895,039
Water Charges	9,872,412	8,275,271
Commission to Travel Agents and others	15,373,301	11,578,707
Auditors Remuneration		
- Audit fees	21,000	21,000
- For taxation matters	15,000	15,000
Loss on Sale/Discard of Assets (Net)	110,627	776,005
Legal & Professional	8,724,022	4,321,144
Donation	-	18,500
Director's Sitting Fees	1,800,000	-
Rates & Taxes	2,827,081	2,173,036
Musical, Banquet & Kitchen Expenses	1,469,943	1,758,118
Corporate Social Responsibility (Refer Note 38)	2,028,934	1,133,832
Miscellaneous expenses	2,060,244	1,625,663
	<u>141,691,531</u>	<u>121,428,355</u>

Notes to the Account — *Contd.*

24. i) Advances received from EIH Limited, the holding company, amounting to ₹ 1,361,925,454 (2015 - ₹ 1,361,925,454) have been shown as "Advance towards Equity" as the company intends to issue shares against the said advances without allotment, pending settlement of *inter se* legal issues between Government of Himachal Pradesh and EIH Limited in relation to the Company and the stay orders issued by the Honb'le High Court of Himachal Pradesh at Shimla in this regard. In view of the above, the same has not been disclosed as Non- Current Liability but as a separate line item below Shareholders' Fund in the Balance Sheet.
- ii) The paid up share capital of the Company has been eroded by its accumulated losses of the past period. However, keeping in view the improved business outlook, sustained profitability over the last few years and infusion of funds as "Advance towards Equity", the accounts of the Company have been continued to be prepared on the basis of going concern.
25. Contingent Liabilities and Commitments (to the extent not provided) –
- i) Claims against the company pending appellate / judicial decisions not acknowledged as debts:
Service Tax ₹ 5,163,974 (2015 - ₹ 5,163,974).
The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the company.
- ii) Commitments:
The estimated amount of contracts remaining to be executed on Capital account and not provided for net of advances ₹ 983,030 (2015 - ₹ Nil).
26. 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 in 2015-16, the carrying amount of the hotel building after setting aside residual value is being depreciated over residual life of 60 years from the said year.

27. Leases

- i) Motor Vehicles acquired on Finance Lease amounting to ₹ 3,040,000 (2015 - ₹ 3,040,000), being the assets acquired between 1st April, 2003 to 31st March, 2016. This includes an amount of ₹ Nil (2015 - ₹ 9,50,000) 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 ₹ 655,846 (2015 - ₹ 553,342) being depreciation charged on the assets.

The Year wise break up of outstanding lease obligations as on 31.03.2016 in respect of these Assets are as under :-

Vehicle taken on Lease	Amount in ₹
Total minimum Lease payments as at 31.03.16	1,397,033
	(2,261,857)
Present value of minimum Lease payments as at 31.03.16	1,058,582
	(1,745,062)
Not Later than one year	
Minimum Lease payments	773,630
	(969,948)
Present Value as on 31.03.16	564,618
	(686,480)
Later than one year but not later than five years	
Minimum Lease payments	623,403
	(1,291,909)
Present Value as on 31.03.16	493,964
	(1,058,582)
Later than five Years	
Minimum Lease payments	Nil
Present Value as on 31.03.16	Nil

(Figures in brackets represents figure for the year ended 31st March, 2015)

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 ₹ 1,527,452 during the year (2015 - ₹ 1,450,139) towards expenditure on operating lease arrangements.

28. 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 was 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. 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 and such deposit has been disclosed in these accounts under "Cash and Bank Balances" (Refer note 14(B) (ii)).

The High Court, by virtue of an order dated 25th February 2016, which was made available to the Company in the month of May 2016, has decided not to interfere with the order of the Arbitrator. The Company is in the process of ascertaining the impact of this order if any, on the financials and also in the process of deciding on the future course of action.

29. Other Services includes revenue from sale of other traded goods ₹ 4,496,554 (2015 - ₹ 4,711,838)

30. The details of transactions entered 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 Ltd
 3. Oberoi Kerala Hotels and Resorts Limited
 4. EIH Flight Services Ltd, 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 Private Limited
- (IV) Key Management Personnel
1. Mr. Arjun Oberoi
 2. Mr. Biswajit Mitra
 3. Mr. S.N. Sridhar

Notes to the Account — *Contd.*

B. Transactions with Related Parties during the Financial Year and outstanding balances as on 31.03.2016

	Holding Company	Fellow Subsidiary Companies	Enterprises in which Key Management Personnel have significant influence	Key Management Personnel
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
<u>Purchases</u>				
Goods & Services	32,151,467 (33,652,945)	105,536 (73,710)	83,733 (37,055)	Nil (Nil)
<u>Sales</u>				
Goods & Services	1,342,317 (7,558,943)	57,786 (51,118)	89,031 (25,615)	Nil (Nil)
<u>Remuneration</u>				
Mr. Arjun Oberoi	Nil (Nil)	Nil (Nil)	Nil (Nil)	280,000 (Nil)
Mr. S.N. Sridhar	Nil (Nil)	Nil (Nil)	Nil (Nil)	160,000 (Nil)

<u>Outstanding balances</u>				
<u>Payables</u>				
For Goods & Services	Nil (71,632)	41,878 (13,167)	Nil (Nil)	Nil (Nil)
<u>Receivables</u>				
For Goods & Services	636,409 (Nil)	387,627 (Nil)	Nil (Nil)	Nil (Nil)
<u>Others</u>				
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, 2015)

31. 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 ₹ 77,316,486 (2015 - ₹ 35,597,846)

32. Expenditure in Foreign Currencies:

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
Expenditure on Commission, Reservation fee etc	4,314,064	3,574,382

33. Earnings in Foreign Currencies on Sales:

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
Earnings in Foreign Currencies on Sales	111,202,628	62,881,802

Notes to the Account — *Contd.*

34. CIF Value of Imports:

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

	Year ended 31st March	
	2016 Rupees	2015 Rupees
Capital Goods	6,082,922	2,127,694
Components & Spares	821,233	1,777,801
Provisions, Smokes & Wines	2,377,938	1,678,753

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

	Year ended 31st March			
	2016		2015	
	Rupees	Percentage	Rupees	Percentage
Imported	2,317,071	10.89%	2,235,107	11.89%
Indigenous	18,957,423	89.11%	16,556,820	88.11%
Total	21,274,494	100.00%	18,791,927	100.00%

35. Foreign currency exposure not hedged by any derivative instrument or otherwise:

Currency	As at 31st March 2016		As at 31st March 2015	
	Receivable Rupees	Payable Rupees	Receivable Rupees	Payable Rupees
US Dollar	-	246,693	-	244,943
Eueo	-	65,333	-	-
GBP	-	380,384	-	323,958

36. Segment Reporting:

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

37. Earnings per Equity Share

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

	Year ended 31st March	
	2016 Rupees	2015 Rupees
Profit / (Loss) as per the Statement of Profit and Loss	127,344,696	101,747,355
Number of Equity Shares	33,000,000	33,000,000
Basic and Diluted Earnings per Equity Share	3.86	3.08

Notes to the Account — *Contd.*

38. CSR Expenses

- a) Company was required to spend an amount of ₹ 2,519,168 (including brought forward amount of ₹ 319,168 from F.Y. 14-15) on account of CSR activities during the year ended 31st March, 2016.
- b) Details of amount spent on account of CSR activities during the year ended 31st March 2016 are given below:

	Amount in ₹
Repair work at the School for the Hearing and Visually Impaired at Dhalli in the district of Shimla, Himachal Pradesh	1,480,244
Repair work in the Primary School at village Chharabra in the district of Shimla, Himachal Pradesh	461,685
Expenses on Swachh Bharat Abhiyaan	87,005
	<u>2,028,934</u>

39. 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.
40. 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.

BISWAJIT MITRA
Chief Financial Officer

ARJUN OBEROI
Managing Director

Shimla
11th May, 2016

S.N. SRIDHAR
Company Secretary

T.K. SIBAL
Director

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD

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

}]
Nominees of EIH Limited

Mr. Rajesh Kumar Sinha (upto 3.8.2015)
Mr. B. Srinivas (w.e.f. 4.8.2015)
Mr. Anil Kumar Sivaraman Nair
Mr. P.I. Sheik Pareeth (w.e.f. 31.10.2015)

}]
Nominees of the Government of Kerala

AUDITORS

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

REGISTERED OFFICE

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

DIRECTORS' REPORT

To the Members,

The Board presents the Twenty Second Annual Report and Audited Statement of Accounts for the year ended 31st March, 2016, together with the Auditors' Report thereon.

The Company has recorded a profit of ₹ 1,07,790/- during the Financial Year 2015-16 as against a profit of ₹ 1,41,167 during the previous year. The accumulated losses as on 31st March, 2016 amounted to ₹ 82,78,304/-. This is being carried forward. There were no material changes affecting the financial position of Company.

In pursuance of Section 134(5) of the Companies Act, 2013, ("Act") your Directors hereby confirm that:

- a) in the preparation of the annual accounts, applicable accounting standards have been followed and that there are no material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as at the end of the Financial Year and of the loss of the company for the year;
- c) the directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts of the Company on a "going concern" basis; and
- e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

As on 31st March 2016, the Company had six directors on the Board. The Board met four times during the Financial Year on 27th April 2015, 4th August 2015, 31st October 2015 and 7th January 2016.

Mr. S.S. Mukherji, Director retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

There has been no foreign exchange earnings and outgo during the year, as per the Companies (Accounts), Rules, 2014.

The extract of the Annual Return in Form MGT-9 constitutes a part of this report.

There were no employees who were in receipt of remuneration in excess of the amount prescribed in terms of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

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None of the Directors were paid any remuneration during the year under review.

The Company has not made any loans, guarantees or investments u/s 186 nor has entered into any contracts or arrangements u/s 188 of the Companies Act 2013.

The contract or arrangement entered into by the Company with Related Parties is given in Form AOC-2 annexed.

The Company has no subsidiaries, associates or joint ventures.

Under the Companies Act, 2013, the Company does not qualify to comply with the following:

- (i) Policy on Directors appointment and remuneration u/s 178 (3);
- (ii) Risk Management policy;
- (iii) Policy on CSR and CSR compliance;
- (iv) Whistleblower Policy;
- (v) Board Evaluation process;
- (vi) Internal Audit;
- (vii) Secretarial Auditor;
- (viii) Audit Committee;
- (ix) Nomination and remuneration Committee.

The Auditor's observations, if any, on the accounts for the Financial Year ended 31st March 2016, has been explained suitably in the notes to the accounts.

The Auditors, Ray & Ray, Chartered Accountants retire and are eligible for re-appointment. The Board recommends that they be re-appointed as Auditors of the Company for the year 2016-17 until conclusion of the next Annual General Meeting.

During the year, there were no significant and material orders passed by the Regulator, Courts or Tribunals in respect of the going concern status and of the Company's operation in future.

For and on behalf of the Board

Date : 22nd April, 2016
Place : Delhi

T.K.Sibal
Director

P.R.S.Oberoi
Chairman

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

As on Financial Year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

CIN	U55101KL1994PLC007951
Registration Date	01/06/1994
Name of the Company	Oberoi Kerala Hotels and Resorts Limited
Category /Sub-category of the Company	Company Limited by Shares / Indian Non Government Company
Address of the Registered office & contact details	C46 452 H, Bristow Road W. Island Cochin Ernakulam Kerala- 682003
Whether listed company	No
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	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

SN	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share held	Applicable section
1	EIH LIMITED 4,MANGO LANE KOLKATA-700001	L55101WB1949PLC017981	HOLDING	80%	2(46)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	2720007	2720007	100	-	2720007	2720007	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	2720007	2720007	100	-	2720007	2720007	100	-
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):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

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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 - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	2720007	2720007	100	-	2720007	2720007	100	-

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	EIH Limited (EIH)	2176000	80	-	2176000	80	-	-
2	Tourists Resorts (Kerala) Limited (TRKL)	544000	20	-	544000	20	-	-
3	EIH Jt. P.R.S Oberoi	1	-	-	1	-	-	-
4	EIH Jt. S.S Mukherji	1	-	-	1	-	-	-
5	EIH Jt. T.K Sibal	1	-	-	1	-	-	-
6	EIH Jt. Amardeep Singh	1	-	-	1	-	-	-
7	TRKL Jt. S. Harikishore	1	-	-	1	-	-	-
8	TRKL JT. RAJESH KUMAR SINHA	1	-	-	1	-	-	-
9	TRKL JT. ANIL KUMAR	1	-	-	1	-	-	-

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

SN	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	2720007	100	2720007	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	2720007	100	2720007	100

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

SN	For Each of the Top 10 Shareholders	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 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				

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each 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 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) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the Financial Year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the Financial Year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

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 - as % of profit - others, specify...	NOT APPLICABLE	----
5	Others, please specify	NOT APPLICABLE	----
	Total (A)	NOT APPLICABLE	----
	Ceiling as per the Act	10% of Net Profit	

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B. Remuneration to other directors

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	11% of Net Profit				

C. Remuneration To Key Managerial Personnel Other Than MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	N.A	N.A	N.A	N.A
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-	-	-
	(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	N.A	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

T.K. SIBAL
Director

P.R.S. OBEROI
Chairman

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FORM AOC -2		
RENT OF JETTY FOR M V VRINDA		
1	Name of the related party	EIH Ltd
2	Nature of relationship	Holding Company
3	Nature of contract / arrangement	Rent of Jetty for M.V.Vrinda, an unit of EIH Ltd.
4	Duration of contract / arrangement	upto 31st March 2017
5	Terms of contract / arrangement	Yearly rental to be paid by EIH. In addition, an amount of Rs. 1297650/- as security deposit by EIH Ltd to Oberoi Kerala Hotels & Resorts Ltd.
6	Amount paid as an advance	NIL
7	Amount paid as Security Deposit	Rs. 1297650/-
8	Rate/ value of the contract / arrangement	Not exceeding Rs.1,55,000/- per annum
9	Manner of determining prices	The annual rental is fixed at the same cost to the Company
10	Arms length justification	Since the charge is based on market rate of rent fixed by the Irrigation Department, this transaction is at arm's length

T.K. SIBAL
Director

P.R.S. OBEROI
Chairman

INDEPENDENT AUDITOR'S REPORT

To
**The Members of
Oberoi Kerala Hotels & Resorts Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Oberoi Kerala Hotels & Resorts Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes to Financial Statement.

Note 16 to the Financial Statement which indicates that the company will not commence any construction / operation of the hotel on the freehold land at Thekkady having a cost of Rs. 17,179,831, the Company has taken a decision for its disposal. Necessary approvals are still awaited from Government of Kerala as the matter is under their active consideration. However, the accounts have been drawn up on going concern basis. On receipt of approval from Government of Kerala, this would be treated as Other Current Assets. These conditions indicate the existence of material uncertainty that cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required the Companies (Auditor's Report) Order 2016, issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Companies Act, 2013 ('the Act') we give in the Annexure-A a statement on the matters specified in paragraph 3 & 4 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 the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in Annexure-B, and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts required to be transferred, to the Investor Education and Protection Fund by the Company as such the question of delay does not arise.

*For RAY & RAY
Chartered Accountants
Firm Registration no. 301072E*

*New Delhi
22nd April, 2016*

*(A. K. SHARMA)
Partner
Membership no. 080085*

ANNEXURE-A TO AUDITORS' REPORT OF OBEROI KERALA HOTELS & RESORTS LIMITED

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March, 2016, we report that

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed Assets of the Company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company did not have any inventory during the year. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) (a to c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given loans, guarantees and security in accordance of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) The Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records by the Company under Section 148 (1) of the Companies Act, 2013. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income Tax, Service tax, Employees' State Insurance, Income-tax, Sales-tax/Value Added tax, Custom duty, Excise duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of above were outstanding, as at 31.03.2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of Sale tax/Value Added tax, Income-tax, Customs duty, Service tax, Excise duty and Cess which have not been deposited on account of any dispute.
- (viii) The Company does have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debit instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of our audit.

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- (xi) Based on our examinations of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are generally in compliance with sections 177 and 188 of the Act where applicable except for transaction of Rs. 1,297,650 for which post facto approval is sought and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

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

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
22nd April, 2016

ANNEXURE-B TO AUDITORS' REPORT OF OBEROI KERALA HOTELS & RESORTS LIMITED

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

We have audited the internal financial controls over financial reporting of **Oberoi Kerala Hotels & Resorts Limited** ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accounts of India.

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

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
22nd April, 2016

Balance Sheet as at 31st March, 2016

	Note	Rupees	As at 31st March	
			2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2	27,200,070		27,200,070
RESERVES AND SURPLUS	3	<u>(8,278,304)</u>		<u>(8,386,094)</u>
			18,921,766	18,813,976
NON-CURRENT LIABILITIES				
OTHER LONG TERM LIABILITIES	4		2,897,650	1,600,000
CURRENT LIABILITIES				
TRADE PAYABLES	5	128,554		279,572
OTHER CURRENT LIABILITIES	6	<u>2,267</u>		<u>6,922</u>
			<u>130,821</u>	<u>286,494</u>
			<u>21,950,237</u>	<u>20,700,470</u>
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
TANGIBLE ASSETS	7	20,331,258		20,331,258
LONG TERM LOANS AND ADVANCES	8	<u>175,203</u>		<u>185,869</u>
			20,506,461	20,517,127
CURRENT ASSETS				
TRADE RECEIVABLES	9	23,717		19,300
CASH AND CASH EQUIVALENTS	10	99,476		137,926
SHORT-TERM LOANS AND ADVANCES	11	<u>1,320,583</u>		<u>26,117</u>
			<u>1,443,776</u>	<u>183,343</u>
			<u>21,950,237</u>	<u>20,700,470</u>

NOTES TO THE ACCOUNTS 1 to 22
form an integral part of the Balance Sheet

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

For RAY & RAY
Chartered Accountants

A.K.SHARMA
Partner
Membership Number 080085
Firm's Registration no. 301072E

For and on behalf of the Board

Place : New Delhi
Date : 22nd April, 2016

P.R.S. OBEROI
T.K. SIBAL } Directors

Statement of Profit and Loss for the Year ended 31st March, 2016

	Note	Year ended 31st March	
		2016 Rupees	2015 Rupees
INCOME			
REVENUE FROM OPERATIONS		-	-
OTHER INCOME	12	640,907	589,842
		<u>640,907</u>	<u>589,842</u>
EXPENSES			
FINANCE COST (Interest expense on income tax)		-	1,603
OTHER EXPENSES	13	441,432	384,825
		<u>441,432</u>	<u>386,428</u>
PROFIT BEFORE TAX		199,475	203,414
CURRENT TAX	14	91,685	62,247
PROFIT FOR THE YEAR		<u>107,790</u>	<u>141,167</u>
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value Rs. 10	18	0.040	0.052

NOTES TO THE ACCOUNTS

1 to 22

form an integral part of the Statement of Profit & Loss

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

For RAY & RAY

Chartered Accountants

A.K. SHARMA

Partner

Membership Number 080085

Firm's Registration no. 301072E

For and on behalf of the Board

Place : New Delhi

Date : 22nd April, 2016

P.R.S. OBEROI

T.K. SIBAL

Directors

Cash Flow Statement for the year ended 31st March, 2016

	Year ended 31st March	
	2016	2015
	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	199,475	203,414
Adjustment for:		
Rent Received	(633,611)	(586,332)
Interest Received	(7,296)	(3,510)
Interest on income tax	-	1,603
Amounts written off	-	15,000
Operating Profit before Working Capital Changes	<u>(441,432)</u>	<u>(369,825)</u>
Adjustments for:		
Trade & Other Receivables	(1,298,883)	105,429
Trade & Other Payables (including security deposit)	<u>1,141,977</u>	<u>(161,250)</u>
Cash Generated from Operations before Tax & Prior Period Items	<u>(598,338)</u>	<u>(425,646)</u>
Direct Taxes (Net)	<u>(81,019)</u>	<u>(29,630)</u>
Net Cash from Operating Activities	<u>(679,357)</u>	<u>(455,276)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	7,296	3,510
Rent Received	<u>633,611</u>	<u>586,332</u>
Cash used in Investing Activities	<u>640,907</u>	<u>589,842</u>
C. CASH FLOW FROM FINANCE ACTIVITIES		
Net Cash used in Financing Activities	-	-
Net increase / (decrease) in Cash & Cash equivalents (A + B + C)	<u>(38,450)</u>	<u>134,566</u>
Cash & Cash equivalents at beginning of year	<u>137,926</u>	<u>3,360</u>
Cash & Cash equivalent at end of year	<u>99,476</u>	<u>137,926</u>

Notes

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

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

For RAY & RAY
Chartered Accountants

A.K. Sharma
Partner
Membership Number 080085
Firm's Registration no. 301072E

Place : New Delhi
Date : 22nd April, 2016

For and on behalf of the Board

P.R.S. OBEROI
T.K. SIBAL

Directors

Notes to Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. The Financial Statements have been prepared on accrual basis and under the historical cost convention and going concern basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- b) The preparation of the Financial Statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reporting amounts of income and expenditure during the year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.
- c) i) Fixed Assets are stated at cost less depreciation. The cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the asset to their working conditions. Interest during construction period to finance fixed assets is capitalised. Assets held for disposal are stated at lower of their net book value and net realisable value.
- ii) The carrying value of Fixed Assets which are in excess of the higher of its value in use or net realizable value is recognized as an impairment loss.
- d) Depreciation on fixed assets is provided in conformity with requirements of Schedule II of the Companies Act, 2013. Freehold land is not amortised.
- e) Current tax is determined on the amount of tax payable in respect of taxable income for the year and provided for in accordance with the provisions of Income Tax Act, 1961.
- The 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 of losses is not recognized unless there is virtual certainty about availability of future taxable income to realize such assets.
- f) Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.
- g) Provisions are recognized when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
- Contingent Liabilities are 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 or resources are provided for.
- Contingent Assets are not recognized in the Financial Statements.
- h) Earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by weighted average number of equity shares outstanding.

Notes to Accounts — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
2		
SHARE CAPITAL		
AUTHORISED		
10,000,000 (2015 - 10,000,000) Equity Shares of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED, SUBSCRIBED & FULLY PAID UP		
2,720,007 (2015 - 2,720,007) Equity Shares of Rs. 10 each	<u>27,200,070</u>	<u>27,200,070</u>
	<u>27,200,070</u>	<u>27,200,070</u>

Notes:

- a) Reconciliation of number of shares

	As at 31st March	
	2016	2015
	Number of shares	Number of shares
Balance at the beginning of the year	2,720,007	2,720,007
Movement during the year	-	-
Balance at the end of the year	<u>2,720,007</u>	<u>2,720,007</u>

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

	As at 31st March			
	2016		2015	
	Number of Shares	% holding*	Number of Shares	% holding*
(1) EIH LIMITED - The Holding Company	2,176,000	80	2,176,000	80
(2) Kerala Tourism Infrastructure Limited [formerly known as Tourist Resorts (Kerala) Limited]	544,000	20	544,000	20

* rounded off to nearest percentage

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

Notes to Accounts — *Contd.*

	Rupees	As at 31st March	
		2016 Rupees	2015 Rupees
3			
RESERVES AND SURPLUS			
DEBIT BALANCE IN STATEMENT OF PROFIT & LOSS			
Balance at the beginning of the year	(8,386,094)		(8,527,261)
Add: Profit after tax as per Statement of Profit & Loss	<u>107,790</u>		<u>141,167</u>
		<u>(8,278,304)</u>	<u>(8,386,094)</u>
		<u>(8,278,304)</u>	<u>(8,386,094)</u>

4			
OTHER LONG TERM LIABILITIES			
Security Deposit (from EIH Ltd - The Holding Company)		<u>2,897,650</u>	<u>1,600,000</u>
		<u>2,897,650</u>	<u>1,600,000</u>

5			
TRADE PAYABLES			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 15)		-	-
Total Outstanding dues of Creditors other than Micro & Small Enterprises		<u>128,554</u>	<u>279,572</u>
		<u>128,554</u>	<u>279,572</u>

6			
OTHER CURRENT LIABILITIES			
Statutory Liabilities		<u>2,267</u>	<u>6,922</u>
		<u>2,267</u>	<u>6,922</u>

7
FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Original Cost as at 31st March, 2015	Additions during the year	Original Cost as at 31st March, 2016	As at 31st March, 2015	For the Year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
TANGIBLE ASSETS								
Freehold Land	3,151,427		3,151,427	-	-	-	3,151,427	3,151,427
Freehold Land (held for disposal) Note 16	17,179,831		17,179,831	-	-	-	17,179,831	17,179,831
TOTAL	20,331,258	-	20,331,258	-	-	-	20,331,258	20,331,258
Previous year	20,331,258	-	20,331,258	-	-	-	20,331,258	

Notes to Accounts — *Contd.*

	As at 31st March	
	2016	2015
	Rupees	Rupees
8		
LONG TERM LOANS AND ADVANCES (Unsecured)		
Security Deposits	166,350	166,350
Income tax advance / refund (net of provision)	8,853	19,519
	<u>175,203</u>	<u>185,869</u>
9		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Other debts (from Holding Company)	<u>23,717</u>	<u>19,300</u>
	<u>23,717</u>	<u>19,300</u>
10		
CASH & CASH EQUIVALENTS		
Balances with Banks in Current Account	<u>99,476</u>	<u>137,926</u>
	<u>99,476</u>	<u>137,926</u>
11		
SHORT TERM LOANS AND ADVANCES		
Cenvat Credit adjustable	22,933	26,117
Security Deposits	<u>1,297,650</u>	<u>-</u>
	<u>1,320,583</u>	<u>26,117</u>

Notes to Accounts — *Contd.*

	Year ended 31st March	
	2016	2015
12		
OTHER INCOME		
Rental income	633,611	586,332
Interest from Income Tax	7,296	3,510
	<u>640,907</u>	<u>589,842</u>
13		
OTHER EXPENSES		
Electricity & Water	2,184	-
Lease Rental	152,111	136,332
Legal & Professional	88,350	48,000
Expenses on Contracts for Services	171,456	163,296
Bank Charges	222	1,352
Travelling & Conveyance	342	-
Telephone & Postage	4,462	-
Auditors' Remuneration		
Audit Fees	17,000	17,000
Service Tax	<u>2,465</u>	<u>2,101</u>
	19,465	19,101
Amounts written off	-	15,000
Rates & Taxes	2,840	1,744
	<u>441,432</u>	<u>384,825</u>
14		
CURRENT TAX		
Income Tax	98,058	89,678
Income tax adjustment relating to earlier years	(6,373)	(27,431)
	<u>91,685</u>	<u>62,247</u>

Notes to Accounts — *Contd.*

15. The Company has not received from parties any information/memorandum as required to be filed by suppliers / vendors with notified authority under Micro, Small & Medium Enterprises Act, 2006 claiming their status as Micro, Small & Medium Enterprises. As such, the Company does not owe any dues on account of principal amount together with interest and accordingly no additional disclosures are made. This has been relied upon by the Auditors.
16. As the company will not commence any construction / operation of the hotel on the freehold land at Thekkady having a cost of Rs. 17,179,831, the Company has taken a decision for its disposal. Necessary approvals are still awaited from Government of Kerala as the matter is under their active consideration. However, the accounts have been drawn up on going concern basis. On receipt of approval from Government of Kerala, this would be treated as Other Current Assets.
17. The Company is yet to commence any construction / operation at the hotel, as such there is nothing to report on segment results as required by Accounting Standard (AS) – 17 “Segment Report”.

18. Earnings per share:

Particulars	Year ended 31 st March	
	2016 (Rupees)	2015 (Rupees)
Profit / Loss computation for both Basic and Diluted earnings per share of Rs. 10 each		
Profit available for Equity Share holders.	107,790	141,167
Weighted average number of Equity Shares outstanding	2,720,007	2,720,007
Basic & Diluted earnings per Equity Share in rupees of face value of Rs. 10.	0.040	0.052

19. Consequent to the provisions of Accounting Standard 22 “Accounting for taxes on Income”, the Company would have a net deferred tax asset, primarily consisting of accumulated losses. However, as the management is not virtually certain of subsequent realisation of the asset, no deferred tax asset has been computed or recognised in the accounts.
20. 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 given land on operating lease arrangements. The leases are generally non cancellable in nature.

The Future minimum lease payments recoverable by the Company are as under:

	As at 31 st March	
	2016 (Rupees)	2015 (Rupees)
At Lessor		
Not later than one year	481,500	481,500
Later than one year but not later than five years	2,722,806	2,614,448
Later than five years	747,645	1,337,503

Rent in respect of the above is credited to Statement of Profit & Loss.

OBEROI KERALA HOTELS AND RESORTS LIMITED

21. The details of transactions entered with related parties during the year are as follows:

- A. 1. Holding Company
EIH Limited
2. Fellow Subsidiaries
- i) Mashobra Resort Limited
 - ii) Mumtaz Hotels Limited
 - iii) EIH Flight Services Limited
 - iv) EIH International Ltd.
 - v) EIH Holdings Ltd
 - vi) J&W Hong Kong Ltd
 - vii) EIIH Corporation Ltd
 - viii) EIH Investments NV
 - ix) EIH Management Services BV
 - x) PT Widja Putra Karya
 - xi) PT Waka Oberoi Indonesia
 - xii) PT Astina Graha Ubud

B. Transactions with related parties during the Financial Year and outstanding balances as on 31.3.2016:

Particulars	EIH Limited - Holding Company	
	2016	2015
	Rupees	Rupees
Sale		
Rental Income	633,611	586,332
Others		
Security Deposit Received	1,297,650	Nil
Outstanding balances		
Receivables for Goods & Services	23,717	19,300
Security Deposit Payable	2,897,650	1600000

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

For and on behalf of the Board

Place : New Delhi
Date : 22nd April, 2016

P.R.S. OBEROI
T.K. SIBAL] Directors

EIH FLIGHT SERVICES LTD

BOARD

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

SECRETARY

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

AUDITORS

PricewaterhouseCoopers
18, Cyber City
Ebène
Mauritius

REGISTERED OFFICE

The Oberoi Mauritius
Baie aux Tortues
Pointe aux Piments
Mauritius

All figures in Mauritian Rupees unless otherwise stated.

Directors Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The Company's loss for the year is Rs. 59,246,672 (2015 - Rs. 187,497,965).

The Directors do not recommend the payment of a dividend for the year under review (2015 - Rs Nil).

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Financial Statements of the Company for the year ended 31 March 2016 are set out on pages 15 to 39. The Independent Auditor's Report on these Financial Statements is on pages 13 and 14.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

Directors Report ... *Contd.*

AUDITOR

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

	2016	2015
	Rs.	Rs.
Audit	345,000	325,000
Tax compliance services	42,000	50,000
Other services	35,000	25,000
	<u>422,000</u>	<u>400,000</u>

AUDITOR

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

Authorised by the Board of Directors on 28 April 2016
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine

}

Directors

Statement of Compliance

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

Name of PIE : EIH Flight Services Ltd

Reporting Period : 1 April, 2015 to 31 March, 2016

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

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

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

- (ii) Section 2.2.2 – Boards and Directors, Composition (Appointment of an Independent Director), as detailed in the Corporate Governance Report;
- (iii) Section 3 – Board Committees, as detailed in the Corporate Governance Report; and
- (iv) Section 2.10 – Boards and Directors, Board and Director Appraisal, as detailed in the Corporate Governance Report.

SIGNED BY

ZAFAR SIAMWALA
CHAIRPERSON

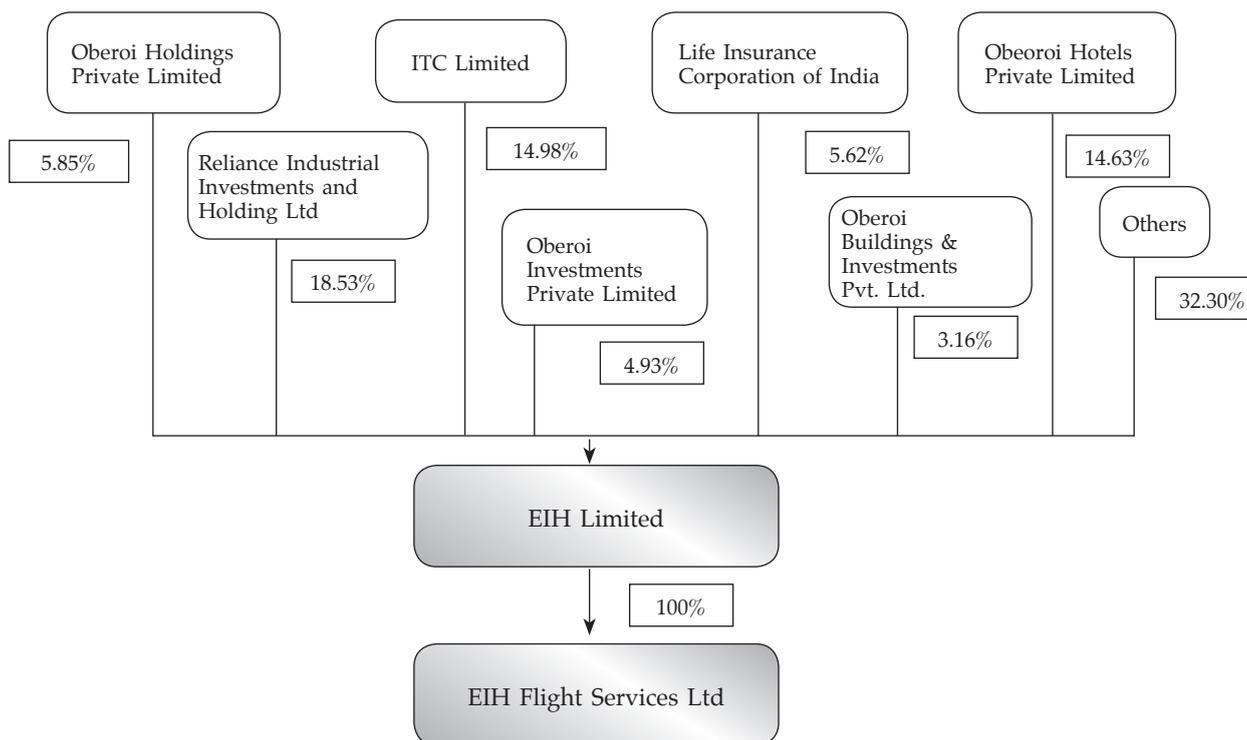
VÉRONIQUE MAGNY-ANTOINE
DIRECTOR

Date: 28 April, 2016

Corporate Governance Report

HOLDING STRUCTURE AND COMMON DIRECTORS

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



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

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

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

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

EIH Limited held 100% of the Company's shares as at 31 March 2016.

Corporate Governance Report (*Continued*)

DIVIDEND POLICY

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

BOARD OF DIRECTORS

The Board comprised four Directors.

The following Directors held office during the year ended 31 March 2016 and at the date of this report:

Mr. Prithivi Raj Singh Oberoi
 Mr. Shib Sanker Mukherji
 Mr. Zafar Siamwala (Chairperson)
 Mrs. Véronique Magny Antoine
 Mr. Zafar Siamwala (Alternate to Mr. Prithivi Raj Singh Oberoi)
 Mrs. Isabelle Adrien (Alternate to Mrs. Véronique Magny Antoine)

DIRECTORS' PROFILE

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

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

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

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

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

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

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

Mr. Shib Sankar Mukherji is a member of the Institute of Chartered Accountants of India and has completed an Advanced Management Programme from Harvard University in the United States. He has over 35 years of working experience in the hospitality industry. He was appointed as Deputy Managing Director in 1998, then promoted as Managing Director. Mr. Mukherji is now the Executive Vice Chairman of EIH Limited since 1 April 2015. He is based in Kolkata.

Mr. Zafar Siamwala (appointed on 19 March 2007)

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

Corporate Governance Report (*Continued*)

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

Mrs. Véronique Magny-Antoine is an Associate member of the Institute of Chartered Secretaries and Administrators (UK). From 1997 to 2006, she was a senior consultant at PricewaterhouseCoopers Mauritius, where she was also acting as company secretary for a large portfolio of companies, including public listed companies. Véronique also serves as Director on the Board of several Global Business companies.

Mrs. Isabelle Adrien (Alternate to Mrs. Véronique Magny-Antoine) (Appointed on 24 July 2014)

Mrs. Isabelle Adrien is an Associate of the Institute of Chartered Secretaries and Administrators, UK. She has over 20 years' professional experience dealing with company secretarial matters for companies across a wide range of industries, including listed companies. Isabelle joined ABAX in January 2009. She has experience in delivering services both to domestic and Global Business companies.

ATTENDANCE AT MEETINGS HELD IN 2015

The Board met five times during the year 2015.

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

Directors	Category	Board Meetings
Prithivi Raj Singh Oberoi	Non-Executive	0 out of 5
Shib Sanker Mukherji	Non-Executive	0 out of 5
Zafar Siamwala	Executive	5 out of 5
Veronique Magny-Antoine	Non-Executive	5 out of 5
Isabelle Adrien (Alternate to Mrs. Véronique Magny Antoine (Appointed on 24 July 2014)	Non-Executive	0 out of 5

The Directors do not have other directorships in listed companies in Mauritius.

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

Mr. Shib Sanker Mukherji indirectly holds 1.59% shareholding in the Company via EIH Limited.

DIRECTORS' REMUNERATION

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

STATEMENT OF REMUNERATION PHILOSOPHY

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

Corporate Governance Report (*Continued*)

BOARD COMPOSITION

The Company is a wholly-owned subsidiary of EIH Limited, which already has corporate governance measures, including Independent Directors.

As such, the Company has been exempted from having Independent Directors as per Section 1.3 of the Code of Corporate Governance and as per a letter dated 1 September 2014 from the Financial Reporting Council.

The Directors have taken note that the Company should have at least two Executive Directors and are considering the appointment of an additional Executive Director.

BOARD COMMITTEES

The Company is a wholly-owned subsidiary of EIH Limited, which already has corporate governance measures and an Audit and Risk Committee in Place.

As such, the Company has been exempted from having separate board committees as per Section 1.3 of the Code of Corporate Governance and as per a letter dated 1 September 2014 from the Financial Reporting Council.

BOARD APPRAISAL – SELECTION, TRAINING AND DEVELOPMENT

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

PROFILE OF SENIOR MANAGEMENT TEAM

Mr. Bhavik Bhide - Manager Finance (appointed on 23 July 2015)

Mr. Bhavik Bhide is the Manager Finance of the Company. He holds a degree of Chartered Accountant, B. com and pursuing specialization in International Taxation. Mr. Bhide joined Oberoi group as Manager Finance in July 2015.

Mr. Ravi Abraham - General Manager (appointed on 16 April 2015)

Mr. Ravi Abraham is the General Manager of the Company. He has more than 19 years of experience in the hospitality industry by being the part of Oberoi Group. He holds a degree in Hotel Management (B.H.M) from Mangalore University, Certification in International HACCP & Food Safety (RIPH, UK), Food production, Operational Hygiene and food design concepts (ITCA & University of SURREY, UK) and Certification on Food Service Management (Cornell University, USA).

RELATED PARTY TRANSACTIONS

Details of related party transactions have been disclosed in Note 21 to the financial statements.

MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

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

Corporate Governance Report (*Continued*)

MATERIAL CLAUSES OF THE SHAREHOLDERS' AGREEMENT

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

TERMS OF MANAGEMENT AGREEMENT WITH THIRD PARTIES

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

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

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

RISK MANAGEMENT

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

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

Compliance risk with local laws and regulations

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

More details on the financial risks faced by the Company have been disclosed in Note 3 of the financial statements.

SHARE OPTION PLAN

The Company does not have any employee share option plan.

CHARITABLE DONATIONS

The Company did not make any charitable donations during the year ended 31 March 2016. (2015: Nil).

POLITICAL DONATIONS

The Company did not make any political donations during the year ended 31 March 2016 (2015: Nil).

Corporate Governance Report (*Continued*)

SOCIAL, ETHICAL, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Company has the following policies in place:

1. Occupational Health and Safety Policy

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

2. Food Safety Policy

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

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

3. Environment Policy

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

The Company is committed to continually improve the environment by:

- (a) Optimizing the usage of resources such as energy, effluent treatment of water.
- (b) Enhancing the practice of awareness amongst its suppliers and employees and minimising its carbon foot print.
- (c) Providing a hygienic and safe working environment within its premises and also maintaining and increasing the greenery within and around its premises.
- (d) Implementing Rain Water Harvesting Technology and using Solar energy in its premises.
- (e) Minimizing adverse impact on the environment by constantly adopting improvements in available technology.

4. Health and Safety Policy

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

INTERNAL CONTROL AND AUDIT

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

Corporate Governance Report (*Continued*)

IMPORTANT EVENTS

The Calendar for the year ending 31 March 2017 is as follows:

	Events	Dates
1.	Quarterly Board meetings	April 2016 July 2016 October 2016 January 2017
2.	Annual Meeting	May 2016

Authorised for issue by the Board of Directors on 28 April 2016 and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine


Directors

SECRETARY'S CERTIFICATE

UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We confirm that, based on records and information made available to us by the Directors and Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2016, all such returns as are required of the Company under the Mauritius Companies Act 2001.

NISHA PROAG-DOOKUN for

ABAX CORPORATE ADMINISTRATORS LTD.
CORPORATE SECRETARY OF EIH FLIGHT SERVICES LTD

Date: 28 April 2016

Independent Auditor's Report

To the Shareholders of EIH Flight Services Ltd

Report on the Financial Statements

We have audited the Financial Statements of EIH Flight Services Ltd (the "Company") which comprise the balance sheet at 31 March 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Independent Auditor's Report (*Continued*)

Report on Other Legal and Regulatory Requirements

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

- (a) We have no relationship with or interests in the Company other than in our capacity as auditor and tax advisor;
- (b) We have obtained all the information and explanations we have required; and
- (c) In our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Financial Reporting Act 2004

The Directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the corporate governance report is consistent with the requirements of the Code.

Other Matter

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

PricewaterhouseCoopers

John Li How Cheong, licensed by FRC

28 April 2016

Statement of Comprehensive Income for the year ended 31 March 2016

	2016 Rupees	2016 Rupees
Revenue (Note 4)	234,012,800	220,140,813
Cost of Sales	<u>(110,563,631)</u>	<u>(102,199,433)</u>
Gross Profit	123,449,169	117,941,380
Management expenses (Note 5)	(9,382,533)	(6,604,224)
Administrative expenses	<u>(161,889,471)</u>	<u>(149,092,144)</u>
Operating Loss (Note 6)	(47,822,835)	(37,754,988)
Finance costs - Net (Note 8)	<u>(11,423,837)</u>	<u>(149,742,977)</u>
Loss before Income Tax	(59,246,672)	(187,497,965)
Income Tax Expense (Note 9)	<u>—</u>	<u>—</u>
Loss and total comprehensive income for the year	<u>(59,246,672)</u>	<u>(187,497,965)</u>

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

Balance Sheet - 31 March 2016

	2016 Rupees	2015 Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment (Note 10)	<u>328,874,502</u>	<u>395,335,447</u>
Current Assets		
Inventories (Note 11)	10,281,282	4,728,326
Trade and other receivables (Note 12)	30,151,965	40,394,516
Cash in hand and at bank (Note 13)	<u>639,484</u>	<u>6,227,772</u>
	<u>41,072,731</u>	<u>51,350,614</u>
Total Assets	<u>369,947,233</u>	<u>446,686,061</u>
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 14)	353,380,066	353,380,066
Share application monies (Note 15)	337,060,000	-
Accumulated losses	<u>(719,713,027)</u>	<u>(660,466,355)</u>
Shareholder's deficit	<u>(29,272,961)</u>	<u>(307,086,289)</u>
Liabilities		
Non-Current Liabilities		
Borrowings (Note 17)	345,708,461	563,957,089
Retirement benefits obligations (Note 18)	<u>1,609,000</u>	<u>-</u>
	<u>347,317,461</u>	<u>563,957,089</u>
Current Liabilities		
Trade and other payables (Note 16)	50,300,664	48,658,165
Bank overdraft (Note 13)	528,875	-
Borrowings (Note 17)	<u>1,073,194</u>	<u>141,157,096</u>
	<u>51,902,733</u>	<u>189,815,261</u>
Total Liabilities	<u>399,220,194</u>	<u>753,772,350</u>
Total Equity and Liabilities	<u>369,947,233</u>	<u>446,686,061</u>

Authorised for issue by the Board of Directors on 28 April 2016
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine

Directors

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

Statement of Changes in Equity for the year ended 31 March 2016

	Share Capital Rupees	Share Application Monies Rupees	Accumulated Losses Rupees	Total Rupees
At 01 April 2014	353,380,066	–	(472,968,390)	(119,588,324)
Loss and total comprehensive income for the year	–	–	(187,497,965)	(187,497,965)
At 31 March 2015	<u>353,380,066</u>	<u>–</u>	<u>(660,466,355)</u>	<u>(307,086,289)</u>
Share Application Monies	–	337,060,000	–	337,060,000
Loss and total comprehensive income for the year	–	–	(59,246,672)	(59,246,672)
At 31 March 2016	<u>353,380,066</u>	<u>337,060,000</u>	<u>(719,713,027)</u>	<u>(29,272,961)</u>

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

Statement of Cash Flows for the year ended 31 March 2016

	2016 Rupees	2015 Rupees
Cash flow from operating activities		
Loss before income tax	(59,246,672)	(187,497,965)
Adjustments for non-cash items:		
Depreciation on property, plant and equipment (Note 10)	66,821,453	70,167,680
Unrealised exchange (gain)/loss (Note 8)	(20,237,658)	117,211,000
Interest expense (Note 8)	30,886,610	32,201,596
Increase in retirement benefits obligations (Note 18)	1,609,000	-
Operating profit before working capital changes	19,832,733	32,082,311
(Increase)/Decrease in inventories	(5,552,956)	836,024
Decrease in trade and other receivables	10,242,551	13,577,134
Increase in trade and other payables	1,642,499	5,710,541
Net cash generated from operating activities	26,164,827	52,206,010
<i>Cash flow from Investing activities</i>		
Payment for purchases of property, plant and equipment	(360,508)	(695,305)
Net cash used in investing activities	(360,508)	(695,305)
<i>Cash flow from financing activities</i>		
Payments of finance lease liabilities	(989,864)	(533,273)
Repayment of loan	(337,105,008)	-
Interest on borrowings and bank overdraft	(30,886,610)	(32,201,596)
Share Application Monies (Note 15)	337,060,000	-
Net cash used in financing activities	(31,921,482)	(32,734,869)
Net (decrease)/increase in cash and cash equivalents	(6,117,163)	18,775,836
Cash and cash equivalents at beginning of year	6,227,772	(12,548,064)
Cash and cash equivalents at end of year (Note 13)	110,609	6,227,772

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

Notes to the Financial Statements

31 March 2016

1. GENERAL INFORMATION

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

Going concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has received a bank guarantee in respect of the carrying amount of the bank borrowings from its parent. For the year ended 31 March 2016, the Company has incurred losses of **Rs. 59,246,672** (2015 - Rs. 187,497,965) and at 31 March 2016, the Company was in a shareholder's deficit position of **Rs. 29,272,961** (2015 - Rs. 307,086,289). However, the Company has generated net cash inflows of **Rs. 26,164,827** (2015 - Rs. 52,206,010) from its operations, and did not break its debt covenants in general, during the year under review. In the light of the renegotiated terms of the bank agreement on the 8th April 2015 and further to the loan repayment of USD 9,500,000 in March 2016, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, based on the validity of this assumption the financial statements have been prepared on the going concern basis.

Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Company.*

The following new standards or amendments became effective as of 1 April 2015

- Defined Benefits Plans: Employee Contributions (Amendments to IAS 19)
- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2011-2013 Cycle

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

None of these standards or amendments has had any significant impact on the financial statements of the Company for the year ended 31 December 2015, except for those listed below.

Annual improvements to IFRSs 2010-2012 Cycle

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition an entity that uses a management entity is required to disclose the expenses incurred for management services.

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

At the date of authorisation of these financial statements, a number of Standards, interpretations and amendments to published standards were in issue but not yet effective. None of these standards and amendments is expected to have any material impact on the financial statements of the Company when they become effective, except for those listed below.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

Amendments to IAS 1: Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application are permitted. The impact on the financial statements of the Company has not yet been assessed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

Retirement benefits obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Property, plant and equipment

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

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

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

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

Motor vehicles	20.00%
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end date.

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

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

Inventories

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

Financial Assets

(i) Classification

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

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

(ii) Recognition and measurement

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

(iii) Offsetting financial instruments

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

(iv) Impairment of financial assets

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

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

Financial Assets (*Contd.*)

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

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

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

Trade and other receivables

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

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

Cash and cash equivalents

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

Share Capital

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

Share application monies

Share application monies are amounts received from shareholder for which ordinary shares will be issued.

Current and deferred tax

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operate and generate taxable income. Management

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Trade and other payables

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

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

Leases

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

The Company leases certain property, plant and equipment. Leases of property, plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in trade and other payables. The interest element of the

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Borrowings

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

Pension obligations

The Company operate has recognised a net defined benefit liability in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Right Act 2008. The Company is subject to an unfunded defined benefit plan for the employees.

The liability recognised in the balance sheet in respect of the defined benefit pensions plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms approximating to terms of the related obligation.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

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

Financial instruments

Financial instruments carried on the balance sheet include trade and other receivables, cash and cash equivalents, borrowings and trade and other payables and bank overdraft. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

Derecognition of financial assets and liabilities

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

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

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

Impairment of non-financial assets

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

Revenue recognition

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

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

- *Interest rate risk*

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

As at reporting date, the loan due to the bank bore interest of 3 months LIBOR plus 400 basis points per annum. The effective interest rate on the loan was 4.61% and the interest rate on the bank overdraft was 8.95% at 31 March 2016. Based on simulations performed, the impact on post-tax loss of a 1% shift in interest rates would be an increase/(decrease) of **Rs. 3,466,710** (2015 - Rs. 7,005,110).

- *Credit risk*

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

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

For trade receivables, the Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Credit facilities are based on the recommendations of the sales offices of the Oberoi Group abroad, after performing a credit worthiness check on these customers. See Note 12 for further disclosure on credit risk.

Notes to the Financial Statements - 31 March 2016 (*Contd.*)3. FINANCIAL RISK MANAGEMENT (*Contd.*)

- *Foreign exchange risk*

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

As at 31 March 2016, if the USD and EUR had weakened/strengthened by 10% against the Mauritian rupee, the loss for the year and shareholder deficit would have been higher/lower by **Rs. 33,859,273** (2015 - Rs. 70,297,170).

- *Currency profile*

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

	Financial Assets 2016 Rs.	Financial Liabilities 2016 Rs.	Financial Assets 2015 Rs.	Financial Liabilities 2015 Rs.
US dollar	4,647,535	345,344,244	56,192	703,027,891
Mauritian rupee	22,440,885	52,036,126	45,012,330	50,319,769
Euro	2,103,976	-	-	-
	<u>29,192,396</u>	<u>397,380,370</u>	<u>45,068,522</u>	<u>753,347,660</u>

- *Liquidity risk*

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

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

Notes to the Financial Statements - 31 March 2016 (*Contd.*)3. FINANCIAL RISK MANAGEMENT (*Contd.*)

	Less than 1 year Rs.	Between 1 to 2 years Rs.	Between 2 to 5 years Rs.	Over 5 years Rs.
At 31 March 2016				
Trade and other payables	50,300,664	-	-	-
Bank overdraft	528,875	-	-	-
Finance lease commitments	1,331,659	1,311,659	1,832,095	-
Bank Loans	15,801,236	15,801,236	370,412,163	-
	<u>67,942,434</u>	<u>17,112,895</u>	<u>372,244,258</u>	<u>-</u>
	Less than 1 year Rs.	Between 1 to 2 years Rs.	Between 2 to 5 years Rs.	Over 5 years Rs.
At 31 March 2015				
Trade and other payables	48,658,164	-	-	-
Finance lease commitments	1,331,978	1,331,978	3,195,075	-
Bank Loans	177,341,365	169,893,532	464,993,598	-
	<u>227,331,507</u>	<u>171,225,510</u>	<u>468,188,673</u>	<u>-</u>

The Company has trade and other receivables of **Rs 28,552,911** (2015- Rs 38,840,750) and cash and cash equivalents of **Rs 639,484** (2015- Rs 6,227,772) that will be used to partly finance the liabilities for less than one year. The Company would also have recourse to funding from its parent.

- Fair value estimates*

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

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

At 31 March 2016, the Company did not have any assets or liabilities that were carried at fair value or were subject to revaluation.

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

- Financial instruments by category

	2016 Loans and receivables Rs.	2015 Loans and receivables Rs.
Financial assets as per the balance sheet		
Cash and cash equivalents	639,484	6,227,772
Trade and other receivables	28,552,911	38,840,750
	<u>29,192,395</u>	<u>45,068,522</u>
	At amortised cost Rs.	At amortised cost Rs.
Financial liabilities as per balance sheet		
Borrowings	346,781,655	705,114,185
Trade and other payables	50,069,840	48,233,475
Bank overdraft	528,875	-
	<u>397,380,370</u>	<u>753,347,660</u>

Retirement benefits obligations of Rs. 1,609,000 (2015 - Nil) have not been included in financial liabilities.

- Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the balance sheet plus net debt. The gearing ratios at 31 March 2016 and 2015 were as follows:

	2016 Rs.	2015 Rs.
Total borrowings	346,781,655	705,114,185
Less: Cash in hand and at banks	(639,484)	(6,227,772)
Add: Bank overdraft	528,875	-
Net debt	<u>346,671,046</u>	<u>698,886,413</u>
Total Equity	(29,272,961)	(307,086,289)
Total Capital	<u>317,398,085</u>	<u>391,800,124</u>
Gearing ratio	109%	178%

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

The decrease in the gearing ratio is due to the part repayment of the bank loan, the application monies received from shareholder and the effect of exchange fluctuations on the borrowings which are denominated in USD. As per the agreement with the bank the Debt/Equity ratio of the company should be gradually reduced to 2:1.

4 REVENUE

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

5 MANAGEMENT EXPENSES

	2016 Rs.	2015 Rs.
Management fees		
Basic management fees	7,020,384	6,604,224
Incentive fees	<u>2,362,149</u>	–
Total management expenses	<u>9,382,533</u>	<u>6,604,224</u>

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

Management fees to EIH

- Basic management fee – 3% of the Company’s turnover; and
- Incentive management fee – 5% of the Company’s gross operating profit as defined in the management incentive agreement.

6. OPERATING LOSS

	2016 Rs.	2015 Rs.
The following items have been charged in arriving at the operating loss:		
Depreciation of property, plant and equipment (Note 10)		
– Owned assets	65,687,987	69,444,284
– Leased assets	1,133,466	723,396
Auditor’s remuneration	345,000	325,000
Lease rental	6,667,917	6,902,721
Cost of inventories expensed (Note 11)	95,651,285	88,273,708
Staff costs (Note 7)	53,169,223	49,306,614
Transportation costs	5,024,925	5,086,700
Utilities	16,603,943	17,101,796
Repairs and maintenance	3,988,091	4,667,959
Retirement benefits expenses	<u>1,609,000</u>	–

Notes to the Financial Statements - 31 March 2016 (Contd.)

7. STAFF COSTS	2016	2015
	Rs.	Rs.
Wages and Salaries	50,097,165	46,878,900
Social security costs	3,072,058	2,427,714
	<u>53,169,223</u>	<u>49,306,614</u>
	Number	Number
Average number of employees	203	194

8. FINANCE COSTS	2016	2015
	Rs.	Rs.
(i) <i>Exchange gain:</i>		
Unrealised foreign exchange gains	<u>20,237,658</u>	–
(ii) <i>Exchange loss:</i>		
Interest expense	(30,886,610)	(32,201,596)
Unrealised foreign exchange losses	–	(117,211,000)
Realised foreign exchange losses	(774,885)	(330,381)
	<u>(31,661,495)</u>	<u>(149,742,977)</u>
Net finance cost	<u>(11,423,837)</u>	<u>(149,742,977)</u>

9. INCOME TAX EXPENSE

The Company is liable to income tax at 15% (2015 - 15%) and Corporate Social Responsibility tax of 2% (2015 - 2%) on its chargeable income. At 31 March 2016, the Company had accumulated tax losses of Rs. 155,234,159 (2015 - Rs. 156,820,962) and was therefore not liable to income tax.

In accordance with the Company's accounting policy, deferred tax asset has not been recognised as there is uncertainty that future taxable profits will be available to utilise these accumulated tax losses. The unrecognised deferred tax asset at 31 March 2016, which is attributable to tax losses, exchange differences and accelerated capital allowances amounted to Rs. 111,236,520 (2015 - Rs. 103,951,718).

The unrecognised deferred tax is attributable to the following items:

	2016	2015
	Rs.	Rs.
Tax loss unutilised	26,389,807	26,659,564
Exchange differences	16,643,348	19,925,870
Excess of depreciation over capital allowance	67,929,835	57,366,284
Retirement benefits costs	273,530	–
	<u>111,236,520</u>	<u>103,951,718</u>

Notes to the Financial Statements - 31 March 2016 (Contd.)

A reconciliation between the actual tax charge of the Company and the theoretical amount that would arise using the applicable income tax rate of 17% (2015 - 17%) follows:

	2016 Rs.	2015 Rs.
Loss before income tax	(59,246,672)	(187,497,965)
Tax at 17% (2015 - 17%)	(10,071,934)	(31,874,654)
Impact of:		
Unrecognised deferred tax asset	10,071,934	31,874,654
Actual tax credit	—	—

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

Expiry date	Tax losses Rs.
31 March 2016	51,777,462
31 March 2017	50,523,474
31 March 2018	29,028,735
31 March 2019	13,660,030
31 March 2020	119,285
31 March 2021	10,125,173
Total	155,234,159

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Total Rs.
<i>Cost:</i>					
At 01 April 2014	344,313,887	335,936,729	4,230,703	37,788,179	722,269,498
Additions	—	164,433	—	5,667,331	5,831,764
At 31 March 2015	344,313,887	336,101,162	4,230,703	43,455,510	728,101,262
Additions	—	360,508	—	—	360,508
At 31 March 2016	344,313,887	336,461,670	4,230,703	43,455,510	728,461,770
<i>Accumulated depreciation:</i>					
At 01 April 2014	(43,003,993)	(188,932,604)	(4,215,353)	(26,446,185)	(262,598,135)
Charge for the year	(11,465,652)	(50,405,646)	(15,350)	(8,281,032)	(70,167,680)
At 31 March 2015	(54,469,645)	(239,338,250)	(4,230,703)	(34,727,217)	(332,765,815)
Charge for the year	(11,465,652)	(50,437,979)	—	(4,917,822)	(66,821,453)
At 31 March 2016	(65,935,297)	(289,776,229)	(4,230,703)	(39,645,039)	(399,587,268)
<i>Carrying Value:</i>					
At 31 March 2016	278,378,590	46,685,441	—	3,810,471	328,874,502
At 31 March 2015	289,844,242	96,762,912	—	8,728,293	395,335,447

Notes to the Financial Statements - 31 March 2016 (Contd.)

The buildings on leasehold land have been secured with a fixed charge against the borrowings of USD 9,500,000 (2015: USD 19,000,000) contracted from the State Bank of Mauritius Ltd. Details on borrowings are disclosed in note 17.

In 2015, the Company had acquired two high-loader for a total amount of Rs. 5,667,330. These have been acquired by finance leases amounting to Rs. 5,136,458. As at 31 March 2016. Assets held on finance lease have a carrying value of **Rs. 3,810,469** (2015 - Rs. 4,943,935) and have been recognised under motor vehicles. Details of lease commitments are disclosed in note 23.

11. INVENTORIES

	2016 Rs.	2015 Rs.
Food and beverage, at cost	8,547,360	2,906,644
Other consumables, at cost	1,733,922	1,821,682
	<u>10,281,282</u>	<u>4,728,326</u>

The cost of inventories recognised as expense and included in cost of sales amounted to **Rs. 95,651,285** (2015 - Rs. 88,273,708)

12. TRADE AND OTHER RECEIVABLES

	2016 Rs.	2015 Rs.
Trade receivables	24,390,746	34,733,449
Prepayments	1,559,054	1,553,765
Other receivables	4,162,165	4,107,302
	<u>30,151,965</u>	<u>40,394,516</u>

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

Trade receivables that are more than three months past due are not considered impaired. As of 31 March 2016, trade receivables of Rs. **97,722** (2015 - Rs. 284,720) were past due but not impaired, and trade receivables of Rs. **24,293,024** (2015 - Rs 34,448,729) were neither past due nor impaired. As at 31 March 2016, there were no trade receivables that were past due and impaired (2015 - Nil). The ageing analysis of these trade receivables is as follows:

	2016 Rs.	2015 Rs.
Up to 3 months	24,293,024	34,448,729
3 to 6 months	97,722	284,720
Over 6 months	-	-
	<u>24,390,746</u>	<u>34,733,449</u>

Notes to the Financial Statements - 31 March 2016 (*Contd.*)

For the year ended 31 March 2016, the carrying amounts of the Company's trade and other receivables are denominated in the following currencies.

	2016 Rs.	2015 Rs.
US dollar	4,161,100	2,488,936
Mauritian rupee	23,886,889	37,905,580
Euro	2,103,976	–
	<u>30,151,965</u>	<u>40,394,516</u>

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

13 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following Balance Sheet amounts:

	2016 Rs.	2015 Rs.
Cash in hand and at bank	639,484	6,227,772
Bank Overdraft	(528,875)	–
	<u>110,609</u>	<u>6,227,772</u>

The Company has been granted an overdraft facility of **Rs. 25,000,000**. The bank overdraft bears interest at 8.95%. The overdraft facility has been renewed on 25 November 2015 for a period of one year.

14 SHARE CAPITAL

	2016 Number	2015 Number	2016 Rs.	2015 Rs.
<i>Issued and fully paid:</i>				
Ordinary shares at Rs 10 each	<u>35,338,006</u>	<u>35,338,006</u>	<u>353,380,066</u>	<u>353,380,066</u>

15 SHARE APPLICATION MONIES

Share application monies relate to an amount of **Rs. 337,060,000** (equivalent to **USD 9,500,000**) received from EIH Limited on 11 March 2016, for which ordinary shares of Rs. 10 each would be issued to EIH Limited. At the end of the reporting period, the shares had not yet been issued.

Notes to the Financial Statements - 31 March 2016 (Contd.)

16 TRADE AND OTHER PAYABLES

	2016 Rs.	2015 Rs.
Trade payables	34,770,229	38,859,381
Amount payable to related party (Note 21 (b))	9,382,533	6,604,224
Accruals	5,917,078	2,769,870
Social security and taxes	230,824	424,690
	<u>50,300,664</u>	<u>48,658,165</u>

17 BORROWINGS

	2016 Rs.	2015 Rs.
Non-current:		
Bank borrowings (Note 17(a))	342,760,000	560,408,800
Finance lease commitments (Note 23)	2,948,461	3,548,289
	<u>345,708,461</u>	<u>563,957,089</u>

Current:

Bank borrowings (Note 17(a))	-	140,102,200
Finance lease commitments (Note 23)	1,073,194	1,054,896
	<u>1,073,194</u>	<u>141,157,096</u>
Total borrowings	<u>346,781,655</u>	<u>705,114,185</u>

(a) Bank borrowings

	2016 Rs.	2015 Rs.
Less than one year	-	140,102,200
Later than 1 year and no later than 5 years	342,760,000	560,408,800
Later than 5 years	-	-
	<u>342,760,000</u>	<u>700,511,000</u>

The movement in the bank borrowings is attributable to a loan repayment of USD 9,500,000 (2015- Rs. Nil) and an unrealised exchange differences since the loan is denominated in USD.

As at reporting date, the principal amount of bank borrowings of USD 9,500,000 was repayable within five years in eight instalments of USD 1,187,500 starting from September 2018 and ending in June 2020.

As at reporting date the bank borrowings bore interest at the rate of 3 months LIBOR plus 400 basis points per annum. The effective interest rate for the year under review was 4.61%. Interest is payable on a monthly basis. During the year ended 31 March 2016, the Company paid interest of Rs. 30,330,229 (2015 - Rs. 32,201,596) on the bank borrowings.

Notes to the Financial Statements - 31 March 2016 (Contd.)

The borrowings of **USD 9,500,000** as at 31 March 2016 are secured as follows:

- Fixed charge on the building constructed on leasehold land.
- Floating charge on all assets of the Company.
- Assignment of the leasehold rights on the leasehold land.
- A corporate bank guarantee of **USD 19,000,000** from EIH Limited. (further to the loan repayment of USD 9,500,000 during the year ended 31 March 2016, management is in process of reducing the corporate guarantee).

The carrying amount of the bank borrowings approximates to the fair value, as the impact of discounting is not significant as the loan terms are at market rates. Borrowings are within the level 2 hierarchy.

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

	2016 Rs.	2015 Rs.
US dollar	<u>342,760,000</u>	<u>700,511,000</u>

(b) Finance lease commitments

The present value of the Finance Lease liability is as follows:

Less than one year	1,073,194	1,054,894
Later than 1 year and no later than 5 years	2,948,461	3,548,289
Later than 5 years	-	-
	<u>4,021,655</u>	<u>4,603,185</u>

18 RETIREMENT BENEFITS OBLIGATIONS

	2016 Rs.	2015 Rs.
Non-current	<u>1,609,000</u>	-
Retirement benefits obligations		

The Company has recognised a net benefit liability or **Rs 1,609,000** (2015- Rs Nil) in its balance sheet as at 31 March 2016 (2015: Nil) in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act 2008.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below.

Interest risk: A decrease in the bond interest rate will increase the plan liability, however, this may be partially offset by a decrease in inflationary pressures on salary increased.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

There has been no plan amendment, curtailment or settlement during the year.

Notes to the Financial Statements - 31 March 2016 (Contd.)

A reconciliation of net defined benefit liability follows:

	2016 Rs.	2015 Rs.
At beginning of the year		
Retirement benefits expenses for prior years	1,226,000	-
Retirement benefits expenses for the current year	383,000	-
At end of the year	<u>1,609,000</u>	<u>-</u>

A reconciliation of present value of defined benefit obligation follows:

	2016 Rs.	2015 Rs.
At beginning of the year		
Retirement benefits expenses for prior years	1,226,000	-
Current service cost	297,000	-
Interest expense on net defined benefit liability	86,000	-
At end of the year	<u>1,609,000</u>	<u>-</u>

Components of amount recognised in Profit & Loss:

	2016 Rs.	2015 Rs.
Retirement benefits expenses for prior years	1,226,000	-
Current service cost	297,000	-
Net interest expense on net defined benefit liability	86,000	-
	<u>1,609,000</u>	<u>-</u>

Principal assumptions used at end of the year

	2016	2015
Discount rate	7.0%	-
Rate of Salary increases	4.5%	-
Average retirement age	65	-

Sensitivity analysis on defined benefits obligations at end of the reporting period:

	2016 Rs.	2015 Rs.
Increase due to 1% decrease in discount rate	370,000	-
Decrease due to 1% increase in discount rate	288,000	-

The above sensitivity analysis has been carried out by recalculation the present value of the obligation at 31 March 2016 after increasing or decreasing the discount while leaving all other assumptions unchanged, Any similar variation in the other assumptions would have shown similar variations in the defined benefits obligations.

Notes to the Financial Statements - 31 March 2016 (Contd.)

Future cash flows:

The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

	2016 Rs.	2015 Rs.
Expected employer contribution for the next year	<u>68,000</u>	<u>-</u>
Weighted average duration of the defined benefits obligations		21 Years

19 CONTINGENT LIABILITIES*Bank guarantees*

At 31 March 2016, there were contingent liabilities in respect of guarantees given in the ordinary course of business from which it is anticipated that no material liabilities will arise. At 31 March 2016, Expatriate Guarantee amounted to **Rs. 90,000** (2015 - Rs. 90,000) Custom Guarantee amounted to **Rs. 11,000,000** (2015 - Rs. 10,000,000) and performance bond amounted to **Rs 360,000** (2015- Rs Nil).

20 INCORPORATION, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

21 RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

	2016 Rs.	2015 Rs.
(a) Purchases of services		
Immediate parent (management fees) (Note 5)	<u>9,382,533</u>	<u>6,604,224</u>
(b) Payable to immediate parent		
Amount due to immediate parent	<u>9,382,533</u>	<u>6,604,224</u>

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

Notes to the Financial Statements - 31 March 2016 (Contd.)

(c) Remuneration of key management personnel

Key management personnel include the General Manager, Deputy Operation Manager, Finance Manager and the Chief Accountant.

	2016 Rs.	2015 Rs.
Salaries	3,555,860	3,180,000
other short term employee benefits	453,000	417,000
	<u>4,008,860</u>	<u>3,597,000</u>

(d) Fees Paid to management entity of the Company

	2016 Rs.	2015 Rs.
Abax Corporate Administrators Ltd		
Fees paid during the year	<u>378,537</u>	<u>313,509</u>

(e) Directors' fees

The Directors being the representatives of the holding company, are not entitled to any fees as the Company does not have a remuneration policy for its Directors, except for Mrs Veronique Magny-Antoine who is a representative of Abax Corporate Administrators Ltd ('Abax'). Abax is paid a fee for Procurement of Director and accounting services provided to the Company (as disclosed under Note 21 (d)).

22 IMMEDIATE AND ULTIMATE PARENT

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

23 COMMITMENTS

Finance lease commitments

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

	2016 Rs.	2015 Rs.
Not later than 1 year	1,311,659	1,331,978
Later than 1 year and not later than 5 years	3,143,754	4,527,053
	<u>4,455,413</u>	<u>5,859,031</u>
Future finance charges	(433,758)	(1,255,846)
Present value of minimum lease payments	<u>4,021,655</u>	<u>4,603,185</u>

Finance lease arrangements relate to two high-loaders required for operations, and purchased during the year ended 31 March 2015. The carrying amount of assets on finance lease is disclosed in Note 10.

Notes to the Financial Statements - 31 March 2016 (*Contd.*)*Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases related to the leasehold land and one car to the benefit of a member of key management personnel are as follows:

	2016 Rs.	2015 Rs.
Not later than 1 year	4,225,111	4,251,360
Later than 1 later and not later than 5 years	18,186,039	17,648,140
Later than 5 years	63,973,037	68,736,047
	<u>86,384,187</u>	<u>90,635,547</u>

Operating lease commitments relate to:

- (i) The leasing of the land relates to land area where the operations of the Company are carried out. The Lease agreement covers a period of 20 years and may be renewed for two additional periods of ten years, subject to terms and conditions which may be agreed between the Lessor and the Lessee. The rent charge at the start of the lease in April 2011 was Rs. 27.11 per square metre per month, over a total surface of 14,000 square metres, and is subject to an increase of 10% every 2 years. The rent charge was revised to Rs. 32.80 per square metre as at April 2015. The lease is non-cancellable from the standpoint of the lessee.
- (ii) The leasing of a car for a member of key management personnel. The lease term covers a period of 24 months and runs to February 2017. The lease is non-cancellable from the standpoint of the lessee.

22 EVENTS AFTER REPORTING PERIOD

On 8 April 2015, the Company has renegotiated the terms of its USD 19,000,000 loan contracted from the State Bank of Mauritius Ltd. Details of renegotiated terms have been disclosed in note 16.

EIH INTERNATIONAL LTD

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. Pathmanaban Selvadurai

AUDITORS

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

REGISTERED OFFICE

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

Directors' Report

DIRECTORS

The Directors have pleasure in submitting the Statement of Financial Position of EIH International Ltd and its controlled entities (the 'Group') as at 31 March 2016, and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and report as follows :

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

P R S Oberoi

Deepak Madhok

P Selvadurai

PRINCIPAL ACTIVITY

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

RESULTS

The net profit for the year was \$570,120 (2015: loss of \$2,536,537) for the Group and a profit of \$1,411,544 (2015: \$1,318,214) for the Company, after provision for income tax expense of \$500,110 (2015: \$729,460) for the Group and \$nil (2015: \$nil) for the Company.

EVENTS AFTER THE BALANCE DATE

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

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

DIVIDENDS

During the year a dividend totalling \$1,000,000 (2015 : \$1,000,000) was declared and paid.

DIRECTORS' REMUNERATION

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

SHARE OPTIONS

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

AUDITORS INDEPENDENCE

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

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

17 May, 2016

DEEPAK MADHOK

Director

Independent Auditor's Report

To the Members of
EIH International Ltd

We have audited the accompanying financial report of EIH International Ltd and its controlled entities, which comprises the statements of financial position as at 31 March 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the financial reporting requirements and the needs of the members. The Directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Opinion

In our opinion the financial report presents fairly, in all material respects, the company's and consolidated entity's financial positions as of 31 March 2016 and their financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist EIH International Ltd and its controlled entities to meet its financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH International Ltd and should not be distributed to parties other than the members.

Adelaide
17 May 2016

ERNST & YOUNG

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	Consolidated		Standalone	
		31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Continuing Operations					
Turnover	3	12,264,993	13,833,251	1,460,581	1,374,606
Cost of Sales		(873,030)	(1,007,448)	–	–
Gross Profit		11,391,963	12,825,803	1,460,581	1,374,606
Operating Expenses					
Other operating expenses		1,293,729	1,432,439	–	–
Payroll and related expenses		2,480,173	2,426,637	–	–
Administration and General Expenses		2,745,458	2,223,576	46,924	53,830
Marketing expenses		724,558	636,832	–	–
Upkeep and service cost		1,625,204	1,938,555	–	–
Project development expenses		276,427	140,448	–	–
Provision for furniture, fixture and equipment		307,620	354,381	–	–
Royalty expense		174,805	–	–	–
Other Expenses		44,389	30,790	2,113	2,562
Depreciation and amortisation		1,294,427	1,327,987	–	–
Total Operating Expenses		10,966,790	10,511,642	49,037	56,392
Other Income/(Expense)					
Interest expense		–	–	–	–
Share of profit/(loss) of investments accounted for using the equity method		342,460	(1,284,829)	–	–
Other Income/(expense)		302,597	(2,836,409)	–	–
Total Other Income/(Expense)		645,057	(4,121,238)	–	–
Profit/(Loss) before taxation		1,070,230	(1,807,077)	1,411,544	1,318,214
Taxation	4	(500,110)	(729,460)	–	–
Profit/(Loss) after taxation		570,120	(2,536,537)	1,411,544	1,318,214
Profit/(Loss) for the year is attributable to:					
Owners of the parents		519,561	(2,957,979)	1,411,544	1,318,214
Non-controlling Interest		50,559	421,442	–	–
		570,120	(2,536,537)	1,411,544	1,318,214
Other comprehensive income/(loss)					
Profit/(Loss) after taxation		570,120	(2,536,537)	1,411,544	1,318,214
Share of other comprehensive income of Investments accounted for using the equity method		–	–	–	–
Movement in foreign currency translation reserve		(596,974)	2,188,236	–	–
Total comprehensive income		(26,854)	(348,301)	1,411,544	1,318,214
Total comprehensive income/(loss) for the year is attributable to:					
Owners of the parents		(41,890)	(593,078)	1,411,544	1,318,214
Non-controlling interest		15,036	244,777	–	–
		(26,854)	(348,301)	1,411,544	1,318,214

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

Statement of Financial Position

as at 31 March 2016

(Expressed in United States dollars)

	Note	Consolidated		Standalone	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
		\$	\$	\$	\$
Non-Current Assets					
Amount due from related parties	9	13,677,854	10,343,787	5,750,095	5,424,618
Investments	6	16,258,246	15,915,786	84,675,214	84,675,314
Property, plant and equipment	7	8,819,941	8,653,499	–	–
Intangibles assets	8	62,588,758	63,498,758	–	–
Deferred tax assets		95,087	64,031	–	–
Other assets		646,273	482,093	–	–
Total Non-Current Assets		102,086,159	98,957,954	90,425,309	90,099,932
Current Assets					
Cash and cash equivalents	10	9,560,577	13,383,818	1,049,133	962,966
Receivable	11	730,101	607,085	–	–
Amounts due from related parties	9	53,849	327,537	–	–
Inventories		351,958	373,277	–	–
Other assets		315,437	251,947	–	–
Total Current Assets		11,011,922	14,943,664	1,049,133	962,966
Total Assets		113,098,081	113,901,618	91,474,442	91,062,898
Current Liabilities					
Trade and other payables	12	1,944,005	1,825,858	50,000	50,000
Provision for taxation		217,587	144,597	–	–
Total Current Liabilities		2,161,592	1,970,455	50,000	50,000
Non-Current Liabilities					
Amounts due to related parties	13	3,120,000	3,120,000	181,087	181,087
Deferred tax liabilities		–	–	–	–
Employee benefits liabilities		798,467	526,287	–	–
Total Non-Current Liabilities		3,918,467	3,646,287	181,087	181,087
Total Liabilities		6,080,059	5,616,742	231,087	231,087
Net Assets		107,018,022	108,284,876	91,243,355	90,831,811
Equity					
Share Capital	14	96,607,800	96,607,800	96,607,800	96,607,800
Retained Earnings		9,325,940	9,806,379	(5,364,445)	(5,775,989)
Translation reserve		(293,086)	268,365	–	–
Minority Interest	15	1,377,368	1,602,332	–	–
Total Equity		107,018,022	108,284,876	91,243,355	90,831,811

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

Statement of Changes in Equity for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	Consolidated				Total Equity
		Share Capital	Translation Reserve	Retained earnings	Non- Controlling Interest	
		\$	\$	\$	\$	
As at 1 April 2015	14	96,607,800	268,365	9,806,379	1,602,332	108,284,876
Issued during the year		–	–	–	–	–
Translation reserve		–	(561,451)	–	(35,523)	(596,974)
Profit for year		–	–	519,561	50,559	570,120
Other Comprehensive Income		–	–	–	–	–
Dividend paid		–	–	(1,000,000)	(240,000)	(1,240,000)
As at 31 March 2016	14	96,607,800	(293,086)	9,325,940	1,377,368	107,018,022
As at 1 April 2014	14	93,607,800	(2,096,536)	13,764,358	1,477,555	106,753,177
Issued during the year		3,000,000	–	–	–	3,000,000
Translation reserve		–	2,364,901	–	(176,665)	2,188,236
Profit for year		–	–	(2,957,979)	421,442	(2,536,537)
Other Comprehensive Income		–	–	–	–	–
Dividend paid		–	–	(1,000,000)	(120,000)	(1,120,000)
As at 31 March 2015	14	96,607,800	268,365	9,806,379	1,602,332	108,284,876

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

Statement of Changes in Equity (continued) for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	Standalone		
		Share Capital \$	Retained earnings \$	Total Equity \$
As at 1 April 2015	14	96,607,800	(5,775,989)	90,831,811
Shares issued		–	–	–
Profit for year		–	1,411,544	1,411,544
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2016	14	<u>96,607,800</u>	<u>(5,364,445)</u>	<u>91,243,355</u>
As at 1 April 2014	14	93,607,800	(6,094,203)	87,513,597
Shares Issued		3,000,000	–	3,000,000
Profit for year		–	1,318,214	1,318,214
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2015	14	<u>96,607,800</u>	<u>(5,775,989)</u>	<u>90,831,811</u>

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

Statement of Cash Flows

For the year ended 31 March 2016

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Cash flows from operating activities				
Profit before taxation	1,070,230	(1,807,077)	1,411,544	1,318,214
<i>Adjustment for:</i>				
Depreciation	1,294,427	1,327,984	–	–
Share of associates net (profit) / loss	(342,460)	1,284,829	–	–
Interest income	(493,067)	(465,200)	(325,477)	(307,054)
Dividend received	–	–	(1,135,104)	(1,067,552)
Interest expense	–	–	–	–
Writedown of investment	–	–	100	–
Gain on remeasurement of pre-existing interest	–	–	–	–
Impact of foreign currency translation	(470,945)	2,836,659	–	–
<i>(Increase)/Decrease in assets:</i>				
Decrease in receivables	46,440	297,790	–	–
Decrease in inventories	21,319	46,371	–	–
Decrease/(Increase) in prepayments	(65,967)	108,357	–	–
<i>(Decrease)/Increase in liabilities:</i>				
(Decrease)/Increase in payables	69,859	29,074	–	–
(Decrease)/Increase in provision	479,431	(15,199)	–	–
Cash generated from/(used by) operations	1,609,267	3,643,588	(48,937)	(56,392)
Interest paid	–	–	–	–
Taxes paid	599,650	733,772	–	–
Net cash flows (used by)/from operating activities	1,009,617	2,909,816	(48,937)	(56,392)
Cash flows from investing activities				
Dividend received	–	–	1,135,104	1,067,552
Acquisition of fixed assets	(584,242)	(682,051)	–	–
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	(267,616)	(375,341)	–	–
Proceeds from sale of property, plant and equipment	–	–	–	–
Repayment of advance to related party	–	–	–	–
Share of associates net (profit)/loss	–	–	–	–
Payment for acquisition of investments	–	–	–	(3,000,000)
Interest received	–	42	–	–
Dividend paid	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Dividend paid to minority interest	(240,000)	(120,000)	–	–
Net cash flows from/(used by) investing activities	(2,091,858)	(2,177,350)	135,104	(2,932,448)
Cash flows from financing activities				
Proceeds from issuance of shares	–	3,000,000	–	3,000,000
Loans to related party	(2,741,000)	(1,881,000)	–	–
Repayment of bank loans	–	–	–	–
Net cash flows from financing activities	(2,741,000)	1,119,000	–	3,000,000
Net increase/(decrease) in cash and cash equivalents	(3,823,241)	1,851,466	86,167	11,160
Cash and cash equivalents at beginning of year	13,383,818	11,532,352	962,966	951,806
Effect of exchange rate changes on cash balances	–	–	–	–
Cash and cash equivalents at end of year (Note 10)	9,560,577	13,383,818	1,049,133	962,966

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

Notes to the Financial Statements

For the year ended 31 March 2016

1. Corporate Information

The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2016 was authorised for issue on 17th May 2016.

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

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

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

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. There are a number of standards issued not yet effective which have been considered by management and are not expected to have a material impact on the business.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of EIH International Ltd (the "Company") and its controlled entities as at 31 March 2016 (the "Group"). The financial information of the controlled entities is prepared for the same reporting period as the parent Company, using consistent accounting policies.

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

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

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

(e) Business Combinations

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or

Notes to the Financial Statements (*Contd.*)

For the year ended 31 March 2016

liability will be recognised either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(f) Operating Segments

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

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

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

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

(g) Foreign Currencies Translation

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

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

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

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

(h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (*Contd.*) For the year ended 31 March 2016

(k) Investments

Other investments are carried at cost, less provision for any permanent diminution in value. Similarly, parent entity investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

(l) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

For the year ended 31 March 2016

The reporting dates of the associates and the Group are identical and the associates' accounting policies to those used by the Group for like transactions and events in similar circumstances.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land - not depreciated
- Buildings - over 20 years
- Plant and equipment - over 5 to 15 years
- Leased equipment - over 8 to 10 years
- Motor vehicles - over 4 years

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

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to be revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(n) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Notes to the Financial Statements (*Contd...*) For the year ended 31 March 2016

Management contracts

Management contracts are measured at cost. After initial recognition, management contracts are measured at cost less any accumulated amortisation and impairment losses.

Amortisation of the various management contracts commenced from 1 April 2011 and was calculated based on the remaining terms of the respective contracts.

(o) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provision and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

For the year ended 31 March 2016

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

- (r) **Contributed Equity**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.
- (s) **Revenue recognition**
Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:
 - (i) *Rendering of Services*
Revenue from management and service fees received as hotel operators and managers for services rendered to hotel is recognised by reference to the billing to the customers.
 - (ii) *Sale of Goods*
Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer, the amount can be reliably measured and collectibility of the related receivables is reasonably assured. Risks and rewards are considered passed to the buyer at the time of despatch or at the time of delivery of the goods to the customer.
 - (iii) *Interest Income*
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements (Contd...)

For the year ended 31 March 2016

3. Turnover

Revenue represents income from hotel operations, management and service fees received as hotel operators and managers for services rendered to hotels, royalty, dividend and interest income.

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Hotel revenues	10,253,960	11,813,644	-	-
Hotel management fees	849,030	860,953	-	-
Sales and marketing	653,662	685,313	-	-
Royalty	15,274	8,141	-	-
Dividends	-	-	1,135,104	1,067,552
Interest	493,067	465,200	325,477	307,054
	<u>12,264,993</u>	<u>13,833,251</u>	<u>1,460,581</u>	<u>1,374,606</u>

4. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Profit before tax	1,070,230	(1,807,077)	1,411,544	1,318,214
Tax at the statutory tax rate of Nil% (2015: Nil%)	-	-	-	-
Tax rate differential in foreign Countries	(500,110)	(729,460)	-	-
Tax expense	<u>(500,110)</u>	<u>(729,460)</u>	<u>-</u>	<u>-</u>

5. Directors' Remuneration

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Fees	-	-	-	-
Other emoluments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (Contd...)

For the year ended 31 March 2016

6. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Unlisted shares, at cost	–	–	79,043,714	79,043,814
Other Investments				
Other investments	<u>16,258,246</u>	<u>15,915,786</u>	<u>5,631,500</u>	<u>5,631,500</u>

Other investments represent investments in Oberoi Mauritius Limited and Tourism Investment Company at Sahl Hasheesh and La Roseraie De L'Atlas SA.

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Total investments	<u>16,258,246</u>	<u>15,915,786</u>	<u>84,675,214</u>	<u>84,675,314</u>

Notes to the Financial Statements (Contd...) For the year ended 31 March 2016

6. Investments (Contd...)

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
EIH Holdings Ltd	British Virgin Islands	94.78	5.22	Hotel Investment and Management	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. P. Selvadurai
EIH Marrakech* Limited	British Virgin Islands	100	–	Investment	Mr. P.R.S. Oberoi Mr. S.S. Mukherji Mr. D. Madhok
PT Widja Putra Karya	Indonesia	21.11	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	26.20	57.13	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
J&W Hongkong Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. P. Selvadurai
EIHH Corporation Ltd.	Hongkong	–	100	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. P. Selvadurai
EIH Investment N.V.	Netherlands Antilles	–	100	Investment and Management	Intertrust (Curacao) BV
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
PT Astina Graha Ubud	Indonesia	–	60	Hotel Development	I Wayan Pasek Tjokorda Raka Kerthayasa Mr. Deepak Madhok

* EIH Marrakesh Limited was wound up during the year.

Notes to the Financial Statements (Contd...)

For the year ended 31 March 2016

(Expressed in United States dollars)

7. Property, Plant and Equipment

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Freehold Land				
At Cost	5,490,771	5,496,922	-	-
Accumulated depreciation	-	-	-	-
	<u>5,490,771</u>	<u>5,496,922</u>	<u>-</u>	<u>-</u>
Freehold Buildings				
At Cost	3,848,508	3,811,305	-	-
Accumulated depreciation	(2,871,699)	(2,733,870)	-	-
	<u>976,809</u>	<u>1,077,435</u>	<u>-</u>	<u>-</u>
Plant and Equipment				
At Cost	1,995,519	1,992,686	-	-
Accumulated depreciation	(1,748,651)	(1,718,656)	-	-
	<u>246,868</u>	<u>274,030</u>	<u>-</u>	<u>-</u>
Furniture & Fittings				
At Cost	3,137,036	3,018,119	-	-
Accumulated depreciation	(2,718,326)	(2,612,115)	-	-
	<u>418,710</u>	<u>406,004</u>	<u>-</u>	<u>-</u>
Motor Vehicles				
At Cost	165,015	150,980	-	-
Accumulated depreciation	(112,826)	(100,684)	-	-
	<u>52,189</u>	<u>50,296</u>	<u>-</u>	<u>-</u>
Project Expenses	<u>1,634,594</u>	<u>1,348,812</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment, net	<u>8,819,941</u>	<u>8,653,499</u>	<u>-</u>	<u>-</u>
At cost	<u>16,271,443</u>	<u>15,818,824</u>	<u>-</u>	<u>-</u>
Accumulated depreciation	<u>(7,451,502)</u>	<u>(7,165,325)</u>	<u>-</u>	<u>-</u>
Written Down Value	<u>8,819,941</u>	<u>8,653,499</u>	<u>-</u>	<u>-</u>

8. Intangible Assets

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Goodwill	30,738,758	30,738,758	-	-
Management contracts	36,400,000	36,400,000	-	-
Less: accumulated amortisation	(4,550,000)	(3,640,000)	-	-
Management contracts, net	<u>31,850,000</u>	<u>32,760,000</u>	<u>-</u>	<u>-</u>
	<u>62,588,758</u>	<u>63,498,758</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (Contd...) For the year ended 31 March 2016

(Expressed in United States dollars)

9. Amount Due from Related Parties

The amounts due from related parties are unsecured, non-interest bearing and without predetermined repayment terms.

10. Cash and Cash Equivalents

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Cash at Bank	9,551,034	13,372,678	1,049,133	962,966
Cash on hand	9,543	11,140	–	–
	<u>9,560,577</u>	<u>13,383,818</u>	<u>1,049,133</u>	<u>962,966</u>

11. Receivables

Trade receivables	694,935	580,479	–	–
Other receivables	35,166	26,606	–	–
	<u>730,101</u>	<u>607,085</u>	<u>–</u>	<u>–</u>

12. Payables

Third parties	1,944,005	1,825,858	50,000	50,000
Related parties	–	–	–	–
	<u>1,944,005</u>	<u>1,825,858</u>	<u>50,000</u>	<u>50,000</u>

13. Amounts Due to Related Parties

The amounts due to the related parties are unsecured and without predetermined repayment terms.

Notes to the Financial Statements (Contd...)

For the year ended 31 March 2016

(Expressed in United States dollars)

14. Contributed Equity

Share Capital

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Issued and fully paid: 96,607,800 (2015: 96,607,800) ordinary shares	<u>96,607,800</u>	<u>96,607,800</u>	<u>96,607,800</u>	<u>96,607,800</u>

	Consolidated		Standalone	
	Number of shares	\$	Number of shares	\$
As at 31 March 2014	93,607,800	93,607,800	93,607,800	93,607,800
Shares issued	3,000,000	3,000,000	3,000,000	3,000,000
As at 31 March 2015	96,607,800	96,607,800	96,607,800	96,607,800
Shared issue	-	-	-	-
As at 31st March 2016	<u>96,607,800</u>	<u>96,607,800</u>	<u>96,607,800</u>	<u>96,607,800</u>

15. Non-controlling interest

	Consolidated		Standalone	
	31 March 2016 \$	31 March 2015 \$	31 March 2016 \$	31 March 2015 \$
Contributed equity	3,158,046	3,158,046	-	-
Translation reserve	(855,323)	(819,800)	-	-
Dividend paid	(240,000)	(120,000)	-	-
Retained earnings	(735,914)	(1,037,356)	-	-
Current year profit	50,559	421,442	-	-
	<u>1,377,368</u>	<u>1,602,332</u>	<u>-</u>	<u>-</u>

16. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

Notes to the Financial Statements (*Contd...*) for the year ended 31 March 2016

17. Commitments and Contingencies

EIH Holdings Ltd (subsidiary company)

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2016, the assessed tax for the years ended 30 June 2001 to 30 June 2011 is US\$653,714 and penalties of US\$425,861.

Based on the advice received from PricewaterhouseCoopers, the Company claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under this formula from 30 June 2001 to 31 March 2016 is US\$44,977. The Company has paid \$36,088 as at 31 March 2016.

The Company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The Company has made an on-account payment of US\$324,930 in order to lodge the appeal with ARC.

The MRA did not agree with the Company and the matter has been presented and heard before the ARC and their ruling is awaited.

If successful, the amount of US\$324,830 will be refunded. If not, the liability of the Company will be the US\$653,714 and US\$425,861 already assessed by the MRA as at 31 March 2016, plus US\$293,408 (applying the same basis of calculation for the years ended 30 June 2011 to 31 March 2016) and any applicable penalties.

The total tax liability will therefore be US\$1,391,912 plus penalties on tax for the years ended 30 June 2011 to 31 March 2016, estimated at US\$182,295. Other than the payments made to the MRA as outlined above, no amount has been provided as the Company believes that the ruling will be returned in its favour, and therefore no tax will be required to be paid.

Oberoi Mauritius Ltd (jointly controlled entity)

In Mauritius, the Mauritius Revenue Authority (MRA) assessed the Company for payment of tax on interest income commencing from the year ended 30 June 2003 to 30 June 2011. MRA in its tax assessments determined the interest on the loan receivable from Island Resort Limited as taxable without deducting interest payable on the loan from shareholders. The assessed tax and penalty as per MRA is US\$1,508,414 and US\$816,516 respectively for the years ended 30 June 2003 to 30 June 2011.

The Company has claimed that the interest on shareholders loans should be allowed as an expense deduction. The Company does not accept the method of taxation of interest income without deduction of interest expense. The Company lodged tax returns every year on this basis and has paid tax of US\$30,660.

The matter went for review by the Assessment Review Committee (ARC) and the Company made on-account payments of US\$635,613 as part of the review process. In addition, the Company has paid the balance of tax as claimed by MRA amounting to US\$323,044 for the years 2007-08 to 2010-11 without prejudice to its right of appeal, to avoid payment of interest. ARC in April 2012 decided that the interest expense is not allowable as a deduction but it is still reviewing whether MRA used its discretion properly in determining that the deduction of interest expense was disallowable. Notwithstanding, the Company has lodged a submission with ARC as it believes that interest expense should be allowed as a deduction.

The ruling from ARC is awaited and if it is not in the Company's favour, then the Company has to pay US\$1,508,414 and US\$816,516 as above less US\$1,016,662 already paid for the years ended 30 June 2003 to 30 June 2012 i.e. US\$1,308,268. Further, the estimated tax liability for the years ended 30 June 2013 to 31 March 2016 is US\$492,415 plus applicable penalty on this amount.

In all, the outstanding tax liability will be US\$1,800,683 plus penalty for years ended 30 June 2013 to 31 March 2016. Other than the payments made to the MRA as outlined above, no amount has been provided as the Company believes that the ruling will be returned in its favour, and therefore no tax will be required to be paid.

Directors' Statement

In the opinion of the Directors :

- (a) the Statement of Comprehensive Income and Statement of Changes in Equity is drawn up so as to give a true and fair view of the results of the Group for the year ended 31 March 2016;
- (b) the Statement of Financial position is drawn up so as to give a true and fair view of the state of affairs of the Group at 31 March 2016; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

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

Melbourne
17 May 2016

DEEPAK MADHOK
Director

EIH HOLDINGS LTD

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. Pathmanaban Selvadurai

AUDITORS

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

REGISTERED OFFICE

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

DIRECTORS' REPORT

DIRECTORS

The directors have pleasure in submitting the Statement of Financial Position of EIH Holdings Ltd (the 'Company') as at 31 March 2016, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended and report as follows:

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

P R S Oberoi
Deepak Madhok
Pathmanaban Selvadurai

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the year was investment and management.

RESULT

The net profit for the year was \$678,952 (2015: \$1,014,772) after provision for income tax expense of \$34,624 (2015: \$53,836).

EVENTS AFTER THE BALANCE DATE

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

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

DIVIDENDS

During the year, a dividend of \$1,000,000 was declared and paid (2015: \$1,000,000).

DIRECTORS' REMUNERATION

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

SHARE OPTIONS

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

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

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

17 May, 2016

DEEPAK MADHOK

Director

Independent Auditor's Report

To the Members of
EIH Holdings Ltd

We have audited the accompanying financial report of EIH Holdings Ltd, which comprises the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' statement.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

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

Independence

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

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of EIH Holdings Ltd as on 31 March 2016 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Adelaide
17 May 2016

ERNST & YOUNG

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	31 March 2016 \$	31 March 2015 \$
Continuing Operations			
Turnover	3	2,559,755	2,542,126
Cost of Sales		—	—
Gross Profit		<u>2,559,755</u>	<u>2,542,126</u>
Operating Expenses			
Administration and General Expenses		1,275,260	1,330,505
Royalty expenses		174,805	—
Marketing expenses		115,019	—
Project Development Expenses		276,427	140,448
Total Operating Expenses		<u>1,841,511</u>	<u>1,470,953</u>
Other Income/(Expense)			
Other Income/(Expense)		(4,668)	(2,565)
Total Other Income/(Expense)		<u>(4,668)</u>	<u>(2,565)</u>
Profit before taxation	4	713,576	1,068,608
Taxation	5	(34,624)	(53,836)
Profit after taxation		<u>678,952</u>	<u>1,014,772</u>
Other Comprehensive Income			
Other Comprehensive Income		—	—
Total Comprehensive Income		<u>678,952</u>	<u>1,014,772</u>

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

Statement of Financial Position as at 31 March 2016

(Expressed in United States dollars)

	Note	31 March 2016 \$	31 March 2015 \$
Non-Current Assets			
Investments	7	11,672,539	11,672,539
Amount due from related parties	8	24,330,665	21,450,357
		<u>36,003,204</u>	<u>33,122,896</u>
Current Assets			
Cash and cash equivalents	9	6,357,004	9,522,499
Receivables	10	522,810	566,820
Total Current Assets		<u>6,879,814</u>	<u>10,089,319</u>
Total Assets		<u>42,883,018</u>	<u>43,212,215</u>
Current Liabilities			
Payables	11	74,194	82,343
Total Current Liabilities		<u>74,194</u>	<u>82,343</u>
Non-Current Liabilities			
Amounts due to related parties	12	13	13
Total Non-Current Liabilities		<u>13</u>	<u>13</u>
Total Liabilities		<u>74,207</u>	<u>82,356</u>
Total Net Assets		<u>42,808,811</u>	<u>43,129,859</u>
Equity			
Share Capital	13	37,085,714	37,085,714
Retained Earnings		5,723,097	6,044,145
Total Equity		<u>42,808,811</u>	<u>43,129,859</u>

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

Statement of Changes in Equity for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2015	13	37,085,714	6,044,145	43,129,859
Profit for year		–	678,952	678,952
Other Comprehensive Income		–	–	–
Issue of capital		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2016	13	37,085,714	5,723,097	42,808,811
As at 1 April 2014	13	34,085,714	6,029,373	40,115,087
Profit for year		–	1,014,772	1,014,772
Other Comprehensive Income		–	–	–
Issue of capital		3,000,000	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2015	13	37,085,714	6,044,145	43,129,859

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

Statement of Cash Flows

for the year ended 31 March 2016

(Expressed in United States dollars)

	31 March 2016	31 March 2015
	\$	\$
Cash Flows from Operating Activities		
Profit before taxation	713,576	1,068,608
<i>Adjustment for:</i>		
Interest income	(167,590)	(158,116)
Dividend income	(344,948)	(166,676)
Other	24,668	2,566
<i>(Increase)/Decrease in assets:</i>		
Decrease/(Increase) in receivables	44,010	209,159
<i>(Decrease)/Increase in Liabilities:</i>		
(Decrease)/Increase in payables	8,149	59,053
Cash generated from operations	<u>257,865</u>	<u>1,014,594</u>
Tax paid	(34,625)	(53,836)
Net Cash Flows from operating activities	<u>223,240</u>	<u>960,758</u>
Cash Flows from Investing Activities		
Dividends paid	(1,000,000)	(1,000,000)
Dividend income	344,948	166,676
Issue of share capital	–	3,000,000
Purchase of investments	–	–
Interest received	–	12
Net Cash Flows from/(used by) investing activities	<u>(655,052)</u>	<u>2,166,688</u>
Cash Flows from financing activities		
Payments on loans provided to related parties	(2,729,015)	(1,881,000)
Proceeds from related party borrowings	–	47,206
Net Cash Flows used by financing activities	<u>(2,729,015)</u>	<u>(1,833,794)</u>
Net increase (decrease) in cash and cash equivalents	(3,160,827)	1,293,652
Cash and cash equivalents at beginning of year	9,522,499	8,231,413
Effect of exchange rate changes on cash balances	(4,668)	(2,566)
Cash and cash equivalents at end of year (Note 9)	<u>6,357,004</u>	<u>9,522,499</u>

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

Notes to the Financial Statements for the year ended 31 March 2016

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the “Company”) for the year ended 31 March 2016 was authorised for issue on 17 May 2016.

EIH Holdings Ltd is a company limited by shares and incorporated in British Virgin Island. The principal activity of the Company during the course of the year was investment and management.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards (‘IFRS’), except as outlined below.

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

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

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, with the following exceptions:

- IFRS 27 “Consolidated and Separate Financial Statements”, as consolidated financial statements have not been prepared.

(c) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

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

(g) Investments

Other investments are carried at cost, less provision for any permanent diminution in value. Investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

(h) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(j) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(k) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) *Rendering of Services*

Revenue from management and service fees received as hotel operators and managers for services rendered to hotel is recognised by reference to the billing to the customers.

(ii) *Interest Income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements (Contd...)

3. Revenue

Revenue represents income from management and service fees received as hotel operators and managers for services rendered to hotels, royalty, dividend and interest income.

(Expressed in United States dollars)

	31 March 2016	31 March 2015
	\$	\$
Hotel Management Fees	1,070,663	1,169,499
Sales and Marketing	961,280	1,039,694
Royalty	15,274	8,141
Dividends	344,948	166,676
Interest	167,590	158,116
	<u>2,559,755</u>	<u>2,542,126</u>

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2016	31 March 2015
	\$	\$
Interest Income (Note 3)	<u>167,590</u>	<u>158,116</u>
Auditor remuneration:		
– audit of financial report	11,750	11,240
– accounting advice	–	–
	<u>11,750</u>	<u>11,240</u>

5. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows :

	31 March 2016	31 March 2015
	\$	\$
Profit before tax	713,576	1,061,475
Tax at the statutory tax rate of Nil % (2015 : Nil%)	–	–
Tax rate differential in Foreign Countries	34,624	53,836
Tax Expense	<u>34,624</u>	<u>53,836</u>

6. Directors' Remuneration

	31 March 2016	31 March 2015
	\$	\$
Fees	–	–
Other emoluments	–	–
	<u>–</u>	<u>–</u>

Notes to the Financial Statements (Contd...)

7. Investments

Investments in Subsidiaries

	31 March 2016	31 March 2015
	\$	\$
Unlisted shares, at cost	<u>1,566,013</u>	<u>1,566,013</u>

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
PT Widja Putra Karya	Indonesia	–	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	–	57.13	Hotel ownership	Mr. I Ketut Siandana Mr. I Wayan Pasek Mr. Deepak Madhok
PT Astina Graha Ubud	Indonesia	60	–	Hotel development	Mr. I Wayan Pasek Mr. Tjokorda Raka Kerthayasa Mr. Deepak Madhok
EIH Investment N.V.	Netherlands Antilles	100	–	Investment and Management	Intertrust (Curaçao) B.V.
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
EIHH Corporation Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. Deepak Madhok Mr. P. Selvadurai

Other Investments

	31 March 2016	31 March 2015
	\$	\$
Other Investment at cost	<u>10,106,526</u>	<u>10,106,526</u>
	<u>10,106,526</u>	<u>10,106,526</u>

Other investments represent interests in joint ventures and are carried at cost, less provision for any permanent diminution in value.

	31 March 2016	31 March 2015
	\$	\$
Total Investments	<u>11,672,539</u>	<u>11,672,539</u>

8. Amount Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of \$ 24,330,665, \$ 2,960,759 are interest bearing, and \$ 21,369,906 is non-interest bearing.

Notes to the Financial Statements (*Contd...*)**9. Cash and Cash Equivalents**

	31 March 2016	31 March 2015
	\$	\$
Cash at Bank	<u>6,357,004</u>	<u>9,522,499</u>

10. Receivables

Trade receivables	<u>522,810</u>	<u>566,820</u>
	<u>522,810</u>	<u>566,820</u>

11. Payables

Third parties	<u>74,194</u>	<u>82,343</u>
	<u>74,194</u>	<u>82,343</u>

12. Amounts Due to Related Parties

The amounts due to the related parties are unsecured, non-interest bearing and without predetermined repayment terms.

13. Share Capital

	31 March 2016	31 March 2015
	\$	\$
Issued and fully paid :		
37,085,714 ordinary shares	<u>37,085,714</u>	<u>37,085,714</u>

	Number of Shares	\$
As at 31 March 2014	<u>34,085,714</u>	<u>34,085,714</u>
Shares issued	<u>3,000,000</u>	<u>3,000,000</u>
As at 31 March 2015	<u>37,085,714</u>	<u>37,085,714</u>
Shares issued	<u>—</u>	<u>—</u>
As at 31 March 2016	<u>37,085,714</u>	<u>37,085,714</u>

14. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

15. Commitments and Contingencies

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2016, the assessed tax for the years ended 30 June 2001 to 30 June 2011 is US\$653,714 and penalties of US\$425,861.

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

Based on the advice received from Pricewaterhouse Coopers, the company has claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under this formula from 30 June 2001 to 31 March 2016 is US\$44,977. The company has paid \$36,088 as at 31 March 2016.

The company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The company has made an on-account payment of US\$324,830 in order to lodge the appeal with ARC.

The MRA did not agree with the company and the matter has been presented and heard before the ARC and their ruling is awaited.

If successful, this amount of US\$324,830 will be refunded. If not, the liability of the Company will be the US\$653,714 and US\$425,861 already assessed by the MRA as at 31 March 2016, plus US\$293,408 (applying the same basis of calculation for the years ended 30 June 2011 to 31 March 2016) and any applicable penalties.

The total tax liability will therefore be US\$1,391,912, plus penalties on tax for the years ended 30 June 2011 to 31 March 2016, estimated at US\$182,295. Other than the payments made to the MRA as outlined above, no amount has been provided as the company believes that the ruling will be returned in its favour, and therefore no tax will be required to be paid.

There are no other outstanding commitments and contingencies at year end.

Directors' Statement

In the opinion of the Directors :

- (a) the Statement of Comprehensive Income and Statement of Changes in equity is drawn up so as to give a true and fair view of the result of the Company for the year ended 31 March 2016;
- (b) the Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2016; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

17 May 2016

DEEPAK MADHOK
Director

J&W HONG KONG LIMITED

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. Pathmanaban Selvadurai

AUDITORS

Ernst & Young
22/F, CITIC Tower
Tim Mei Avenue, Central
Hong Kong

REGISTERED OFFICE

Level 54
Hopewell Centre
183 Queen's Road East
Hongkong

Report of the Directors

The Directors present their report and the audited financial statements of the J&W Hong Kong Limited (the "Company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The Company's principal activity is investments holding.

RESULTS AND DIVIDENDS

The Company's result for the year ended 31 March 2016 and its state of affairs at 31 March 2016 are set out in the financial statements.

A dividend of US\$0.005219 per ordinary share totalling US\$52,190 was paid during the year.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year.

RESERVES

Details of movements in the Company's reserves during the year are set out in the statement of changes in equity.

DIRECTORS

The Directors of the Company during the period were:

Mr. Prithvi Raj Singh Oberoi

Mr. Deepak Madhok

Mr. Pathmanaban Selvadurai

There being no provision in the Company's articles of association for the retirement of Directors by rotation, all existing Directors will continue in office.

DIRECTORS' INTERESTS

At no time during the year was the Company or any of its holding company and fellow subsidiaries a party to any arrangement to enable the Company's Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS

No Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Company to which the Company, or any of its holding company and fellow subsidiaries was a party during the year.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Hong Kong
17th May 2016

ON BEHALF OF THE BOARD

Chairman

Independent Auditors' Report

To the shareholders of J&W Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of J&W Hong Kong Limited set out on pages 5 to 14, which comprise the balance sheet as at 31 March 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of financial statement that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation of 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company's as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Hong Kong
17 May 2016

Ernst & Young
Certified Public Accountants

Statement of Profit or Loss and Other Comprehensive Income year ended 31 March 2016

	Note	31 March 2016 US\$	31 March 2015 US\$
Revenue	3	<u>52,190</u>	<u>56,780</u>
Profit before tax		52,190	56,780
Income tax expense	6	<u>—</u>	<u>—</u>
Profit for the year and total Comprehensive Income for the year		<u>52,190</u>	<u>56,780</u>

Statement of Financial Position

31 March 2016

	Note	31 March 2016 US\$	31 March 2015 US\$
Non-Current Assets			
Available-for-sale financial assets	7	10,000,000	10,000,000
Net Assets		<u>10,000,000</u>	<u>10,000,000</u>
Equity			
Share Capital	8	10,000,000	10,000,000
Retained Profit		–	–
Total Equity		<u>10,000,000</u>	<u>10,000,000</u>

17 May 2016

DEEPAK MADHOK

PATHMANABAN SELVADURAI

*Director**Director*

Statement of Changes in Equity year ended 31 March 2016

	Share Capital US\$	Retained profit US\$	Total US\$
At 1 April 2014	10,000,000	–	10,000,000
Profit for the year	–	56,780	56,780
Total Comprehensive Income for the year	–	56,780	56,780
Dividend paid	–	(56,780)	(56,780)
At 31 March 2015	10,000,000	–	10,000,000
Profit for the year	–	52,190	52,190
Total Comprehensive Income for the year	–	52,190	52,190
Dividend paid	–	(52,190)	(52,190)
At 31 March 2016	10,000,000	–	10,000,000

Notes to the Financial Statements

31 March 2016

1. CORPORATE INFORMATION

J&W Hong Kong Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the year the Company was involved in investments holding. In the opinion of Directors, the Company's ultimate holding Company is EIH International Ltd. Its registered Office is Commerce Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Companies Ordinance.

2.2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, and these financial statements are presented in United States dollars ("US\$"). A cash flow statement has not been presented as the Company does not operate a bank or cash account or hold any cash equivalents and has no cash transitions during the year. Accordingly, in the opinion of Directors, the presentation of a cash flow statement would provide no additional useful information to the users of the financial statements.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Company has adopted the following revised HKFRS for the first time for the current year's financial statements, which is applicable to the Company.

Amendment to HKFRS 13

included in *Annual Improvements*

2010-2012 Cycle

Short-term Receivables and Payables

The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Company.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 9 *Financial Instruments*¹

HKFRS 15 *Revenue from Contracts with Customers*¹

¹ Effective for annual periods beginning on or after 1 January 2018

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

31 March 2016

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

Financial instruments

The Company classifies its financial instruments into the following category at inception, depending on the purpose for which the assets were acquired. Purchases and sales of the financial assets are recognised using trade date accounting.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

Available-for-sale financial investments are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are remeasured at fair value with changes in fair value recognised as other comprehensive income in the available-for-sale investment valuation reserve until the securities are either sold or impaired. On disposal of available-for-sale securities, cumulative gains or losses are recognised in the income statement and removed from the available-for-sale investment valuation reserve.

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

31 March 2016

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

If an available-for-sale financial asset measured at fair value is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair values after impairment are recognised directly in other comprehensive income. Impairment losses on debt instruments are reversed through the income statement, if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

When the fair value of unquoted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value, such securities are stated at cost less any impairment losses.

If there is objective evidence that an impairment loss has been incurred on such unquoted equity securities, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis, and other valuation models.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are provided in full for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

31 March 2016

The carrying amount to deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Dividend income is recognised when the right to receive payment has been established.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

- (a) **Impairment of available-for-sale financial investments**

For available-for-sale financial investments, a significant or prolonged decline in fair value below cost is considered to be an objective evidence of impairment. Significant judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Company also considers other factors, such as industry and sector performance and financial information regarding the investee. The directors consider that at the reporting date there was no evidence that the available-for-sale financial investments were impaired.
- (b) **Income taxes**

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Notes to the Financial Statements (Contd...)

31 March 2016

3. REVENUE

The Company recorded dividend revenue during the year of \$52,190 (2015: \$56,780).

4. AUDITORS' REMUNERATION

Auditors' remuneration for the period was borne by a related company.

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the period (2015: Nil).

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the period (2015: Nil).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 US\$	2015 US\$
Unlisted equity investment, at cost	10,000,000	10,000,000
Impairment	–	–
	<u>10,000,000</u>	<u>10,000,000</u>

The investment represents 1,935,500 shares and representing 6.43% of the issued capital of EIH Holdings Limited, a Company incorporated in the British Virgin Islands.

8. SHARE CAPITAL

	2016 US\$	2015 US\$
Issued and fully paid: 10,000,000 (2015: 10,000,000) ordinary shares of \$US 1.00 each	<u>10,000,000</u>	<u>10,000,000</u>

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments is credit risk. The credit risk of the Company's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

10. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are approved and authorised for issue by the board of directors on 17 May 2016.

EIHH CORPORATION LIMITED

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. Pathmanaban Selvadurai

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

REGISTERED OFFICE

Level 54, Hopewell Centre
183 Queen's Road East
Hongkong

Report of the Directors

The directors present their report and the audited financial statements of EIHH Corporation Limited (the "Company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The Company was dormant during the year.

RESULTS

The Company's result for the year ended 31 March 2016 and its state of affairs at 31 March 2016 are set out in the financial statements.

DIRECTORS

The directors of the Company during the period were:

Mr. Prithvi Raj Singh Oberoi

Mr. Deepak Madhok

Mr. Pathmanaban Selvadurai

There being no provision in the Company's articles of association for the retirement of directors by rotation, all existing directors will continue in office.

DIRECTORS' INTERESTS

At no time during the period was the Company or any of its holding company and fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

DIRECTORS' INTEREST IN CONTRACTS

No director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Company to which the Company, or any of its holding company and fellow subsidiaries was a party during the period.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Hong Kong
17 May 2015

DEEPAK MADHOK
Chairman

Independent Auditors' Report

To the members of EIHH Corporation Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of EIHH Corporation Limited set out on pages 4 to 13, which comprise the balance sheet as at 31 March, 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Hong Kong
May 2016

Ernst & Young
Certified Public Accountants

Statement of Profit or Loss and Comprehensive Income year ended 31 March 2016

	Note	31 March 2016 US\$	31 March 2015 US\$
Revenue	3	—	—
Profit before tax		—	—
Income tax expense	6	—	—
Profit for the year and total Comprehensive Income for the year		—	—

Statement of Financial Position

31 March 2016

	Note	31 March 2016 US\$	31 March 2015 US\$
Non-Current Asset			
Other Receivable (Due from a Shareholder)	7	13	13
Net Assets		13	13
Equity			
Share Capital	8	13	13
Retained Profit		-	-
Total Equity		13	13

DEEPAK MADHOK
Director

PATHMANABAN SELVADURAI
Director

Statement of Changes in Equity

year ended 31 March 2016

(Expressed in United States dollars)

	Share Capital US\$	Retained Profit US\$	Total US\$
At 1 April 2014	13	–	13
Profit for the year	–	–	–
Total Comprehensive Income for the year	–	–	–
At 31 March, 2015	13	–	13
Profit for the year	–	–	–
Total Comprehensive Income for the year	–	–	–
At 31 March 2016	13	–	13

Notes to the Financial Statements

31 March 2016

1. CORPORATE INFORMATION

EIHH Corporation Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company was incorporated on 19 January 2007.

The Company is a wholly-owned subsidiary of EIH Holdings Limited, a company incorporated in the British Virgin Islands.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, and these financial statements are presented in United States dollars ("US\$"). A cash flow statement has not been presented as the Company does not operate a bank or cash account or hold any cash equivalents and has no cash transactions during the year. Accordingly, in the opinion of directors, the presentation of a cash flow statement would provide no additional useful information to the users of the financial statements.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Company has adopted the following revised HKFRS for the first time for the current year's financial statements, which is applicable to the Company.

Amendment to HKFRS 13

included in *Annual Improvements* *Short-term Receivables and Payables*
2010-2012 Cycle

The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Company.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Company's financial statement upon becoming effective:

HKFRS 9 *Financial Instruments*¹
HKFRS 15 *Revenue from Contracts with Customers*¹

¹ Effective for annual periods beginning on or after 1 January 2018

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

- (a) the party is a person or a close member of that person's family and the person
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Company are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

Financial instruments

The Company classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Purchases and sales of the financial assets are recognised using trade date accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

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

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

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis, and other valuation models.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are provided in full for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount to deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts.

Notes to the Financial Statements (Contd...)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd...)

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6

In the process of applying the Company's accounting policies, management has made the following judgments apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

(a) Income taxes

Significant judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

3. REVENUE

The Company had no revenue during the year.

4. AUDITORS' REMUNERATION

Auditors' remuneration for the period was borne by a related party.

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year.

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2015: Nil).

7. OTHER RECEIVABLE (DUE FROM A SHAREHOLDER)

The amount is unsecured, interest-free, and not repayable within the next twelve months.

8. SHARE CAPITAL

	2016		2015	
	HK\$	US\$	HK\$	US\$
Issued and fully paid: 100 (2015: 100) ordinary shares of \$HK 1.00 each	100	13	100	13

Notes to the Financial Statements (*Contd...*)**9. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments of the Company as at the balance sheet date are as follows:

Financial assets

	2016	2015
	US\$	US\$
Due from a shareholder	<u>13</u>	<u>13</u>

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments is credit risk. The credit risk of the Company's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Capital management

The Company's primary objective for its own capital management is to safeguard its ability to continue as a going concern, and the Company may adjust dividend payment or issue new shares to maintain or adjust its capital structure.

The Company is not subject to any externally imposed capital requirements and there were no changes in the objectives, policies or processes during the period. Capital of the Company comprises all components of shareholder's equity.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are approved and authorised for issue by the board of directors on 17 May 2016.

EIH INVESTMENT N.V.

BOARD

Intertrust (Curaco) B.V.

AUDITORS

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

REGISTERED OFFICE

Chuchubiweg 17,
Curacao
Netherlands Antilles

DIRECTOR'S REPORT

DIRECTORS

The Director presents their report on the Company for the year ended 31 March 2016.

The name of the Company's Director in office during the year and until the date of this report is as follows:

Intertrust (Curaçao) BV
Kaya WFG (Jombi) Mensing 14, 2nd Floor
Curaçao

The Director was in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activities are to act as a holding and finance company. It is expected that the activities of the Company will remain unchanged.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was \$349,055 (2015: \$173,962) after providing for income tax of \$4,567 (2015: \$4,610).

No significant change in the nature of these activities occurred during the year.

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that requires disclosure in the financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

DIVIDENDS

During the year a dividend totalling \$344,948 (2015: \$166,676) was declared.

SHARE OPTIONS

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

AUDITORS INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

Signed in accordance with a resolution of the Director.

Curaçao
13 May, 2016

Intertrust (Curaco) BV
Director

Independent Auditor's Report

To the Members of
EIH Investment N.V.

We have audited the accompanying financial report of EIH Investment N.V., which comprises the statement of financial position as at 31 March 2016, the statement of comprehensive income and statement of changes in equity the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' statement.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of EIH Investment N.V. as of 31 March 2016 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Investment N.V. to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Investment N.V. and should not be distributed to parties other than the members.

ERNST & YOUNG

Adelaide
17 May 2016

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2016

(Expressed in United States dollars)

	31 March 2016	31 March 2015
	\$	\$
Revenue		
Royalty Income	<u>238,315</u>	<u>331,770</u>
Expenses		
Royalty Expenses	221,633	308,546
Administration and general expenses	<u>8,008</u>	<u>11,328</u>
Total Expenses	<u>229,641</u>	<u>319,874</u>
Other Income/(Expense)		
Dividend Income	<u>344,948</u>	<u>166,676</u>
Total Other Income	<u>344,948</u>	<u>166,676</u>
Profit before Taxation	353,622	178,572
Taxation (expense)/benefit	<u>(4,567)</u>	<u>(4,610)</u>
Profit after Taxation	349,055	173,962
Other Comprehensive Income	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>349,055</u>	<u>173,962</u>

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

Statement of Financial Position as at 31 March 2016

(Expressed in United States dollars)

	Note	31 March 2016 \$	31 March 2015 \$
Non-Current Assets			
Investment in subsidiary	3	408,612	408,612
Amount due from related Company	4	15,749,365	15,749,365
Total Non-Current Assets		<u>16,157,977</u>	<u>16,157,977</u>
Current Assets			
Amount due from related Company		300,963	325,139
Total Current Assets		<u>300,963</u>	<u>325,139</u>
Total Assets		<u>16,458,940</u>	<u>16,483,116</u>
Current Liabilities			
Amount due to shareholder		150,612	178,895
Total Current Liabilities		<u>150,612</u>	<u>178,895</u>
Non-Current Liabilities			
Amount due to shareholder	5	16,157,977	16,157,977
Total Non-Current Liabilities		<u>16,157,977</u>	<u>16,157,977</u>
Total Liabilities		<u>16,308,589</u>	<u>16,336,872</u>
Net Assets		<u>150,351</u>	<u>146,244</u>
Shareholders' Equity			
Share Capital	1	6,000	6,000
Retained Earnings		144,351	140,244
		<u>150,351</u>	<u>146,244</u>

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

Statement of Changes in Equity for the year ended 31 March 2016

(Expressed in United States dollars)

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2015	1	6,000	140,244	146,244
Profit for year		–	349,055	349,055
Other Comprehensive Income		–	–	–
Dividend paid		–	(344,948)	(344,948)
As at 31 March 2016	1	<u>6,000</u>	<u>144,351</u>	<u>150,351</u>
As at 1 April 2014	1	6,000	132,958	138,958
Profit for year		–	173,962	173,962
Other Comprehensive Income		–	–	–
Dividend paid		–	(166,676)	(166,676)
As at 31 March 2015	1	<u>6,000</u>	<u>140,244</u>	<u>146,244</u>

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

Notes to the Financial Statements for the year ended 31 March 2016

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Investment N.V. (the “Company”) for the year ended 31 March 2016 was authorised for issue on 13 May, 2016.

EIH Investment N.V. is a company limited by shares and was incorporated in the Netherlands Antilles on 22 May 1997. The authorised share capital of the Company consists of 30,000 common shares with a par value of USD 1 each (US\$30,000). At Statement of Financial Position date, 6,000 shares were issued and fully paid.

The nature of the operations and principal activity of the Company is described in the Director’s report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards (‘IFRS’), with the following exceptions:

- IFRS 27 “Consolidated and Separate Financial Statements”, as consolidated financial statements have not been prepared.
- IFRS 28 “Investments in Associates”, as investments in associates held by the company are recorded at cost.

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

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

The Director has opted not to prepare consolidated financial statements.

A statement of cash flows has not been prepared given that there were no cash transactions during the year.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, to the extent outlined above.

(c) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation

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

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Investments and financial assets are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

(g) Investments

Investment in subsidiaries are recorded at cost, less provision for any permanent diminution in value.

(h) Deferred Taxation

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(i) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from management and service fees received as hotel operators and managers for services rendered is recognised by reference to the billing to the customers.

3. Investment in Subsidiary

Represents a 100% investment in EIH Management Services B.V. Participation is accounted for on a cost basis.

4. Amount Due From Related Company

The amount represents US\$15,749,365 in loans granted to EIH Management Services B.V. which are unsecured. The loan of US\$10,866,542 bears interest at a rate of 5% per annum and the loan of US\$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2015/16 was waived.

Notes to the Financial Statements (Contd...)

5. Amount Due to Shareholder

The Company received loans amounting to US\$16,157,977 from EIH Holdings Ltd which are unsecured. The loan of US\$11,275,154 bears interest at a rate of 5% per annum and the loan of US\$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2015/16 was waived.

6. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

7. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

8. Auditor's Remuneration

	31 March 2016	31 March 2015
	\$	\$
Amounts received or due and receivable for:		
– an audit or review of the financial report of the Company and any other entity in the Company	–	–
– other services in relation to the Company and any other entity in the Company	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

Directors' Statement

In the opinion of the Director:

- (a) the statement of comprehensive income and statement of changes in equity is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2016;
- (b) the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2016; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of the Director.

Curaçao
May 13, 2016

Intertrust (Curaco) B.V.
Director

EIH MANAGEMENT SERVICES B.V.

BOARD

TMF Management B.V.

AUDITORS

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

REGISTERED OFFICE

Locatellikade 1
Parnassustoren
1076 AZ Amsterdam
The Netherlands

DIRECTOR'S REPORT

DIRECTORS

The Director presents their report on the Company for the year ended 31 March 2016.

The name of the Company's Director in office during the year and until the date of this report is as follows.

TMF Management B.V.
Herikerbergweg 238
Luna Arena
1101 CM Amsterdam
The Netherlands

The Director was in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was investment and management.

OPERATING AND FINANCIAL REVIEW

The net profit/(loss) of the Company for the year was (780,240) (2015: 2,057,146) after providing for income tax of Nil (2015: Nil).

No significant change in the nature of these activities occurred during the year.

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that requires disclosure in the financial statements.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

RISK MANAGEMENT

The Company takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

DIVIDENDS

A dividend of 312,646 (2015: 160,854) has been declared and paid during the preceding year ended 31 March 2016.

SHARE OPTIONS

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

AUDITORS INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

DIRECTOR'S STATEMENT

In the opinion of the Director:

- (a) the statement of comprehensive income and statement of changes in equity is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2016.
- (b) the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2016, and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Amsterdam
May, 2016

TMF Management B.V.

Independent Auditor's Report

To the Members of
EIH Management Services B.V.

We have audited the accompanying financial report of EIH Management Services B.V., which comprises the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's statement.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of EIH Management Services B.V. as of 31 March 2016 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Management Services B.V. to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Management Services B.V. and should not be distributed to parties other than the members.

ERNST & YOUNG
Chartered Accountants

Adelaide
17 May 2016

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2016

(Expressed in Euros)

	Note	31 March 2016 €	31 March 2015 €
Turnover	3	285,192	345,612
Dividend Income		316,994	154,471
Interest Income		–	24
Unrealised foreign exchange gain		432,439	–
Total Income		1,034,625	500,107
Expenses			
Management fee expenses		215,805	261,525
Administration and other expenses		38,580	45,963
Unrealised foreign exchange loss		–	2,249,765
Total Expenses		254,385	2,557,253
Profit/(Loss) before Taxation		780,240	(2,057,146)
Taxation expense		–	–
Profit/(Loss) after Taxation		780,240	(2,057,146)
Other Comprehensive Income		–	–
Total Comprehensive Income/(Loss)		780,240	(2,057,146)

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

Statement of Financial Position

as at 31 March 2016

(Expressed in Euros)

	Note	31 March 2016 €	31 March 2015 €
Non-Current Assets			
Investment in subsidiary	4	2,549,683	2,549,683
Investment in associate	4	7,632,705	7,632,705
Amount due from related parties	5	4,012,732	4,183,669
Total Non-Current Assets		14,195,120	14,366,057
Current Assets			
Cash and cash equivalents		12,895	8,566
Other receivables and prepayments		8,889	9,787
Total Current Assets		21,784	18,353
Total Assets		14,216,904	14,384,410
Current Liabilities			
Accruals		11,253	19,666
Amount due to related parties	6	266,050	299,664
Total Current Liabilities		277,303	319,330
Non-Current Liabilities			
Amount due to shareholder	6	13,922,337	14,515,410
Total Non-Current Liabilities		13,922,337	14,515,410
Total Liabilities		14,199,640	14,834,740
Net Assets / (Liabilities)		17,264	(450,330)
Equity			
Issued Share Capital		18,200	18,200
Share Premium		375,000	375,000
Retained Earnings		(375,936)	(843,530)
Total Equity		17,264	(450,330)

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

Statement of Changes in Equity for the year ended 31 March 2016

(Expressed in Euros)

	Share Capital €	Retained Earnings €	Total Equity €
As at 1 April 2014	393,200	1,374,470	1,767,670
Profit for year	–	(2,057,146)	(2,057,146)
Dividend paid	–	(160,854)	(160,584)
Other Comprehensive Income	–	–	–
As at 31 March 2015	393,200	(843,530)	(450,330)
As at 1 April 2015	393,200	(843,530)	(450,330)
Profit for year	–	780,240	780,240
Dividend paid	–	(312,646)	(312,646)
Other Comprehensive Income	–	–	–
As at 31 March 2016	393,200	(375,936)	17,264

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

Statement of Cash Flows for the year ended 31 March 2016

(Expressed in Euros)

	31 March 2016	31 March 2015
	€	€
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	780,240	(2,057,146)
<i>Adjustment for:</i>		
Interest income	–	(24)
Unrealised foreign currency (gain)/loss	(432,439)	2,249,765
<i>(Increase)/Decrease in assets:</i>		
(Increase)/Decrease in receivables and prepayments	898	719
(Increase)/Decrease in related party receivables	–	(69,834)
<i>(Decrease)/Increase in Liabilities:</i>		
Increase/(Decrease) in accruals	(8,413)	6,935
Increase/(Decrease) in related party payables	(33,614)	29,746
Cash generated from operations	306,672	160,161
Interest paid	–	–
Net Cash Flows generated/(used) in Operating Activities	306,672	160,161
Cash Flows from Investing Activities		
Interest received	–	24
Dividend paid	(312,646)	(160,854)
Net cash flows from Investing Activities	(312,646)	(160,830)
Cash flows from Financing Activities	–	–
Net Increase/(Decrease) in cash and cash equivalents	4,329	(669)
Cash and cash equivalents at beginning of year	8,566	9,235
Cash and cash equivalents at end of year	12,895	8,566

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

Notes to the Financial Statements for the year ended 31 March 2016 (Expressed in Euro)

1. Corporate Information

The financial report of EIH Management Services B.V. (the "Company") for the year ended 31 March 2016 was authorised for issue on May, 2016.

The Company was incorporated on 11 September 1997.

The authorised share capital of the Company consists of 1,820 shares with a par value of Euros 50 each (Euros 91,000). At 31 March 2016, 364 shares were issued and fully paid.

The nature of the operations and principal activity of the Company is described in the Director's report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

These Financial Statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code and are prepared solely for management purposes enabling consolidation with the (ultimate) parent company.

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

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

The financial statements are not consolidated with those of its subsidiary, as a result of Article 407 exemption.

(b) Fair Value

The fair value of the financial assets and liabilities are not disclosed as management is of the opinion that the carrying amount of these financial assets and liabilities approximate the fair value.

(c) Financial risk management

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities, in accordance with defined policies and procedures.

(d) Foreign Currencies Translation

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (Contd...)

(f) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(g) Investments

Investments in subsidiaries and associates are recorded at cost, less provision for any permanent diminution in value.

(h) Deferred Taxation

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(i) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from management and service fees received as hotel operators and managers for services rendered is recognised by reference to the billing to the customers.

3. Management Fee Income

Turnover represents management fee income.

4. Investments

Investments represent equity interests and advances to related companies. Investments are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company	
PT Waka Oberoi Indonesia	Indonesia	57.03%	2,549,683
PT Widja Putra Karya	Indonesia	48.89%	7,632,705

5. Amount Due from Related Party

The amount due from related party is comprised an amount due from PT Waka Oberoi Indonesia amount of Euros 4,012,732 (US\$ 4,539,323).

The above amount represents loan to PT Waka Oberoi Indonesia for a nominal amount of US\$26,016,500 and is non-interest bearing. The terms of the loan as per the Settlement Agreement, dated 1 May 2009 (amended March 31, 2016) grants the Company the right to convert the Loan into the capital of PT Waka Oberoi Indonesia and it is the Company's intention to convert the Loan into the capital of PT Waka Oberoi Indonesia. The terms of the Settlement Agreement also states that the loan will bear interest of 11.5% per annum starting April 1, 2017.

Notes to the Financial Statements (Contd...)

6. Amount Due To Related Party

The amount which represents loans of US\$15,749,365 due to EIH Investments N.V., and is unsecured. The loan of US\$10,866,542 bears an interest of 5% per annum and loan of US\$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2015/16 is waived.

7. Staff numbers and employment costs

During the year under review, the Company did not employ any personnel and, consequently, no payments for wages, salaries or social security were made. The Board of Directors consisted of one member, who served without remuneration. The Company does not have a Supervisory Board of Directors.

8. Appropriation of results

Management proposes to accumulate the net result for the year to the retained earnings.

9. Events after Statement of Financial Position Date

No material subsequent events or transactions have been identified.

10. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

11. Auditor's Remuneration

	31 March 2016	31 March 2015
	€	€
	_____	_____
Amounts received or due and receivable for:		
– an audit or review of the financial report of the Company and any other entity in the Company	–	–
– other services in relation to the Company and any other entity in the Company	–	–
	_____	_____
	–	–
	_____	_____
Auditors' remuneration for the year was borne by a related party		

PT WIDJA PUTRA KARYA

BOARD

Mr. I Wayan Pasek
Mr. Deepak Madhok
Mr. I Ketut Siandana

AUDITORS

Purwantono, Suherman & Surja
A member firm of Ernst & Young Global Limited
Indonesia Stock Exchange Building
Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190,
Indonesia

REGISTERED OFFICE

Jl. Kayu Aya – Seminyak Beach,
Kuta , Denpasar 80033,
Bali,
Indonesia

Report of The Directors

We present the report and the audited financial statements of PT Widja Putra Karya (the "Company") for the year ended March 31, 2016.

Principal activity

The principal activity of the Company is hotel ownership and management.

Results

The Company's financial position and results of operations as of and for the year ended March 31, 2016 are set out in the financial statements preceded by the independent auditors' report.

Statement of Directors' responsibilities in respect of the financial statements

We are responsible for the preparation and the presentation of the financial statements, and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We are also responsible for the Company's internal control systems and safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In Preparing the financial statements of the Company, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Prepare and present the financial statements in accordance with Indonesian Financial Accounting Standards;
- Make judgments and estimates that are reasonable and prudent;

We confirm that we have complied with the above requirements in preparing the financial statements and all information contained in the financial statements are complete and correct. The financial statements do not contain or omit misleading information and/or facts.

This statement letter is made truthfully.

Bali, April 29, 2016

On behalf of the Board of Directors

Drs. I Wayan Pasek

President Director

Independent Auditor's Report

Report No. RPC- /PSS/2016

**The Stockholders, Boards of Commissioners and Directors
PT Widja Putra Karya**

We have audited the accompanying financial statements of PT Widja Putra Karya, which comprise the statement of financial position as of March 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements.

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Widja Putra Karya as of March 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

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

Other matter

Our audit was conducted for the purpose of forming an opinion on the basic Indonesian rupiah financial statements taken as a whole. The translations of the Indonesian rupiah amounts into United States dollars have been made on the basis set forth in Note 21 to the financial statements and are presented for purposes of additional analysis only and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion thereon.

Purwantono, Sungkoro & Surja

April 29, 2016
AP.1175

Tjoa Tjek Nien, CPA
Public Accountant Registration No.

Statement of Financial Position

As of March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah				Translations into U.S. Dollar Unaudited (Note 2f)			
		As restated - Note 2n				As restated - Note 2n			
		March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014	March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014		
ASSETS									
CURRENT ASSETS									
Cash on hand and in banks	2m,4	12,240,684,240	23,563,639,995	17,362,761,768	922,015	1,800,951	1,522,515		
Trade receivables	2m,5								
Third parties		3,136,153,118	3,185,708,346	4,298,455,315	236,227	243,481	376,926		
Related parties	6	36,649,500	42,674,923	39,600,000	2,761	3,262	3,472		
Other receivable - third party	2m	10,163,707	21,766,207	13,189,999	766	1,664	1,157		
Inventories	2c,7	3,243,442,531	3,043,249,333	3,095,128,664	244,309	232,593	271,407		
Prepayments and advances	2d	2,740,962,372	2,948,101,123	1,890,981,481	206,460	225,321	165,817		
Other current financial assets	2m	168,356,718	125,237,284	348,643,631	12,681	9,572	30,572		
TOTAL CURRENT ASSETS		21,576,412,186	32,930,377,211	27,048,760,858	1,625,219	2,516,844	2,371,866		
NON-CURRENT ASSETS									
Due from related parties	2b,2m,6	8,858,593,561	7,225,491,326	6,179,423,164	667,264	552,239	541,865		
Fixed assets - net	2e,2f,8	22,215,966,912	18,224,233,249	14,970,589,011	1,673,393	1,392,864	1,312,749		
Deferred tax assets - net	2k,10f	1,262,372,530	1,417,138,509	1,328,702,170	95,087	108,311	116,512		
Other non-current assets	2m	6,133,903,799	6,181,099,072	6,228,294,355	462,030	472,416	546,150		
Estimated claim for tax refund	2k,10c	2,319,400,342	-	-	174,706	-	-		
TOTAL NON-CURRENT ASSETS		40,790,237,144	33,047,962,156	28,707,008,700	3,072,480	2,525,830	2,517,276		
TOTAL ASSETS		62,366,649,330	65,978,339,367	55,755,769,558	4,697,699	5,042,674	4,889,142		

The accompanying notes form an integral part of these Financial Statements.

Statement of Financial Position (Contd...) As of March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah			Translations into U.S. Dollar		
		As restated - Note 2n			Unaudited (Note 2i)		
		March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014	March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Trade payables	2m,9	2,002,801,852	2,403,802,338	2,605,181,758	150,858	183,721	228,445
Third parties	2m						
Other payables		440,405,229	350,742,379	308,398,941	33,172	26,806	27,042
Third parties		1,139,558,736	471,904,907	543,695,453	85,836	36,067	47,676
Related parties	2b,6						
Taxes payable	2k,10a	2,503,359,589	1,503,123,082	3,244,219,938	188,563	114,883	284,482
Accrued expenses	2m,11	3,631,876,534	3,204,786,262	2,735,381,106	273,566	244,939	239,861
Due to hotel operator	2b,2m,6,12	833,480,556	197,994,915	564,383,960	62,781	15,133	49,490
Reserve for replacement of furniture, fixtures and equipment	2g,13	482,450,644	384,294,365	646,055,696	36,340	29,371	56,652
Other current financial liabilities	2m	3,652,725,187	3,402,806,750	3,551,274,608	275,139	260,074	311,405
TOTAL CURRENT LIABILITIES		14,686,658,327	11,919,454,998	14,198,591,460	1,106,255	910,994	1,245,053
NON-CURRENT LIABILITIES							
Long-term employee benefits liability	2h,14	7,317,893,702	7,559,640,716	6,021,914,949	551,212	577,777	528,053
TOTAL LIABILITIES		22,004,552,029	19,479,095,714	20,220,506,409	1,657,467	1,488,771	1,773,106

The accompanying notes form an integral part of these Financial Statements.

Statement of Financial Position (Contd...) As of March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Indonesian Rupiah				Translations into U.S. Dollar Unaudited (Note 21)			
	As restated - Note 2n				As restated - Note 2n			
	Notes	March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014	March 31, 2016	March 31, 2015	April 1, 2014/ March 31, 2014	
EQUITY								
Capital stock - Rp 100,000 par value per share		1,107,000,000	1,107,000,000	1,107,000,000	659,603	659,603	659,603	659,603
Authorized issued and fully paid - 11,070 shares	16							
Retained earnings		40,456,641,629	47,360,081,867	35,400,986,442	5,388,433	5,851,517	4,813,373	4,813,373
Other comprehensive income								
Translation adjustment	21	-	-	-	(2,917,299)	(2,808,992)	(2,283,671)	(2,283,671)
Remeasurement loss on long-term employee benefits liability		(1,201,544,328)	(1,967,838,214)	(972,723,293)	(90,505)	(148,225)	(73,269)	(73,269)
NET EQUITY		40,362,097,301	46,499,243,653	35,535,263,149	3,040,232	3,553,903	3,116,036	3,116,036
TOTAL LIABILITIES AND EQUITY		62,366,649,330	65,978,339,367	55,755,769,558	4,697,699	5,042,674	4,889,142	4,889,142

The accompanying notes form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2016	2015 As restated (Note 2n)	2016	2015 As restated (Note 2n)
DEPARTMENTAL REVENUES	2i, 17				
Rooms		70,231,722,137	71,217,928,324	5,174,661	5,953,317
Food and beverages department		22,145,760,933	22,696,090,460	1,634,159	1,895,290
Other operating departments		4,825,792,564	4,923,243,200	355,707	410,659
Total Departmental Revenues		97,203,275,634	98,837,261,984	7,164,527	8,259,266
COST OF GOODS SOLD AND SERVICES	18	33,795,526,232	31,431,138,945	2,494,170	2,612,198
GROSS PROFIT		63,407,749,402	67,406,123,039	4,670,357	5,647,068
HOTEL OPERATING EXPENSES					
Property operations, maintenance and energy expenses	19	13,372,983,091	13,241,476,623	987,144	1,097,543
General and administrative expenses	20	12,722,708,095	11,678,563,157	939,385	970,991
Marketing and sales promotion expenses	21	8,403,134,036	7,860,689,926	622,402	653,775
Total Hotel Operating Expenses		34,498,825,222	32,780,729,706	2,548,931	2,722,309
HOTEL GROSS OPERATING PROFIT		28,908,924,180	34,625,393,333	2,121,426	2,924,759

The accompanying notes form an integral part of these Financial Statements.

Statement of Profit or Loss and Other Comprehensive Income (Contd...)

For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 21)	
		Year Ended March 31,		Year Ended March 31,	
		2016	2015	2016	2015
OWNER'S OPERATING (INCOME) EXPENSES					
Finance income	2i	(3,900,510)	(2,868,170)	(287)	(237)
Final tax on finance income		780,102	573,634	57	47
Management fee	22	3,613,615,523	4,328,174,167	265,178	365,595
Depreciation and amortization	8	2,496,420,359	2,363,324,113	184,077	194,700
Salaries and wages		1,690,692,241	1,518,817,932	123,975	126,896
Rental		1,266,064,500	1,128,809,721	93,200	93,235
Insurance		1,799,049,761	1,021,543,917	135,198	81,547
Professional fee		1,423,814,569	831,356,122	105,035	68,127
Tax expense		6,065,263,490	433,317,417	458,781	36,402
Other operating expenses		1,738,780,198	85,210,420	41,812	37,771
Total Owner's Operating Expenses - Net		20,090,580,233	11,708,259,273	1,407,026	1,004,083
INCOME BEFORE INCOME TAX		8,818,343,947	22,917,134,060	714,400	1,920,676
Income tax expense - net	2k,10d	(4,989,584,185)	(6,321,638,635)	(377,484)	(482,532)
INCOME FOR THE YEAR		3,828,759,762	16,595,495,425	336,916	1,438,144

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes In Equity For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Note	Indonesian Rupiah			Net Equity
		Capital Stock	Retained Earnings	Other Comprehensive Income (Loss)	
Balance as of April 1, 2014 (as previously reported)		1,107,000,000	35,258,912,270	-	36,365,912,270
Adjustment arising from adoption of PSAK No. 24 (Revised 2013)		-	142,074,172	(972,723,293)	(830,649,121)
Balance as of April 1, 2014 (as restated)		1,107,000,000	35,400,986,442	(972,723,293)	35,535,263,149
Income for the year		-	16,595,495,425	-	16,595,495,425
Net other comprehensive income for the year		-	-	(995,114,921)	(995,114,921)
Cash dividend	16	-	(4,636,400,000)	-	(4,636,400,000)
Balance as of March 31, 2015		1,107,000,000	47,360,081,867	(1,967,838,214)	46,499,243,653
Income for the year		-	3,828,759,762	-	3,828,759,762
Net other comprehensive income for the year		-	-	766,293,886	766,293,886
Cash dividend	16	-	(10,732,200,000)	-	(10,732,200,000)
Balance as of March 31, 2016		1,107,000,000	40,456,641,629	(1,201,544,328)	40,362,097,301

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes In Equity (Contd...) For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

Translations Into U.S. Dollar - Unaudited (Note 2l)						
Other Comprehensive Income (Loss)						
	Note	Capital Stock	Retained Earnings	Translation Adjustment	Remeasurement Income (Loss) on Long-term Employee Benefits Liability	Net Equity
Balance as of April 1, 2014		659,603	4,802,671	(2,273,401)	-	3,188,873
Adjustment arising from adoption of PSAK No. 24 (Revised 2013)		-	10,702	(10,270)	(73,269)	(72,837)
Balance as of April 1, 2014 (as restated)		659,603	4,813,373	(2,283,671)	(73,269)	3,116,036
Income for the year		-	1,438,144	-	-	1,438,144
Net other comprehensive income for the year		-	-	(525,321)	(74,956)	(600,277)
Cash dividend	16	-	(400,000)	-	-	(400,000)
Balance as of March 31, 2015		659,603	5,851,517	(2,808,992)	(148,225)	3,553,903
Income for the year		-	336,916	-	-	336,916
Net other comprehensive income for the year		-	-	(108,307)	57,720	(50,587)
Cash dividend	16	-	(800,000)	-	-	(800,000)
Balance as of March 31, 2016		659,603	5,388,433	(2,917,299)	(90,505)	3,040,232

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows

For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2016	2015	2016	2015
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Total comprehensive income		4,595,053,648	15,600,380,504	286,329	837,867
Adjustments to reconcile total comprehensive income to net cash provided by operating activities:					
Provision for replacement of furniture, fixtures and equipment	20	2,916,098,268	2,964,604,861	214,936	247,739
Depreciation and amortization	8	2,496,420,359	2,363,324,113	184,077	194,700
Provision for employee benefits	14	1,119,288,736	1,084,205,216	82,011	89,073
Payments of employee benefit liability	14	(339,310,569)	(873,299,344)	(25,558)	(66,746)
Deferred income tax expense (benefit) - net	10	(100,665,316)	243,268,635	(6,552)	17,967
Remeasurement income (loss) on employee benefit liability		(766,293,886)	995,114,921	(57,720)	74,956
Translation adjustment		-	-	16,272	108,775
Changes in operating assets and liabilities:					
Trade receivables		55,580,651	1,109,672,046	7,755	133,655
Other receivables - third party		11,602,500	(8,576,208)	898	(507)
Inventories		(200,193,198)	51,879,331	(11,716)	38,814
Prepayments and advances		207,138,751	(1,057,119,642)	18,861	(59,504)
Other current financial assets		(43,119,434)	223,406,347	(3,109)	21,000
Estimated claim for tax refund	10c	(2,319,400,342)	-	(174,706)	-
Due from related parties		(1,633,102,235)	(1,046,068,162)	(115,025)	(10,374)
Other non-current assets		9,666,666	9,666,666	7,405	68,858
Trade payables - third parties		(401,000,486)	(201,379,420)	(32,863)	(44,724)
Other payables		757,316,679	(29,447,108)	56,135	(11,845)
Taxes payable		1,000,236,507	(1,741,096,856)	73,680	(169,599)
Accrued expenses		427,090,272	469,405,156	28,627	5,078
Due to Hotel Operator		635,485,641	(366,389,045)	47,648	(34,357)
Other current financial liabilities		249,918,437	(148,467,858)	15,065	(51,331)
Total Cash Provided by Operating Activities		8,677,811,649	19,643,084,153	612,450	1,389,495

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows (Contd...)

For the Year Ended March 31, 2016

(Expressed in Rupiah with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2I)	
		Year Ended March 31,		Year Ended March 31,	
		2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets	8	(6,450,625,415)	(5,579,439,734)	(481,044)	(444,092)
Utilization of reserve for replacement of furniture, fixtures and equipment	13	(2,817,941,989)	(3,226,366,192)	(210,342)	(266,967)
Total Cash Used in Investing Activities		(9,268,567,404)	(8,805,805,926)	(691,386)	(711,059)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash Dividend	16	(10,732,200,000)	(4,636,400,000)	(800,000)	(400,000)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		(11,322,955,755)	6,200,878,227	(878,936)	278,436
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	23,563,639,995	17,362,761,768	1,800,951	1,522,515
CASH ON HAND AND IN BANKS AT END OF YEAR	4	12,240,684,240	23,563,639,995	922,015	1,800,951

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

(Expressed in Rupiah with Translations into United States Dollar)

1. GENERAL

PT Widja Putra Karya (the “Company”) was established based on notarial deed No. 42 dated April 20, 1977 of Amir Sjarifuddin, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. Y.A.5/413/2 dated October 5, 1977. The Company subsequently changed its status to become a foreign capital investment company under the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on approval letter No. 64/V/PMA/1995 dated December 4, 1995 of the State Minister for Mobilization of Investment Fund/ the Chairman of the Capital Investment Coordinating Board.

The Company’s Articles of Association has been amended several times, the latest amendment was covered by notarial deed No. 2 dated August 3, 2012 of Irwan Azwir Tanjung, S.H., regarding the changes in the composition of the Company’s Boards of Commissioners and Directors. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01.10-34461 dated September 24, 2012.

In accordance with to Article 3 of the Company’s articles of association, the Company is engaged in activities related to the tourism industry. Currently, the Company is the owner of The Oberoi Bali (the Hotel), located at Jalan Kayu Aya, Seminyak Beach, Bali. The Hotel is managed and operated by EIH Management Services B.V. (the Operator) up to 2032 with option to extend for 10 or 20 years (Note 22a).

The composition of the Company’s Boards of Commissioners and Directors as of March 31, 2016 and 2015 was as follows:

Board of Commissioners

President Commissioner	:	I Made Sutarjana
Commissioner	:	Sudarshan Rao I.B. Yudana

Board of Directors

President Director	:	I Wayan Pasek
Directors	:	Deepak Madhok I Ketut Siandana

The Company employed a total of 198 and 196 permanent employees as of March 31, 2016 and 2015, respectively (unaudited).

The management of the Company is responsible for the preparation of the accompanying financial statements that were completed on April 29, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements have been prepared and presented in accordance with Indonesia Financial Accounting Standards (“SAK”), which comprise the Statements of Financial Accounting Standards (“PSAK”) and Interpretations of Financial Accounting Standards (“ISAK”) issued by the Indonesia Financial Accounting Standards Board (“DSAK”) of the Indonesian Institute of Accountants.

Except for the statement of cash flows, the financial statements have been prepared on the accrual concept, using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

Notes to the Financial Statements (Contd...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of cash flows, which have been prepared using the indirect method, presents cash receipts and disbursements of cash on hand and in banks classified into operating, investing and financing activities.

The reporting currency used in the preparation of the financial statements is the Indonesian Rupiah, which is also the functional currency of the Company with translations into United States dollars.

b. Transactions with Related Parties

The Company applies PSAK No.7 "Related Party Disclosure" which requires disclosure of related party relationships transactions and outstanding balances, including commitments.

All significant transactions and balances with related parties are disclosed in the relevant notes to the financial statements.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is primarily determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Allowance for decline in market value of inventories is provided, if any, to reduce the carrying value of inventories to their net realizable values.

d. Prepayments

Prepayments are amortized and charged to operations over the periods benefited using the straight-line method. The portion to be amortized within as of more than one year as after the end of the reporting period is presented as part of "Other Non-current Assets" in the statement of financial position.

e. Fixed Assets

Fixed assets, except land which is stated at cost and not depreciated, are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item should be depreciated separately.

When significant renewals and betterments are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation commences once the assets are available for their intended use and is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	<u>Years</u>
Buildings	20
Structures and improvements	10
Machinery and equipment	8
Furniture, fixtures and equipment	5
Motor vehicles	5

Land is stated at cost and is not depreciated.

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

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

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. The accumulated cost will be reclassified to the appropriate fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is credited or charged to operations in the year the asset is derecognized.

The costs incurred in order to acquire legal rights over land in form of "Hak Guna Usaha" (HGU), "Hak Guna Bangunan" (HGB) and "Hak Pakai" (HP) upon initial acquisition of land are recognized as part of the acquisition cost of the land and are not amortized. Meanwhile, costs incurred in connection with the extension or renewal of the above rights are recognized as intangible asset (presented as part of "Other Non-current Assets" in the statement of financial position) and are amortized throughout the validity period of the rights or the economic useful life of the land, whichever period is shorter.

f. **Impairment of Non-financial Assets**

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its cash-generating unit's (CGU's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its

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

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

recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

g. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

h. Employee Benefits Liability

Short-term employee benefits

The Company recognizes short-term employee benefits liability when services are rendered and the compensation for such services are to be paid within twelve months after the rendering such services. The liability is presented as part of "Accrued Expenses" in the statement of financial position.

Post-employment benefits

Effective April 1, 2016, the Company applied PSAK No. 24 (Revised 2013), "Employee Benefits" which superseded PSAK No. 24 (Revised 2010, "Employee Benefits". The Company recognizes its unfunded pension benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 ("the Law") and PSAK No. 24 (Revised 2013), "Employee Benefits".

This PSAK provides, among others, (i) the elimination of the "corridor approach" permitted under the previous version and (ii) significant changes in the recognition, presentation and disclosure of post-employment benefits which, among others, are as follows:

- Actuarial gains and losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit or loss.
- Expected return on plan assets will no longer be recognized in profit or loss. Expected returns are replaced by recognizing interest income (or expense) on the net defined benefit asset (or liability) in profit or loss, which is calculated using the discount rate used to measure the pension obligation.
- Unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs will be recognized at the earlier of when the amendment/curtailment occurs or when the Company recognizes related restructuring or termination costs.

Such changes are made in order that the net pension assets or liabilities are recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

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

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

Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

i. Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

Expenses are recognized when they are incurred.

Hotel room's revenue is recognized based on room occupancy while other hotel revenues are recognized when the goods are delivered or services are rendered to the customers.

j. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average buying and selling rates of exchange published by Bank Indonesia at the last banking transaction date of the year. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2016 and 2015, the rates of exchange used were Rp13,276 and Rp13,084, respectively, to US\$1.

k. Taxation

Current income tax assets and liabilities for the current and periods are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/ overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/ penalty, if any, as part of "Tax Expense - Current".

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefits of part or all of that the deferred tax assets to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

l. Translations of Indonesian Rupiah Amounts into United States (U.S.) Dollars

The financial statements are stated in Indonesian Rupiah the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollars were made at the following rates:

Assets and liabilities	- Middle rate as of reporting date (Rp13,276 to US\$1 Rp13,084 to US\$1 and Rp11,404 to US\$1 as last quoted by Bank Indonesia as of March 31, 2016, 2015 and 2014, respectively)
Capital stock	- Historical rates
Revenue and expense accounts	- Transaction date exchange rates

The resulting difference arising from the translations of the statements of financial position and statements of profit or loss and other comprehensive income accounts is presented as "Translation adjustment" under the equity section of the statement of financial position.

m. Financial instruments

i. Financial assets

Initial recognition

Financial assets within the scope of PSAK No. 55 (Revised 2014) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the buyers or sellers commit to purchase or sell the assets.

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

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

As of March 31, 2016 and 2015, the Company's financial assets included cash on hand and in banks, trade receivables, other receivables, other current financial assets (employee loan), due from related parties and other non-current assets (deposits). The Company has determined that all of these financial assets are categorized as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

ii. **Financial liabilities**

Initial recognition

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and in the case of financial liabilities measured at amortized cost, include directly attributable transaction costs.

As of March 31, 2016 and 2015, the Company's financial liabilities included trade and other payables, accrued expenses (excluding accruals relating to employee benefits), due to hotel operator and other current financial liabilities (deposits from customers and payables to employees). The Company has determined that all of these financial liabilities are categorized as financial liabilities measured at amortized cost.

Subsequent measurement

After initial recognition, financial liabilities measured at amortized cost are measured using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

iii. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

iv. **Fair value of financial instruments**

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

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

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

Credit risk adjustment

The Company adjusts the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

v. **Amortized cost of financial instruments**

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. **Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write-off is later recovered, the recovery is recognized in the statement of comprehensive income.

vii. **Derecognition of Financial Assets and Liabilities**

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset

Notes to the Financial Statements (Contd...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

n. **Change of Accounting Standards and Disclosure**

Effective April 1, 2016, the Company has implemented PSAK No. 24 (Revised 2013), "Employee Benefit". The revised PSAK removed the corridor mechanism and replaced the contingent liability disclosures with simple clarifications and disclosures. In accordance with this revised PSAK, the comparative statements of financial position as of March 31, 2015 and 2014 and the comparative statement of Profit or loss and other comprehensive income for the year ended March 31, 2015 have been restated respectively.

Comparative figures in the financial statements have restated, with details as follows:

	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 21)		
	As of March 31, 2015			As of March 31, 2015		
	As Previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
<u>STATEMENT OF FINANCAIAL POSITION</u>						
<u>Non-current asset</u>						
Deferred tax assets - net	837,777,257	579,361,252	1,417,138,509	64,031	44,280	108,311
<u>Non-current liability</u>						
Long-term employee benefits liability	5,242,195,710	2,317,445,006	7,559,640,716	400,657	177,120	577,777
<u>Equity</u>						
Retained earnings	47,130,327,407	229,754,460	47,360,081,867	5,834,210	17,307	5,851,517
Other comprehensive income						
Remeasurement income (loss)						
long-term employee benefits liability	-	(1,967,838,214)	(1,967,838,214)	-	(148,225)	(148,225)
Translation adjustment	-	-	-	(2,807,071)	(1,921)	(2,808,992)

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 2I)		
	As of March 31, 2015			As of March 31, 2015		
	As Previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
<u>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</u>						
<u>Owner's operating expenses</u>						
Salaries and wages	(1,635,724,982)	116,907,050	(1,518,817,932)	(135,702)	8,806	(126,896)
Income before income tax	22,800,227,010	116,907,050	22,917,134,060	1,911,870	8,806	1,920,676
Income tax expenses - net	(6,292,411,873)	(29,226,762)	(6,321,638,635)	(480,331)	(2,201)	(482,532)
Income for the year	16,507,815,137	87,680,288	16,595,495,425	1,431,539	6,605	1,438,144
Other comprehensive income						
Remeasurement income (loss)						
long-term employee benefits liability	-	(995,114,921)	(995,114,921)	-	(74,956)	(74,956)
	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 2I)		
	As of April 1, 2014 March 31, 2014			As of April 1, 2014 March 31, 2014		
	As Previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
<u>STATEMENT OF FINANCAIAL POSITION</u>						
<u>Non-current asset</u>						
Deferred tax assets - net	1,051,819,130	276,883,040	1,328,702,170	92,232	24,280	116,512
<u>Non-current liability</u>						
Long-term employee benefits liability	4,914,382,786	1,107,532,163	6,021,914,949	430,935	97,118	528,053
<u>Equity</u>						
Retained earnings	35,258,912,270	142,074,172	35,400,986,442	4,802,671	10,702	4,813,373
Other comprehensive income						
Remeasurement income (loss)						
long-term employee benefits liability	-	(972,723,293)	(972,723,293)	-	(73,269)	(73,296)
Translation adjustment	-	-	-	(2,273,401)	(10,270)	(2,283,671)

Notes to the Financial Statements

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes in future periods that require material adjustment to the carrying amounts of the assets or liabilities affected in future periods.

a. Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2m.

Impairment of Trade Receivables

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customers and the customers' current credit status based on any third-party credit reports (if available) and known market factors, to record specific provisions for customers against amounts due to reduce the receivable amounts that it expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables. Further details are disclosed in Note 5.

b. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may cause a material adjustment to the carrying amounts of assets and liabilities in future periods are disclosed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions as they occur.

Estimation of Post-employment Benefits Liability

The pension cost and the present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions which consist of, among other things, discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. Due to the complexity of the valuation and its underlying assumptions and long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. Further details are disclosed in Note 14.

Notes to the Financial Statements

3. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Estimating Useful Lives of Fixed Assets

The Company estimates the useful lives of its fixed assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least at the end of each financial year and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Company's fixed assets will increase the recorded operating expenses and decrease non-current assets. Further details are disclosed in Note 8.

Estimation of Tax Liability

In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Company makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

4. CASH ON HAND AND IN BANKS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2I)	
	March, 31		March, 31	
	2016	2015	2016	2015
Cash on hand Rupiah	47,200,000	33,814,650	3,555	2,584
Cash in banks Rupiah				
PT Bank Negara Indonesia (Persero) Tbk.	8,142,976,876	5,283,607,071	613,361	403,822
PT Bank Internasional Indonesia Tbk.	37,987,323	546,288,597	2,861	41,752
PT Bank Mandiri (Persero) Tbk	25,366,045	228,598,086	1,911	17,473
U.S. Dollars				
PT Bank Negara Indonesia (Persero) Tbk.	3,769,087,731	17,318,086,287	283,902	1,323,608
PT Bank Internasional Indonesia Tbk.	203,830,676	133,827,601	15,353	10,228
PT Bank Mandiri (Persero) Tbk	14,235,589	19,417,703	1,072	1,484
Total	12,240,684,240	23,563,639,995	922,015	1,800,951

As of March 31, 2016 and 2015, none of the Company's cash on hand and in banks are restricted in use or used as collateral.

5. TRADE RECEIVABLES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2I)	
	March, 31		March, 31	
	2016	2015	2016	2015
<u>Third parties</u>				
City ledger	1,992,409,643	2,129,885,553	150,076	162,785
Guest ledger	1,143,743,475	1,055,822,793	86,151	80,696
Total third parties	3,136,153,118	3,185,708,346	236,227	243,481
<u>Related parties</u>				
Oberoi advantage	36,649,500	42,674,923	2,761	3,262
Total	3,172,802,618	3,228,383,269	238,988	246,743

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

The ageing of trade receivables is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
Current	2,881,553,924	2,914,591,478	217,050	222,760	90.82	90.28
Over due:						
1 - 30 days	148,442,632	236,976,628	11,181	18,112	4.68	7.34
31- 60 days	136,025,934	72,250,715	10,246	5,522	4.29	2.24
Over 60 days	6,780,128	4,564,448	511	349	0.21	0.14
Total	3,172,802,618	3,228,383,269	238,988	246,743	100.00	100.00

Based on the review of the status of the individual receivable accounts at the end of the reporting period, management believes that all of the above trade receivables are fully collectible hence, no allowance for impairment was provided as of March 31, 2016 and 2015.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company entered into transactions with related parties. Details of transactions and balances with related parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)		Percentage to Total assets or liabilities (%)	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
Due from related parties						
PT Waka Gae Selaras	4,580,220,000	3,205,580,000	345,000	245,000	7.34	4.86
EIH International Limited	2,404,111,012	2,369,342,308	181,087	181,087	3.85	3.59
EIH Management Services B.V.	1,414,186,072	1,393,733,848	106,522	106,522	2.27	2.11
PT Waka Oberoi Indonesia	460,076,477	256,835,170	34,655	19,630	0.74	0.39
Total	8,858,593,561	7,225,491,326	667,264	552,239	14.20	10.95
Trade receivables						
Oberoi Advantage (Note 6)	36,649,500	42,674,923	2,761	3,262	0.06	0.06
Other payable						
EIH Management Services B.V.	1,139,558,736	471,904,907	85,836	36,067	5.18	2.42
Due to hotel operator						
EIH Management Services B.V. (Note 12)	833,480,556	197,994,915	62,781	15,133	3.79	1.02

Salaries and wages of the Company's key management personnel amounted to Rp1,321,255,852 in 2016 and Rp967,287,166 in 2015.

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

Nature of relationship and types of transaction with related parties are as follows:

No.	Related Parties	Nature of Relationship	Types of Transaction
a.	Oberoi Advantage	Other related parties	Service revenue
b.	PT Waka Gae Selaras	Shareholder	Advance Paid
c.	EIH International Limited	Shareholder	Advance paid and operating expenses
d.	EIH Management Services B.V.	Shareholder	Advance paid and management service
e.	PT Waka Oberoi Indonesia	Other related parties	Intercompany advances and share in proceeds from sale of vacation packages

7. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2I)	
	March 31,		March 31,	
	2016	2015	2016	2015
Materials and supplies	1,384,047,463	1,329,274,166	104,252	101,595
Food	1,050,228,458	995,242,917	79,107	76,066
Beverages	804,966,491	713,494,272	60,633	54,532
Tobacco	4,200,119	5,237,978	317	400
Total	3,243,442,531	3,043,249,333	244,309	232,593

Management believes that no allowance for losses is necessary on the inventories as of March 31, 2016 and 2015 since the inventories are fully usable.

8. FIXED ASSETS

The details of fixed assets are as follows:

	Indonesian Rupiah			
	Year Ended March 31, 2016			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost				
Land	94,854,375	-	-	94,854,375
Buildings	14,055,285,908	921,036,217	-	14,976,322,125
Structures and improvements	5,518,663,626	58,907,500	-	5,577,571,126
Machinery and equipment	5,896,955,547	153,548,313	-	6,050,503,860
Furniture, fixtures and equipment	22,213,672,786	1,472,958,082	-	23,686,630,868
Motor vehicles	1,198,375,280	-	-	1,198,375,280
Construction in progress	3,415,695,349	3,844,175,303	-	7,259,870,652
Total Cost	52,393,502,871	6,450,625,415	-	58,844,128,286

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

8. FIXED ASSETS (Contd...)

	Indonesian Rupiah			
	Year Ended March 31, 2016			
	Beginning Balance	Additions	Reclassification	Ending Balance
Accumulated Depreciation				
Buildings	5,229,158,002	560,048,001	-	5,789,206,003
Structures and improvements	5,347,930,692	79,090,404	-	5,427,021,096
Machinery and equipment	3,922,369,593	389,012,828	-	4,311,382,421
Furniture, fixtures and equipment	18,471,436,061	1,430,740,519	-	19,902,176,580
Motor vehicles	1,198,375,274	-	-	1,198,375,274
Total Accumulated Depreciation	34,169,269,622	2,458,891,752	-	36,628,161,374
Net Book Value	18,224,233,249			22,215,966,912

	Indonesian Rupiah			
	Year Ended March 31, 2015			
	Beginning Balance	Additions	Reclassification	Ending Balance
Cost				
Land	94,854,375	-	-	94,854,375
Buildings	12,113,066,870	1,942,219,038	-	14,055,285,908
Structures and improvements	5,518,663,626	-	-	5,518,663,626
Machinery and equipment	5,678,055,547	218,900,000	-	5,896,955,547
Furniture, fixtures and equipment	20,958,021,479	1,255,651,307	-	22,213,672,786
Motor vehicles	1,198,375,280	-	-	1,198,375,280
Construction in progress	1,253,025,960	2,162,669,389	-	3,415,695,349
Total Cost	46,814,063,137	5,579,439,734	-	52,393,502,871
Accumulated Depreciation				
Buildings	4,698,837,422	530,320,580	-	5,229,158,002
Structures and improvements	5,230,677,413	117,253,279	-	5,347,930,692
Machinery and equipment	3,555,861,026	366,508,567	-	3,922,369,593
Furniture, fixtures and equipment	17,159,722,991	1,311,713,070	-	18,471,436,061
Motor vehicles	1,198,375,274	-	-	1,198,375,274
Total Accumulated Depreciation	31,843,474,126	2,325,795,496	-	34,169,269,622
Net Book Value	14,970,589,011			18,224,233,249

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

(Expressed in Rupiah with Translations into United States Dollar)

8. **FIXED ASSETS** (*Contd...*)

Translations into U.S. Dollar - Unaudited (Note 2I)					
Year Ended March 31, 2016					
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
Cost					
Land	7,250	-	-	(105)	7,145
Buildings	1,074,235	69,298	-	(15,459)	1,128,074
Structures and improvements	421,787	4,163	-	(5,825)	420,125
Machinery and equipment	450,699	11,293	-	(6,245)	455,747
Furniture, fixtures and equipment	1,697,774	109,907	-	(23,511)	1,784,170
Motor vehicles	91,591	-	-	(1,325)	90,266
Construction in progress	261,060	286,383	-	601	546,842
Total Cost	4,004,396	481,044	-	(53,071)	4,432,369
Accumulated Depreciation					
Buildings	399,661	41,296	-	(4,891)	436,066
Structures and improvements	408,738	5,832	-	(5,785)	408,785
Machinery and equipment	299,784	28,684	-	(3,718)	324,750
Furniture, fixtures and equipment	1,411,758	105,507	-	(18,156)	1,499,109
Motor vehicles	91,591	-	-	(1,325)	90,266
Total Accumulated Depreciation	2,611,532	181,319	-	(33,875)	2,758,976
Net Book Value	1,392,864				1,673,393

Translations into U.S. Dollar - Unaudited (Note 2I)					
Year Ended March 31, 2015					
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
Cost					
Land	8,318	-	-	(1,068)	7,250
Buildings	1,062,177	157,695	-	(145,637)	1,074,235
Structures and improvements	483,924	-	-	(62,137)	421,787
Machinery and equipment	497,900	18,039	-	(65,240)	450,699
Furniture, fixtures and equipment	1,770,416	103,067	-	(175,709)	1,697,774
Motor vehicles	105,084	-	-	(13,493)	91,591
Construction in progress	109,875	165,291	-	(14,106)	261,060
Total Cost	4,037,694	444,092	-	(477,390)	4,004,396

Notes to the Financial Statements (Contd...)

8. **FIXED ASSETS** (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

	Translations into U.S. Dollar - Unaudited (Note 21)				
	Year Ended March 31, 2015				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
Accumulated Depreciation					
Buildings	412,034	43,687	-	(56,060)	399,661
Structures and improvements	458,670	9,660	-	(59,592)	408,738
Machinery and equipment	311,808	30,195	-	(42,219)	299,784
Furniture, fixtures and equipment	1,437,349	108,067	-	(133,658)	1,411,758
Motor vehicles	105,084	-	-	(13,493)	91,591
Total Accumulated Depreciation	2,724,945	191,609	-	(305,022)	2,611,532
Net Book Value	1,312,749				1,392,864

Depreciation charged to operations amounted to Rp2,458,891,752 (US\$181,319) and Rp2,325,795,496 (US\$191,609) for the years ended March 31, 2016 and 2015, respectively.

The Company's land properties are covered by landrights ownership or Hak Guna Bangunan (HGB) certificates, No. 31 which is valid up to 2019.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US\$40,150,000 as of March 31, 2016. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2016 and 2015, the Company's management believes that there is no impairment in the asset values as contemplated in PSAK No. 48.

9. **TRADE PAYABLES**

This account consists mainly of liabilities to the Hotel's suppliers of goods and services.

10. **TAXATION**

a. Taxes payable consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 21)	
	March, 31		March, 31	
	2016	2015	2016	2015
Corporate income tax	-	65,092,003	-	4,975
Development tax I	791,106,287	636,769,739	59,589	48,668
Income tax				
Article 4(2)	10,196,422	14,846,604	768	1,135
Article 21	116,865,286	141,109,706	8,803	10,785
Article 23	979,622,012	10,868,582	73,789	831
Article 25	498,980,958	536,680,437	37,585	41,018
Value added tax	106,588,624	97,756,011	8,029	7,471
Total	2,503,359,589	1,503,123,082	188,563	114,883

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

10. TAXATION (Contd...)

- b. A reconciliation between loss before income tax, as shown in the statements of comprehensive income, and estimated tax loss is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 21)	
	2016	2015	2016	2015
Income before income tax per statement of profit or loss and other comprehensive income	8,818,343,947	22,917,134,060	714,400	1,920,676
Temporary differences:				
Provision for replacement of furniture, fixtures and equipment-net	98,156,279	(261,761,331)	4,594	(19,228)
Employee benefits-net	779,978,167	210,905,872	56,453	22,327
Depreciation	(475,473,183)	(922,219,083)	(34,838)	(75,765)
Permanent differences:				
Interest income already subjected to final tax	(240,375,816)	(207,033,138)	(17,674)	(17,174)
Non-deductible expenses - salaries, wages and employees' welfare	36,566,200	2,158,997,373	2,679	177,374
Others	6,108,682,769	417,456,717	459,293	34,296
Estimated taxable income for the year	15,125,878,363	24,313,480,470	1,184,907	2,042,533

- c. Computation of estimated current income tax expense and estimated income tax payable:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 21)	
	March 31,		March 31,	
	2016	2015	2016	2015
Estimated taxable income (rounded-off)	15,125,878,000	24,313,480,000	1,184,907	2,042,533
Current income tax expense	3,781,469,591	6,078,370,000	296,227	510,633
Prepayments of income tax article 25	6,100,869,933	6,013,277,997	459,541,	459,590
Translation adjustments	-	-	(11,392)	(46,068)
Estimated income tax payable (claim for tax refund)	(2,319,400,342)	65,092,003	(174,706)	4,975

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

- d. The reconciliation between the income tax expense derived by multiplying the income before income tax multiplied by the applicable tax rate and income tax expense - net as shown in the statement of profit or loss other comprehensive income is as follows:

	March 31,			
	2016	2015	2016	2015
Income before income tax	8,818,343,947	22,917,134,060	714,400	1,920,676
Tax expense at the applicable rate	2,204,585,987	5,729,283,515	178,600	480,169
Tax expense from correction of corporate income tax for fiscal year 2011 and 2012	1,308,779,910	-	107,410	-
Tax effect on permanent differences:				
Interest income already subjected to final tax	(60,093,954)	(51,758,284)	(4,419)	(4,287)
Non-deductible expenses				
Salaries, wages and employee benefits	9,141,550	539,749,343	670	44,343
Donation and representation	34,357,125	12,675,500	2,516	1,041
Taxes	1,425,975,485	125,000	107,410	10
Others	66,838,082	91,563,561	4,897	5,915
Translation adjustments	-	-	(19,600)	(44,659)
Income tax expense - net	4,989,584,185	6,321,638,635	377,484	482,532

On February 22, 2016, the Company received tax assessment letter (SKPKB) related to various type of taxes for fiscal year 2011, 2012 and 2013. The Company was liable for underpayment of corporate income tax amounting to Rp1,308,779,910. Additionally, the Company was also liable for underpayments of income tax articles 4(2) 21, 23 and 26 and value added tax totalling Rp5,703,901,938. The aforesaid tax underpayments were fully paid on March 21, 2016 and charged directly to the 2016 statement of profit or loss and other comprehensive income.

- e. Deferred income tax benefit (expense) consists of:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 21)	
	March 31,		March 31,	
	2016	2015	2016	2015
Provision (payment of reserve) for replacement of furniture, fixtures and equipment - net	24,539,070	(65,440,333)	1,148	(4,807)
Provision for employee benefits - net	194,994,542	52,726,468	14,113	5,781
Depreciation and amortization - net	(118,868,296)	(230,554,770)	(8,709)	(18,941)
Net	100,665,316	(243,268,635)	6,552	(17,967)

Notes to the Financial Statements (Contd...)

f. Deferred tax assets (liabilities) consists of: (Expressed in Rupiah with Translations into United States Dollar)

	Indonesia Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2015 (Restated)	Profit or Loss	Other Comprehensive Income	March 31, 2016
Deferred tax assets				
Employee benefits liability	1,889,910,179	194,994,542	(255,431,295)	1,829,473,426
Reserve for replacement of furniture, fixtures and equipment	96,073,592	24,539,070	-	120,612,662
Total deferred tax assets	1,985,983,771	219,533,612	(255,431,295)	1,950,086,088
Deferred tax liabilities				
Depreciation and amortization - net	(568,845,262)	(118,868,296)	-	687,713,558
Net deferred tax assets	1,417,138,509	100,665,316	(255,431,295)	1,262,372,530

	Indonesia Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2014 (Restated)	Profit or Loss	Other Comprehensive Income	March 31, 2015 (Restated)
Deferred tax assets				
Employee benefits liability	1,505,478,737	52,726,468	331,704,974	1,889,910,179
Reserve for replacement of furniture, fixtures and equipment	161,513,925	(65,440,333)	-	96,073,592
Total deferred tax assets	1,666,992,662	(12,713,865)	331,704,974	1,985,983,771
Deferred tax liabilities				
Depreciation and amortization - net	(338,290,492)	(230,554,770)	-	(568,845,262)
Net deferred tax assets	1,328,702,170	(243,268,635)	331,704,974	1,417,138,509

	Translations into U.S. Dollar - Unaudited (Note 21)				
	Deferred tax Benefit (Expense) Credited (Charged) to				
	April 1, 2015 (Restated)	Profit or Loss	Other Comprehensive Income	Translation Adjustment	March 31 2016
Deferred tax assets					
Employee benefits liability	162,780	14,113	(19,240)	-	157,653
Reserve for replacement of furniture, fixtures and equipment	14,370	1,148	-	-	15,518
Total deferred tax assets	177,150	15,261	(19,240)	-	173,171
Deferred tax liabilities					
Depreciation and amortization - net	(61,588)	(8,709)	-	-	(70,297)
Translation Adjustment	(7,251)	-	-	(536)	(7,787)
Net deferred tax assets	108,311	6,552	(19,240)	(536)	95,087

Notes to the Financial Statements (*Contd...*)(Expressed in Rupiah with Translations into United States Dollar)
Translations into U.S. Dollar - Unaudited (Note 2I)

	Deferred tax Benefit (Expense) Credited (Charged) to				March 31, 2015 (Restated)
	April 1, 2014 (Restated)	Profit or Loss	Other Comprehensive Income	Translation Adjustment	
Deferred tax assets					
Employee benefits liability	132,014	5,781	24,985	-	162,780
Reserve for replacement of furniture, fixtures and equipment	19,177	(4,807)	-	-	14,370
Total deferred tax assets	151,191	974	24,985	-	177,150
Deferred tax liabilities					
Depreciation and amortization - net	(42,647)	(18,941)	-	-	(61,588)
Translation Adjustment	7,968	-	-	(15,219)	(7,251)
Net deferred tax assets	116,512	(17,967)	24,985	(15,219)	108,311

11. ACCRUED EXPENSES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2016	2015	2016	2015
Heat, light and power	873,480,174	958,828,936	65,794	73,283
Salary and employee benefit	860,112,379	591,304,348	64,787	45,193
Tax consultant free	822,256,521	740,344,271	61,936	56,584
Audit and consultant fee	602,660,000	522,344,300	45,395	39,922
Others	473,367,460	391,964,407	35,654	29,957
Total	3,631,876,534	3,204,786,262	273,566	244,939

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

12. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 21)	
	Year ended March 31,		Year ended March 31,	
	2016	2015	2016	2015
Balance as of March 31, 2015	197,994,915	564,383,960	15,133	49,490
Management fee - 12.5% of hotel gross operating profit (Notes 1 and 22a)	3,613,615,523	4,328,174,167	265,178	365,595
Payments	(2,948,758,187)	(4,702,548,522)	(217,530)	(399,952)
Unrealized loss (gain) on foreign exchange - net	(29,371,695)	7,985,310	-	-
Balance as of March 31, 2016	833,480,556	197,994,915	62,781	15,133

13. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 21)	
	March 31,		March 31,	
	2016	2015	2016	2015
Balance as of March 31, 2015	384,294,365	646,055,696	29,371	56,652
Provisions during the year (Note 20)	2,916,098,268	2,964,604,861	214,936	247,739
Utilization of reserve	(2,817,941,989)	(3,226,366,192)	(210,342)	(266,967)
Translation adjustment	-	-	2,375	(8,053)
Balance as of March 31, 2016	482,450,644	384,294,365	36,340	29,371

14. LONG-TERM EMPLOYEE BENEFITS LIABILITY

The Company's long-term employee benefits liability consists only of post-employment benefits.

The Company provides post-employment benefits to its employees based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The components of post-employment benefits expense recognized in the statement of profit or loss and other comprehensive income and post-employment benefits liability recognized in the statement of financial position as determined by PT Lastika Dipa dan PT Gemma Mulia an independent firm of actuary, in their reports dated April 5, 2016 and April 5, 2015, using the "projected-unit-credit" method are as follows:

a. Details of post-employment benefits expense:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 21)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015 (As restated)	2016	2015 (As restated)
Current service cost	555,380,951	636,275,659	40,693	52,273
Interest cost	563,907,785	447,929,557	41,318	36,800
Total post-employee benefits expense	1,119,288,736	1,084,205,216	82,011	89,073

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

b. Details of post-employment benefits liability:

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 2I)		
	March 31,			March 31,		
	As restated			As restated		
	2016	2015	2014	2016	2015	2014
Present value of defined benefits obligation	7,317,893,702	7,559,640,716	6,021,914,949	551,212	577,777	528,053
Unrecognized past service cost - unvested	-	511,813,998	177,419,353	-	39,118	15,558
Unrecognized actuarial loss	-	(2,829,259,004)	(1,284,951,516)	-	(216,238)	(112,676)
Employee benefits liability as previously reported	-	5,242,195,710	4,914,382,786	-	400,657	430,935
Restatement	-	2,317,445,006	1,107,532,163	-	177,120	97,118
Employee benefit liability	7,317,893,702	7,559,640,716	6,021,914,949	551,212	577,777	528,053

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 2I)		
	March 31,			March 31,		
	As restated			As restated		
	2016	2015	2014	2016	2015	2014
Beginning balance	7,559,640,716	6,021,914,949	5,255,730,774	577,777	528,053	460,867
Provision during the year	1,119,288,736	1,084,205,216	770,911,593	82,011	89,073	69,589
Payment during the year	(339,310,569)	(873,299,344)	(535,861,223)	(25,558)	(66,746)	(46,989)
Actuarial loss (gain) from						
Experience adjustment	(797,402,360)	-	-	(60,063)	-	-
Change in financial assumption	(224,322,821)	1,326,819,895	531,133,805	(16,897)	99,941	40,007
Translation adjustment	-	-	-	(6,058)	(72,544)	4,579
Employee benefit liability	7,317,893,702	7,559,640,716	6,021,914,949	551,212	577,777	528,053

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	: 8.34% in 2016 and 7.81% in 2015
Annual salary increase	: 8% in 2016 and 2015
Mortality	: TMI III
Retirement age	: 55 years
Disability rate	: 10% of mortality table TMI III

As of March 31, 2016, if the discount rate is increased/decreased by 1% with all other variables held constant, the employee benefits liability would have been lower/higher by Rp433,720,862 (US\$32,670)/Rp499,673,151 (US\$37,637).

Notes to the Financial Statements (Contd...)

15. FINANCIAL ASSETS AND LIABILITIES (Expressed in Rupiah with Translations into United States Dollar)

The following table sets forth the estimated fair values, which are equal to the carrying amounts, of the financial assets and financial liabilities of the Company:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	March 31,		March 31,	
	2016	2015	2016	2015
Financial Assets - Loans and Receivables				
Cash on hand and in banks	12,240,684,240	23,563,639,995	922,015	1,800,951
Trade receivables				
Third parties	3,136,153,118	3,185,708,346	236,227	243,481
Related parties	36,649,500	42,674,923	2,761	3,262
Other receivables – third party	10,163,707	21,766,207	766	1,664
Other current financial assets - employee loan	168,356,718	125,237,284	12,681	9,572
Due from related party	8,858,593,561	7,225,491,326	667,264	552,239
Other non-current assets - deposits	80,283,464	80,283,464	6,047	6,136
Estimated claim for tax refund	2,319,400,342	-	174,706	-
Total Financial Assets	26,850,284,650	34,244,801,545	2,022,467	2,617,305
Financial Liabilities - Financial Liabilities Measured at Amortized Cost				
Trade payables - third parties	2,002,801,852	2,403,802,338	150,858	183,721
Other payables	1,579,963,965	822,647,286	119,008	62,874
Accrued expenses*	3,631,876,534	3,204,786,262	273,566	244,939
Due to hotel operator	833,480,556	197,994,915	62,781	15,133
Other current financial liabilities - deposit from customers and payable to employee	3,652,725,187	3,402,806,750	275,139	260,074
Total Financial Liabilities	11,700,848,094	10,032,173,551	881,352	766,740

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments presented in the statements of financial position are carried at amortized cost. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. Short-term financial assets and liabilities

Short-term financial instruments with remaining maturities of one year or less (cash on hand and in banks, trade receivables, other receivables - third party, other current financial assets - employee loan, trade payables - third parties, other payables - related parties, accrued expenses, due to hotel operator and other current financial liabilities) approximate their carrying amounts due to their short-term nature.

b. Non-current financial assets

The Company's long-term financial instrument consists only of amount due from related parties and other non-current assets - deposits. The fair values of these financial assets are assumed to be the same as their undiscounted cash values since they are considered insignificant.

Notes to the Financial Statements (Contd...)

16. CAPITAL STOCK (Expressed in Rupiah with Translations into United States Dollar)

The share ownership details as of March 31, 2016 and 2015 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Translations into	
			Amount	U.S. Dollar - Unaudited (Note 2I)
PT Waka Gae Selaras	3,321	30.00	332,100,000	252,064
EIH International Limited	2,337	21.11	233,700,000	139,250
EIH Management Services B.V.	5,412	48.89	541,200,000	268,289
Total	11,070	100.00	1,107,000,000	659,603

Based on the minutes of the Company's annual general meeting of shareholders, the shareholders resolved to, among others, declare cash dividend as follow.

- On February 22, 2016 the shareholder approved to declare cash dividend amounting to US\$800,000 (equivalent to Rp10,732,200,000) for financial year 2015. This cash dividend was paid in February and March 2016.
- On June 24, 2014, the shareholders approved to declare cash dividend amounting to US\$400,000 (equivalent to Rp4,636,400,000) for financial year 2014. The cash dividend was fully paid in August 2014 and February 2015.

17. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2I)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Room Department				
Lanai	47,762,486,676	50,453,250,896	3,520,337	4,217,536
Villa	22,469,235,461	20,764,677,428	1,654,324	1,735,781
Total Room Department	70,231,722,137	71,217,928,324	5,174,661	5,953,317
Food and Beverages Department				
Food	16,200,882,659	16,864,243,891	1,195,457	1,408,661
Beverage	5,741,751,015	5,663,993,194	423,666	472,744
Others	203,127,259	167,853,375	15,036	13,885
Total Food and Beverages Department	22,145,760,933	22,696,090,460	1,634,159	1,895,290
Other Operating Departments				
Health spa	2,252,748,200	2,020,035,145	165,879	168,649
Boutique	1,850,506,547	1,807,233,940	136,537	150,691
Others	722,537,817	1,095,974,115	53,291	91,319
Total Other Operating Departments	4,825,792,564	4,923,243,200	355,707	410,659
Departmental Revenues	97,203,275,634	98,837,261,984	7,164,527	8,259,266

In 2016 and 2015, the average hotel room occupancy rates were 55.81% and 63.05%, respectively (unaudited).

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

18. COST OF GOODS SOLD AND SERVICES

The details of cost of goods sold and services are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Food and Beverages	6,375,070,572	6,443,523,318	470,383	537,975
Payroll and Related Expenses				
Salaries and wages	9,662,638,525	6,082,242,142	713,489	503,354
Employee benefits	4,958,297,102	6,155,617,697	365,429	509,502
Total Payroll and Related Expenses	14,620,935,627	12,237,859,839	1,078,918	1,012,856
Other Expenses				
Travel agents	2,027,585,277	1,814,324,873	149,848	152,392
Cleaning and guest supplies	1,894,811,786	1,971,073,074	139,929	163,618
Boutique	1,149,926,007	1,183,413,005	84,737	98,803
Laundry	1,097,289,400	1,124,327,726	80,904	93,589
Security	912,217,754	711,000,636	67,376	58,906
Linens and uniforms	793,812,363	1,147,511,294	58,571	95,144
Cultural music and shows	749,221,701	694,401,725	55,340	57,584
Welcome drinks, fruit baskets and amenities	681,041,685	729,819,489	50,265	60,956
Kitchen fuel	321,239,171	391,879,785	23,740	32,659
Decoration	343,538,322	282,883,803	25,264	23,559
Printing and stationery	201,365,665	255,157,069	14,868	21,247
Consultant fees	248,603,508	247,981,373	18,315	20,679
Transportation and travel	297,401,360	195,303,191	21,912	16,157
Cable television and music	252,047,251	228,222,950	18,710	18,948
Guest newspaper	151,988,414	186,444,064	11,204	15,540
Mineral water and ice	145,038,199	153,607,123	10,732	12,817
Other	1,532,392,170	1,432,404,608	113,154	118,769
Total Other Expenses	12,799,520,033	12,749,755,788	944,869	1,061,367
Cost of Goods Sold and Services	33,795,526,232	31,431,138,945	2,494,170	2,612,198

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

19. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

The details of property operations, maintenance and energy expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Repairs and maintenance	5,931,561,136	5,678,990,640	437,768	470,427
Electricity	3,271,726,958	3,393,221,040	241,525	281,722
Water	2,278,855,427	2,314,044,778	168,119	191,866
Salaries and wages	1,123,641,285	958,519,693	82,947	79,373
Cleaning supplies	305,890,133	425,560,403	22,631	35,278
Light bulbs	177,603,246	192,032,295	13,160	15,907
Gas	69,418,658	34,204,260	5,126	2,734
Uniforms	34,668,756	32,250,000	2,561	2,672
Laundry	27,087,846	30,949,322	2,004	2,569
Telephone	11,556,703	10,610,258	856	878
Fuel	17,889,000	8,133,333	1,312	703
Others	123,083,943	162,960,601	9,135	13,414
Total	13,372,983,091	13,241,476,623	987,144	1,097,543

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Salaries and wages	4,975,014,006	4,496,604,418	367,113	372,316
Provision for replacement of furniture, fixtures and equipment (Note 13)	2,916,098,268	2,964,604,861	214,936	247,739
Commission on credit cards	1,916,391,549	1,834,456,820	141,592	153,437
Professional fees	1,343,013,229	909,165,545	99,397	74,607
Executive	298,639,407	315,362,588	22,124	26,673
Telephone and communication	303,047,282	263,907,599	22,353	21,837
Transportation and travelling	233,051,494	179,632,605	17,250	14,899
Others	737,452,860	714,828,721	54,620	59,483
Total	12,722,708,095	11,678,563,157	939,385	970,991

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah with Translations into United States Dollar)

21. MARKETING AND SALES PROMOTION EXPENSES

The details of marketing and sales promotion expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Marketing and sales promotion expenses (Note 22a)	2,916,098,268	2,964,604,861	214,936	247,739
Advertising and promotion	2,471,883,492	2,194,594,575	182,946	182,008
Public relations	1,322,595,297	1,390,291,831	98,900	114,839
Transportations and travel	690,161,690	701,611,513	51,185	58,333
Salaries and wages	509,422,860	444,232,241	37,615	36,855
Sales representation	362,481,107	93,560,421	27,284	8,068
Telephone and communication	56,071,918	49,445,200	4,119	4,100
Printing and stationery	50,576,634	21,794,284	3,669	1,786
Others	23,842,770	555,000	1,748	47
Total	8,403,134,036	7,860,689,926	622,402	653,775

22. SIGNIFICANT AGREEMENTS

The Company entered into a Hotel Operation Agreement with EIH Management Services B.V. (the Operator) to manage and operate the Hotel effective December 31, 1998. On July 22, 2000, the Company signed a Renewal Agreement whereby the original term was extended until February 1, 2032. The Operator has automatic and irrevocable options to extend the Agreement for another 10 or 20 years. Under the agreement, the Hotel Operator is entitled to a fee of 12.5% of the total gross operating profit. Also, under the agreement, the Hotel Operator is entitled to pay out of the gross operating revenue and as part of gross operating expenses, an amount equal to 3% of the Hotel gross operating revenue for marketing and sales promotion expenses. Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

23. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Information concerning monetary assets and liabilities denominated in foreign currencies as of March 31, 2016 and their rupiah equivalents converted using the middle exchange rates that were published by Bank Indonesia follows:

	Amount in		Rupiah
	Foreign Currencies		Equivalents
Assets			
Cash on hand and in banks	US\$	300,327	3,987,153,996
Trade receivable	US\$	92,878	1,233,054,568
Due from related parties	US\$	632,609	8,398,517,084
Total			13,618,725,648
Liabilities			
Due to hotel operator	US\$	62,781	833,478,794
Net Assets			12,785,246,854

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

(Expressed in Rupiah with Translations into United States Dollar)

The translation of the foreign currency liabilities, net of foreign currency assets, should not be construed as a representation that these foreign currency assets and liabilities have been, could have been, or could in the future be, converted into rupiah at the prevailing exchange rates of the rupiah as of March 31, 2016 or at any other rates of exchange.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

a. Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Company's reporting currency is Rupiah, it is exposed to exchange rate fluctuations primarily from its trade receivables from revenues in foreign currencies.

The Company does not have any formal hedging policy for foreign exchange exposure since it is not considered as necessary. However, the Company maintains transactions and balances in foreign currencies other than rupiah in connection with regular operations at a minimum level.

b. Credit risk

Credit risk is the risk that the Company will incur loss arising from its customers or counterparties that fail to discharge their contractual obligations. There are no significant concentrations of credit risk. The Company manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits. The maximum exposure of the financial instruments is equal to the carrying values as disclosed in Note 15.

c. Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate to finance the Company's operations and capital expenditures, service its maturing debts and to mitigate the effects of fluctuation in cash flows.

The Company also regularly evaluates its projected and actual cash flows and continuously assesses conditions in the financial markets to maintain its payable and receivable days' stability.

Except for the long term employee benefit liability, all of the Company's liabilities will be due in one year. The Company has current ratio at 1.46 and 2.77 as of March 31, 2016 and 2015, respectively.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy cash flows in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital or issue new shares.

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

(Expressed in Rupiah with Translations into United States Dollar)

25. RECENT DEVELOPMENTS AFFECTING ACCOUNTING STANDARDS

The following are revised accounting standards issued by the Indonesian Financial Accounting Standards Board that are relevant to the financial statements covering the periods beginning on or after April 1, 2016:

Effective beginning on or after April 1, 2016

- a. Amendments to PSAK No. 16: Property, Plant and Equipment on Clarification of the Accepted Method for Depreciation and Amortization. The amendments provide additional explanation of the approximate indication of the technical or commercial obsolescence of an asset. The amendments also clarify that use of the depreciation method based on revenue is not appropriate.
- b. Amendments to PSAK No. 19: Intangible Asset on Clarification of the Accepted Method for Depreciation and Amortization. The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate the Intangible Asset.
- c. Amendment to PSAK No. 24: Employee Benefits on Defined benefit plans: Employee Contributions. PSAK No. 24 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.
- d. PSAK No. 7 (2015 Improvement): Related Party Disclosures. The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- e. PSAK No. 16 (2015 Improvement): Fixed Asset. The improvement clarifies that in PSAK No. 16 and PSAK No. 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amounts of the asset is restated by revalued amount.
- f. PSAK No. 19 (2015 Improvement): Intangible Assets. The improvement clarifies that is PSAK No. 16 and PSAK No. 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amounts. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. Carrying amount of the asset is restated by revalued amounts.
- g. PSAK No. 25 (2015 Improvement): Accounting Policies, Changes in Accounting Estimates and Error. The improvement provides editorial correction about limitation in retrospective implementation for paragraph 27 of PSAK No. 25.
- h. PSAK No. 68 (2015 Improvement): Fair Value Measurement. The improvement clarifies that the portfolio exception in PSAK No. 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PSAK No. 55.

Effective beginning on or after January 1, 2017

- i. Amendments to PSAK No. 1: Presentation of Financial Statements on Disclosures initiative. This amendment clarifies, rather than significantly change, existing PSAK No. 1 requirements, among others, to clarify the materiality, flexibility as to financial statements and identification of significant accounting policies.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on the financial statements.

PT WAKA OBEROI INDONESIA

Financial statements as of March 31, 2016 and for the year then ended with independent auditors' report

BOARD

Mr. I Ketut Siandana
Mr. Deepak Madhok
Drs. Ec. Wayan Pasek

AUDITORS

Purwantono, Suherman & Surja
A member firm of Ernst & Young Global Limited
Indonesia Stock Exchange Building
Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190,
Indonesia

REGISTERED OFFICE

Patai Medana, Tanjung 83352
Lombok Utara-Nusa
Tenggara Barat (NTB)
Indonesia

REPORT OF THE DIRECTORS

We present the report and the audited financial statements of PT Waka Oberoi Indonesia (the “Company”) for the year ended March 31, 2016.

Principal activity

The principal activity of the Company is hotel ownership and management.

Results

The Company’s financial position and results of operations as of and for the year ended March 31, 2016 are set out in the financial statements on pages 1 to 5 preceded by the independent auditors’ report.

Statement of directors responsibilities in respect of the financial statements

We are responsible for the preparation and the presentation of the financial statements, and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We are also responsible for the Company’s internal control systems and safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing the financial statements of the Company, we are required to:

- select suitable accounting policies and then apply them consistently;
- prepare and present the financial statements in accordance with Indonesian Financial Accounting Standards;
- make judgements and estimates that are reasonable and prudent;

We confirm that we have complied with the above requirements in preparing the financial statements and all information contained in the financial statements are complete and correct. The financial statements do not contain or omit misleading information and/or facts.

This statement letter is made truthfully.

Bali, April 29, 2016

On behalf of the Board of Directors

Drs. I. Wayan Pasek

Director

Independent Auditor's Report

Report No. RPC- /PSS/2016

The Stockholders, Boards of Commissioners and Directors PT Waka Oberoi Indonesia

We have audited the accompanying financial statements of PT Waka Oberoi Indonesia, which comprise the statement of financial position as of March 31, 2016, and the statement of profit or loss and other comprehensive income, changes in capital deficiency, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Waka Oberoi Indonesia as of March 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit was conducted for the purpose of forming an opinion on the basic Indonesian rupiah financial statements taken as a whole. The translations of the Indonesian rupiah amounts into United States dollar have been made on the basis set forth in Note 2k to the financial statements and are presented for purposes of additional analysis only and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion thereon.

Purwantono, Sungkoro & Surja

Tjoa Tjek Nien, CPA
Public Accountant Registration No. AP.1175

April 29, 2016

Statement of Financial Position As of March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 2k)		
	Notes	March 31, 2016	March 31, 2015 As restated Note 2n	April 1, 2014/ March 31, 2014 As restated Note 2n	March 31, 2015 As restated Note 2n	April 1, 2014/ March 31, 2014 As restated Note 2n
ASSETS						
CURRENT ASSETS						
Cash on hand and in banks	21,4,13,22,23	16,167,999,582	14,235,500,344	9,280,795,552	1,088,008	813,819
Trade receivables - net	21,5,13,22,23	531,262,326	665,671,540	1,270,815,489	50,877	111,436
Inventories	2c,6,13	1,429,151,307	1,840,706,545	1,690,536,006	140,684	148,241
Prepayments and advances	13	1,446,777,676	348,377,697	1,208,868,727	26,626	106,004
Other current financial assets	21,13,22,23	154,857,836	62,162,362	22,241,228	4,751	1,950
TOTAL CURRENT ASSETS		19,730,048,727	17,152,418,488	13,473,257,002	1,310,946	1,181,450
NON-CURRENT ASSETS						
Fixed assets - net	2d,7,13	13,106,480,367	14,409,646,963	14,290,677,196	1,101,318	1,253,129
Deferred tax assets - net	2j,9	-	-	1,949,027,769	-	170,907
Other non-current financial assets	21,13,22,23	126,615,000	126,615,000	126,615,000	9,677	11,103
TOTAL NON-CURRENT ASSETS		13,233,095,367	14,536,261,963	16,366,319,965	1,110,995	1,435,139
TOTAL ASSETS		32,963,144,094	31,688,680,451	29,839,576,967	2,421,941	2,616,589

The accompanying notes form an integral part of these Financial Statements.

Statement of Financial Position (Contd...)

As of March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Notes	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 2k)		
		March 31, 2016	March 31, 2015 As restated Note 2n	April 1, 2014/ March 31, 2014 As restated Note 2n	March 31, 2016	March 31, 2015 As restated Note 2n	April 1, 2014/ March 31, 2014 As restated Note 2n
LIABILITIES AND CAPITAL DEFICIENCY							
LIABILITIES							
CURRENT LIABILITIES							
Trade payables	21,22,23	499,078,645	477,526,309	706,878,090	37,593	36,497	
Other payables	21,8,22,23	1,341,539,908	750,388,537	858,161,750	101,050	57,352	
Taxes payables	2j,9a	291,405,505	266,727,446	253,144,265	21,950	20,386	
Accrued expenses	21,10,22,23	2,948,029,130	2,955,153,868	2,281,321,671	222,057	225,860	
Due to a related party	2b,21,11,22,23	460,076,478	256,835,170	105,550,129	34,654	19,630	
Due to hotel operator	2b,21,11,12,22,23	-	116,668,852	181,356,136	-	8,917	
Loan payable	13,22,23	345,395,054,000	340,399,886,000	296,692,166,000	26,016,500	26,016,500	
Reserve for replacement of furniture, fixtures and equipment	2f,14	6,647,244,897	6,065,153,559	5,306,133,798	500,696	463,555	
Other financial liabilities	22,23	2,583,813,949	2,017,498,303	1,604,200,680	194,620	154,196	
TOTAL CURRENT LIABILITIES		360,166,242,512	353,305,838,044	307,988,912,519	27,129,120	27,002,893	
NON-CURRENT LIABILITIES							
Unearned rent	2m	-	25,666,667	47,666,667	-	1,962	
Long-term employee benefits liability	2g,15	3,282,557,756	3,408,893,662	2,796,906,524	247,255	260,539	
TOTAL NON-CURRENT LIABILITIES		3,282,557,756	3,434,560,329	2,844,573,191	247,255	262,501	
TOTAL LIABILITIES		363,448,800,268	356,740,398,373	310,833,485,710	27,376,375	27,265,394	

The accompanying notes form an integral part of these Financial Statements.

Statement of Financial Position (Contd...) As of March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Indonesian Rupiah			Translations into U.S. Dollar Unaudited (Note 2k)		
	Notes	March 31, 2016	March 31, 2015 As restated Note 2n	March 31, 2016	March 31, 2015 As restated Note 2n	April 1, 2014/ March 31, 2014 As restated Note 2n
CAPITAL DEFICIENCY						
Capital stock - Rp 180,000 par Value						
Authorized, issued and fully						
paid - 129,385 shares	16	23,289,300,000	23,289,300,000	11,450,000	11,450,000	11,450,000
Other comprehensive income						
Remeasurement loss on						
long-term employee						
benefits liability		(1,037,273,676)	(1,627,169,947)	(78,130)	(122,565)	(63,183)
Translation adjustment	2k	-	-	(6,057,199)	(6,044,511)	(5,954,785)
Deficit		(352,737,682,498)	(346,713,847,975)	(30,208,134)	(30,126,377)	(30,071,973)
NET CAPITAL DEFICIENCY		(330,485,656,174)	(325,051,717,922)	(24,893,463)	(24,843,453)	(24,639,941)
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		32,963,144,094	31,688,680,451	2,482,912	2,421,941	2,616,589

The accompanying notes form an integral part of these Financial Statements.

Statement of Profit or Loss and Comprehensive Income

year ended March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
		year ended March, 31		year ended March, 31	
		2016	2015 As restated Note 2n	2016	2015 As restated Note 2n
DEPARTMENTAL REVENUES	2h				
Rooms	17	26,997,566,152	26,791,052,222	1,986,539	2,248,181
Food and beverages	17	12,368,767,363	12,864,372,663	911,099	1,079,399
Other operating departments	17	1,938,115,630	2,184,179,419	143,231	183,043
Others	17	652,566,637	526,853,597	48,564	43,755
Total Departmental Revenues		41,957,015,782	42,366,457,901	3,089,433	3,554,378
COSTS OF GOODS SOLD AND SERVICES	18	16,583,781,619	14,996,897,471	1,223,371	1,251,115
GROSS PROFIT		25,373,234,163	27,369,560,430	1,866,062	2,303,263
HOTEL OPERATING EXPENSES	2h				
Property operations, maintenance and energy expenses	19	8,633,660,137	10,087,339,901	638,060	841,012
General and administrative expenses	20	7,249,955,892	6,573,291,130	535,150	547,344
Marketing expenses	21,24	4,003,383,330	4,065,332,402	294,757	337,438
Total Hotel Operating Expenses		19,886,999,359	20,725,963,433	1,467,967	1,725,794
HOTEL GROSS OPERATING PROFIT		5,486,234,804	6,643,596,997	398,095	577,469
OWNER'S OPERATING (INCOME) EXPENSES	2h				
Foreign exchange losses – net	2i	5,014,273,379	42,511,185,538	–	–
Depreciation	7	2,716,143,354	2,703,661,518	200,350	223,284
Insurance		1,383,076,294	869,247,977	103,638	79,905
Management fees	2f,24	685,779,350	839,269,256	49,762	72,848
Salaries and wages		783,646,058	691,745,365	57,520	57,092
Professional fees		702,666,230	577,299,830	52,179	47,689
Finance income		(767,231)	(736,889)	(57)	(60)
Other operating expenses		225,251,893	51,955,443	16,460	4,934
Owner's Operating Expenses - Net		11,510,069,327	48,243,628,038	479,852	485,692
INCOME (LOSS) BEFORE INCOME TAX		(6,023,834,523)	(41,600,031,041)	(81,757)	91,777
Income tax benefit (expenses)	2j,9d	-	(1,669,422,874)	-	(146,181)
LOSS FOR THE YEAR		(6,023,834,523)	(43,269,453,915)	(81,757)	(54,404)

Statement of Comprehensive Income (Contd...) year ended March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	year ended March, 31		year ended March, 31	
	2016	2015 As restated Note 2n	2016	2015 As restated Note 2n
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:				
Remeasurement income (loss) on long-term employment benefits liability	589,896,271	(788,355,264)	44,435	(59,382)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	-	-	(12,688)	(89,726)
NET COMPREHENSIVE LOSS FOR THE YAAR	(5,433,938,252)	(44,057,809,179)	(50,010)	(203,512)

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes in Capital Deficiency

year ended March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

Note	Indonesian Rupiah			
	Capital Stock	Other Comprehensive Income (Loss)	Deficit	Net Capital Deficiency
Balance as of April 1, 2014 (as previously reported)	23,289,300,000	-	(303,393,824,836)	(280,104,524,836)
Adjustment arising from adoption of PSAK No. 24 (Revised 2013)	-	(838,814,683)	(50,569,224)	(889,383,907)
Balance as of April 1, 2014 (as restated)	23,289,300,000	(838,814,683)	(303,444,394,060)	(280,993,908,743)
Loss for the year	-	-	(43,269,453,915)	(43,269,453,915)
Other comprehensive loss	-	(788,355,264)	-	(788,355,264)
Balance as of March 31, 2015	23,289,300,000	(1,627,169,947)	(346,713,847,975)	(325,051,717,922)
Loss for the year	-	-	(6,023,834,523)	(6,023,834,523)
Other comprehensive income	-	589,896,271	-	589,896,271
Balance as of March 31, 2016	23,289,300,000	(1,037,273,676)	(352,737,682,498)	(330,485,656,174)

Translations Into U.S. Dollar - Unaudited (Note 2k)

	Other Comprehensive Income (Loss)				Net Capital Deficiency
	Capital Stock (Note 16)	Remeasurement income (loss) on post-employment benefits liability	Translation Adjustment (Note 2k)	Deficit	
Balance as of April 1, 2014 (as previously reported)	11,450,000	-	(5,943,788)	(30,068,164)	(24,561,952)
Adjustment arising from adoption of PSAK No. 24 (Revised 2013)	-	(63,183)	(10,997)	(3,809)	(77,989)
Balance as of April 1, 2014 (as restated)	11,450,000	(63,183)	(5,954,785)	(30,071,973)	(24,639,941)
Loss for the year	-	-	-	(54,404)	(54,404)
Other comprehensive loss	-	(59,382)	(89,726)	-	(149,108)
Balance as of March 31, 2015	11,450,000	(122,565)	(6,044,511)	(30,126,377)	(24,843,453)
Loss for the year	-	-	-	(81,757)	(81,757)
Other comprehensive loss	-	44,435	(12,688)	-	31,747
Balance as of March 31, 2016	11,450,000	(78,130)	(6,057,199)	(30,208,134)	(24,893,463)

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows

year ended March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
		year ended March, 31		year ended March, 31	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive (loss)		(5,444,698,721)	(44,057,809,179)	(37,322)	(113,786)
Adjustments to reconcile total comprehensive income (loss) for the year to net cash provided by operating activities:					
Unrealized loss on foreign exchange		5,005,870,250	43,720,001,520	-	-
Depreciation	7	2,716,143,354	2,703,661,518	200,350	223,284
Provision for replacement of furniture, fixtures and equipment	14	1,258,710,474	1,271,136,738	87,055	106,642
Provision for employee benefits	15	542,136,725	534,357,043	39,936	43,900
Provision for impairment of trade receivables	5	41,957,015	29,134,925	3,091	3,555
Deferred income tax expense (benefit)	9	-	1,669,422,874	-	146,181
Reversal of allowance for impairment of trade receivables	5	(79,696,225)	(118,220,156)	(5,871)	(9,035)
Interest Income		(767,231)	(736,889)	(57)	(60)
Remeasurement income (loss) on employee benefits		(589,896,271)	788,355,264	(44,435)	59,382
Translation adjustment		-	-	7,798	40,960
Decrease (increase) in:					
Trade receivables		172,148,424	694,229,180	13,641	68,828
Other receivables		-	-	-	-
Inventories		411,555,238	(150,170,539)	33,035	7,557
Prepayments and advances		(1,098,399,979)	860,491,030	(82,351)	79,378
Other financial assets		(92,695,474)	(39,921,134)	(6,773)	(1,375)
Increase (decrease) in:					
Trade payables		21,552,336	(229,351,781)	1,096	(25,488)
Other payables		591,209,591	(120,054,733)	44,509	(17,897)
Taxes payable		24,678,059	13,583,181	1,564	(1,811)
Accrued expenses		(7,124,738)	673,832,197	(3,803)	25,814
Due to a related party		203,241,308	151,285,041	15,024	10,374
Due to hotel operator		(116,668,852)	(64,687,284)	(8,917)	(6,986)
Other current liabilities		566,315,646	413,297,623	40,424	13,526
Unearned rent		(25,666,667)	(22,000,000)	(1,962)	(2,218)
Payments of employee benefits liability	15	(78,576,361)	(431,120,274)	(5,788)	(35,419)
Net Cash Generated from Operations		4,021,327,901	8,288,716,165	290,244	614,340
Interest received		767,231	736,889	57	60
Total Cash Provided by Operating Activities		4,022,095,132	8,289,453,054	290,301	614,400

Statement of Cash Flows (Contd...) year ended March 31, 2016

(Expressed in Rupiah, with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
		year ended March, 31		year ended March, 31	
		2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of fixed assets	7	(1,412,976,758)	(2,822,631,285)	(103,198)	(231,837)
Utilization of reserve for replacement of furniture, fixtures and equipment	14	(676,619,136)	(512,116,977)	(57,274)	(108,374)
Total Cash Used in Investing Activities		(2,089,595,894)	(3,334,748,262)	(160,472)	(340,211)
Net increase in cash on hand and in banks		1,932,499,238	4,954,704,792	129,829	274,189
Cash on hand and in banks At beginning of year	4	14,235,500,344	9,280,795,552	1,088,008	813,819
Cash on hand and in banks At end of year	4	16,167,999,582	14,235,500,344	1,217,837	1,088,008

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

As of March 31, 2016 and for the Year Then Ended

(Expressed in Rupiah, with Translations into United States Dollar)

1. GENERAL

PT Waka Oberoi Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on notarial deed No. 225 dated November 26, 1992 of Siti Pertiwi Henny Shidki, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. C2-1631.HT.01.01.TH.93 dated March 13, 1993 and was published in Supplement No. 2313 of State Gazette No. 42 dated May 25, 1993.

The Company's Articles of Association has been amended several times, the latest amendment of which was covered by notarial deed No. 2 dated June 14, 2013 of Irwan Azwir Tanjung, S.H., regarding the change in the article related to the interim dividend. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01.10.33063 dated August 15, 2013.

According to Article 3 of the Company's articles of association, the Company's scope of activities mainly consists of establishing, developing, operating and managing resort hotels. The Company is domiciled in North Lombok Regency, West Nusa Tenggara and owns The Oberoi Lombok Hotel (the "Hotel") located in West Nusa Tenggara, which started commercial operations in April 1997. The Hotel is currently being managed and operated by EIH Management Services B.V. under a management agreement which will expire in 2034, with an option to extend for another 20 years (Note 24).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2015 and 2014 was as follows:

Board of Commissioners

President Commissioner	: Sudarshan Rao
Commissioner	: Ida Bagus Gede Yudana

Board of Directors

President Director	: I Ketut Siandana
Director	: Deepak Madhok
Director	: I Wayan Pasek

The Company employed a total of 115 and 111 permanent employees as of March 31, 2016 and 2015, respectively (unaudited).

EIH Management Services B.V. and EIH International Limited are the immediate and ultimate parent companies, respectively, of the Company.

The management of the Company is responsible for the preparation of the accompanying financial statements that were authorized for issue on April 29, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

The financial statements have been prepared and presented in accordance with Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations to Financial Accounting Standards ("ISAK") issued by the Indonesian Financial Accounting Standards Board ("DSAK") of the Indonesian Institute of Accountants.

Except for the statements of cash flows, the financial statements have been prepared on the accrual concept, using the historical cost concept of accounting, except for certain accounts which are stated on the bases described in the related accounting policies for those accounts.

The statement of cash flows presents cash receipts and payments of cash on hand in banks classified into

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

(Expressed in Rupiah, with Translations into United States Dollar)

operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the rupiah (Rp), with translation into United States dollar. The rupiah is also the Company's functional currency.

b. Transactions with Related Parties

The Company applies PSAK No. 7 "Related Party Disclosures." which requires disclosure of related party relationships, transactions and outstanding balances, including commitments:

All significant transactions and balances with related parties are disclosed in the relevant notes herein.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is primarily determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Allowance for decline in market value of inventories is provided, if any, to reduce the carrying value of inventories to their net realizable value.

d. Fixed Assets

Fixed assets, except land which is stated at cost and not depreciated, are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item should be depreciated separately.

When significant renewals and betterments are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation commences once the fixed assets are available for their intended use and is computed using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	20
Structures and improvements	10
Machinery and equipment	8
Furniture, fixtures and equipment	5
Motor vehicles	

Land is stated at cost and is not depreciated.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. The accumulated cost will be reclassified to the appropriate fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is credited or charged to operations in the year the asset is derecognized.

e. Impairment of Non-financial Assets

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its cash-generating unit's (CGU's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not

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

(Expressed in Rupiah, with Translations into United States Dollar)

generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of profit or loss and other comprehensive income as “impairment losses”. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the statement of profit or loss and other comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statement of profit or loss and other comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

f. Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligations, the provisions are reversed.

g. Employee Benefits Liability

Short-term employee benefits

The Company recognizes short-term employee benefits liability when services are rendered and the compensation for such services are to be paid within twelve months after rendering such services. The liability is presented as part of “Accrued Expenses” in the statement of financial position.

Post-employment benefits

Effective April 1, 2016, the Company applied PSAK No. 24 (Revised 2013), “Employee Benefits which superseded PSAK No. 24 (Revised 2010), “Employee Benefits”. The Company recognizes its unfunded pension liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (“the Law”) and PSAK No. 24 (Revised 2013), “Employee Benefits”.

This PSAK provides, among others, (i) the elimination of the “corridor approach” permitted under the previous version and (ii) significant changes in the recognition, presentation and disclosure of post-employment benefits which, among others, are as follows:

- Actuarial gains or losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit or loss.

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

(Expressed in Rupiah, with Translations into United States Dollar)

- Expected return on plan assets will no longer be recognized in profit or loss. Expected returns are replaced by recognizing interest income (or expense) on the net defined benefit asset (or liability) in profit or loss which is calculated using the discount rate used to measure the pension obligation.
- Unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service costs will be recognized at the earlier of when the amendment/curtailment occurs or when the Company recognizes related restructuring or termination costs.

Such changes are made in order that the net pension assets or liabilities are recognized in the statement of financial position to reflect the full value of the plan deficit or surplus.

Further, Past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

h. Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

Expenses are recognized when they are incurred.

Hotel room revenue is recognized based on room occupancy while other hotel revenues are recognized when the goods are delivered or the services are rendered to the customers.

i. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average buying and selling rates of exchange Published by Bank Indonesia at the last banking transaction date of the year. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2016 and 2015, the rates of exchange used were Rp13,276 and Rp13,084, respectively, to US\$1.

j. Income Tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is provided based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Tax Expense - Current".

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against when the result of the appeal is determined.

Deferred tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

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

(Expressed in Rupiah, with Translations into United States Dollar)

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax assets to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statements of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

k. **Translations of Indonesian Rupiah Amounts into United States (U.S.) Dollar**

The financial statements are stated in Indonesian rupiah, the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollar were made at the following rates:

Assets and liabilities	- Middle rate as of reporting date (Rp13,276 to US\$, Rp13,084 to US\$1 and Rp11,404 to US\$1 as last quoted by Bank Indonesia as of March 31, 2015 and 2014, respectively)
Capital stock	- Historical rates
Revenue and expense accounts	- Transaction date exchange rates

The resulting difference arising from the translations of the statement of financial position and statement of profit or loss and other comprehensive income accounts is presented as "Translation adjustment" under the capital deficiency section of the statement of financial position.

l. **Financial Instruments**

i. **Financial assets**

Initial recognition

Financial assets within the scope of PSAK No. 55 (Revised 2014) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the buyers or sellers commits to purchase or sell the assets.

As of March 31, 2016 and 2015, the Company's financial assets included cash on hand and in banks, trade receivables - net, other current financial assets and other non-current financial assets. The Company has determined that all of these financial assets are classified as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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

(Expressed in Rupiah, with Translations into United States Dollar)

ii. **Financial liabilities**

Initial recognition

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and in the case of financial liabilities measured at amortized cost, include directly attributable transaction costs.

As of March 31, 2016 and 2015, the Company's financial liabilities included trade payables, other payables, accrued expenses, loan payable, due to a related party, due to hotel operator, The Company has determined that all of these financial liabilities are classified as loans and borrowings.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

iii. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv. **Fair value of financial instruments**

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

v. **Amortized cost of financial instruments**

Amortized cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. **Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write-off is later recovered, the recovery is recognized in the statement of profit or loss and other comprehensive income.

vii. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

m. Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. A lease that transfers substantially to the lessee all the risks and rewards incidental to ownership of the leased asset is classified as a finance lease. Consequently, a lease is classified as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership.

The Company as Lessor

The Company recognizes an asset held under a finance lease in its statement of financial position and presents it as a receivable at an amount equal to the net investment in the lease. Lease receivable is treated as repayment of principal and finance income. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the finance lease.

The Company presents an asset subject to operating leases in its statement of financial position according to the nature of the asset. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents, if any, are recognized as revenue in the periods in which they are earned. Lease income from operating leases is recognized as income on a straight-line method over the lease terms.

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

n. Change of Accounting Standards and Disclosure

Effective April 1, 2016, the Company has implemented PSAK No. 24 (Revised 2013), "Employee Benefits". The revised PSAK removed the corridor mechanism and replaced the contingent liability disclosures with simple clarification and disclosures. In accordance with this revised PSAK, the comparative statements of financial position as of March 31, 2015 and 2014 and the comparative statement of profit or loss and other comprehensive income for the year ended March 31, 2015 have been restated respectively.

Comparative figures in the financial statements have restated, with details as follows:

	<u>Indonesian Rupiah</u>			<u>Translations into U.S. Dollar - Unaudited (Note 21)</u>		
	<u>As of March 31, 2015</u>			<u>As of March 31, 2015</u>		
	<u>As previously reported</u>	<u>Adjustment</u>	<u>As restated</u>	<u>As previously reported</u>	<u>Adjustment</u>	<u>As restated</u>
STATEMENT OF FINANCIAL POSITION						
Non-current liability						
Long-term employee benefits liability	1,643,741,040	1,765,152,622	3,408,893,662	125,630	134,909	260,539
Equity						
Deficit	(346,575,865,300)	(137,982,675)	(346,713,847,975)	(30,115,984)	(10,393)	(30,126,377)
Other comprehensive income						
Remeasurement income (loss)						
long-term employee benefits liability	-	(1,627,169,947)	(1,627,169,947)	-	(122,565)	(122,565)
Translation adjustment	-	-	-	(6,042,560)	(2,011)	(6,044,571)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
Owner's operating expenses						
Income before income tax	(41,529,473,998)	(70,557,043)	(41,600,031,041)	(97,091)	(5,314)	91,777
Income tax expenses-net	(1,652,566,466)	(16,856,408)	(1,669,422,874)	(1,44,911)	(1,270)	(146,181)
Loss for the year	(43,182,040,464)	(87,413,451)	(43,269,453,915)	(47,820)	(6,584)	(54,404)
Other comprehensive income						
Remeasurement income (loss)						
long-term employee benefits liability	-	(788,355,264)	(788,355,264)	-	(59,382)	(59,382)

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

(Expressed in Rupiah, with Translations into United States Dollar)

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 21)		
	As of April 1, 2014			As of April 1, 2014		
	March 31, 2014			March 31, 2014		
	As previously reported	Adjustment	As restated	As previously reported	Adjustment	As restated
STATEMENT OF FINANCIAL POSITION						
Non-current asset						
Deferred tax assets-net	1,652,566,466	296,461,303	1,949,027,769	144,911	25,996	170,907
Non-current liability						
Long-term employee benefits liability	1,611,061,314	1,185,845,210	2,796,906,524	141,272	103,985	245,257
Equity						
Deficit	(303,393,824,836)	(50,569,224)	(303,444,394,060)	(30,068,164)	(3,809)	(30,071,973)
Other comprehensive income						
Remeasurement income (loss) long-term employee benefits liability						
Translation adjustment	-	-	-	(5,943,788)	(10,997)	(5,954,785)

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Indonesian rupiah. The Indonesian rupiah is the currency of the primary economic environment in which the Company operates and the currency that mainly influences revenue, costs and expenses.

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014).

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 21.

Allowance for Impairment of Receivables

The Company evaluate impairment losses of receivables based on percentages applied to an aging of total outstanding trade receivables and specific account identification when there is objective evidence that certain

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

(Expressed in Rupiah, with Translations into United States Dollar)

customers are unable to meet their financial obligations.

In the case of specific account identification, the Company uses judgement, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third-party credit reports and known market factors, to record specific allowances for customers against amounts due to reduce the receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amount of the allowance for impairment of trade receivables. Allowance amounting to Rp41,957,015 was provided for the year ended March 31, 2016 while a reversal of allowance amounting to Rp79,696,225 in 2016 was also recorded for the year (Note 5).

Operating Lease Contract - the Company as Lessor

The Company has entered into area lease on its land. The Company has determined, based on an evaluation of the terms and conditions of the arrangement, that it retains all the significant risks and rewards of ownership of the leased area and, therefore, it accounts for the lease as operating lease.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimation of Employee Benefits Liability

The determination of the Company's employee benefits expense and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increases, annual employee turnover rate, disability rate, retirement age and mortality rate. While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the assumptions may materially affect the retirement expenses and defined benefit obligations.

Depreciation of Fixed Assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 5 to 20 years. These are common life expectancies applied in the industry where the Company conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets and, therefore, future depreciation charges could be revised. The net carrying amounts of the Company's fixed assets as of March 31, 2016 and 2015 amounted to Rp13,106,480,367 and Rp14,409,646,963, respectively. Further details are disclosed in Note 7.

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Determination of Fair Values of Financial Assets and Liabilities

When the fair value of financial assets and financial liabilities recorded or presented in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Company's financial assets and liabilities are disclosed in Note 22 to the financial statements.

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

4. CASH ON HAND AND IN BANKS

Cash on Hand and in Banks consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Cash on hand				
Rupiah	79,500,003	110,637,293	5,988	8,456
Cash in banks				
Rupiah				
PT Bank Internasional Indonesia Tbk	924,160	6,213,374,613	70	474,883
PT Bank Negara Indonesia (Persero) Tbk	1,956,666,975	1,215,239,634	147,384	92,880
PT Bank Mandiri (Persero) Tbk	794,394,467	-	59,837	-
Sub-total	<u>2,751,985,602</u>	<u>7,428,614,247</u>	<u>207,291</u>	<u>567,763</u>
U.S. dollar				
PT Bank Negara Indonesia (Persero) Tbk	8,008,142,103	6,667,471,462	603,204	509,590
PT Bank Internasional Indonesia	28,371,874	28,777,342	2,137	2,199
Sub-total	8,036,513,977	6,696,248,804	605,341	511,789
Time Deposit	5,300,000,000	-	399,217	-
Total	<u>16,167,999,582</u>	<u>14,235,500,344</u>	<u>1,217,837</u>	<u>1,088,008</u>

Under the Settlement Agreement (which was last amended on March 28, 2016) with EIH Management Services B.V. ("EIH"), in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2017, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

5. TRADE RECEIVABLES

Trade Receivables consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
City ledger	208,186,116	387,143,615	15,682	29,590
Guest ledger	325,904,500	319,095,425	24,548	24,387
Total	534,090,616	706,239,040	40,230	53,977
Less: allowance for impairment	2,828,290	40,567,500	213	3,100
Net	<u>531,262,326</u>	<u>665,671,540</u>	<u>40,017</u>	<u>50,877</u>

City ledger represents receivable from H2O Sports for the facilities used in the hotel.

Guest ledger represents receivables from guests that are currently checked in at the hotel as of March 31, 2015.

Under the Settlement Agreement (which was last amended on March 28, 2016) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2017, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

The ageing analysis of these receivables is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2016	2015	2016	2015	2016	2015
Current	533,751,700	608,005,356	40,204	46,470	99.94	86.09
Past due						
1-30 days	338,916	-	26	-	0,06	-
31-60 days	-	57,666,184	-	4,407	-	8.17
Over 60 days	-	40,567,500	-	3,100	-	5.74
Total	534,090,616	706,239,040	40,230	53,977	100.00	100.00
Less allowance for impairment	2,828,290	40,567,500	213	3,100	0.53	5.74
Net	531,262,326	665,671,540	40,017	50,877	99.47	94.26

Based on the review of the status of the individual receivable accounts at the end of the year, management believes that the above allowance for impairment is adequate to cover possible losses from the non-collection of the accounts.

The movement of the allowance for impairment are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Balance at the beginning of year	40,567,500	129,652,731	3,100	11,369
Additional provision during the year	41,957,015	29,134,925	3,091	3,555
Reversal of allowance	(79,696,225)	(118,220,156)	(5,871)	(9,035)
Translation adjustment	-	-	(107)	(2,789)
Balance at end of year	2,828,290	40,567,500	213	3,100

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Materials and supplies	886,785,641	1,368,216,771	66,796	104,572
Beverages	277,161,044	253,506,733	20,877	19,375
Food	264,029,550	215,506,731	19,888	16,471
Tobacco	1,175,072	3,476,310	88	266
Total	1,429,151,307	1,840,706,545	107,649	140,684

Under the Settlement Agreement (which was last amended on March 28, 2016) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2017, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

Year Ended March 31, 2016

	Translations into U.S. Dollar - Unaudited (Note 2k)				
	Beginning Balance	Additions	Deductions	Translation Adjustment	Ending Balance
2015-2016 Movements					
<u>Cost</u>					
Land	418,107	-	-	(6,047)	412,060
Buildings	2,737,070	22,525	-	(39,161)	2,720,434
Structures and improvements	479,915	-	-	(6,941)	472,974
Machinery and equipment	640,285	15,104	-	(8,716)	646,673
Furniture, fixtures and equipment	1,320,345	50,620	-	(18,100)	1,352,865
Motor vehicles	59,389	14,949	-	411	74,749
Total Cost	5,655,111	103,198	-	(78,554)	5,679,755
<u>Accumulated Depreciation</u>					
Buildings	2,334,209	132,380	-	(30,957)	2,435,632
Structures and improvements	451,764	4,325	-	(6,442)	449,647
Machinery and equipment	558,370	14,859	-	(7,761)	565,468
Furniture, fixtures and equipment	1,200,357	35,470	-	(16,610)	1,219,217
Motor vehicles	9,093	13,316	-	151	22,560
Total Accumulated Depreciation	4,553,793	220,350	-	(61,619)	4,692,524
Net Book Value	1,101,318				987,231

Year Ended March 31, 2015

	Translations into U.S. Dollar - Unaudited (Note 2k)				
	Beginning Balance	Additions	Deductions	Translation Adjustment	Ending Balance
2014-2015 Movements					
<u>Cost</u>					
Land	479,701	-	-	(61,594)	418,107
Buildings	3,089,484	47,492	-	(399,906)	2,737,070
Structures and improvements	546,416	3,670	-	(70,171)	479,915
Machinery and equipment	692,808	39,651	-	(92,174)	640,285
Furniture, fixtures and equipment	1,420,502	90,122	3,821	(186,458)	1,320,345
Motor vehicles	53,132	50,902	72,305	27,660	59,389
Total Cost	6,282,073	231,837	76,126	(782,643)	5,655,111
<u>Accumulated Depreciation</u>					
Buildings	2,522,539	146,487	-	(334,817)	2,334,209
Structures and improvements	510,813	7,067	-	(66,116)	451,764
Machinery and equipment	606,533	32,110	-	(80,273)	558,370
Furniture, fixtures and equipment	1,351,792	28,049	3,821	(175,663)	1,200,357
Motor vehicles	37,237	9,571	72,305	34,590	9,093
Total Accumulated Depreciation	5,028,914	223,284	76,126	(622,279)	4,553,793
Net Book Value	1,253,129				1,101,318

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

Depreciation charged to operations amounted to Rp2,716,143,354 and Rp2,703,661,518 for the years ended March 31, 2016 and 2015, respectively.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US\$40,550,000 in 2016 and 2015. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

Under the Settlement Agreement (which was last amended on March 28, 2016) with EIH, in the event that the loan payable to EIH is not settled upon its maturity on March 31, 2017, the Company shall allow EIH to repossess all of the Company's assets (Note 13).

As of March 31, 2016 and 2015, the Company's management believes that there is no impairment in the value of the Company's fixed assets.

8. OTHER PAYABLES

This account consists of payables to third parties for:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Loss and breakage	617,565,194	401,771,824	46,517	30,707
Marketing and sales promotion expenses	145,186,336	37,003,097	10,936	2,828
Others	578,788,378	311,613,616	43,597	23,817
Total	1,341,539,908	750,388,537	101,050	57,352

9. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Development tax	15,103,267	183,413,596	1,138	14,018
Income tax				
Article 21	53,491,352	55,457,960	4,029	4,239
Article 23	12,081,878	8,114,433	910	620
Article 26	4,341,200	4,289,200	327	328
Value added tax	206,387,808	15,452,257	15,546	1,181
Total	291,405,505	266,727,446	21,950	20,386

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

9. TAXATION (Contd.)

- b. A reconciliation between loss before income tax, as shown in the statement of comprehensive income, and estimated tax loss follows:

	<u>Year Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Loss before income tax as per statement of profit and loss and other comprehensive income	(6,023,834,523)	(41,600,031,041)
Temporary differences:		
Provision for replacement of furniture, fixtures and equipment – net	582,091,338	759,019,761
Provision for employee benefits	542,136,725	534,357,043
Employee benefit payments	(78,576,360)	(431,120,274)
Provision (reversal of allowance) for impairment of trade receivables - net	(37,739,210)	(89,085,231)
Depreciation	(258,388)	(27,490,213)
Permanent differences:		
Interest income already subjected to final tax	(232,761,779)	(97,948,965)
Others	288,064,493	222,872,687
Estimated tax loss for the year	(4,960,877,704)	(40,674,445,807)
Tax losses carry-forward at beginning of year	(105,953,809,586)	(136,992,739,198)
Tax losses carry-forward for more than 5 years	-	71,713,375,419
Tax losses carry-forward at end of year	(110,914,687,290)	(105,953,809,586)

- c. The reconciliation between the estimated tax benefit computed by multiplying the loss before income tax by the applicable tax rate and net deferred income tax benefit (expense) is as follows:

	<u>Indonesian Rupiah</u>		<u>Translations into U.S. Dollar - Unaudited (Note 2k)</u>	
	<u>Year Ended March 31,</u>		<u>Year Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit (loss) before income tax	(6,023,834,523)	(41,600,031,041)	(81,757)	91,777
Estimated tax expense (benefit) based on prevailing tax rate	(1,505,958,631)	(10,400,007,760)	20,439	22,944
Net permanent difference at the applicable tax rate	13,825,679	31,230,931	1,013	2,566
Unrecognized deferred tax assets-net	1,492,132,952	8,669,353,955	19,426	(171,691)
Deferred income tax benefit (expense)	-	(1,699,422,874)	-	(146,181)

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

d. Details of deferred income tax benefit (expense) follow:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Provision for employee benefits - net	-	(419,621,737)	-	(47,450)
Provision for impairment of trade receivables - net	-	(32,413,183)	-	(3,708)
Provision for replacement of furniture, fixtures and equipment - net	-	(1,326,533,450)	-	(155,767)
Depreciation	-	109,145,496	-	19,258
Adjustment to deferred tax assets	-	-	-	41,486
Net	-	(1,669,422,874)	-	(146,181)

The Company decided not to recognize the net deferred tax assets on the tax losses carry-forward and temporary differences as of March 31, 2016 and 2015 amounting to Rp1,492,132,952 and Rp8,669,353,955 respectively, due to the uncertainty in their recover ability in the near future.

10. ACCRUED EXPENSES

The details of accrued expenses due to third parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar - Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Professional fees	1,111,825,370	1,157,642,657	83,747	88,477
Utilities	647,431,481	376,729,989	48,767	28,793
Repair and maintenance	348,899,336	70,321,001	26,280	5,375
Others	839,872,943	1,350,460,221	63,263	103,215
Total	2,948,029,130	2,955,153,868	222,057	225,860

11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
PT Widja Putra Karya Due to a related party	460,076,478	256,835,170	34,654	19,630
EIH Management Services B.V. Loan payable (Note 13)	345,395,054,000	340,399,886,000	26,016,500	26,016,500
Due to hotel operator (Note 12)	-	116,668,852	-	8,917
Total	345,395,054,000	340,516,554,852	26,016,500	26,025,417

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

Salaries and wages of the Company's key management personnel amounted to Rp732,380,012(US\$53,760) in 2016 and Rp645,812,765 (US\$53,297) in 2015.

In the normal course of its business, the Hotel has entered into transactions with related parties as follows:

<u>Related parties</u>	<u>Nature of relationships</u>	<u>Balances and transactions</u>
PT Widja Putra Karya	Entity under common control	Intercompany advances and share in proceeds from sale of vacation packages
EIH Management Services B.V.	Parent Company	Management fee and loan payable to finance hotel operations

12. DUE TO HOTEL OPERATOR

The movements of this account during the year are as follows:

	<u>Indonesian Rupiah</u>		<u>Translations into U.S. Dollar Unaudited (Note 2k)</u>	
	<u>Year Ended March 31,</u>		<u>Year Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year	116,668,852	181,356,136	8,917	15,903
Operating fees during the year - 12.5% of hotel gross operating profit (Note 24)	685,779,350	839,269,256	49,765	72,848
Payment during the year	(797,148,752)	(913,349,545)	(58,682)	(79,834)
Unrealized gain (loss) on foreign exchange - net	(5,299,450)	9,393,005	-	-
Balance at end of year (Note 11)	-	116,668,852	-	8,917

13. LOAN PAYABLE

The details of this account are as follows:

	<u>Indonesian Rupiah</u>		<u>Translations into U.S. Dollar Unaudited (Note 2k)</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
EIH Management Services B.V. ('EIH') (Note 11)	345,395,054,000	340,399,886,000	26,016,500	26,016,500

A Settlement Agreement has been entered into between the Company and EIH has been amended several times, the latest of which was made on March 28, 2016. Based on the Settlement Agreement, a grace period will be effective from the signing date up to March 31, 2017, during which time no interest will be charged and no principal instalment will be paid. In the event that the loan is not settled on March 31, 2017, the following shall prevail:

- The loan will bear interest at the annual rate of 11.5% starting April 1, 2017.
- The Company will be obliged to establish an escrow account which will be fully controlled by EIH.
- The Company shall allow EIH to repossess all of the Company's assets including the Hotel.

No interest expense was recognized as well as no principal payment was made during the year in accordance with the settlement agreement.

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

14. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movement of this account during the year are as follow:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Balance at beginning of year	6,065,153,559	5,306,133,798	463,555	465,287
Provision during the year (Note 20)	1,258,710,474	1,271,136,738	92,683	106,642
Utilization of reserve	(676,619,136)	(512,116,977)	(49,914)	(43,049)
Translation adjustment	-	-	(5,628)	(65,325)
Balance at end of year	6,647,244,897	6,065,153,559	500,696	463,555

15. LONG-TERM EMPLOYEE BENEFITS LIABILITY

The Company provides benefits for its employees who achieve the retirement age of 55 based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are unfunded.

The following tables summarize the components of employee benefit expense recognized in the statement of comprehensive income and amounts recognized in the statement of financial position as employee benefits liability as of March 31, 2016 and 2015 as determined by PT Lastika Dipa and PT Gemma Mulia Inditama, an independent actuary, in their reports dated April 5, 2016 and April 5, 2015, respectively.

a. Details of post-employment benefit expense

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015 As restated	2016	2015 As restated
Current service cost	283,371,071	328,533,640	20,763	26,991
Interest cost	258,765,654	205,823,403	18,960	16,909
Employee benefit expense - net	542,136,725	534,357,043	39,723	43,900

b. Details of Post-employee benefits liability

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 2k)		
	Year Ended March 31,			Year Ended March 31,		
	2016	2015	2014	2016	2015	2014
Present value of defined benefit obligation	3,282,557,756	3,408,893,663	2,796,906,524	247,255	260,539	245,257
Unrecognized past service cost - unvested	-	(66,468,321)	(74,659,432)	-	(5,080)	(6,547)
Unrecognized actuarial gain	-	(1,698,684,302)	(1,111,185,778)	-	(129,829)	(97,438)
Employee benefits liability as previously reported	-	1,643,741,040	1,611,061,314	-	125,630	141,272
Restatement	-	1,765,152,622	1,185,845,210	-	134,909	(103,985)
Employee benefit liability	3,282,557,756	3,408,893,662	2,796,906,524	247,255	260,539	245,257

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 2k)		
	Year Ended March 31,			Year Ended March 31,		
	As restated			As restated		
	2016	2015	2014	2016	2015	2014
Beginning balance	3,408,893,662	2,796,906,524	2,317,440,833	260,539	245,257	238,444
Employee benefit expense	542,136,725	534,357,403	416,158,127	39,723	43,900	37,567
Benefit payments	(78,576,360)	(431,120,274)	(230,185,150)	(5,757)	(35,419)	(20,185)
Other comprehensive income (loss)	(589,896,271)	508,750,369	293,492,714	(44,433)	38,883	25,736
Translation adjustment	-	-	-	(2,817)	(32,082)	(36,305)
Ending balance	3,282,557,756	3,408,893,662	2,796,906,524	247,255	260,539	245,257

d. Movements in the present value employee benefits liability are as follows:

	Indonesian Rupiah			Translations into U.S. Dollar - Unaudited (Note 2k)		
	Year Ended March 31,			Year Ended March 31,		
	As restated			As restated		
	2016	2015	2014	2016	2015	2014
Beginning balance	3,408,893,662	2,796,906,524	2,317,440,833	260,539	245,257	238,444
Employee benefit expense	542,136,725	534,357,403	416,158,127	39,723	38,103	38,959
Benefit payments	(78,576,360)	(431,120,274)	(230,185,150)	(5,757)	(35,419)	(20,185)
Actuarial (gain) loss due from:						
Experience adjustment	(422,790,185)	-	-	(31,846)	-	-
Change in financial assumption	(167,106,086)	508,750,369	293,492,714	(12,587)	38,883	25,736
Translation adjustment	-	-	-	(2,817)	(26,285)	(37,697)
Ending balance	3,282,557,756	3,408,893,662	2,796,906,524	247,255	260,539	245,257

The principal assumptions used in determining the employee benefits liability as of March 31, 2016 and 2015 are as follows:

Discount rate	: 8.33% in 2016 and 7.77% in 2015
Annual salary increase	: 8% per annum in 2016 and 2015
Mortality	: TMI III
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI III

As of March 31, 2016, if the discount rate is increased/decreased by 1% with all other variables held constant, the employee benefits liability would have been lower/higher by Rp298,982,670 (US\$22,521)/ Rp340,131,688 (US\$25,620).

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

16. CAPITAL STOCK

The share ownership details as of March 31, 2016 and 2015 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Translations into U.S. Dollar Unaudited (Note 2k)	
			Amount	
EIH Management Services B.V.	73,789	57.03	13,282,020,000	6,530,000
EIH International Ltd.	33,900	26.20	6,102,000,000	3,000,000
PT Waka Gae Selaras	21,696	16.77	3,905,280,000	1,920,000
Total	129,385	100.00	23,289,300,000	11,450,000

17. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Room department				
Villa	14,582,260,145	12,543,415,082	1,072,994	1,052,585
Pavillion	12,415,306,007	14,247,637,140	913,545	1,195,596
Sub-total	26,997,566,152	26,791,052,222	1,986,539	2,248,181
Food and beverages department				
Food	9,184,276,481	9,318,797,358	676,566	788,422
Beverages	3,184,490,882	3,545,575,305	234,533	290,977
Sub-total	12,368,767,363	12,864,372,663	911,099	1,079,399
Other operating departments				
Health spa	1,089,895,103	1,274,197,706	80,370	106,888
Boutique	637,807,666	768,836,663	47,368	64,411
Telephone and facsimile	113,058,635	24,041,435	8,325	1,915
Laundry	97,354,226	117,103,615	7,168	9,829
Sub-total	1,938,115,630	2,184,179,419	143,231	183,043
Other	652,566,637	526,853,597	48,564	43,755
Total	41,957,015,782	42,366,457,901	3,089,433	3,554,378

In 2016 and 2015, the average Hotel room occupancy rates were 33.2% and 37.2%, respectively (unaudited).

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

(Expressed in Rupiah, with Translations into United States Dollar)

18. COST OF GOODS SOLD AND SERVICES

The details of cost of goods sold and services are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Food and beverage	3,589,713,417	3,642,040,089	264,271	305,565
Payroll and Related Expenses:				
Salaries and wages	3,763,451,986	3,399,772,104	278,064	281,828
Employee benefits	2,623,103,874	1,678,142,619	193,800	139,349
Other Expenses:				
Travel agents	914,000,000	582,651,358	67,023	48,535
Cleaning and guest supplies	843,372,026	645,080,294	62,178	54,017
Welcome drinks, fruit baskets and amenities	657,796,501	534,914,725	48,462	44,722
Kitchen fuel	449,224,235	495,916,012	33,162	41,511
Boutique	432,638,787	616,120,308	32,145	51,663
Security	492,333,003	268,405,006	36,423	21,605
Transport and travel	277,419,239	255,227,157	20,450	21,326
Cultural music and shows	234,062,241	220,748,800	17,269	18,450
Linens and uniforms	232,916,607	346,685,188	17,204	29,270
Telephone and communication	196,783,257	89,036,890	14,536	7,494
Laundry	194,004,194	40,460,426	14,364	3,392
Cable television and music	164,714,375	154,397,126	12,183	12,807
Decoration	125,213,931	66,889,143	9,204	5,616
Loss and damages	91,729,124	64,011,696	6,785	5,302
Health club	70,022,138	69,148,023	5,152	5,765
Others	1,231,282,584	1,827,250,507	90,696	152,898
Total	16,583,781,619	14,996,897,471	1,223,371	1,251,115

19. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

The details of property operations, maintenance and energy expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Repairs and maintenance	2,655,416,886	2,344,519,368	201,307	195,221
Electricity	2,575,680,561	2,697,717,931	190,297	224,927
Fuel	1,511,932,099	2,746,807,822	111,845	229,582
Salaries and wages	929,313,410	725,375,069	68,742	59,865
Supplies	523,940,968	853,034,732	33,999	71,416
Water	334,768,600	520,428,680	24,690	43,419
Others	102,607,613	199,456,299	7,180	16,582
Total	8,633,660,137	10,087,339,901	638,060	841,012

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

(Expressed in Rupiah, with Translations into United States Dollar)

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of hotel operating expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015 As restated Note 2n	2016	2015 As restated Note 2n
Salaries and wages	2,270,149,465	1,811,842,764	167,853	150,191
Provision for replacement of furniture fixtures and equipment (Note 14)	1,258,710,474	1,271,136,738	92,684	106,642
Employee benefits	794,970,058	727,581,138	58,792	59,852
Commission on credit cards	637,961,627	686,840,360	46,969	57,563
Licenses and taxes	258,084,055	196,344,372	18,985	16,482
Transportation and travel	183,145,284	209,245,191	13,485	17,537
Insurance	181,609,479	121,452,785	13,395	10,089
Telephone and communication	139,924,425	136,675,023	10,314	11,413
Printing and stationery	138,113,612	138,264,044	10,198	11,565
Bank charges	107,280,985	122,954,482	7,916	10,146
Others	1,280,006,428	1,150,954,233	94,559	95,864
Total	7,249,955,892	6,573,291,130	535,150	547,344

21. MARKETING EXPENSES

The details of marketing expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2016	2015	2016	2015
Advertising and promotion	1,765,674,024	2,111,572,836	129,604	174,514
Sales promotion expenses (Note 24)	1,258,710,474	1,271,136,738	92,684	106,642
Transportation and travel	755,807,710	448,089,224	55,404	37,063
Salaries and wages	194,139,068	166,352,280	14,288	13,749
Others	29,052,054	68,181,324	2,777	5,470
Total	4,003,383,330	4,065,332,402	294,757	337,438

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company has various financial assets such as cash on hand and in banks, trade receivables and other current financial assets and non-current financial assets which arise directly from the Company's operations.

The Company's principal financial liabilities consist of trade payables, other payables, accrued expenses, due to a related party, due to hotel operator, and loan payable. The main purpose of these financial liabilities is to finance the Company's operations.

The following table sets forth the carrying values, which are equal to the fair values, of the Company's financial instruments that are carried in the statement of financial position:

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, with Translations into United States Dollar)

22. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2k)	
	March 31,		March 31,	
	2016	2015	2016	2015
Current Financial Assets				
Cash on hand and in banks	16,167,999,582	14,235,500,344	1,217,837	1,088,008
Trade receivables - net	531,262,326	665,671,540	40,017	50,877
Other current financial assets	154,857,836	62,162,362	11,664	4,751
Total current financial assets	16,854,119,744	14,963,334,246	1,269,518	1,143,636
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	9,537	9,677
Total Financial Assets	16,980,734,744	15,089,949,246	1,279,055	1,153,313
Financial Liabilities				
Trade payables	499,078,645	477,526,309	37,593	36,497
Other payables	1,341,539,908	750,388,537	101,050	57,352
Accrued expenses	2,948,029,130	2,955,153,868	222,057	225,860
Due to a related party	460,076,478	256,835,170	34,654	19,630
Due to hotel operator	-	116,668,852	-	8,917
Loan payable	345,395,054,000	340,399,886,000	26,016,500	26,016,500
Total Financial Liabilities	350,643,778,161	346,956,458,736	26,411,854	26,364,756

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Company.

The fair values of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Current financial assets and liabilities:

- Current financial instruments with remaining maturities of one year or less (cash on hand and in banks, trade receivables, other current financial assets, trade payables, other payables, accrued expenses, due to a related party, due to hotel operator, loan payable).

The carrying values of the Company's current financial assets and liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

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

(Expressed in Rupiah, with Translations into United States Dollar)

Non-current financial asset:

- Long-term financial assets (other non-current financial assets)

The fair values of other non-current financial assets are assumed to be the same as the cash amount that will be received due to the fact that the maturity of such financial assets is not stated in related contract and the management is not yet able to determine when the financial assets will be realized.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Risk Management**

The main risks arising from the Company's financial instruments are foreign exchange rate risk, credit risk and liquidity risk. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below.

a. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from its U.S. dollar-denominated cash in banks, trade receivables, other payables and loan payable.

The Company's policies are to minimize the risk arising from the foreign exchange rate by monitoring its fluctuations and maintaining an adequate level of cash in banks and long-term bank loan in U.S. dollar. To the extent the Indonesian rupiah depreciates further from the exchange rates in effect at March 31, 2016, the Company's loan payable increases in Indonesian rupiah terms. However, the increase in this obligation will be offset in part by the increase in the value of its U.S. dollar-denominated cash in banks.

	As of March 31, 2016	
	Amount in Foreign Currency	Rupiah Equivalent
Assets		
Cash on hand and in banks	US\$ 605,341	8,036,513,977
Trade receivables	US\$ 15,273	200,979,329
Total		8,237,493,306
Liabilities		
Other payables	US\$ 11,747	155,946,805
Loan payable	US\$ 26,016,500	345,395,054,000
Total		345,551,000,805
Net Liabilities		337,313,507,499

b. Credit Risk

Credit risk arises when one party to a financial asset or liability fails to discharge an obligation and causes the Company to incur a financial loss. The Company manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits. The maximum exposure of the financial instruments to credit risk is equal to the carrying values as disclosed in Note 22.

With respect to credit risk arising from financial assets, primarily cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to carrying amount of these financial assets.

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

(Expressed in Rupiah, with Translations into United States Dollar)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The table below shows the maximum exposure to credit risk for the Company's financial assets without taking into account any collateral and other credit enhancements:

	March 31,	
	2016	2015
Cash*	16,088,499,579	14,124,863,051
Trade receivables - net	531,262,326	665,671,540
Other financial assets	281,472,836	188,777,362
Total credit risk exposure	16,901,234,741	14,979,311,953

*Excluding cash on hand.

c. Liquidity Risk

Liquidity risk is defined as the risk when the cash flow position of the Company indicates that the short-term revenues are not enough to cover its short-term expenditures. The Company's liquidity risk mainly arises from the repayment of its loan payable to EIH which is due within a year where the Company's current liabilities exceeds its total assets by Rp340,436,193,785 and net capital deficiency amounted to Rp330,485,656,174.

Discussions to exercise the option to convert the loan payable to equity have been started but have not yet been finalized as of the date of these financial statements. Furthermore, a letter of support, dated April 30, 2015 from EIH International Ltd. was received confirming their commitment not to withdraw their capital contribution and their willingness to provide necessary financial support to the Company to enable it to pay all its obligations when they fall due and for the Company to be able to carry on its business through the financial year ending 2016 without curtailment.

Currently, the Company has been making efforts to overcome the liquidity problem by improving the results of its operations by engaging in aggressive marketing activities in the international market to boost room occupancy rates.

24. SIGNIFICANT AGREEMENT

The Company entered into an Agreement with EIH Management Services B.V. (the Hotel Operator) to manage and operate the Hotel effective December 31, 1998. On July 24, 2000, the Company signed a Renewal Agreement whereby the original term was extended until April 24, 2034. The Hotel Operator has automatic and irrevocable options to extend the agreement for another twenty (20) years. Under the agreement, the Hotel Operator is entitled to a fee of 12.5% of the total gross operating profit. Also, under the agreement, the Hotel Operator is entitled to pay out of the gross operating revenue and as part of gross operating expenses, an amount equal to 3% of the Hotel gross operating revenue for sales promotion expenses (Note 21). Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

25. ACCOUNTING STANDARDS ISSUED NOT YET EFFECTIVE

The following are revised accounting standards issued by the Indonesian Financial Accounting Standards Board that are relevant to the financial statements but are effective only for financial statements covering the periods beginning on or after April 1, 2016:

Effective beginning on or after April 1, 2016:

- a. Amendment to PSAK No. 16: Property, Plant and equipment on Clarification of the Accepted Method for Depreciation and Amortization. The amendments provide additional explanation of the approximate indication of the technical or commercial obsolescence of an asset. The amendments also clarify that use of the depreciation method based on revenue is not appropriate.

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

(Expressed in Rupiah, with Translations into United States Dollar)

25. ACCOUNTING STANDARDS ISSUED NOT YET EFFECTIVE (*continued*)

- b. Amendment to PSAK No. 19: Intangible Asset on Clarification of the Accepted Method for Depreciation and Amortization. The amendment clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue based method cannot be used to depreciate the Intangible Asset.
- c. Amendment to PSAK No. 24: Employee Benefits on Defined benefit plans: Employee Contributions. PSAK No. 24 requires an entity to consider contributions from employee or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendment clarify that, if the amount of the contributions is independent is of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of Service.
- d. PSAK No. 7 (2015 Improvement): Related Party Disclosures. The improvement clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management service.
- e. PSAK No. 16 (2015 Improvement): Fixed Asset. The improvement clarifies that is PSAK No. 16 and PSAK No. 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amount of the asset. Carrying amounts of the asset is restated by revalued amount.
- f. PSAK No. 19 (2015 Improvement): Intangible Assets. The improvement clarifies that in PSAK No. 16 and PSAK No. 19 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amount of the asset. Carrying amounts of the asset is restated by revalued amounts.
- g. PSAK No. 25 (2015 Improvement): Accounting Policies, Changes in Accounting Estimates and Errors. The improvement provides editorial correction about limitation in retrospective implementation for paragraph 27 of PSAK No. 25.
- h. PSAK No. 68 (2015 Improvement): Fair Value Measurement. The improvement clarifies that the portfolio exception in PSAK No. 68 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PSAK No. 55.

Effective beginning on or after January 1, 2017:

- i. Amendments to PSAK No. 1: Presentation of Financial Statement on Disclosures initiative. This amendment clarifies, rather than significantly change, exiting PSAK No. 1 requirements, among others, to clarify the materiality, flexibility as to financial statement and identification of significant accounting policies.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on the financial statements.

PT ASTINA GRAHA UBUD

BOARD

Drs. Ec. I Wayan Pasek
Mr. Tjokorda Raka Kerthayasa
Mr. Deepak Madhok

AUDITORS

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

REGISTERED OFFICE

Dsn/Br. Jambangan,
Singekerta,
Ubud - Gianyar
Indonesia

DIRECTORS' REPORT

DIRECTORS

The Directors present their report on the Company for the year ended 31 March 2016.

The name of the Company's Directors in office during the year and until the date of this report are as follows.

Drs. Ec. I Wayan Pasek
Mr. Tjokorda Raka Kerthayasa
Mr. Deepak Madhok

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was investment.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was \$Nil (2015: \$Nil) after providing for income tax of \$Nil (2015: \$Nil).

No significant change in the nature of these activities occurred during the year.

EVENTS AFTER THE BALANCE DATE

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

DIVIDENDS

No dividends have been paid, declared or recommended during the preceding year ended 31 March 2016.

SHARE OPTIONS

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

AUDITORS INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

Signed in accordance with a resolution of the Director:

17 May, 2016

DEEPAK MADHOK

Independent Auditor's Report

To the Members of
PT Astina Graha Ubud

Independent auditor's report to the members of PT Astina Graha Ubud

We have audited the accompanying financial report of PT Astina Graha Ubud, which comprises the statement of financial position as at 31 March 2016, the statement of comprehensive income and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' statement.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of PT Astina Graha Ubud as of 31 March 2016 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of PT Astina Graha Ubud to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of PT Astina Graha Ubud and should not be distributed to parties other than the members.

ERNST & YOUNG

Adelaide
17 May 2016

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2016

(Expressed in United States Dollars)

	Note	31 March 2016 \$	31 March 2015 \$
		_____	_____
Turnover	3	_____	_____
Profit before taxation	4	-	-
Taxation Expense	5	_____	_____
Profit after taxation		-	-
Other Comprehensive Income		_____	_____
Total Comprehensive Income		_____	_____

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

Statement of Financial Position as at 31 March 2016

(Expressed in United States Dollars)

	Note	31 March 2016 \$	31 March 2015 \$
Current Assets			
Amount due to related parties		—	—
Total Current Assets		<u>—</u>	<u>—</u>
Non-Current Assets			
Property, plant and equipment		6,159,317	6,159,317
Total Current Assets		<u>6,159,317</u>	<u>6,159,317</u>
Total Assets		<u>6,159,317</u>	<u>6,159,317</u>
Current Liabilities			
Amount due to related parties		—	—
Total Current Liabilities		<u>—</u>	<u>—</u>
Non-Current Liabilities			
Amounts due to shareholder		3,559,317	3,559,317
Total Non-Current Liabilities		<u>3,559,317</u>	<u>3,559,317</u>
Total Liabilities		<u>3,559,317</u>	<u>3,559,317</u>
Net Assets		<u>2,600,000</u>	<u>2,600,000</u>
Equity			
Share Capital	7	2,600,000	2,600,000
Retained Earnings		—	—
Total Equity		<u>2,600,000</u>	<u>2,600,000</u>

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

Statement of Changes in Equity for the year ended 31 March 2016

(Expressed in United States Dollars)

	Share Capital \$	Retained earnings \$	Total Equity \$
As at 1 April 2015	2,600,000	–	2,600,000
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2016	2,600,000	–	2,600,000
As at 1 April 2014	2,600,000	–	2,600,000
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2015	2,600,000	–	2,600,000

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

Notes to the Financial Statements for the year ended 31 March 2016

1. Corporate Information

The financial report of PT Astina Graha Ubud (the "Company") for the year ended 31 March 2016 was authorised for issue on 17 May 2016.

PT Astina Graha Ubud is a Company limited by shares and incorporated in Indonesia. The nature of the operations and principal activity of the Company is described in the Directors' report.

2. Significant Accounting Policies

(a) Basis of Preparation

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

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

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

A statement of cash flows has not been prepared given that there were no cash transactions during the current year.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation

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

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

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

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and which are subject to an insignificant risk of changes in value.

(f) Fixed Assets

Fixed assets are stated at cost less any accumulated impairment losses and depreciation. Depreciation is calculated from when an asset is first held ready for use.

The carrying values of fixed assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of fixed assets is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(g) Deferred Taxation

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(h) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Turnover

Turnover represents dividends from investments.

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging :	31 March 2016	31 March 2015
	\$	\$
Auditor's remuneration	—	—
The audit fee has been borne by a related Company.	—	—

5. Taxation

- (a) No provision has been made for income tax as the Company did not earn income subject to tax.
 (b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

6. Directors' Remuneration

	31 March 2016	31 March 2016
	\$	\$
Fees	—	—
Other emoluments	—	—
	—	—

7. Share Capital

	31 March 2016	31 March 2015
	\$	\$
Issued and fully paid:		
Ordinary shares	<u>2,600,000</u>	<u>2,600,000</u>

8. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

9. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

Directors' Statement

In the opinion of the Directors:

- (a) the statement of comprehensive income and statement of changes in equity is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2016;
- (b) the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2016; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

17 May 2016

DEEPAK MADHOK