MUMTAZ HOTELS LIMITED

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-seventh Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the Financial Year ended 31st March, 2017.

Financial Highlights

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

PARTICULARS	**Rupees (in million)**	
	2016-17	2015-2016
Total Revenue	**1,015.01**	966.38
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**466.96**	465.20
Interest and Finance Charges	**0.58**	0.55
Depreciation	**22.58**	25.36
Profit before Tax	**443.80**	439.29
Current Tax	**147.93**	145.47
Deferred Tax	**2.30**	3.83
Profit after Tax	**293.57**	289.99
Other Comprehensive Income/(Loss), net of tax	**(0.67)**	(0.60)
Total Comprehensive Income	**292.90**	289.39
Profit/ (Loss) Brought forward from earlier years	**334.95**	294.09
Dividend	**258.13**	206.50
Dividend Distribution Tax	**52.54**	42.03
General Reserve	**-**	-
Profit/ Loss Carried Over	**317.16**	334.95

Performance

During the Financial Year under review, the Company's Total Revenue was ₹ 1,015.01 million as compared to ₹ 966.38 million in the previous year. This represents an increase of 5.03% as compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 466.96 million as compared to ₹ 465.20 million in the previous year, an increase of 0.38%. The Profit after tax was ₹ 293.57 million as compared to ₹ 289.99 million. Total Comprehensive Income was ₹ 292.90 million as compared to ₹ 289.39 million in the previous year, an increase of 1.21%.

Dividend

The Board had declared an Interim Dividend of ₹ 7.50 per equity share of face value of ₹ 10 for the Financial Year 2016-17 at the Board meeting held on 1st March, 2017. The Interim Dividend was paid to the Shareholders on 6th March, 2017. The Board recommends that the Interim Dividend of ₹ 7.50 per equity shares already paid to the Shareholders to be the Final Dividend for declaration by the Shareholders at the forthcoming Annual General Meeting, for the financial year 2016-17. The outgo on Dividend and Dividend Distribution Tax was ₹ 186.40 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 have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profit of the Company for that period;

c) the Directors, to the best of their knowledge and ability, have taken proper and sufficient care 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 have prepared the Annual Accounts of the Company on a "going concern" basis; and

e) the Directors have 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. Vikram Oberoi and Mr. T.K. Sibal retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors recommend re-appointment of Mr. Vikram Oberoi and Mr. T.K. Sibal as Directors in the Board.

Board Meeting

During the year, four Board Meetings were held on 16th May 2016, 30th August 2016, 1st December 2016 and 1st March 2017 respectively. Attendance of the Directors in the meeting is as under:

Name of the Director	No. of Meetings attended
Mr. P.R.S. Oberoi	1
Mr. Shivy Bhasin	4
Mr. BB Goyal	3
Mr. T.K. Sibal	4
Mr. Manish Goyal	3
Mr. Vikram Oberoi	4
Mr. Arjun Oberoi	3
Mr. Raj Kataria	3
Mr. Sandeep Kumar Barasia	3

Audit Committee

The Audit Committee of the Company comprises of three members, namely, Mr. Raj Kumar Kataria, Independent Director, Mr. Sandeep Kumar Barasia, Independent Director and Mr. Vikram Oberoi, Director. During the Financial Year, the Audit Committee met on 16th May, 2016 and 1st March, 2017 respectively. Mr. Raj Kataria and Mr. Vikram Oberoi had attended both the meetings and Mr. Saneep Kumar Barasia had attended one (1) meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) of the Company comprises of Mr. Raj Kumar Kataria, Independent Director, Mr. Sandeep Kumar Barasia, Independent Director and Mr. Vikram Oberoi, Director. NRC met on 1st March, 2017 and the meeting was attended by all the members.

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 Act. The Board was also of the opinion that the two Independent Directors meet the criteria of independence under sub-section (6) of Section 149 of the Act. During the Financial Year, the Independent Directors met on 1st March, 2017 and discussed the requirements as prescribed under part VII (3) of Schedule IV of the Act viz: Code for Independent Directors.

Corporate Social Responsibility

In accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company had formulated a CSR Policy in the Financial Year 2014-15. The policy can be accessed at the website on the holding Company's website, **www.eihltd.com** .

The Annual Report on Corporate Social Responsibility activities for the Financial Year 2016-17 is given in ***Annexure-I***, which forms a part of this report. The Annexure also gives the composition of the CSR committee.

During the Financial Year, the CSR Committee met on 1st December, 2016 and on 1st March, 2017. Mr. Vikram Oberoi, Mr. Raj Kataria and Mr. Manish Goyal, members attended both the meetings and Mr. Arjun Oberoi, Member had attended one (1) meeting.

In addition to the mandatory CSR spend in accordance with the Act, during the year, Company's Hotel had taken the following CSR initiatives:

- A visit was organised to Mother Teresa Home to celebrate good times with the children. Mother Teresa's Charity home in Agra has 52 children who are either orphans or come from poor families. They also have 163 infirmed adults who can no longer care for themselves. Goodies, drawing books, groceries and sweets were given to them.
- A visit was also organised to "Sheroes", acid attack survivor community to provide insights and demonstrations on hand care. Packed lunches and goodie bags with sanitizers and hand solutions were given to spread awareness about hand hygiene.

Company's Policy on Directors' Appointment and Remuneration

In accordance with Section 178 of the Act, the Company's Policy on Directors' Appointment and Remuneration is annexed as ***Annexure - II***. The policy can also be accessed on the website of the Company's holding Company, **www.eihltd.com**. As on date, the Company does not have any Senior Management Personnel as defined in Section 178 of the Act. Company's Key Managerial Personnel viz, Mr. Bharat Bhushan Goyal, Managing Director, Mr. Biswajit Mitra, Chief Financial Officer and Mr. S.N. Sridhar, Secretary do not draw any remuneration from the Company.

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, The Oberoi Amarvilas 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:

- replacement of halogen lamps with energy efficient LED lamps;
- air-conditioning system improvement viz: chillers' efficiency, ventilation, lighting and other equipment's of the hotel;
- replacement of Swimming pool plant and machinery with energy efficient motors, pumps and LED lighting system.

Actions planned for the next year are:

- replacement of vapour absorption machine (VAM) with energy efficient chiller plants;
- replacement of guest elevators with modern elevators;
- enhance the capacity of the Rain Water Harvesting System;
- replacement of fluorescent lamps with energy efficient LED lamps in public areas;
- enhance the water management system by increasing the RO plant permeates.

Foreign Exchange Earnings and outgo

Foreign Exchange earnings during the year amounted to Rs 418.19.million as compared to ₹ 838.00 million in the previous year. The outflow of foreign exchange during the year was ₹ 21 million as compared to ₹ 11.04 million in the previous year.

Auditors

The Auditors, M/s Virmani & Associates, Chartered Accountants (FRN.000356N), Statutory Auditors of the Company retire at the conclusion of the 22nd Annual General Meeting. They are not eligible for re-appointment as the moratorium period of 3 years available to them under third proviso to Section 139 (2) of Act read with Rule 6(1) of the Companies (Audit and Auditors) Rules, 2014 ("Rules") will be exhausted by them at the conclusion of the Annual General Meeting to be held this year in August, 2017.

The Board places on record its deep appreciation of the valuable contributions made by M/s Virmani & Associates, as Statutory Auditors of the Company for over a decade.

In accordance with Section 139 of the Act which provides for rotation of Auditors, the Audit Committee and the Board by resolution dated 13th December, 2016 and 19th December, 2016, respectively have unanimously recommended to the Shareholders appointment of M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants, (FRN 117366 W/W 100018) ("Deloitte") as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years from the conclusion of the Annual General Meeting scheduled to be held in this year in August 2017 till the conclusion of the Annual General Meeting to be held in the year 2022.

Deloitte has given a written consent to the Company for appointment as Auditors. Deloitte has also given a certificate that they satisfy the criteria prescribed in Section 141 of the Act and the appointment, if made, shall be in accordance with the conditions laid down under the Act and Rules.

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 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 Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014. The Related Party Transactions entered during the year are given in Note no. 37A 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-III.***

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.

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 2016-17 was Rs. 1.72 million.

Particulars of Employees

There is no employee in the Company drawing remuneration more than the limit as prescribed under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014. List of Top 10 employees in terms of remuneration drawn during the Financial Year 2016-17 is annexed as **Annexure IV.**

Awards

Awards won by The Oberoi Amarvilas are as under:

The Oberoi Amarvilas, Agra, Uttar Pradesh, India	Top 25 Hotels for Romance (Ranked 2nd) Top Resorts in India (Ranked 5th)	Trip Advisor, Travellers' Choice Awards 2016 *Travel + Leisure*, World's Best Awards, Readers' Survey 2016

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: Delhi
Date: 19th May, 2017

Bharat Bhushan Goyal
Managing Director

Shivy Bhasin
Vice Chairperson

Annexure -1

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 CSR Policy 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. Directing its energies to orphan and homeless children and care for their educational, nutritional, health and psychological development needs and primary health care for the elderly population.

   The Board of Directors at the Board meeting held on 1st December, 2016, on the recommendation of the CSR Committee, approved a CSR spend of ₹ 11.4 million. This amount included 2% of average net profit of the Company for the last three Financial Years and the carry forward of CSR spend of ₹ 3.29 million. This was spent on the following:

   a) Primary healthcare services for India's elderly population (60+ years) who are poor and needy through HelpAge India;

   b) Promoting education for the underprivileged children through Kailash Satyarthi Children's Foundation.

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

2. **Composition of the CSR Committee**

   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**

   ₹ 408.0 million.

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

   ₹ 8.1 million

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

   a) Total Amount to be spent for the Financial Year : ₹ 11.4 million

   b) Amount unspent, if any : ₹ 1.6 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 (Rs in million)**	**Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (Rs in million)**	**Cumulative expenditure up to the reporting period (Rs in million)**	**Amount spent Direct or through implement-ing agency**
1	Primary health care services for India's elderly population (60+ years) at the poor and needy	Urban	Agra, Uttar Pradesh	4.5	4.5	4.5	HelpAge India
2	Swachh Bharat Abhiyan	Urban	Agra, Uttar Pradesh	0.3	0.3	0.3	Direct
3.	Promoting of education	Urban	Agra, Uttar Pradesh	5.0	5.0	5.0	Kailash Satyarthi Children's Foundation
			TOTAL	9.8	9.8	9.8	

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 balance Rs.1.6 million could not be spend as no suitable project was identified. This amount will be carried forwarded and spent in the next Financial Year.

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

Annexure-II

MUMTAZ HOTELS LTD

Director Appointment and Remuneration Policy

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

1. Purpose

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

2. Accountability

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

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

3. Role of the Nomination and Remuneration Committee

The NRC is responsible for:

3.1 Reviewing the structure, size and composition (including the skill, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board with due regard to Board Diversity;

3.2 Identifying individuals suitably qualified to become Board members, Key Managerial and Senior Management Personnel.

3.3 Making recommendations to the Board on the appointment, re-appointment or removal of directors, Key Managerial and Senior Management Personnel.

3.4 Making recommendations for succession planning for directors, Key Managerial and other Senior Management Personnel, including the Managing Director (s), Whole-time Director(s) and CEO.

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

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

4. Appointment of Directors

4.1 Matching the needs of the Company and enhancing the competencies of the Board are the basis for the NRC to select a candidate for appointment to the Board. When recommending a candidate for appointment, the NRC will have regard to:

- assessing the individual against a range of criteria including but not limited to industry experience, background, and other qualities required to operate successfully in the position, with due regard to the benefits of diversity of the Board;

- the extent to which the individual is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors;
- the skills and experience the individual brings to the role and how these will enhance the skill sets and experience of the Board as a whole;
- the nature of positions held by the individual including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- the time commitment required from a director to actively discharge his duties to the Company.

4.2 The recommended director would:

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

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

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

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

4.5 The Company is required to appoint at least one independent non-executive director who must have appropriate professional qualifications on accounting or related financial management expertise in accordance with Clause 49 of the listing agreement with Stock Exchange (s).

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

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

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

a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience.

b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

 (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

c. apart from receiving director's remuneration has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross 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.

e. 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;

f. 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, Manger, 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.

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 1

MUMTAZ HOTELS 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 end of Financial Year on 31.03.2017

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	U55101WB1990PLC095270
2	Registration Date	01/10/1990
3	Name of the Company	Mumtaz Hotels Limited
4	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non Government Company
5	Address of the Registered office & contact details	4, Mangoe Lane, 6th Floor, Kolkata – 700001, West Bengal
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	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)

(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. Promoter's									
(1) Indian									
a) Individual HUF	-	82,60,010	82,60,010	40.00	-	82,60,010	82,60,010	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) 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)	**-**	**2,06,50,000**	**2,06,50,000**	**100.00**	**-**	**2,06,50,000**	**2,06,50,000**	**-**	**-**

(ii) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Parma Devi Goyal	233,005	1.13	-	-	-	-	(100)
2	Vijay Goyal	260,005	1.26	-	260,005	1.26	-	-
3	Sashi Malhotra	55,511	0.27	-	0	0	-	(100)
4	Manish Goyal	799,296	3.87	-	8,18,713	3.96	-	2.43
5	Manav Goyal	1,068,939	5.17	-	1,098,065	5.32	-	2.72
6	Ravish Goyal	799,294	3.87	-	818,713	3.96	-	2.43
7	Vinish Goyal	799,294	3.87	-	818,712	3.96	-	2.43
8	Gaurav Goyal	1,068,940	5.17	-	10,98,065	5.32	-	2.72
9	Chandra Soni	55,501	0.26	-	113,752	0.55	-	104.95
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	-	-	-
22	Shikha Madan	-	-	-	29,126	0.14	-	100
23	Ankush Malhotra	-	-	-	29,125	0.14	-	100
24	Ankush Malhotra Jointly With Shikha Madan	-	-	-	55,511	0.26	-	100

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

a. Shikha Madan

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
1	At the beginning of the year	-	-		
2	Increase on 01.12.2016 due to transfer			29,126	0.14
3	At the end of the year			29,126	0.14

b. Ankush Malhotra

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
1	At the beginning of the year	-	-		
2	Increase on 01.12.2016 due to transfer			29,125	0.14
3	At the end of the year			29,125	0.14

c. Ankush Malhotra Jointly with Shikha Madan

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
1	At the beginning of the year	-	-		
2	Increase on 01.12.2016 due to transmission			55,511	0.27
3	At the end of the year			55,511	0.27

d. Manish Goyal

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
1	At the beginning of the year	799,296	3.87		
2	Increase on 01.12.2016 due to transfer			818,713	3.96
3	At the end of the year			818,713	3.96

e. Manav Goyal

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
1	At the beginning of the year	1,068,939	5.17		
2	Increase on 01.12.2016 due to transfer			1,098,065	5.32
3	At the end of the year			1,098,065	5.32

f. Ravish Goyal

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
1	At the beginning of the year	799,294	3.87		
2	Increase on 01.12.2016 due to transfer			818,713	3.96
3	At the end of the year			818,713	3.96

g. Gaurav Goyal

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
1	At the beginning of the year	1,068,940	5.17		
2	Increase on 01.12.2016 due to transfer			1,098,065	5.32
3	At the end of the year			1,098,065	5.32

h. Chandra Soni

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
1	At the beginning of the year	55,501	0.26		
2	Increase on 01.12.2016 due to transfer			113,752	0.55
3	At the end of the year			113,752	0.55

i. Vinish Goyal

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
1	At the beginning of the year	799,294	3.87		
2	Increase on 01.12.2016 due to transfer			818,712	3.96
3	At the end of the year			818,712	3.96

j. Parma Devi Goyal

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
1	At the beginning of the year	233,005	1.13		
2	Decrease on 01.12.2016 due to transfer			-	-
3	At the end of the year			-	-

k. Sashi Malhotra

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
1	At the beginning of the year	55,511	0.27		
2	Decrease on 01.12.2016 due to transmission			-	-
3	At the end of the year			-	-

(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			
	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
1	At the beginning of the year	799,296	3.87		
2	Increase on 01.12.2016 due to transfer			818,713	3.96
3	At the end of the year			818,713	3.96

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)	**-**	**-**	**-**	**-**

* Outstanding on account of finance lease obligations, not being loans/deposits, are not included.

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. 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	1,20,000	1,20,000
	Total (A)	1,20,000	1,20,000
	Ceiling as per the Act	10% of Net Profit	

B. Remuneration to other directors

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	200,000			320,000			520,000
	Commission							
	Others, please specify							
	Total (1)	**200,000**			**320,000**			**520,000**
2	**Other Non-Executive Directors**	**Mr. PRS Oberoi**	**Mr. Shivy Bhasin**	**Mr. Vikram Oberoi**	**Mr. Arjun Oberoi**	**Mr. Manish Goyal**	**Mr. T.K. Sibal**	**Total Amount (Rs.)**
	Fee for attending board committee meetings	40,000	1,60,000	360,000	160,000	200,000	1,60,000	10,80,000
	Commission							
	Others, please specify							
	Total (2)							10,80,000
	Total (B)=(1+2)							16,00,000
	Total Managerial Remuneration							Nil
	Overall Ceiling as per the Act	11% of Net Profits						

Note: Sitting fee does not forms 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	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	others, specify…	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**NIL**	**NIL**

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: Delhi
Date: 19th May, 2017

BHARAT BHUSHAN GOYAL
Managing Director

SHIVY BHASIN
Vice Chairperson

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mumtaz Hotels Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Mumtaz Hotels Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as " Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance (including other comprehensive income), its cash flows and the changes in equity 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 Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in the paragraph 3 and 4 of the 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 (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant Rule issued thereunder;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;

      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 which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 44 to the Ind AS financial statements.

For Virmani and Associates
Chartered Accountants
I CAI Registration No. 000356N

Suresh Virmani
Partner
Membership No: 17617

Place: New Delhi
Dated: May 19, 2017

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 Ind AS financial statements for the year ended 31 March 2017.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 according to a phased program designed to cover all items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, the Management has physically verified during the year a portion of the fixed assets and no material discrepancies were noticed between the book records and the physical inventory.

(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, 2013. 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 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.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues were in arrears as at 31 March 2017 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 and value added tax have not been deposited by the Company on account of disputes:

Sl. No.	Name of the 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 2007-08	189,810/-	189,810/-	Allahabad High Court, U.P.
3.	Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Financial Year 2007-08	340,839/-	340,839/-	Additional Commissioner (Judicial) Commercial Tax Agra
			Financial Year 2009-10	70,675/-	Nil	Uttar Pradesh Commercial Tax Tribunal, Agra
			Financial Year 2012-13	177,600/-	Nil	Additional Commissioner (Appeals) Commercial Tax Office, Range I, Agra
	Total			5,89,114/-	340,839/-	
4.	Income Tax Act 1961	Fringe Benefit Tax	Assessment Year 2008-09	443,936/-	Nil	Commissioner of Income Tax (Appeals), Kolkata
5.	Income Tax Act 1961	Income Tax	Assessment Year 2009-10	1,28,174/-	Nil	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
			Assessment Year 2014-15	6,73,152/-	6,73,152/-	Commissioner of Income Tax (Appeals), Kolkata.
	Total			22,279,735/-	22,151,561	

(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 Sections 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.

(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 have been entered into by the Company.

(xvi) 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. 000356 N

Suresh Virmani
Partner
Membership No. 017617

Place: New Delhi
Dated : May 19, 2017

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 2017 in conjunction with our audit of the Ind AS 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 31 March 2017, 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.

For Virmani and Associates
Chartered Accountants
ICAI Registration No. 000356 N

Suresh Virmani
Partner
Membership No. 017617

Place: New Delhi
Dated : May 19, 2017

Balance Sheet
as at 31st March, 2017

Amount ₹

	Note	As at March 31 2017	As at March 31 2016	As at April 01 2015
ASSETS				
1. Non current assets				
(a) Property, Plant and Equipment	2	**686,791,442**	708,101,043	728,449,739
(b) Capital work-in-progress		**-**	382,000	884,303
(c) Intangible assets	3	**401,708**	532,156	-
(d) Financial Assets				
- Security Deposits	4	**1,283,455**	1,283,455	1,283,455
(e) Other non-current assets	5	**304,425**	30,647	598,619
2. Current assets				
(a) Inventories	6	**32,114,154**	22,120,533	25,034,529
(b) Financial assets				
(i) Investments	7	**230,482,859**	-	-
(ii) Trade receivables	8	**92,094,407**	92,446,004	95,277,713
(iii) Cash and cash equivalents	9	**32,244,766**	270,915,855	201,168,422
(iv) Bank balances other than (iii) above	10	**9,818,361**	7,102,239	9,450,701
(v) Other financial assets	11	**5,872,256**	5,870,978	6,674,741
(c) Current Tax Assets (Net)	12	**6,541,888**	5,352,502	5,393,296
(d) Other current assets	13	**70,539,261**	61,896,893	31,504,903
Total Assets		**1,168,488,982**	1,176,034,305	1,105,720,421
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	14	**206,500,000**	206,500,000	206,500,000
(b) Other Equity	15	**696,163,817**	713,949,378	673,094,358
Liabilities				
1. Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	**286,973**	1,977,878	2,877,962
(ii) Other financial liabilities (other than those specified in item (b))	17	**113,886**	107,699	99,700
(iii) Other liabilities	18	**78,879**	86,415	97,719
(b) Provisions	19	**4,185,763**	3,082,000	2,796,000
(c) Deferred tax liabilities (Net)	20	**133,434,497**	131,137,864	127,312,352
2. Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	21	**82,198,153**	78,976,663	65,533,717
(ii) Other financial liabilities (other than those specified in item (c))	22	**6,876,118**	7,804,489	7,788,193
(b) Other current liabilities	23	**38,428,044**	32,284,026	19,215,646
(c) Provisions	24	**222,852**	127,893	404,774
(d) Current tax liabilities (net)	25	**-**	-	-
Total Equity and Liabilities		**1,168,488,982**	1,176,034,305	1,105,720,421

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For Virmani & Associates
Chartered Accountants
ICAI Registration No. 000356N

Suresh Virmani
Partner
Membership No. 17617

Place: New Delhi
Dated: May 19, 2017

For and on behalf of the Board

P.R.S. Oberoi — *Chairman*
Shivy Bhasin — *Vice-Chairman*
Bharath B. Goyal — *Managing Director*
Sandeep Kumar Barasia — *Director*
Biswajit Mitra — *Chief Financial Officer*
S.N. Sridhar — *Company Secretary*

Statement of Profit and Loss for the year ended 31st March, 2017

	NOTE	Year ended 31st March 2017 ₹	2016 ₹
INCOME			
Revenue from operations	26	**974,283,152**	954,081,270
Other income	27	**40,722,170**	12,296,998
Total Income		**1,015,005,322**	966,378,268
EXPENSES			
Consumption of provisions, stores and others	28	**62,308,566**	52,823,109
Excise duty		**494,432**	222,034
Employee benefits expense	29	**86,294,640**	83,610,459
Finance costs	30	**575,845**	547,822
Depreciation and amortisation expense	31	**22,580,073**	25,363,342
Other expenses	32	**398,952,050**	364,524,591
Total Expenses		**571,205,606**	527,091,357
Profit before tax		**443,799,716**	439,286,911
Tax expense	33		
- Current tax		**147,930,767**	145,468,789
- Deferred tax		**2,296,633**	3,825,512
Profit for the year		**293,572,316**	289,992,610
Other Comprehensive Income			
Items that will not be reclassified to Profit and Loss			
- Remeasurement of Defined Benefit plans (Net of Tax)		**(671,499)**	(602,353)
Other Comprehensive Income /(Loss) for the year, net of tax		**(671,499)**	(602,353)
Total Comprehensive Income for the year		**292,900,817**	289,390,257
Earnings per equity share - Basic and Diluted		**14.22**	14.04

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For Virmani & Associates
Chartered Accountants
ICAI Registration No. 000356N

Suresh Virmani
Partner
Membership No. 17617

Place: New Delhi
Dated: May 19, 2017

For and on behalf of the Board

P.R.S. Oberoi — *Chairman*
Shivy Bhasin — *Vice-Chairman*
Bharath B. Goyal — *Managing Director*
Sandeep Kumar Barasia — *Director*
Biswajit Mitra — *Chief Financial Officer*
S.N. Sridhar — *Company Secretary*

Statement of Cash Flow
for the year ended 31st March, 2017

		Amount ₹	
		Year ended March 31	
		2017	2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax as per statement of profit and loss	**443,799,716**	439,286,911
	Adjustments to reconcile net profit to net cash provided by operating activities		
	Depreciation and amortisation	**22,580,073**	25,363,342
	Loss/ (Profit) on sale of fixed assets	**237,398**	(244,118)
	Dividend income from mutual funds	**(10,482,859)**	(8,207,108)
	Interest income	**(869,433)**	(1,443,416)
	Interest expense	**575,845**	547,822
	Provision for wealth tax written back	**-**	(179,450)
	Effect of security deposit measured on fair value	**-**	3,305
	Effect of customer loyalty program	**(13,200)**	-
	Loss on leased asset	**659,966**	-
	Operating Profit	**456,487,506**	455,127,288
	Changes in operating assets and liabilities		
	Inventories	**(9,993,621)**	2,913,996
	Trade receivables	**351,597**	2,831,709
	Other financial assets and other assets	**(15,343,819)**	(3,730,842)
	Trade payables	**3,227,677**	13,361,372
	Other financial liabilities, other liabilities and provisions	**6,406,829**	13,450,945
	Cash generated from operations	**441,136,169**	483,954,468
	Payment of direct taxes [net of refund]	**143,365,256**	171,419,192
	Net cash generated from operating activities	**297,770,913**	312,535,276
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment	**(2,054,692)**	(6,228,632)
	Decrease/(Increase) in capital work in progress	**382,000**	502,303
	Investment in Mutual Funds	**(230,482,859)**	-
	Sale of property, plant and equipment	**17,306**	925,948
	Interest received	**869,433**	1,443,416
	Dividend income from investment in mutual funds	**10,482,859**	8,207,108
	Changes in other bank balances	**(2,716,122)**	2,348,462
	Net cash used in investing activities	**(223,502,075)**	7,198,605

Statement of Cash Flow *(Contd...)*

		Amount ₹	
		Year ended March 31	
		2017	2016
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	**(575,845)**	(547,822)
	Repayment of finance lease liability	**(1,690,905)**	(900,084)
	Dividend paid including tax on dividend	**(310,673,177)**	(248,538,542)
	Net cash used in financing activities	**(312,939,927)**	(249,986,448)
	Net (decrease)/increase in cash & cash equivalents (A+B+C)	**(238,671,089)**	69,747,433
	Opening balance of cash & cash equivalents	**270,915,855**	201,168,422
	Closing balance of cash & cash equivalents	**32,244,766**	270,915,855

Reconciliation of cash and cash equivalent as per the cash flow statement

Cash and Cash equivalent as per above comprise of the following

	As at March 31, 2017	As at March 31, 2016
Cash and Cash Equivalent [Note 9]	**32,244,766**	270,915,855
Balance as per statement of cash flows	**32,244,766**	270,915,855

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For Virmani & Associates
Chartered Accountants
ICAI Registration No. 000356N

Suresh Virmani
Partner
Membership No. 17617

Place: New Delhi
Dated: May 19, 2017

For and on behalf of the Board

P.R.S. Oberoi — *Chairman*
Shivy Bhasin — *Vice-Chairman*
Bharath B. Goyal — *Managing Director*
Sandeep Kumar Barasia — *Director*
Biswajit Mitra — *Chief Financial Officer*
S.N. Sridhar — *Company Secretary*

Statement of changes in Equity for the year ended 31st March, 2017

Statement of changes in Equity for the year ended 31/03/2016

Amount ₹

	Equity Share Capital	Other Equity			Total
		Reserves and Surplus			
		Securities Premium Reserve	Retained Earnings	General Reserve	
Balance as at April 1, 2015	206,500,000	293,500,000	294,094,358	85,500,000	879,594,358
Changes in accounting policies or prior period errors for the year ended March 31, 2016	-	-	3,305	-	3,305
Total comprehensive income for the year [net of tax]	-	-	289,390,257	-	289,390,257
Dividend including tax	-	-	(248,538,542)	-	(248,538,542)
Balance as at March 31, 2016	206,500,000	293,500,000	334,949,378	85,500,000	920,449,378

Statement of changes in Equity for the year ended 31/03/2017

	Equity Share Capital	Other Equity			Total
		Reserves and Surplus			
		Securities Premium Reserve	Retained Earnings	General Reserve	
Balance as at April 1, 2016	206,500,000	293,500,000	334,949,378	85,500,000	920,449,378
Changes in accounting policies or prior period adjustments for the year ended March 31, 2017	-	-	(13,200)	-	(13,200)
Total comprehensive income for the year	-	-	292,900,817	-	292,900,817
Dividend including tax	-	-	(310,673,178)	-	(310,673,178)
Balance as at March 31, 2017	206,500,000	293,500,000	317,163,817	85,500,000	902,663,817

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For Virmani & Associates
Chartered Accountants
ICAI Registration No. 000356N

Suresh Virmani
Partner
Membership No. 17617

Place: New Delhi
Dated: May 19, 2017

For and on behalf of the Board

P.R.S. Oberoi *Chairman*
Shivy Bhasin *Vice-Chairman*
Bharath B. Goyal *Managing Director*
Sandeep Kumar Barasia *Director*
Biswajit Mitra *Chief Financial Officer*
S.N. Sridhar *Company Secretary*

Significant Accounting Policies and Notes on Financial Statements

COMPANY OVERVIEW

Mumtaz Hotels Limited is an unlisted Company incorporated and domiciled in India with its Registered office at 4 Mangoe Lane, Kolkata-700001. The Company is a subsidiary of EIH Limited and 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.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements of Mumtaz Hotels Limited. These policies have been consistently applied to all the period presented, unless otherwise stated.

a) *Basis of preparation*

(i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015.

The financial statements up to year ended 31 March 2016 were prepared earlier in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 46 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

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

- defined benefit plans – plan assets measured at fair value
- customer loyalty programs

b) *Foreign currency translation*

(i) Presentation Currency
This Financial Statement is presented in INR which is the Functional Currency of the Company.

(ii) Transactions and balances
Sales made in any currency other than the functional currency of the Company are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuations in exchange rate is accounted for on realisation.

Payments made in foreign currency are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year. Monetary items denominated in foreign currency are converted at the exchange rate prevailing at the end of the year.

c) *Revenue recognition*

(i) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

(ii) Revenue from interest is recognized on accrual basis and determined by contractual rate of interest.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

Timing of revenue recognition from major business activities

- **Hospitality Services:** Revenue from hospitality services is recognised when the services are rendered and the same becomes chargeable.
- **Others:** Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of the contract.
- Revenue in respect of customer loyalty are recognized when loyalty points are redeemed by the customers.

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

d) Income tax

Current income tax is recognized based on the amount expected to be paid to the tax authorities, using tax rates and tax laws that have been enacted or substantially enacted on the date of balance sheet.

e) Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which give 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.

f) Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

g) Impairment of assets

Assets are tested 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. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

h) Cash and cash equivalents

Cash Flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non cash nature. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, cash at bank and other deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

i) Trade receivables

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

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

j) ***Inventories***

Inventories are valued at cost which is based on Cumulative Weighted Average method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the statement of Profit or Loss.

k) ***Investments and other financial assets***

(i) Classification

The Company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)

– those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

– The Company has transferred the rights to receive cash flows from the financial asset or

– Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

l) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

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

Depreciation methods, estimated useful lives and residual value

Depreciation on fixed assets other than land, the hotel buildings, and leased vehicles and machinery is provided on 'Straight Line Method' based on useful life as prescribed under Schedule II of the Companies Act 2013. Leased vehicles are depreciated over the lives of the respective asset or over the remaining lease period of the respective asset whichever is shorter.

The hotel buildings are depreciated equally over the balance useful life ascertained by independent technical expert, which is 60 years with effect from 31st March 2015 and is higher than those specified by Schedule II to the Companies Act; 2013. The management believes that the balance useful lives so assessed best represent the periods over which the hotel buildings are expected to be in use.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

m) Intangible assets

Intangible Assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets are amortised on straight line basis over their estimated useful lives.

Transition to Ind AS

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

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

n) ***Trade and other payables***

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

o) ***Borrowing costs***

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

p) ***Provisions, contingent liabilities and contingent assets***

Provisions are recognised when there is a present legal or statutory obligation or constructive 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 of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the Company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

q) ***Employee benefits***

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

<u>Gratuity obligations –</u>

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

<u>Leave encashment on termination of service</u> –

The liabilities for earned leave are expected to be settled after the retirement of employee. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

<u>Provident Fund –</u>

The Company pays provident fund contributions to a fund administered by Government Provident Fund Authority. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

r) ***Dividends***

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

s) ***Earnings per share***

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

– the profit for the year attributable to equity shareholders of the Company

– by the weighted average number of equity shares outstanding during the financial year,

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) ***Government grants / Incentives***

Government grants that the Company is entitled to on fulfillment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants that the Company is entitled to unconditionally on fulfillment of certain conditions, such grants are recognized at fair value as income when there is reasonable assurance that the grants will be received.

u) ***Rounding of amounts***

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

1a

CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included hereunder together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

1. Useful life of the Hotel Building

The Company has adopted useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013 except for the hotel building for computing depreciation. In the case of the hotel building of the Company, due to superior structural condition, management decided to assess the balance useful life by independent technical expert. As per the certificates of the technical expert as on 31.03.2015, the balance useful life of the hotel building of the Company was 60 years. The carrying amount of the hotel building is being depreciated over its residual life.

Notes to Financial Statements

2
PROPERTY, PLANT AND EQUIPMENT

Amount ₹

Name of the assets	Gross Carrying Amount				Accumulated Depreciation				Carrying Value as at 31st March 2016
	Deemed Cost as at 1st April 2015	Additions during the year	Sale / Adjust-ments	Balance as on 31st March 2016	As on 1st April 2015	For the year	Written back on sale or adjustment	Total as at 31st March 2016	
As at 31st March 2016									
Freehold Land	56,985,340	-	-	56,985,340	-	-	-	-	56,985,340
Building	547,818,681	-	-	547,818,681	-	8,770,162	-	8,770,162	539,048,519
Plant & Machinery	95,054,505	4,944,724	381,700	99,617,529	-	10,720,399	55,389	10,665,010	88,952,519
Furniture & Fixtures	2,102,988	121,155	36,042	2,188,101	-	404,462	9,448	395,014	1,793,087
Vehicles	2,252,046	-		2,252,046	-	542,230	-	542,230	1,709,816
Office Equipments	270,446	-	7,445	263,001	-	83,344	-	83,344	179,657
Vehicles on operating lease	20,565,523	-	289,716	20,275,807	-	3,523,490	47,314	3,476,176	16,799,631
Assets on finance lease									
Vehicles	3,400,210	510,915	79,078	3,832,047	-	1,199,573	-	1,199,573	2,632,474
Total	**728,449,739**	**5,576,794**	**793,981**	**733,232,552**	**-**	**25,243,660**	**112,151**	**25,131,509**	**708,101,043**
As at 31st March 2017									
Name of the assets	**Gross Carrying Amount**				**Accumulated Depreciation**				**Carrying Value as at 31st March 2017**
	Balance as at 1st April 2016	**Additions during the year**	**Sale / Adjust-ments**	**Balance as on 31st March 2017**	**As on 1st April 2016**	**For the year**	**Written back on sale or adjustment**	**Total as at 31st March 2017**	
Freehold Land	56,985,340	60,000	-	57,045,340	-	-	-	-	57,045,340
Building	547,818,681	-	-	547,818,681	8,770,162	8,762,264	-	17,532,426	530,286,255
Plant & Machinery	99,617,529	1,747,828	161,223	101,204,134	10,665,010	8,289,669	21,790	18,932,889	82,271,245
Furniture & Fixtures	2,188,101	246,864	52,386	2,382,579	395,014	318,633	12,866	700,781	1,681,798
Vehicles	2,252,046	-	-	2,252,046	542,230	542,230	-	1,084,460	1,167,586
Office Equipments	263,001	-	177,673	85,328	83,344	58,205	101,924	39,625	45,703
Vehicles on operating lease	20,275,807	-	-	20,275,807	3,476,176	3,338,356	-	6,814,532	13,461,275
Assets on finance lease									
Vehicles	3,832,047	-	2,325,524	1,506,523	1,199,573	1,140,268	1,665,558	674,283	832,240
Total	**733,232,552**	**2,054,692**	**2,716,806**	**732,570,438**	**25,131,509**	**22,449,625**	**1,802,138**	**45,778,996**	**686,791,442**

Notes to Financial Statements — *Contd.*

3
INTANGIBLE ASSETS

Amount ₹

Name of the assets	**Gross Carrying Amount**				**Accumulated Amortisation**				**Carrying Value as at 31st March 2016**
	Deemed Cost as at 1st April 2015	**Additions during the year**	**Sale / Adjustments**	**Balance as on 31st March 2016**	**As on 1st April 2015**	**For the year**	**Written back on sale or adjustment**	**Total as at 31st March 2016**	
As at 31st March 2016									
Computer Software	-	651,838	-	651,838	-	119,682	-	119,682	532,156
Total	**-**	**651,838**	**-**	**651,838**	**-**	**119,682**	**-**	**119,682**	**532,156**
As at 31st March 2017									
Name of the assets	**Gross Carrying Amount**				**Accumulated Amortisation**				**Carrying Value as at 31st March 2017**
	Balance as at 1st April 2016	**Additions during the year**	**Sale / Adjustments**	**Balance as on 31st March 2017**	**As on 1st April 2016**	**For the year**	**Written back on sale or adjustment**	**Total as at 31st March 2017**	
Computer Software	651,838	-	-	651,838	119,682	130,448	-	250,130	401,708
Total	**651,838**	**-**	**-**	**651,838**	**119,682**	**130,448**	**-**	**250,130**	**401,708**

	As at March 31, 2017 ₹	**As at** March 31, 2016 ₹	**As at** April 1, 2015 ₹
4			
SECURITY DEPOSITS			
Security deposits with government agencies	**1,283,455**	1,283,455	1,283,455
	1,283,455	1,283,455	1,283,455
5			
OTHER NON-CURRENT ASSETS			
Advances for capital contracts	**-**	-	440,299
Prepaid expenses	**304,425**	30,647	158,320
	304,425	30,647	598,619
6			
INVENTORIES			
Provision, stores and others	**10,375,248**	7,711,024	7,789,157
Stores and Operating Supplies	**21,738,906**	14,409,509	17,245,372
	32,114,154	22,120,533	25,034,529

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
7			
INVESTMENTS			
Investment in Mutual Fund (Quoted)			
114,458.503 (2016 and 2015 - Nil) units of Birla Sun Life Cash Plus - Daily Dividend - Regular Plan	**11,468,170**	-	-
931,247.274 (2016 and 2015 - Nil) units of Birla Sun Life Cash Plus - Daily Dividend - Direct Plan	**93,306,320**	-	-
20,698.794 (2016 and 2015 - Nil) units of L&T Liquid Fund - Daily Dividend Direct Reinvestment-Regular Plan	**20,962,981**	-	-
36,989.800 (2016 and 2015 - Nil) units of Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	**56,547,787**	-	-
31,527.664 (2016 and 2015 - Nil) units of Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Reinvestment	**48,197,601**	-	-
	230,482,859	-	-
(i) Aggregate amount of quoted investments and market value thereof	**230,482,859**	-	-
(ii) Aggregate amount of impairment in value of investments	**-**	-	-

8			
TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)			
Receivables other than related parties	**77,862,515**	90,842,016	94,051,248
Receivables from related parties	**14,231,892**	1,603,988	1,226,465
	92,094,407	92,446,004	95,277,713

9			
CASH AND CASH EQUIVALENTS			
Balances with banks			
– Fixed deposit with banks with original maturity of 3 months or less	**-**	230,009,420	149,000,000
– Current accounts	**31,069,738**	39,513,641	50,518,532
Cash in hand	**1,175,028**	1,392,794	1,649,890
	32,244,766	270,915,85w5	201,168,422

10			
OTHER BANK BALANCES			
Fixed deposit with maturity of more than three and less than twelve months	**9,645,701**	6,876,770	9,185,758
Interest accrued	**172,660**	225,469	264,943
	9,818,361	7,102,239	9,450,701

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
11			
OTHER FINANCIAL ASSETS			
Land compensation claim recoverable *	**5,190,356**	5,190,356	5,190,356
Security deposits	**656,622**	680,622	682,572
Other recoverables	**25,278**	-	801,813
	5,872,256	5,870,978	6,674,741

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

12			
CURRENT TAX ASSETS (NET)			
Advance tax and Tax deducted at source	**6,541,888**	5,352,502	5,393,296
	6,541,888	5,352,502	5,393,296

13			
OTHER CURRENT ASSETS			
Advance to suppliers	**2,057,876**	1,876,466	2,053,444
Advance to staff	**93,909**	19,243	2,535
Krishi Kalyan Cess adjustable	**85,497**	-	-
Value Added Tax recoverable	**105,517**	66,782	61,445
Sales tax recoverable	**1,660,141**	2,974,663	2,974,663
Prepaid expenses	**6,064,357**	6,241,940	5,846,578
Income tax refundable	**34,843,634**	40,243,147	14,032,592
Stamp duty recoverable	**2,282,350**	2,282,350	-
Advance for excise duty	**15,300**	-	21,766
Cenvat Credit	**3,830,101**	8,192,302	6,511,880
Accrued Incentive Benefit	**19,500,579**	-	-
	70,539,261	61,896,893	31,504,903

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
14			
EQUITY SHARE CAPITAL			
Authorised			
25,000,000 (2015 and 2016 - 25,000,000) Equity shares of ₹ 10 each	**250,000,000**	250,000,000	250,000,000
	250,000,000	250,000,000	250,000,000
Issued, Subscribed & Fully Paid Up			
20,650,000 (2015 and 2016 - 20,650,000) Equity shares of ₹ 10 each, fully paid up	**206,500,000**	206,500,000	206,500,000
	206,500,000	206,500,000	206,500,000

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

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

	As at March 31, 2017		**As at March 31, 2016**		**As at April 31, 2015**	
	Number of shares	**Amount ₹**	**Number of shares**	**Amount ₹**	**Number of shares**	**Amount ₹**
Number of shares at the beginning and the close of the year	20,650,000	206,500,000	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

	Number of shares	**Percentage**	**Number of shares**	**Percentage**	**Number of shares**	**Percentage**
Equity shares held by EIH Limited (the Holding Company)	12,390,000	60%	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

	Number of shares	**Holding %**	**Number of shares**	**Holding %**	**Number of shares**	**Holding %**
Mr. Shivy Bhasin	1,560,108	7.56%	1,560,108	7.56%	1,560,108	7.56%
Mrs. Mridu Bhasin	1,560,107	7.55%	1,560,107	7.55%	1,560,107	7.55%
Mr. Gaurav Goyal	1,098,065	5.32%	1,068,940	5.18%	1,068,940	5.18%
Mr. Manav Goyal	1,098,065	5.32%	1,068,939	5.18%	1,068,939	5.18%

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
15			
OTHER EQUITY			
Reserve and Surplus			
Securities Premium Reserve	**293,500,000**	293,500,000	293,500,000
General Reserve	**85,500,000**	85,500,000	85,500,000
Retained earnings*	**317,163,817**	334,949,378	294,094,358
	696,163,817	713,949,378	673,094,358
* Retained Earnings			
Opening Balance	**334,949,378**	294,094,358	
Add: Profit for the year transferred from Statement of Profit and Loss	**293,572,316**	289,992,610	
Add: Effect of security deposit measured at fair value	**-**	3,305	
Less: Adjustment for Loyalty program	**(13,200)**	-	
Less: Appropriations			
Interim dividend	**(154,875,000)**	(103,250,000)	
Final dividend	**(103,250,000)**	(103,250,000)	
Corporate dividend tax	**(52,548,178)**	(42,038,542)	
Other comprehensive income for the year not to be reclassified to Profit and Loss - Remeasurement of defined benefit plans	**(671,499)**	(602,353)	
	317,163,817	334,949,378	
16			
BORROWINGS			
Secured long term maturities of finance lease obligation *	**286,973**	1,977,878	2,877,962
	286,973	1,977,878	2,877,962

* Finance lease obligation are secured against hypothecation of leased assets being motor vehicles. (refer note 38)

Maturity is from 3-5 years; Terms of repayment is monthly; and rate of interest 12.50% to 13.50%.

17			
OTHER FINANCIAL LIABILITIES			
Security deposit	**113,886**	107,699	99,700
	113,886	107,699	99,700
18			
OTHER CURRENT LIABILITIES			
Deferred rent income	**78,879**	86,415	97,719
	78,879	86,415	97,719

Notes to Financial Statements — *Contd.*

19
PROVISIONS

Amount in ₹

	March 31, 2017			March 31, 2016			April 1, 2015		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Gratuity	2,978	722,350	725,328	7,000	591,000	598,000	14,000	510,000	524,000
Leave encashment	23,717	3,463,413	3,487,130	15,000	2,491,000	2,506,000	6,000	2,286,000	2,292,000
	26,695	4,185,763	4,212,458	22,000	3,082,000	3,104,000	20,000	2,796,000	2,816,000

Post employment Benefits

(i) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan and 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.

ii) Leave Obligation

The leave obligations cover the Company's liability for leaves encashable on termination of employment. The leave obligation plan is an unfunded plan.

The amount of the provision of ₹ 23,717 (2016 - ₹ 15,000 and 2015 – ₹ 6,000) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Encashment of accumulated leave is allowed only on separation as per Company policy.

(iii) Defined Contribution Plans

The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 2,979,304 (2016 ₹ 2,865,743)

Notes to Financial Statements — *Contd.*

Balance sheet amounts- Gratuity and Leave Encashment

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows -

Amount in ₹

	Gratuity (Unfunded)			Leave Obligations (Unfunded)	
	Present value of obligation	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Net amount**
Liability as on 1 April, 2015	**524,000**	**-**	**524,000**	**2,292,000**	**2,292,000**
Current service cost	205,000	-	205,000	196,000	196,000
Interest expense/(income)	38,000	-	38,000	140,000	140,000
Total amount recognised in profit or loss	**243,000**	**-**	**243,000**	**336,000**	**336,000**
Remeasurements					
(Gain)/loss from change in financial assumptions	14,000	-	14,000	49,000	49,000
Experience (gains)/losses	(86,768)		(86,768)	944,910	944,910
Total amount recognised in other comprehensive income	**(72,768)**	**-**	**(72,768)**	**993,910**	**993,910**
Employer contributions	-	-	-	-	-
Benefit payments	(96,232)	-	(96,232)	(1,115,910)	(1,115,910)
Liability as on 31 March, 2016	**598,000**	**-**	**598,000**	**2,506,000**	**2,506,000**
Liability as on 1 April, 2016	598,000	-	598,000	2,506,000	2,506,000
Current service cost	266,486	-	266,486	680,881	680,881
Interest expense/(income)	37,608	-	37,608	166,626	166,626
Total amount recognised in statement of profit or loss	**304,094**	**-**	**304,094**	**847,507**	**847,507**
Remeasurements					
(Gain)/loss from change in financial assumptions	94,000	-	94,000	355,796	355,796
Experience (gains)/losses	(20,888)		(20,888)	597,974	597,974
Total amount recognised in other comprehensive income	**73,112**	**-**	**73,112**	**953,770**	**953,770**
Employer contributions	-	-	-	-	-
Benefit payments	(249,878)	-	(249,878)	(820,147)	(820,147)
Liability as on 31 March, 2017	**725,328**	**-**	**725,328**	**3,487,130**	**3,487,130**

Notes to Financial Statements — *Contd.*

(iv) Post-Employment Obligations

The significant actuarial assumptions were as follows:

Actuarial Assumptions	Gratuity			Leave obligation		
	31 March 2017	**31st March 2016**	**1 April 2015**	**31 March 2017**	**31st March 2016**	**1 April 2015**
Discount Rate	7.36%	7.95%	8.05%	7.36%	7.95%	8.05%
Expected rate of salary increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate
Withdrawal rate - Upto 40 years	4.2	4.2	4.2	4.2	4.2	4.2
Withdrawal rate - 40 years and above	Nil	Nil	Nil	Nil	Nil	Nil
Weighted average duration of the defined benefit plan (in years)	26.87	27.28	27.50	20.78	21.86	21.78

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is: **Amount in ₹**

	Change in assumption			Impact on defined benefit obligation					
				Increase in assumption			**Decrease in assumption**		
	31 March 2017	**31 March 16**	**1 April 2015**	**31 March 2017**	**31 March 16**	**1 April 2015**	**31 March 2017**	**31 March 16**	**1 April 2015**
Discount rate	1.00%	1.00%	1.00%	(728,967)	(552,000)	(498,000)	916,298	698,000	629,000
Expected rate of salary increase	1.00%	1.00%	1.00%	929,497	712,000	643,000	(749,899)	(570,000)	(515,000)
Withdrawal rate	50.00%	50.00%	50.00%	28,317	34,000	35,000	(29,298)	(35,000)	(33,000)
Life expectancy	10.00%	10.00%	10.00%	6,612	7,000	7,000	(6,643)	(6,000)	(5,000)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vi) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Liquidity Risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch (or it could be due to insufficient assets/cash).

Future Salary Increase Risk: The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

Notes to Financial Statements — *Contd.*

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 26.87 years (2016 - 27.28 years and 2015 - 27.50 years) and 20.78 years (2016 - 21.86 years and 2015 - 21.78 years) for Gratuity and Leave Encashment respectively. The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	6 to 10 years	More than 10 years	Total
March 31, 2017						
Gratuity	3,086	3,875	18,993	48,768	5,121,910	5,196,632
Leave Encashment	24,575	24,957	86,754	207,273	15,709,546	16,053,105
	27,661	28,832	105,747	256,041	20,831,456	21,249,737
March 31, 2016						
Gratuity	7,000	4,000	15,000	46,000	4,934,000	5,006,000
Leave Encashment	16,000	22,000	78,000	168,000	13,811,000	14,095,000
	23,000	26,000	93,000	214,000	18,745,000	19,101,000
April 1, 2015						
Gratuity	15,000	4,000	6,000	42,000	4,494,000	4,561,000
Leave Encashment	6,000	22,000	81,000	154,000	12,716,000	12,979,000
	21,000	26,000	87,000	196,000	17,210,000	17,540,000

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
20			
Deferred tax liabilities (Net)			
Deferred tax Liabilities			
Difference between book and tax depreciation	**136,094,049**	133,742,782	128,751,429
Fair Valuation of Security Deposit	**-**	1,596	453
Total Deferred tax liabilities	**136,094,049**	133,744,378	128,751,882
Deferred tax assets			
Provision for gratuity, leave encashment and bonus	**2,659,552**	2,606,514	1,439,530
Total Deferred tax assets	**2,659,552**	2,606,514	1,439,530
Deferred tax liabilities (Net)	**133,434,497**	131,137,864	127,312,352

Movement in deferred tax liabilities	**Depreciation**	**Fair valuation of security deposit taken**	**Total**
As at April 1, 2015	**128,751,429**	**453**	**128,751,882**
Charged/(Credited)			
- to profit and loss	4,991,353	1,143	4,992,496
As at March 31, 2016	**133,742,782**	**1,596**	**133,744,378**
Charged/(Credited)			
- to profit and loss	2,351,267	(1,596)	2,349,671
As at March 31, 2017	**136,094,049**	**-**	**136,094,049**

Movement in deferred tax assets	**Provision for gratuity, leave obligation and bonus**
As at April 1, 2015	1,439,530
(Charged)/Credited	
- to profit and loss	1,485,773
- to other comprehensive income	(318,789)
As at March 31, 2016	**2,606,514**
(Charged)/Credited	
- to profit and loss	408,421
- to other comprehensive income	(355,383)
As at March 31, 2017	**2,659,552**

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
21			
TRADE PAYABLES			
Amount payable for goods and services *	**38,363,500**	32,211,248	32,643,107
Trade payables to related parties	**43,834,653**	46,765,415	32,890,610
	82,198,153	78,976,663	65,533,717
* Classification as required by Micro, Small and Medium Enterprises Development Act, 2006			
As per information available with the Company, total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**82,198,153**	78,976,663	65,533,717
	82,198,153	78,976,663	65,533,717
22			
OTHER FINANCIAL LIABILITIES			
Secured current maturities of finance lease obligation	**329,677**	1,325,952	1,806,558
Amounts payable for Capital Expenditure	**4,798,441**	4,730,537	4,233,635
Security deposit from shops	**1,748,000**	1,748,000	1,748,000
	6,876,118	7,804,489	7,788,193
23			
OTHER CURRENT LIABILITIES			
Salary & wages and other dues payable	**723,026**	736,205	518,139
Employee statutory dues payable	**3,907,086**	4,789,422	1,657,841
Deferred rent income	**11,273**	11,273	11,273
Indirect taxes payable	**5,115,561**	3,615,120	2,314,145
Income tax deducted at source & payable	**5,409,736**	6,207,621	7,258,442
Advance from customers	**23,261,362**	16,924,385	7,455,806
	38,428,044	32,284,026	19,215,646

Notes to Financial Statements — *Contd.*

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
24			
PROVISIONS			
Provision for employee benefits			
Gratuity	**2,978**	7,000	14,000
Leave encashment	**23,717**	15,000	6,000
	26,695	22,000	20,000
Other Provisions			
Wealth tax for earlier years	**90,264**	-	278,881
Fringe benefit tax for earlier years	**105,893**	105,893	105,893
	196,157	105,893	384,774
	222,852	127,893	404,774

	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹
25			
CURRENT TAX LIABILITIES (NET)			
Current tax [net]	**-**	-	-
	-	-	-

Notes to Financial Statements — *Contd.*

	Year Ended March 31	
	2017	2016
	₹	₹
26		
REVENUE FROM OPERATIONS		
Rooms	**675,884,570**	675,413,154
Food & beverages and smokes	**241,823,794**	228,312,547
Other operating services	**56,574,788**	50,355,569
	974,283,152	954,081,270
27		
OTHER INCOME		
Interest	**869,433**	1,443,416
Rent	**703,036**	819,000
Dividend (gross) from mutual funds	**10,482,859**	8,207,108
Excess provision for expenses no longer required written back	**1,504,861**	179,450
Profit on sale of assets (net)	**-**	514,361
Foreign currency gains	**89,449**	81,347
Foreign currency incentive	**721,331**	1,052,316
Incentive from Government on account of Foreign Currency Earnings	**26,351,201**	-
	40,722,170	12,296,998
28		
CONSUMPTION OF PROVISIONS, STORES AND OTHERS		
Opening stock	**7,711,024**	7,789,157
Add: Purchases	**64,972,790**	52,744,976
	72,683,814	60,534,133
Less: Closing stock	**10,375,248**	7,711,024
	62,308,566	52,823,109
29		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	**73,454,941**	71,450,109
Company's contribution to provident fund & other funds	**3,738,009**	3,574,858
Workmen & staff welfare expenses	**7,950,089**	8,006,492
Gratuity	**304,094**	243,000
Leave encashment	**847,507**	336,000
	86,294,640	83,610,459
30		
FINANCE COSTS		
Interest on lease finance	**575,845**	547,822
	575,845	547,822

Notes to Financial Statements — *Contd.*

	Year Ended March 31	
	2017	2016
	₹	₹
31		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation	**22,449,625**	25,243,660
Amortisation	**130,448**	119,682
	22,580,073	25,363,342
32		
OTHER EXPENSES		
Expenses on Apartment & Board	**29,064,157**	22,042,212
Contract services	**24,379,505**	15,636,884
Power & fuel	**56,163,652**	56,672,397
Rent	**2,926,271**	3,469,984
Repairs to Property, plant and equipment	**46,589,807**	42,264,146
Royalty	**9,850,218**	9,643,914
Hotel operating fees	**61,409,354**	61,509,658
Advertisement, publicity & other promotional expenses	**57,371,684**	53,173,605
Commission to travel agents & on credit cards	**56,229,640**	54,061,553
Rates & taxes	**16,002,251**	14,961,100
Insurance	**1,835,320**	1,851,307
Loss on sale / discard of Assets	**237,398**	270,243
Auditors remuneration		
- As auditor	**1,250,000**	900,000
- Tax Audit fee	**350,000**	350,000
- Taxation matters	**100,000**	100,000
- Certification	**40,000**	165,000
- Out of pocket expenses	**35,482**	19,450
Corporate Social Responsibility Expenses *	**9,780,259**	4,357,018
Miscellaneous expenses	**25,337,052**	23,076,120
	398,952,050	364,524,591

* Details of CSR Expenditure

a) The Company was required to spend ₹ 11,449,135/- (including brought forward amount of ₹ 3,290,013 from financial year 2015-16) on account of CSR activities during the year ended March 31, 2017 (2016: ₹ 7,647,031/-).

b) Details of amount spent on account of CSR activities

i) Swachh Bharat Abhiyan	**280,259**	257,018
ii) Contribution to the Helpage India	**4,500,000**	4,100,000
iii) Contribution to the Kailash Sathyarthi Children Foundation	**5,000,000**	-
	9,780,259	4,357,018

Notes to Financial Statements — *Contd.*

	Year Ended March 31	
	2017	2016
	₹	₹
33		
TAX EXPENSE		
(a) Current tax		
Current tax on profits for the year	**147,930,767**	145,468,789
Total current tax expense	**147,930,767**	145,468,789
(b) Deferred tax		
(Decrease) / Increase in deferred tax liabilities	**2,349,671**	4,992,496
Decrease / (Increase) in deferred tax assets	**(53,038)**	(1,166,984)
Total deferred tax expense	**2,296,633**	3,825,512
Total tax expense	**150,227,400**	149,294,301

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2017	March 31, 2016
	₹	₹
Profit before Tax expense	**443,799,716**	439,286,911
Tax @ 34.608 %	**153,590,206**	152,028,414
Tax effect of amounts not deductible in calculating taxable income		
Corporate social responsibility expenditure	**1,740,872**	798,413
Expenses disallowed under the Tax Act	**996,547**	725,370
Other disallowances	**369,849**	15,774
Tax effect of amounts not taxable in calculating taxable income		
Dividend income exempt from tax	**(3,627,908)**	(2,840,316)
Employee benefits allowed on payment basis	**(988,150)**	(365,297)
Expenses allowed on payment of tax	**(403,763)**	(592,200)
Provisions written back	**-**	(61,293)
Adjustment relating to Property Plant and Equipment:		
Depreciation on account of difference in WDV as per Companies Act 2013 and the Income Tax Act 1961	**(2,816,907)**	(3,670,146)
Lease finance payment allowed as deduction	**(929,979)**	(569,930)
	147,930,767	145,468,789
Deferred Tax		
Increase in liability for increase in tax depreciation	**(2,351,267)**	(4,991,353)
(Increase)/Decrease in liability for fair valuation of security deposit	**1,596**	(1,143)
Increase in deferred tax assets in respect of staff benefits allowed on payment basis	**53,038**	1,166,984
	2,296,633	3,825,512
	150,227,400	149,294,301

Notes to Financial Statements — *Contd.*

Amount in ₹

34
FAIR VALUE MEASUREMENTS

Financial instruments by category

	As at March 31, 2017		As at March 31, 2016	As at April 1, 2015
	FVPL	**Amortised Cost**	**At amortised cost**	**At amortised cost**
Financial Assets				
Trade receivables	-	92,094,407	92,446,004	95,277,713
Cash and cash equivalents	-	32,244,766	270,915,855	201,168,422
Other bank balances	-	9,818,361	7,102,239	9,450,701
Security deposits	-	1,940,077	1,964,077	1,966,027
Other receivables	-	5,215,634	5,190,356	5,992,169
Investments	230,482,859	-	-	-
Total financial assets	**230,482,859**	**141,313,245**	**377,618,531**	**313,855,032**
Financial Liabilities				
Finance lease obligations	-	616,650	3,303,830	4,684,520
Trade payables	-	82,198,153	78,976,663	65,533,717
Capital creditors	-	4,798,441	4,730,537	4,233,635
Others	-	1,861,886	1,855,699	1,847,700
Total financial liabilities	**-**	**89,475,130**	**88,866,729**	**76,299,572**

(i) Financial assets and liabilities measured at fair value - recurring fair value measurements

		At 31 March 2017	At 31 March 2016	At April 1 2015
	Notes	**Level 1**	**Level 1**	**Level 1**
Financial assets				
Financial Investments at FVPL				
Investment in mutual funds	7	230,482,859	-	
Total financial assets		**230,482,859**	**-**	**-**

(ii) Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds fair value of which is determined based on the closing NAV.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

1) The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other receivables and other current financial liabilities are considered to be the same as their fair values, due to their short term nature.
2) Security deposits have been amortised using 10 year Govt. bond rate for discounting as the Company does not have any incremental borrowing.

Notes to Financial Statements — *Contd.*

35
FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk the entity is exposed to and how the entity manages the risk :

Risk	**Exposure arising from**	**Measurement**	**Management**
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at FVPL/Amortised cost.	Ageing analysis Credit ratings	Trade Receivables - For Travel Agents, approval of Credit Facility centrally or against bank guarantee. For corporates, based on the company profile and its business volume Financial Assets - Periodic ageing review by the management
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sufficient liquid funds (Cash and Bank Balance)
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Policy is to settle outstanding within specified time
Market risk – Interest Rate	Company does not have any borrowings except finance lease of cars.		

Company's risk management is carried out by senior management team. The risk management includes identification, evaluation and identifying the best possible option to reduce such risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to outstanding receivables.

Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only highly rated banks are accepted.

For other financial assets, the Company does not have a history of significant credit loss. Accordingly, Company identifies and evaluates credit risk on case to case basis. On the basis of past experience if the Company believes that there are chances of expected default, then Company specifically provides for such expected losses.

For trade receivables Company has decided to provide loss allowance for lifetime credit loss on the basis of expected credit loss model. However, as per Company's past collection history, credit risk (default risk and delay risk) are insignificant. As per the past practice, Company's trade receivables are generally collected within the acceptable credit period. In some instances, where there is a delay in receipt of payment, however the quantum of same is insignificant in comparison to the total trade receivables. Therefore, no loss allowance has been provided by the Company on trade receivables under Ind AS.

Notes to Financial Statements — *Contd.*

(B) Liquidity risk

The Company has a liquidity risk management framework for managing its short term, medium term and long term sources of funding vis-à-vis short term and long term utilization requirement. This is monitored through a rolling forecast showing the expected net cash flow, likely availability of cash and cash equivalents, and available undrawn borrowing facilities.

(i) Financing arrangements: The position of undrawn borrowing facilities at the end of reporting period are as follows:

Amount in ₹

	March 31, 2017	March 31, 2016	April 01, 2015
Expiring beyond one year (bank loans)			
Floating rate			
ICICI Bank Limited	**70,000,000**	70,000,000	7,00,00,000
Total	**70,000,000**	70,000,000	7,00,00,000

The bank borrowing facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities in terms of relevant maturity based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months is equal to their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities: **Amount in ₹**

	Not later than 1 year	**Between 1 and 5 years**	**Later than 5 years**	**Total**
31 March 2017				
Non-derivatives				
Obligations under finance lease	329,677	286,973	-	6,16,650
Trade payables	82,198,153	-	-	8,21,98,153
Liability for Capital Expenditure	4,798,441	-	-	47,98,441
Security Deposits	1,748,000	-	2,10,000	19,58,000
Total non-derivative liabilities	**89,074,271**	**286,973**	**2,10,000**	**8,95,71,244**
31 March 2016				
Non-derivatives				
Obligations under finance lease	1,325,952	1,977,878	-	33,03,830
Trade payables	78,976,663	-	-	7,89,76,663
Liability for Capital Expenditure	4,730,537	-	-	47,30,537
Security Deposits	1,748,000	-	2,10,000	19,58,000
Total non-derivative liabilities	**86,781,152**	**1,977,878**	**2,10,000**	**8,89,69,030**
01 April 2015				
Non-derivatives				
Obligations under finance lease	1,806,558	2,877,962	-	46,84,520
Trade payables	65,533,717	-	-	6,55,33,717
Liability for Capital Expenditure	4,233,635	-	-	42,33,635
Security Deposits	1,748,000	-	2,10,000	19,58,000
Total non-derivative liabilities	73,321,910	2,877,962	2,10,000	7,64,09,872

Notes to Financial Statements — *Contd.*

(C) Market risk

(i) Foreign currency risk

The Company does not operate internationally and is not exposed significantly to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Since the exposure is not significant, as per the management policy, no requirement of hedging is considered by the Management. Instead, total exposure in foreign currency is closely monitored by the Management.

The Company also imports certain materials which are denominated in foreign currency which exposes it to foreign currency risk. To minimize the risk of imports the terms of payment and delivery of material is generally restricted upto six months from the date of entering into contract and deals in only relatively stable currencies.

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

Currency	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Liability	Liability	Liability
	Payable	Payable	Payable
US Dollar	18,714	24,314	15,136
in INR	1,236,797	1,623,443	947,342
Euro	-	400	400
in INR	-	30,312	27,004
GBP	654	3,000	2,885
in INR	54,083	288,450	266,718

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit (in ₹) Increase / (Decrease)	
	31 March 2017	**31 March 2016**
USD sensitivity		
INR/USD Increases by 5% (31 March 2016 - 5%)	(61,840)	(81,172)
INR/USD Decreases by 5% (31 March 2016 - 5%)	61,840	81,172
EURO sensitivity		
INR/EURO Increases by 10% (31 March 2016 - 10%)	-	(3,031)
INR/EURO Decreases by 10% (31 March 2016 - 10%)	-	3,031
GBP sensitivity		
INR/GBP Increases by 5% (31 March 2016 - 5%)	(2,704)	(14,423)
INR/GBP Decreases by 5% (31 March 2016 - 5%)	2,704	14,423

Holding all other variables constant

(ii) Interest rate risk

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Fixed rate borrowings	**616,650**	3,303,830	4,684,520
Total borrowings	**616,650**	3,303,830	4,684,520

As at the end of the reporting period, the Company does not have any variable rate borrowings outstanding, therefore, Company is not exposed to any interest rate risk.

(iii) Price risk

Exposure

The Company does not have investment in market quoted securities. Therefore Company is not exposed to market price risk.

Notes to Financial Statements — *Contd.*

36
CAPITAL MANAGEMENT

(a) Risk management

The Company manages its capital to ensure

- to continue as a going concern while maximising its return to stakeholders and
- an optimal capital structure to reduce the cost of capital.

The Company's capital structure is determined by the management from time to time on the basis of factors such as profitability, liquidity, etc.

Loan covenants

The Company does not have significant borrowings outstanding. Further, the only borrowing appearing in the books of Company relates to finance lease obligations.

(b) Dividends

	March 31, 2017	March 31, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2016 of Rs 5.00 (March 31, 2015 – Rs 5.00) per fully paid share	**103,250,000**	10,32,50,000
Dividend distribution tax	**21,019,271**	2,10,19,271
Interim dividend for the year ended March 31, 2017 of Rs 7.50 (31 March 2016 – Rs 5.00) per fully paid share	**154,875,000**	10,32,50,000
Dividend distribution tax	**31,528,907**	2,10,19,271
(ii) Dividends not recognised at the end of the reporting period*		
Liability for proposed dividend	**-**	10,32,50,000
Dividend Distribution Tax on proposed dividend	**-**	2,10,19,271

*The directors have recommended the payment of a final dividend at the year end which is subject to the approval of shareholders in the ensuing annual general meeting.

Notes to Financial Statements — *Contd.*

37
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 and 2016 ₹ 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 (2016 ₹ 4,024,000)

(ii) Expenditure tax ₹ 96,638 (2015 and 2016- ₹ 96,638)

(iii) Sales tax demands ₹ 189,810 (2015 and 2016 ₹ 951,592)

(iv) Value Added Tax ₹ 589,114 (2015 ₹ 853,103 and 2016 ₹ 1,110,870)

(v) Fringe Benefit Tax ₹ 443,936 (2015 and 2016 ₹ 443,936)

(vi) Income Tax demand ₹ 22,279,735 (2015 ₹ 20,922,544 and 2016 ₹ 21,606,583)

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent event has been made on the basis of best judgement by Management regarding the probability of exposure to potential outflow of economic resources. Such estimation are subject to unforeseeable developments.

The Management believes that the outcome of the above will not have any material effect on the financial position of the Company.

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 and 2016 - ₹ Nil).

(b) Other commitments ₹ Nil (2016 and 2015 ₹ Nil)

Notes to Financial Statements — *Contd.*

Note 37a

Related Party disclosure

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

(i) Key Managerial Personnel

Mr. P. R. S. Oberoi	Chairman of the Company and Chairman of the parent Company
Mr. Shivy Bhasin	Vice Chairman of the Company
Mr. Bharath Bhushan Goyal	Managing Director of the Company
Mr. T. K. Sibal	Director of the Company
Mr. Manish Goyal	Director of the Company
Mr. Vikram Oberoi	Director of the Company
Mr. Arjun Oberoi	Director of the Company; Managing Director of the parent Company and Managing Director of fellow subsidiary
Mr. Raj Kataria	Director of the Company
Mr. Sandeep Kumar Barasia	Director of the Company
Mr. S. N. Sridhar	Company Secretary of the Company and the Parent Company
Mr. Biswajit Mitra	Chief Financial Officer of the Company and the Parent Company
Mr. S. S. Mukherji	Vice Chairman of the Parent Company
Ms. Nita M. Ambani	Director of the Parent Company
Ms. Renu Sud Karnad	Director of the Parent Company
Mr. Manoj Harjibandas Modi	Director of the Parent Company
Mr. Rajeev Gupta	Director of the Parent Company
Mr. S. K. Dasgupta	Director of the Parent Company
Mr. Anil K. Nehru	Director of the Parent Company
Mr. Sudipto Sarkar	Director of the Parent Company
Mr. L. Ganesh	Director of the Parent Company

(ii) Parent / Holding Company

EIH Limited

(iii) Fellow Subsidiaries

Mashobra Resort Limited
Oberoi Kerala Hotels & Resorts Limited
EIH Flight Services Limited
EIH International Limited
EIH Holdings Limited
J&W Hong Kong Limited
EIHH Corporation Limited (upto 10.06.2016)
EIH Investments N.V.
EIH Management Services B.V.
PT Widja Putra Karya
PT Waka Oberoi Indonesia
PT Astina Graha Ubud

(iv) Associate / Joint Venture of Holding Company

EIH Associated Hotels Limited
Mercury Car Rentals Private Limited
Usmart Education Limited
Mercury Travels Limited
Oberoi Mauritius Limited
Island Resorts Limited

Notes to Financial Statements — *Contd.*

(v) Entity controlled / jointly controlled by a person or close member of that person's family has control over the reporting entity

Oberoi Hotels Private Limited
Oberoi Properties Private Limited
Oberoi Holdings Private Limited
Oberoi Investments Private Limited
Oberoi Buildings and Investments Private Limited
Oberoi Plaza Private Limited
Oberoi Leasing and Finance Company Private Limited
Bombay Plaza Private Limited
Oberoi Internaional LLP
Aravali Polymers LLP
Oberoi Holdings Hong Kong Limited
Vikramaditya Exports Private Limited
Oberoi Investments (BVI) Limited
Oberoi Services International Limited
Oberoi Services Pte Limited
Oberoi Holdings (Singapore) Pte. Ltd.
Oberoi Corporation Limited
Komensi Pty Limited
Obeoi UK Limited
Oberoi Hotels (Australia) Pty Limited
OBHR Pty Limited
OBHR (Australia) Pty Limited
Saudi Oberoi Company Limited
Mercury Himalayan Exploration Limited
Adyar Gate Hotels Limited
Regent Tours and Travels Private Limited
O P Goyal Charitable Trust
Punjab Association , Chennai
Goyals International
Onondaga Hotels and Resorts Limited
Onondaga Agro Investments Private Limited
Golf Lounge India Limited
Natures Basket Limited
The Barasia Company Private Limited
Rytco Private Limited
Delhivery Private Limited
Arpwood Capital Private Limited
Thirumalai Chemicals Limited
Kemp & Company Limited
Arpwood Consultants LLP
Arpwood Investments Advisors LLP
Poppys Park Hotel Limited
Goyals Dresses
Bayt Hospitality Private Limited
Pratham Motors Private Limited
Om Prakash Bhasin Foundation for Science and Technology
Bhasin Co. LLP, Kuwait
La Roseraie De L'atlas
Bhagwanti Oberoi Charitable Trust
Inshrani Devi Oberoi Family Trust
Oberoi Foundation

Notes to Financial Statements — *Contd.*

The details of the related parties transactions entered into by the company during the year ended March 31, 2017 and March 31, 2016 are as follows :

(Rupees)

Nature of Transactions	Holding Company		Fellow Subsidiary		Associate / Joint Venture of Holding Company		Key Management Person	
	2017	2016	2017	2016	2017	2016	2017	2016
PURCHASES								
Purchase of Goods & Services								
EIH Limited	76,586,327	71,775,814	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	540,085	97,856	-	-
Mashobra Resort Limited	-	-	36,732	14,858	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	6,905,033	441,978	-	-
Island Resorts Limted	-	-	-	-	2,200	-	-	-
Total	**76,586,327**	**71,775,814**	**36,732**	**14,858**	**7,447,318**	**539,834**	**-**	**-**
Purchase of Fixed Assets								
EIH Limited	-	2,519	-	-	-	-	-	-
Total	**-**	**2,519**	**-**	**-**	**-**	**-**	**-**	**-**
Management Contract								
EIH Limited	88,534,897	92,475,590	-	-	-	-	-	-
Total	88,534,897	**92,475,590**	**-**	**-**	**-**	**-**	**-**	**-**
Royalty								
Oberoi Hotels Private Limited	-	-	-	-	10,765,408	11,030,811	-	-
Total	**-**	**-**	**-**	**-**	10,765,408	**11,030,811**	**-**	**-**
Director's Sitting Fees								
Mr. P. R. S. Oberoi	-	-	-	-	-	-	40,000	120,000
Mr. Shivy Bhasin	-	-	-	-	-	-	160,000	160,000
Mr. Bharath Bhushan Goyal	-	-	-	-	-	-	120,000	160,000
Mr. T. K. Sibal	-	-	-	-	-	-	160,000	160,000
Mr. Manish Goyal	-	-	-	-	-	-	200,000	160,000
Mr. Vikram Oberoi	-	-	-	-	-	-	360,000	200,000
Mr. Arjun Oberoi	-	-	-	-	-	-	160,000	200,000
Mr. Raj Kataria	-	-	-	-	-	-	320,000	240,000
Mr. Sandeep Kumar Barasia	-	-	-	-	-	-	200,000	80,000
Total	**-**	**-**	**-**	**-**	**-**	**-**	**1,720,000**	**1,480,000**
SALES								
Sale of Goods and Services								
EIH Limited	1,486,694	3,430,184	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	333,951	416,447	-	-
Mashobra Resort Limited	-	-	86,360	62,078	-	-	-	-
Mr. Vikram Oberoi	-	-	-	-	-	-	56,488	-
Mr. Arjun Oberoi	-	-	-	-	-	-	64,212	-
Total	**1,486,694**	**3,430,184**	**86,360**	**62,078**	**333,951**	**416,447**	**120,700**	**-**
Sale of Fixed Assets								
EIH Limited	-	17,680	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	11,856	-	-
Total	**-**	**17,680**	**-**	**-**	**-**	**11,856**	**-**	**-**
INCOME								
License Agreement								
EIH Associated Hotels Limited	-	-	-	-	1,451,500	1,575,000	-	-
Total	**-**	**-**	**-**	**-**	**1,451,500**	**1,575,000**	**-**	**-**
FINANCE								
PAYMENTS								
Dividend on Equity Shares								
EIH Limited	154,875,000	123,900,000	-	-	-	-	-	-
Mr. Shivy Bhasin	-	-	-	-	-	-	19,501,350	15,601,080
Mr. Manish Goyal	-	-	-	-	-	-	10,136,828	7,992,960
Total	**154,875,000**	**123,900,000**	**-**	**-**	**-**	**-**	**29,638,178**	**23,594,040**
Refund of Collections to Related Party								
EIH Limited	6,123,242	931,300	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	1,448,361	1,582,103	-	-
Mashobra Resort Limited	-	-	124,349	-	-	-	-	-
Total	**6,123,242**	**931,300**	**124,349**	**-**	**1,448,361**	**1,582,103**	**-**	**-**

Notes to Financial Statements — *Contd.*

	Holding Company		Fellow Subsidiary		Associate / Joint Venture of Holding Company		Key Management Personnel	
	2017	2016	2017	2016	2017	2016	2017	2016
Expense reimbursed to Related Party								
EIH Limited	2,546,191	5,806,862	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	29,645	112,849	-	-
Mashobra Resort Limited	-	-	2,740	42,928	-	-	-	-
Total	**2,546,191**	**5,806,862**	**2,740**	**42,928**	**29,645**	**112,849**	**-**	**-**
RECEIPTS								
Recovery of Collections by Related Party								
EIH Limited	13,244,693	97,043,669	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	48,000	1,030,071	-	-
Mashobra Resort Limited	-	-	120,737	-	-	-	-	-
Total	**13,244,693**	**97,043,669**	**120,737**	**-**	**48,000**	**1,030,071**	**-**	**-**
Expense Reimbursed by Related Party								
EIH Limited	927,424	1,459,334	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	297,559	371,161	-	-
Mashobra Resort Limited	-	-	1,177	43,458	-	-	-	-
Total	**927,424**	**1,459,334**	**1,177**	**43,458**	**297,559**	**371,161**	**-**	**-**

The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows :

(Rupees)

Outsatnding Balances	**Holding Company**			**Fellow Subsidiary**			**Associate / Joint Venture of Holding Company**			**Key Management Person**		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
PAYABLES												
For Goods, Services and Management Contract												
EIH Limited	39,664,109	40,882,570	32,162,359	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	-	122,862	96,825	115,359	-	-	-
Mashobra Resort Limited	-	-	-	-	387,627	-	679,849	1,463,723	612,892	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Total	**39,664,109**	**40,882,570**	**32,162,359**	**-**	**387,627**	**-**	**802,711**	**1,560,548**	**728,251**	**-**	**-**	**-**
Royalty												
Oberoi Hotels Private Limited	-	-	-	-	-	-	3,367,833	3,934,670	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**3,367,833**	**3,934,670**	**-**	**-**	**-**	**-**
RECEIVABLES												
For Goods & Services												
EIH Limited	13,527,484	978,988	427,655	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	-	619,899	214,911	474,029	-	-	-
Mashobra Resort Limited	-	-	-	81,024	41,878	13,167	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	3,485	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	-	368,211	311,614	-	-	-
Total	**13,527,484**	**978,988**	**427,655**	**81,024**	**41,878**	**13,167**	**623,384**	**583,122**	**785,643**	**-**	**-**	**-**

Notes to Financial Statements — *Contd.*

38 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 ₹ 1,140,268 (2016 ₹ 1,199,573). The yearwise break-up of outstanding lease obligations are detailed as under:

The minimum lease payments outstanding as on 31st March 2017 amounts to ₹ 2,547,780 (2016 ₹ 4,126,488 and 2015 ₹ 5,943,314) and the present value of lease liabilities amounts to ₹ 616,650 (2016 - ₹ 3,303,830 and 2015 ₹ 4,684,520)

			Year ended	
		March 31, **2017**	**March** 31, 2016	April 1, 2015
		₹	₹	₹
(i)	**not later than one year**			
	Minimum lease payments	**1,787,370**	1,762,718	2,393,858
	Present value as at 31st March	**329,677**	1,325,952	1,806,558
(ii)	**later than one year but not later than five years**			
	Minimum lease payments	**760,410**	2,363,770	3,549,456
	Present value as at 31st March	**286,973**	1,977,878	2,877,962
(iii)	**later than five years**			
	Minimum lease payments	**-**	-	-
	Present value as at 31st March	**-**	-	-

(B) Operating Leases

(I) As Lessor

The Company has entered into arrangements for giving shop premises, accommodation and motor vehicles on cancellable operating lease. Depreciation on shop premises and accommodation is not separately determinable as it is part of hotel building. Depreciation on motor vehicles given on operating lease for the year is ₹ 3,338,356 (2016 ₹ 3,523,490).

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	-	-

(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	-	-

The Company has entered into cancellable lease agreements for residential premises for employees. The lease rentals of ₹ 2,926,271 (net of recoveries of ₹ 1,007,005) (2016 - ₹ 3,469,984/-) (net of recoveries of ₹ 899,037) has been shown as rent under Other Expenses.

Notes to Financial Statements — *Contd.*

39 Events occurring after the reporting period

There is no material event after reporting date which is required to be reported under Ind AS 10.

40 Segment Reporting

The Company has only one business segment - Hotels. Accordingly, disclosure of segment wise information is not applicable under Ind AS 108 relating to Operating Segments.

40a The financial statements were approved for issue by the Board of Directors of the Company in their meeting held on May 19, 2017.

41 Offsetting financial assets and financial liabilities

No offsetting has been done by the Company.

42 Assets pledged as security

No asset has been pledged by the Company.

43 Earnings per equity share

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
		Amount in ₹
(a) Basic and diluted earnings per share		
Attributable to the equity holders of the Company	14.22	14.04
(b) Profit attributable to the equity holders of the Company used in calculating basic and diluted earnings per share:	293,572,316	289,992,610

(c) Weighted average number of shares used as the denominator

	31 March, 2017 Number of shares	31 March, 2016 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share	20,650,000	20,650,000

44 Disclosure on Specified Bank Notes (SBNs)

During the year, the Company has specified bank notes or other denomination note as defined in the MCA notification GSR 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs ₹	Other denomination notes ₹	Total ₹
Closing cash on hand as on November 8, 2016	1,299,000	533,840	1,832,840
(+) Permitted receipts*	-	4,816,277	4,816,277
(-) Permitted payments	-	4,628,942	4,628,942
(-) Amount deposited in Banks	1,299,000	847	1,299,847
Closing cash in hand as on December 30, 2016	-	720,328	720,328

* includes withdrawal of cash from bank accounts during the period from November 9, 2016 to December 30, 2016.

Notes to Financial Statements — *Contd.*

45 First time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended 31st March, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Exemptions and exceptions availed

A.1 Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value which has been considered as deemed cost.

A.2 Ind AS mandatory exceptions

a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for applicable items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(b) Classification and measurement of financial assets

Ind AS 101 requires that an entity should assess the classification of its financial assets on the basis of facts and circumstances that exist on the date of transition. Accordingly, in its Opening Ind AS Balance Sheet, the Company has classified all the financial assets on basis of facts and circumstances that existed on the date of transition, i.e., April 1, 2015.

Notes to Financial Statements — *Contd.*

46 Reconciliation between previous IGAAP and Ind AS

I Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Amount in ₹

	Note	March 31, 2016	April 1, 2015
Total equity (shareholder's funds) as per previous GAAP		796,172,522	755,324,232
Adjustments			
Fair valuation of security deposits	46(i)	4,613	1,308
Proposed Dividend including tax	46(ii)	124,269,271	124,269,271
Tax effects of adjustments	46(iii)	2,972	(453)
Total adjustments		124,276,856	124,270,126
Total equity as per Ind AS		920,449,378	879,594,358

II Reconciliation of total comprehensive income for the year ended 31 March, 2016

Amount in ₹

	Note		March 31, 2016
Profit after tax as per previous IGAAP			289,386,832
Adjustments			
Remeasurement of Post-employment benefit obligations (Net of Tax)	46(iv)	602,353	
Tax effects of adjustments	46(iii)	3,425	
Total adjustments			605,778
Profit after tax as per Ind AS			289,992,610
Other comprehensive income (Net of Tax)			(602,353)
Total comprehensive income as per Ind AS			289,390,257

III Impact of Ind AS adoption on cash flow statement for the year ended 31st March, 2016

Amount in ₹

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	312,575,583	(40,307)	312,535,276
Net cash flow from investing activities	7,638,904	(440,299)	7,198,605
Net cash flow from financing activities	(250,467,054)	480,606	(249,986,448)
Net increase/(decrease) in cash and cash equivalents	69,747,433	-	69,747,433
Cash and cash equivalents as at 1 April, 2015	201,168,422	-	201,168,422
Cash and cash equivalents as at 31 March, 2016	270,915,855	-	270,915,855

46(i) Fair Valuation of Security Deposits Liability

Under the previous GAAP, interest free lease security deposits liability (that are refundable in cash on completion of the lease) are recorded at their transaction value. Under Ind AS, these financial assets are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent.

46(ii) Proposed Dividend including tax

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings.

Notes to Financial Statements — *Contd.*

46(iii) Remeasurement of Post-employment benefit obligations (Net of Tax)

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Accordingly, loss on remeasurements of post-employment benefit obligation has been reclassified to the Other Comprehensive Income for the period.

46(iv) Tax effects on Adjustments

Additional deferred tax asset/(liability) has been recognised corresponding to the adjustments to retained earnings/profit or loss as a result of Ind AS Implementation.

47 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.

For Virmani & Associates
Chartered Accountants
ICAI Registration No. 000356N

Suresh Virmani
Partner
Membership No. 17617

Place: New Delhi
Dated: May 19, 2017

For and on behalf of the Board

P.R.S. Oberoi	*Chairman*
Shivy Bhasin	*Vice-Chairman*
Bharath B. Goyal	*Managing Director*
Sandeep Kumar Barasia	*Director*
Biswajit Mitra	*Chief Financial Officer*
S.N. Sridhar	*Company Secretary*

MASHOBRA RESORT LIMITED

BOARD

Mr. Vidya Chander Pharka, *Chairperson* Dr. Shrikant Baldi Mr. Dinesh Kumar Malhotra *w.e.f 6.5.2017* Mr. Mohan Chauhan *upto 6.5.2017*	*Nominees of the Government of Himachal Pradesh*
Mr. Arjun Oberoi, *Managing Director* Mr. Vikram Oberoi Mr. T.K. Sibal Mr. S.N. Sridhar	*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 Second Annual Report together with the Audited Financial Statement and the Auditor's Report for the Financial Year ended on 31st March, 2017.

Financial Highlights

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

Particulars	*Rupees*	
	2016-17	2015-16
Total Revenue	**511,883,660**	456,996,268
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**271,837,384**	234,047,392
Interest	**1,034,012**	1,152,354
Depreciation and Amortization Expenses	**11,658,705**	36,361,627
Profit / (Loss) before Tax	**259,144,667**	196,533,411
Tax including Deferred Tax	**81,456,977**	68,498,597
Profit/ (Loss) after Tax	**177,687,690**	128,034,814
Other Comprehensive Income/(Loss), net of tax	**(44,958)**	(348,736)
Total Comprehensive Income	**177,642,732**	127,686,078
Profit/(Loss) Brought Forward from earlier year	**(404,885,213)**	(532,571,291)
Profit/(Loss) Carried Over	**(227,242,481)**	(404,885,213)

Performance

During the Financial Year under review, the Total Revenue was ₹ 511,883,660 as compared to ₹ 456,996,268 in the previous year. This represents an increase of 12.01%. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 271,837,384 as compared to ₹ 234,047,392 in the previous year, an increase of 16.15%. The Profit after tax was ₹ 177,687,690 as compared to ₹ 127,034,814, an increase of 39.87%. Total Comprehensive Income was ₹ 177,642,732 as compared to ₹ 127,686,078, an increase of 39.12%.

Directors' Responsibility Statement

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

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

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the

Financial Year and of the profit of the Company for that period;

c) the Directors, to the best of their knowledge and ability, have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of 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. Mohan Chauhan was appointed by the Board at the Board Meeting held on 6th September, 2016 in the casual vacancy caused due to the vacation of office by the Mr. Parthasarthy Mitra. Mr. Mohan Chauhan would have held office upto the ensuing Annual general Meeting and was eligible to be appointed as a Regular Director but due to his retirement from the services of Government of Himachal Pradesh, the Government has changed the nomination on 12th April, 2017 by appointing Mr. Dinesh Malhotra.

Mr. Dinesh Malhotra was appointed by board on 6th May, 2017 in the casual vacancy caused due to vacation of office by Mr. Mohan Chauhan. Mr. Malhotra will hold office till Mr. Chauhan would have held office had he not vacated his office i.e till the date of forthcoming Annual General Meeting. Notice under Section 160 of the Act along with a sum of Rs.100,000 has been received from a Shareholder proposing the appointment Mr. Dinesh Malhotra as a regular Director on the Board, liable to retire by rotation. The Nomination & Remuneration Committee and the Board of Directors recommend to Shareholders appointment of Mr. Dinesh Malhotra as a regular Director on the Board.

Mr. S.N Sridhar and Dr. Shrikant Baldi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors recommend re-appointment of Mr. S.N. Sridhar and Dr. Shrikant Baldi.

Board Meeting

During the year, the Company held four Board Meetings on 11th May, 2016, 6th September, 2016, 25th November, 2016 and 23rd February, 2017 respectively. The Attendance of the Directors in the meeting is as under:

Name of the Director	No. of Meetings attended
Mr. Arjun Oberoi	4
Mr. S.N. Sridhar	4
Mr. Vikram Oberoi	3
Mr. T.K. Sibal	4
Mr. P Mitra*	1
Mr. V.C. Pharka	4
Dr. Shrikant Baldi	3
Mr. Shashank Bhagat	2
Mr. Viresh S. Mathur	4
Mr. Mohan Chauhan #	2

* ceased to be a Director on 6.9.2016 # appointed as a Director on 6.9.2016

Audit Committee

The Audit Committee of the company comprises of three members, namely, Mr. Shashank Bhagat, Independent Director and Chairperson, Mr. Viresh S. Mathur, Independent Director and Member and Mr. Arjun Oberoi, Managing Director and Member. Dr. Srikant Baldi is the "Permanent Invitee" in the Audit Committee Meetings representing the Government of Himachal Pradesh. Audit Committee met on 11th May, 2016 and 23rd February, 2017 and were attended by all the members.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) comprises of four members, namely Mr. Shashank Bhagat, Mr. Viresh S. Mathur, Independent Directors, Mr. V.C Pharka and Mr. Vikram Oberoi. NRC met on 11th May, 2016 and the meeting was attended by all the members.

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 Act. The Board was also of the opinion that the two Independent Directors meet the criteria of independence under sub-section (6) of Section 149 of the Act. During the year, Independent Directors met on 16th February, 2017 and reviewed the requirements as prescribed under Part VII (3) of Schedule IV of the Act viz: Code for Independent Directors.

Corporate Social Responsibility

In accordance with Section 135 of the Act 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 Annual Report on Corporate Social Responsibility activities for the Financial Year 2016-17 is given in ***Annexure -I,*** which forms a part of this report. The Annexure also gives the Composition of the Committee

CSR Committee met three times during the year on 11th May, 2016, 6th September, 2016 and 23rd February, 2017. The Attendance of the members of the Committee is as under:

Name of the Member	No. of Meetings Attended
Mr. Vikram Oberoi	2
Mr. Arjun Oberoi	3
Mr. Parthasarathy Mitra*	1
Mr. Shashank Bhagat	2
Mr. V.C. Pharka #	1

* Ceased to be Member on 6.9.2016 # Appointed as a Member at the Board Meeting held on 6.9.2016.

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

In accordance with Section 178 of the Act, the Company's Policy on Directors' Appointment and Remuneration which was formulated in the year 2014-15 is annexed as ***Anneuxre - II.*** The policy can be accessed on the website of the Holding Company **www.eihltd.com.**

As on date, the Company does not have any Senior Management Personnel as defined in Section 178 of the Act. Company's Key Managerial Personnel viz Mr. Arjun Oberoi, MD, Mr. Biswajit Mitra, CFO and Mr. S.N. Sridhar, Director & Secretary do not draw any remuneration from the Company.

The Company has also put in place a Board Evaluation Process and Policy for evaluation of Board of Directors, Independent Directors and Committees etc. M/s Excellence Enablers Private Limited led by former SEBI Chairman, Mr. M. Damodaran had conducted the evaluation of the Board, Committees and Individual Directors. The Board Evaluation Report for the Financial Year 2016-17 submitted by Mr. Damodaran has been taken on record by the Nomination & Remuneration Committee and the Board.

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 undertaken during current year include replacement of the energy efficient laundry machine, energy efficient Air Blower for sewage treatment plant, replacement of Steamers in SPA, replacement of incandescent and fluorescent lamps in public area to energy efficient LED lamps.

Some of the actions planned for next year are replacement of 22KV-HT incomer and distribution system with digital energy monitoring system to reduce energy losses, Thermograph of electrical installations, installation of energy efficient motors, water restrictor Aerators installation in Back of the House areas and replacement of fluorescent lamps with energy efficient LED lamps in the Back of the House areas.

Foreign Exchange Earnings and outgo

Foreign exchange earnings during the year amounted to ₹ 112,105,311 as compared to ₹ 111,202,628 in the previous year. The outflow of foreign exchange during the year was ₹ 8,920,886 as compared to ₹ 13,596,157 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 22nd Annual General Meeting. They are not eligible for re-appointment as the moratorium period of 3 years available to them under third proviso to Section 139 (2) of the Act read with Rule 6(1) of the Companies (Audit and Auditors) Rules, 2014 ("Rules") will be exhausted by them at the conclusion of the Annual General Meeting to be held this year in June, 2017.

The Board places on record its deep appreciation of the valuable contributions made by M/s Ray & Ray as Statutory Auditors of the Company for over two decades.

In accordance with Section 139 of the Act which provides for rotation of Auditors, the Audit Committee and the Board at their respective meetings held on 23rd February, 2017, have unanimously recommended to the Shareholders appointment of M/s. Deloitte, Haskins & Sells LLP, Chartered Accountants, (FRN 117366 W/W 100018) ("Deloitte") as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years from the conclusion of the Annual General Meeting scheduled to be held in this year in June 2017 till the conclusion of the Annual General Meeting to be held in the year 2022.

Deloitte have given a written consent to the Company for appointment as Auditors. They have also given a certificate that they satisfy the criteria prescribed in Section 141 of the Act and the appointment, if made, shall be in accordance with the conditions laid down under the Act and Rules.

Auditors' Report

The Auditors' Observations in their report have been fully explained in Note no. 2 (ii) & 16 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.

Sexual Harassment

During the year, there was no complaint of sexual harassment.

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 Act read with Rule 8 (2) of the Companies (Accounts) Rules, 2014. The Related Party Transactions entered during the year are given in Note no. 34 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 Act. 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.

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 do 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 2016-17 was ₹ 2,000,000.

Top 10 Employees Remuneration

In accordance with Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a list of Top 10 employees' remuneration details is Annexed and forms part of this report.

Particulars of Employees

There is no employee in the Company drawing remuneration more than the limit prescribed under Section 197 of the Act 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
Favourite Indian Hotel Spa's (Ranked 5th)	Conde Nast Travellor, India, Reader's Travel Awards, 2016

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

Place: Shimla
Date: 6th May, 2017

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 Company's CSR Policy focus on addressing the critical social, economic and educational needs of the marginalized under-privileged and differently abled children of the society. Directing its energies to orphan, homeless and differently abled children and care for their educational, nutritional, health, psychological development needs.

   The Board of Directors at the Board meeting held on 6th September, 2016, on the recommendation of the CSR Committee, approved a CSR spend of ₹ 3,394,867 this amount included 2% of average net profit of the Company in the last three Financial Years and the carry forward of CSR spend of ₹ 490,234. This was spent on the following:

   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; and

   d) Swachh Bharat Abhiyan

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

2. **Composition of the CSR Committee**

   Mr. Arjun Oberoi- Chairperson;

   Mr. Vikram Oberoi- Member;

   Mr. V.C. Pharka- Member;

   Mr. Shashank Bhagat – Independent Director and Member

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

   ₹ 145,231,650

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

   ₹ 2,904,633

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

   a) Total Amount to be spent for the Financial Year : ₹ 3,394,867

   b) Amount unspent, if any : ₹ 120,951

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 (Rupees)**	**Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (Rupees)**	**Cumulative expenditure up to the reporting period (Rupees)**	**Amount spent Direct or through implementing agency**
1.	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	1,300,000	1,027,884	1,027,884	Direct
2.	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	1,550,000	1,649,247	1,649,247	Direct
3.	Kitchen repair & external plastering & painting - Primary School Chharabra	Rural	Repair work in the Primary School at Village Chharabra, Shimla, Himachal Pradesh	150,000	155,948	155,948	Direct
4.	Swachh Bharat Abhiyan	Rural	NH-22 near Chharabra Market, Shimla, Himachal Pradesh	400,000	440,837	440,837	Direct
			TOTAL	**3,400,000**	**3,273,916**	**3,273,916**	

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 amount budgeted for setting up of a "Greenhouse" at the School for Hearing and Visually Impaired, Dhalli, Shimla could not be spend as approval for the same could not be obtained on time. Therefore, a sum of ₹ 120,951 is carried forward to the next Financial Year 2017-18 to be spent on the Greenhouse after taking requisite approvals.

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

MASHOBRA RESORT LTD

Director Appointment and Remuneration Policy

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

1. Purpose

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

2. Accountability

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

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

3. Role of the Nomination and Remuneration Committee

The NRC is responsible for:

3.1 Reviewing the structure, size and composition (including the skill, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board with due regard to Board Diversity;

3.2 Identifying individuals suitably qualified to become Board members, Key Managerial and Senior Management Personnel;

3.3 Making recommendations to the Board on the appointment, re-appointment or removal of directors, Key Managerial and Senior Management Personnel;

3.4 Making recommendations for succession planning for directors, Key Managerial and other Senior Management Personnel, including the Managing Director (s), Whole-time Director(s) and CEO;

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

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

4. Appointment of Directors

4.1 Matching the needs of the Company and enhancing the competencies of the Board are the basis for the NRC to select a candidate for appointment to the Board. When recommending a candidate for appointment, the NRC will have regard to:

- assessing the individual against a range of criteria including but not limited to industry experience, background, and other qualities required to operate successfully in the position, with due regard to the benefits of diversity of the Board;

- the extent to which the individual is likely to contribute to the overall effectiveness of the Board and work constructively with the existing directors;
- the skills and experience the individual brings to the role and how these will enhance the skill sets and experience of the Board as a whole;
- the nature of positions held by the individual including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- the time commitment required from a director to actively discharge his duties to the Company.

4.2 The recommended director would:

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

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

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

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

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

4.6 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.

Chairperson- Nomination & Remuneration Committee **Chairperson**

Attachment 1

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 31st March, 2017

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. Promoter's									
(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**	**100.00**	**-**
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) 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 share-holding during the year
		No. of shares	% of total shares of the company	% of Shares Pledged / encum-bered to total s hares	No. of shares	% of total shares of the company	% of Shares Pledged / encum-bered 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.):	NIL			
	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):

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):	NIL			
	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.):	NIL			
	At the end of the year				

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

(in Rupees)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year *				
i) Principal Amount	-	5,000,000	-	5,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**5,000,000**	**-**	**5,000,000**
Change in Indebtedness during the Financial Year			-	-
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the Financial Year *				
i) Principal Amount	-	5,000,000	-	5,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**5,000,000**	**-**	**5,000,000**

Note:

1. * Outstanding on account of finance lease obligations, not being loans/deposits, are not included.
2. Unsecured Loans are from "Govt of Himachal Pradesh" and repayable at the option of the company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

SN.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (Rs)
		Mr. Arjun Oberoi, 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	360,000	360,000
	Total (A)	360,000	360,000
	Ceiling as per the Act	10% of the Net Profit	

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	280,000	560,000
	Commission			
	Others, please specify			
	Total (1)	280,000	280,000	560,000

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**	**Mohan Chauhan**	
	Fee for attending board committee meetings	240,000	160,000	80,000	240,000	120,000	160,000	80,000	1,080,000
	Commission								
	Others, please specify								
	Total (2)	240,000	160,000	80,000	240,000	120,000	160,000	80,000	1,080,000
	Total (B)=(1+2)								1,640,000
	Total Managerial Remuneration								NIL
	Overall Ceiling as per the Act	11% of the Net Profit							

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

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

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	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify…	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

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: 6th May, 2017

ARJUN OBEROI
Managing Director

T.K. SIBAL
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members
Mashobra Resort Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Mashobra Resort Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

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

Note 16 to the Ind AS 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 2(ii) 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 Ind AS financial statements has not been ascertained.

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 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the 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 has disclosed the impact of pending litigations against the Company on its financial position in its Ind AS financial statements in Note 35 (a). However, the impact of pending litigations against the Company on its financial position in its Ind AS financial statements is not ascertainable as indicated in Note 16 and 2 (ii) of the Ind AS financial statements.

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.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the book of accounts maintained by the Company.. Refer Note 42 to the Ind AS financial statements.

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

R.N. ROY
Partner
Membership No.8608

Place : Shimla
Date: 6th May, 2017

ANNEXURE A" TO THE AUDITOR'S REPORT MASHOBRA RESORT LIMITED

The Annexure referred to in Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31st March, 2017. 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 in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, any material discrepancy noticed on such verification between book records and the physical records has been properly dealt with in the books of account.

(c) According to the information and explanation 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) Inventories have been physically verified by the Management during the year at reasonable intervals. The discrepancies noticed on verification between the physical records and book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, clauses 3(iii) (a), (b) and (c) of the aforesaid Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not violated the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

(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 maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the Company. 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, Employees' State Insurance, income-tax, sales-tax, Service tax, custom duty, excise duty, value added tax, cess and other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, Service Tax, custom duty, excise duty, value added tax, and Cess were outstanding, as at 31st March, 2017 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 Service Tax and Luxury Tax which have not been deposited as at 31st March, 2017 on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Service Tax	5,163,974	Financial Year 2004-2005 to 2008-09	Customs, Excise & Service Tax Appellate Tribunal
Himachal Pradesh Tax on Luxuries (in Hotels and Lodging Houses) Rules, 1979	Luxury Tax	10,124,208	Financial Year 2013-14 to 2015-16	Deputy Excise & Taxation Commissioner-Cum-Assessing Authority, Parwano

(viii) In our opinion the Company has not defaulted in the repayment of loans or borrowing 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) During the course of our examination of the books of accounts carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

(xi) In our opinion and according to the information and explanations given to us, the company has not paid any managerial remuneration as per the provisions of Section 197 of the Companies Act, 2013 during the year. Accordingly paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) The company is not a Nidhi Company. Accordingly paragraph 3 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the 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, the company has not entered into any non- cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

R.N. ROY
Partner
Membership no. 8608

Place: Shimla
Date: 6th May, 2017

"ANNEXURE B" TO AUDITOR'S 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 at 31st March, 2017 in conjunction with our audit of the Ind AS 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 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 judgment, 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 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 31 March 2017 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.

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

R.N. ROY
Partner
Membership no. 8608

Place: Shimla
Date : 6th May, 2017

Balance sheet
as at 31st March, 2017

	Note	**As at March 31, 2017**	As at March 31, 2016	**Amount in ₹** As at April 1, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	**488,986,299**	493,551,926	522,561,820
(b) Capital work-in-progress		**691,239**	517,512	-
(c) Intangible assets	4	**388,198**	499,155	-
(d) Intangible assets under development		**-**	-	510,273
(e) Financial assets				
Other financial assets	5(i)	**28,279,019**	778,509	825,073
(f) Deferred tax assets (net)	6	**85,705,357**	111,889,381	138,484,414
(g) Other non-current assets	7	**215,597**	1,919,433	156,764
Total non-current assets		**604,265,709**	609,155,916	662,538,344
Current assets				
(a) Inventories	8	**17,191,983**	18,037,010	14,362,565
(b) Financial assets				
(i) Trade receivables	9	**20,822,088**	21,280,075	17,109,958
(ii) Cash and cash equivalents	10	**9,873,766**	18,477,388	5,784,068
(iii) Bank balances other than (ii) above	11	**841,306,600**	658,322,923	496,026,832
(iv) Other financial assets	5(ii)	**5,974,338**	6,197,988	2,764,535
(c) Current tax assets (net)	12	**-**	-	209,593
(d) Other current assets	13	**4,763,060**	5,173,583	3,773,428
Total current assets		**899,931,835**	727,488,967	540,030,979
Total Assets		**1,504,197,544**	1,336,644,883	1,202,569,323
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14	**330,000,000**	330,000,000	330,000,000
(b) Other equity	15	**(227,242,481)**	(404,885,213)	(532,571,291)
Total Equity		**102,757,519**	(74,885,213)	(202,571,291)
Advance Towards Equity	16	**1,361,925,454**	1,361,925,454	1,361,925,454
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings	17	**5,126,644**	5,493,964	6,058,582
(b) Employee benefit obligations	18	**2,773,443**	2,245,394	1,780,641
Total non-current liabilities		**7,900,087**	7,739,358	7,839,223
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	19	**18,821,726**	26,570,502	17,957,450
(ii) Other Financial Liabilities	20	**1,032,247**	6,139,015	10,783,046
(b) Other Current Liabilities	21	**9,299,326**	8,203,950	6,625,317
(c) Employee benefit obligations	18	**13,707**	11,302	10,124
(d) Current tax liabilities (net)	22	**2,447,478**	940,515	-
Total current liabilities		**31,614,484**	41,865,284	35,375,937
Total Equity and Liabilities		**1,504,197,544**	1,336,644,883	1,202,569,323

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

R.N.Roy
Partner
Membership No. 8608

Shimla
6th May, 2017

For and on behalf of the Board

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

Statement of Profit and Loss for the Year ended 31st March, 2017

Amount in ₹

	Note	**Year Ended 31 March, 2017**	Year Ended 31 March, 2016
Revenue from operations	23	**444,885,575**	405,513,275
Other income	24	**66,998,085**	51,482,993
Total Income		**511,883,660**	456,996,268
Expenses			
Consumption of provisions, wines & others	25	**29,417,454**	26,269,808
Employee benefits expense	26	**66,435,242**	61,252,543
Finance costs	27	**1,034,012**	1,152,354
Depreciation and amortization expense	28	**11,658,705**	36,361,627
Other expenses	29	**144,193,580**	135,426,525
Total Expenses		**252,738,993**	260,462,857
Profit before Tax		**259,144,667**	196,533,411
Tax Expense			
Current tax	30	**55,254,732**	41,719,000
Deferred tax	30	**26,202,245**	26,779,597
Profit for the year		**177,687,690**	128,034,814
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
– Remeasurements of post-employment benefit obligations		**(63,179)**	(533,300)
– Income tax relating to this item		**18,221**	184,564
Total other comprehensive income/(loss) for the year, net of tax		**(44,958)**	(348,736)
Total comprehensive income for the year		**177,642,732**	127,686,078
Earnings per equity share - Basic and Diluted (in ₹)	41	**5.38**	3.88

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership No. 8608

Shimla
6th May, 2017

For and on behalf of the Board

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

Statement of cash flows

Amount in ₹

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Cash flows from operating activities		
Profit for the year	**177,687,690**	128,034,814
Adjustments for		
Tax Expense	**81,456,977**	68,498,597
Depreciation and amortization expense	**11,658,705**	36,361,627
Loss on disposal/discard of property, plant and equipment	**21,632**	110,627
Provisions & liabilities no longer required, written back	**(6,307,924)**	(3,212,130)
Unwinding of discount on security deposits	**(151)**	145
Interest income	**(54,828,886)**	(47,789,558)
Finance costs	**1,034,012**	1,152,354
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	**457,987**	(4,170,117)
(Increase)/decrease in inventories	**845,027**	(3,674,445)
Increase/(decrease) in trade payables	**(6,141,474)**	8,613,052
(Increase)/decrease in other financial assets	**(30,461,472)**	18,633
(Increase)/decrease in other non-current assets	**(5,421)**	66,610
(Increase)/decrease in other current assets	**410,523**	(1,400,155)
Increase/(decrease) in employee benefit obligations	**467,275**	(67,369)
Increase/(decrease) in other financial liabilities	**(143,514)**	(304,414)
Increase/(decrease) in other current liabilities	**1,095,376**	2,017,289
Cash generated from operations	**177,246,362**	184,255,560
Income taxes paid (net of refund)	**(53,747,769)**	(40,568,892)
Interest received on income tax refund	**-**	140,422
Net cash generated by operating activities	**123,498,593**	143,827,090
Cash flows from investing activities		
Payments for property, plant and equipment	**(5,533,557)**	(11,242,314)
Changes in Other bank balances	**(182,983,677)**	(162,296,091)
Interest received	**58,013,649**	44,243,469
Net cash used in investing activities	**(130,503,585)**	(129,294,936)
Cash flows from financing activities		
Repayment of finance lease obligations	**(564,618)**	(686,480)
Interest paid	**(1,034,012)**	(1,152,354)
Net cash used in financing activities	**(1,598,630)**	(1,838,834)
Net increase/(decrease) in cash and cash equivalents	**(8,603,622)**	12,693,320
Cash and cash equivalents at the beginning of the year	**18,477,388**	5,784,068
Cash and cash equivalents at the end of the year	**9,873,766**	18,477,388

Reconciliation of cash and cash equivalent as per the cash flow statement:

	As at March 31, 2017	As at March 31, 2016
Cash and Cash equivalent (Note 10)	**9,873,766**	18,477,388
Balance as per statement of cash flows	**9,873,766**	18,477,388

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership No. 8608

Shimla
6th May, 2017

For and on behalf of the Board

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

Statement of changes in equity for the Year ended 31st March, 2017

	Amount in ₹
A. Equity share capital	
Balance at April 1, 2015	330,000,000
Changes in equity share capital during the year	-
Balance at March 31, 2016	330,000,000
Changes in equity share capital during the year	-
Balance at March 31, 2017	330,000,000

B. Other equity

	Retained Earnings
Balance at April 1, 2015	**(532,571,291)**
Profit for the year	128,034,814
Other comprehensive income/(loss) for the year, net of tax	(348,736)
Total comprehensive income for the year	**127,686,078**
Balance at March 31, 2016	**(404,885,213)**
Balance at April 1, 2016	**(404,885,213)**
Profit for the year	177,687,690
Other comprehensive income/(loss) for the year, net of tax	(44,958)
Total comprehensive income for the year	**177,642,732**
Balance at March 31, 2017	**(227,242,481)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

R.N. ROY
Partner
Membership No. 8608

Shimla
6th May, 2017

For and on behalf of the Board

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

Notes to Financial Statements

GENERAL INFORMATION

Mashobra Resort Limited is a company limited by shares, incorporated and domiciled in India. The company is primarily engaged in owning premium luxury hotel under the luxury 'Oberoi' brand.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements of Mashobra Resort Limited. These policies have been consistently applied to all the period presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Indian Accounting Standard (Ind AS)

The separate financial statements have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015.

The financial statements up to year ended 31 March 2016 were prepared earlier in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer note 44 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical cost convention

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

- defined benefit plans – plan assets measured at fair value
- customer loyalty programs

b) Foreign currency translation

(i) Presentation Currency

This Financial Statement is presented in INR which is the Functional Currency of the Company.

(ii) Transactions and balances

Sales made in any currency other than the functional currency of the Company are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuations in exchange rate is accounted for on realisation.

Payments made in foreign currency are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year. Monetary items denominated in foreign currency are converted at the exchange rate prevailing at the end of the year.

c) Revenue recognition

(i) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

(ii) Revenue from interest is recognized on accrual basis and determined by contractual rate of interest.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Timing of revenue recognition from major business activities

- Hospitality Services: Revenue from hospitality services is recognised when the services are rendered and the same becomes chargeable.
- Others: Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of the contract.
- Revenue in respect of customer loyalty are recognized when loyalty points are redeemed by the customers.

d) Income tax

Current income tax is recognized based on the amount expected to be paid to the tax authorities, using tax rates and tax laws that have been enacted or substantially enacted on the date of balance sheet.

Notes to Financial Statements — *Contd.*

e) ***Deferred Tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which give 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.

f) ***Leases***

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

g) ***Impairment of assets***

Assets are tested 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. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

h) ***Cash and cash equivalents***

Cash Flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non cash nature. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, cash at bank and other deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

i) ***Trade receivables***

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

Notes to Financial Statements — *Contd.*

j) ***Inventories***

Inventories are valued at cost which is based on Cumulative Weighted Average method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the statement of Profit or Loss.

k) ***Investments and other financial assets***

(i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity

Notes to Financial Statements — *Contd.*

has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

l) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

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

Depreciation methods, estimated useful lives and residual value

Depreciation on fixed assets other than land, the hotel buildings, and leased vehicles and machinery is provided on 'Straight Line Method' based on useful life as prescribed under Schedule II of the Companies Act 2013. Leased vehicles are depreciated over the lives of the respective asset or over the remaining lease period of the respective asset whichever is shorter.

The hotel buildings are depreciated equally over the balance useful life ascertained by independent technical expert, which is 60 years with effect from 31st March 2015 and is higher than those specified by Schedule II to the Companies Act; 2013. The management believes that the balance useful lives so assessed best represent the periods over which the hotel buildings are expected to be in use. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

m) Intangible assets

Intangible Assets are stated at cost less accumulated amortisation and net of impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and its cost can be measured reliably. Intangible assets are amortised on straight line basis over their estimated useful lives.

Transition to Ind AS

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

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes to Financial Statements — *Contd.*

o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

p) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present legal or statutory obligation or constructive 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 of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

q) Employee benefits

(i) ***Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) ***Post-employment obligations***

The company operates the following post-employment schemes:

Gratuity obligations –

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Leave encashment on termination of service –

The liabilities for earned leave are expected to be settled after the retirement of employee. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Provident Fund –

The company pays provident fund contributions to a fund administered by Government Provident Fund Authority. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

r) Dividends

Liability is created for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to Financial Statements — *Contd.*

s) ***Earnings per share***

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:
– the profit for the year attributable to equity shareholders of the company
– by the weighted average number of equity shares outstanding during the financial year,

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
– the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
– the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) ***Government grants / Incentives***

Government grants that the Company is entitled to on fulfillment of certain conditions, but are available to the company only on completion of some other conditions, are recognized as income at fair value on completion of such other conditions.

Grants that the company is entitled to unconditionally on fulfillment of certain conditions, such grants are recognized at fair value as income when there is reasonable assurance that the grant will be received.

u) ***Rounding of amounts***

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

2
CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company’s accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included hereunder together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances

(i) Useful life of the Hotel Building

The Company has adopted useful life of fixed assets as stipulated by Schedule II to the Companies Act, 2013 except for the hotel building for computing depreciation. In the case of the hotel building of the Company, due to superior structural condition, management decided to assess the balance useful life by independent technical expert. As per the certificates of the technical expert as on 31.03.2015, the balance useful life of the hotel building of the Company was 60 years. The carrying amount of the hotel building is being depreciated over its residual life.

(ii) Significant and material order

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 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 Other Bank Balances (Refer Note 11).

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, decided not to interfere with the order of the Arbitrator. The Company and EIH Limited amongst others, preferred an appeal before the Division Bench of the High Court of Himachal Pradesh. By an Order dated 27th June, 2016, Division Bench stayed the Single Bench Judge Order dated 25th February, 2016 and directed the parties to maintain status quo till the matter is finally heard and disposed off. Final hearing in the matter is yet to commence.

Notes to Financial Statements — *Contd.*

3
PROPERTY, PLANT AND EQUIPMENT

Amount in ₹

	Gross carrying amount				Accumulated Depreciation				Carrying Value As at 31 March, 2016
	Deemed cost as at 1 April 2015	Additions during the year	Sales/ adjustment during the year	Balance as on 31 March, 2016	As at April 1, 2015	For the Year	*Less:* Sales/ Adjust-ments	As at March 31, 2016	
Freehold Land	74,405,229	-	-	**74,405,229**	-	-	-	-	**74,405,229**
Buildings	378,597,944	-	-	**378,597,944**	-	5,905,272	-	5,905,272	**372,692,672**
Plant and Equipment	63,139,702	4,022,947	60,711	**67,101,938**	-	28,243,913	1,092	28,242,821	**38,859,117**
Furniture and Fixtures	2,002,312	465,057	-	**2,467,369**	-	390,054	-	390,054	**2,077,315**
Vehicles	1,206,344	1,500,320	-	**2,706,664**	-	244,670	-	244,670	**2,461,994**
Office Equipment	105,481	-	51,008	**54,473**	-	-	-	-	**54,473**
Computers	1,533,270	1,418,574	-	**2,951,844**	-	866,410	-	866,410	**2,085,434**
Vehicles Taken on Finance Lease *	1,571,538	-	-	**1,571,538**	-	655,846	-	655,846	**915,692**
Total Property, plant & equipment	**522,561,820**	**7,406,898**	**111,719**	**529,856,999**	**-**	**36,306,165**	**1,092**	36,305,073	**493,551,926**

	Gross carrying amount				Accumulated Depreciation				Carrying Value As at 31 March, 2017
	Balance as at 1 April 2016	Additions during the year	Sales/ adjustment during the year	Balance as as on 31 March, 2017	As at April 1, 2016	For the Year	*Less:* Sales/ Adjust-ments	As at Mar 31, 2017	
Freehold Land	74,405,229	-	-	**74,405,229**	-	-	-	-	**74,405,229**
Buildings	378,597,944	1,367,655	-	**379,965,599**	5,905,272	5,914,272	-	11,819,544	**368,146,055**
Plant and Equipment	67,101,938	4,350,407	59,683	**71,392,662**	28,242,821	3,717,834	47,397	31,913,258	**39,479,404**
Furniture and Fixtures	2,467,369	821,015	25,575	**3,262,809**	390,054	398,819	16,228	772,645	**2,490,164**
Vehicles	2,706,664	-	-	**2,706,664**	244,670	317,476	-	562,146	**2,144,518**
Office Equipment	54,473	-	-	**54,473**	-	-	-	-	**54,473**
Computers	2,951,844	464,677	-	**3,416,521**	866,410	697,751	-	1,564,161	**1,852,360**
Vehicles Taken on Finance Lease *	1,571,538	-	302,442	**1,269,096**	655,846	501,596	302,442	855,000	**414,096**
Total Property, plant & equipment	**529,856,999**	**7,003,754**	**387,700**	**536,473,053**	**36,305,073**	**11,547,748**	**366,067**	47,486,754	**488,986,299**

(i) Contractual obligations

Refer to note 35(b) for disclosure of contractual commitments in respect of acquisition of property, plant and equipment.

(ii) * Leased Vehicles

The lease term in respect of vehicles acquired under finance leases generally expire within three to five years.

Notes to Financial Statements — *Contd.*

4
INTANGIBLE ASSETS

Amount in ₹

	Gross carrying amount				Accumulated Amortization				Carrying Value As at 31 March, 2016
	Deemed cost as at 1 April 2015	Additions during the year	Sales/ adjustment during the year	Balance as as on 31 March, 2016	As at April 1, 2015	For the Year	Less: Sales/ Adjust-ments	As at March 31, 2016	
Computer Softwares	-	554,617	-	**554,617**	-	55,462	-	55,462	**499,155**
Total Intangible Assets	-	554,617	-	**554,617**	-	55,462	-	55,462	**499,155**

	Gross carrying amount				Accumulated Amortization				Carrying Value As at 31 March, 2017
	Balance as at 1 April 2016	Additions during the year	Sales/ adjustment during the year	Balance as as on 31 March, 2017	As at April 1, 2016	For the Year	Less: Sales/ Adjust-ments	As at March 31, 2017	
Computer Softwares	554,617	-	-	**554,617**	55,462	110,957	-	166,419	**388,198**
Total Intangible Assets	554,617	-	-	**554,617**	55,462	110,957	-	166,419	**388,198**

Notes to Financial Statements — *Contd.*

5
OTHER FINANCIAL ASSETS

Other financial assets consist of the following

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Non-current financial assets			
Long-term bank deposits	**27,237,613**	-	-
Security Deposits	**1,041,406**	778,509	825,073
	28,279,019	778,509	825,073
(ii) Current financial assets			
Other receivables	**50,000**	195,676	166,462
Accrued Incentive Benefit	**3,056,789**	-	-
Interest accrued	**2,810,549**	5,995,312	2,589,645
Sundry deposits	**57,000**	7,000	8,428
	5,974,338	6,197,988	2,764,535

6
DEFERRED TAX ASSETS (NET)

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax Assets on account of :			
Unabsorbed depreciation	**32,604,516**	128,147,139	171,205,544
Unabsorbed business Loss	**-**	-	31,062,498
Accrued expenses deductible on payment	**365,838**	412,425	467,303
Provision for gratuity and leave obligation	**803,814**	780,997	667,454
Fair valuation of security deposit	**228**	325	275
MAT credit entitlement	**132,607,766**	77,316,486	35,597,846
Total deferred tax assets (A)	**166,382,162**	206,657,372	239,000,920
Deferred Tax Liabilities on account of :			
Depreciation	**80,676,805**	94,587,268	100,516,506
Revenue deferred for Customer Loyalty Programme	**-**	180,723	-
Total deferred tax liabilities (B)	**80,676,805**	94,767,991	100,516,506
Deferred tax assets (net) (A-B)	**85,705,357**	111,889,381	138,484,414

Notes to Financial Statements — *Contd.*

Movement in deferred tax assets

	Unabsorbed depreciation	Unabsorbed business Loss	Accrued expenses deductible on payment	Provision for gratuity and leave obligation	Fair valuation of security deposit	MAT credit entitlement	Total
As at 1 April 2015	**171,205,544**	**31,062,498**	**467,303**	**667,454**	**275**	**35,597,846**	**239,000,920**
(Charged)/Credited:							
- to profit and loss	(43,058,405)	(31,062,498)	(54,878)	298,107	50	41,718,640	(32,158,984)
- to other comprehensive income	-	-	-	(184,564)	-	-	(184,564)
As at 31 March, 2016	**128,147,139**	**-**	**412,425**	**780,997**	**325**	**77,316,486**	**206,657,372**
(Charged)/Credited:							
- to profit and loss	(95,542,623)	-	(46,587)	41,038	(97)	55,291,280	(40,256,989)
- to other comprehensive income	-	-	-	(18,221)	-	-	(18,221)
As at 31 March, 2017	**32,604,516**	**-**	**365,838**	**803,814**	**228**	**132,607,766**	**166,382,162**

Movement in deferred tax liabilities

	Depreciation	Revenue deferred for Customer Loyalty Programme	Total
As at 1 April 2015	**100,516,506**	**-**	**100,516,506**
(Charged)/Credited:			
- to profit and loss	(5,929,238)	180,723	(5,748,515)
As at 31 March, 2016	**94,587,268**	**180,723**	**94,767,991**
(Charged)/Credited:			
- to profit and loss	(13,910,463)	(180,723)	(14,091,186)
As at 31 March, 2017	**80,676,805**	**-**	**80,676,805**

Notes to Financial Statements — *Contd.*

7
OTHER NON-CURRENT ASSETS

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid Expenses	**93,979**	84,725	147,491
Capital Advances	**120,022**	1,829,279	-
Deferred Rent Expense	**1,596**	5,429	9,273
	215,597	1,919,433	156,764

8
INVENTORIES

Provisions, Wines & others	**4,273,179**	5,677,961	4,676,944
Stores & Operational Supplies	**12,918,804**	12,359,049	9,685,621
	17,191,983	18,037,010	14,362,565

Inventories are valued at cost which is based on 'Cumulative Weighted Average Method' or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss.

9
TRADE RECEIVABLES

Unsecured, considered good			
Trade Receivables	**18,496,720**	18,581,349	16,814,626
Receivables from related parties	**2,325,368**	2,698,726	295,332
	20,822,088	21,280,075	17,109,958

10
CASH AND CASH EQUIVALENTS

Cash in hand	**163,746**	317,128	403,409
Cheques in hand	**-**	382,000	671,745
Balances with banks			
Current accounts	**2,596,323**	4,267,586	300,225
Fixed deposits with maturity within less than three months	**7,113,697**	13,510,674	4,408,689
	9,873,766	18,477,388	5,784,068

11
OTHER BANK BALANCES

Current accounts *	**15,923**	17,483	18,560
Fixed deposits *	**570,518,999**	471,484,303	386,257,187
Fixed deposits maturing within 3 - 12 months	**270,771,678**	186,821,137	109,751,085
	841,306,600	658,322,923	496,026,832

* As per High Court order dated 17th December, 2003 (Refer Note 2(ii))

Notes to Financial Statements — *Contd.*

12
CURRENT TAX ASSETS (NET)

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax Advance/Refund (net of provision)			
Opening balance	**-**	-	1,299,425
Add: Taxes paid for the current year	**-**	-	29,467,974
Less: Current tax payable for the year	**-**	-	29,617,000
Less: Refund received for prior periods	**-**	-	940,806
	-	-	209,593

13
OTHER CURRENT ASSETS

Advance recoverable in cash or in kind or for value to be received			
- From other than related parties	**1,949,874**	1,644,453	699,399
Prepaid expenses	**2,761,853**	2,587,897	2,132,796
Other deposits	**47,500**	937,400	937,400
Deferred rent expense	**3,833**	3,833	3,833
	4,763,060	5,173,583	3,773,428

Notes to Financial Statements — *Contd.*

14
EQUITY SHARE CAPITAL

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
AUTHORISED			
50,000,000 (2015 and 2016 - 50,000,000) Equity Shares of ₹ 10 each	**500,000,000**	500,000,000	500,000,000
	500,000,000	500,000,000	500,000,000
ISSUED, SUBSCRIBED AND FULLY PAID			
33,000,000 (2015 and 2016 - 50,000,000) Equity Shares of ₹ 10 each fully paid	**330,000,000**	330,000,000	330,000,000
	330,000,000	330,000,000	330,000,000

(i) The reconciliation of the number of shares outstanding and the amount of share capital is set out below

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	**Amount**	Number of shares	Amount
Number of shares at the beginning of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000
Add/Less: Movement during the year	**-**	**-**	-	
Number of shares at the end of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000

(ii) Rights, preferences and restrictions attached to equity shares

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

(iii) Details of shareholders holding more than 5 percent shares in the Company :

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	**% holding**	Number of Shares	% holding	Number of Shares	% holding
EIH Limited	**25,999,995**	**78.79%**	25,999,995	78.79%	25,999,995	78.79%
Government of Himachal Pradesh	**7,000,000**	**21.21%**	7,000,000	21.21%	7,000,000	21.21%

(iv) Shares of the company held by holding company:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
EIH Limited	**25,999,995**	25,999,995	25,999,995

Notes to Financial Statements — *Contd.*

15
OTHER EQUITY

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves and Surplus			
Retained Earnings *	**(227,242,481)**	(404,885,213)	(532,571,291)
	(227,242,481)	(404,885,213)	(532,571,291)

* Retained Earnings

	As at March 31, 2017	As at March 31, 2016
Opening Balance	**(404,885,213)**	(532,571,291)
Add: Profit for the year as per Statement of Profit & Loss	**177,687,690**	128,034,814
Less: Other comprehensive income recognised directly in retained earnings - Remeasurements of post-employment benefit obligation, net of tax	**44,958**	348,736
	(227,242,481)	(404,885,213)

Nature and purpose of Reserves
Retained Earnings in the statement of profit and loss
Retained Earnings represent net loss remaining after all intra reserve allocations and appropriations towards dividend, etc.

16
ADVANCE TOWARDS EQUITY

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Towards Equity	**1,361,925,454**	1,361,925,454	1,361,925,454
	1,361,925,454	1,361,925,454	1,361,925,454

Advances received from EIH Limited, the holding company, amounting to ₹ 1,361,925,454 (2015 and 2016 - ₹ 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 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 Equity in the Balance Sheet.

17
BORROWINGS

Amount in ₹

	Maturity Date	Terms of repayments	Coupon / Interest rate	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Secured						
Long Term maturities of finance lease obligations	1 to 4 years	Monthly	13.25% - 13.50%	**126,644**	493,964	1,058,582
Unsecured						
Government of Himachal Pradesh	Refer note (i) below	Half-Yearly	16.50%	**5,000,000**	5,000,000	5,000,000
				5,126,644	5,493,964	6,058,582

(i) Unsecured borrowings

Unsecured borrowings from Government of Himachal Pradesh is repayable at the option of the company and company does not expect the repayment in next one year period

(ii) Secured Borrowings

Finance Lease Obligations are secured by hypothecation of Vehicles underlying the leases.

Notes to Financial Statements — *Contd.*

18

EMPLOYEE BENEFIT OBLIGATIONS **Amount in ₹**

	As at 31 March, 2017			As at 31 March, 2016			As at 1 April, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Leave Obligation	**11,454**	**2,202,707**	**2,214,161**	7,093	1,821,415	1,828,508	6,386	1,438,920	1,445,306
Gratuity	**2,253**	**570,736**	**572,989**	4,209	423,979	428,188	3,738	341,721	345,459
Total employee benefit obligations	**13,707**	**2,773,443**	**2,787,150**	11,302	2,245,394	2,256,696	10,124	1,780,641	1,790,765

Post-employment obligations

i) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan and , 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.

ii) Leave Obligation

The leave obligations cover the company's liability for leaves encashable on termination of employment. The leave obligation plan is an unfunded plan.

The amount of the provision of ₹ 11,454 (31st March 16 - ₹ 7,093 and 1 April 2015 – ₹ 6,386) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Encashment of accumulated leave is allowed only on separation as per company policy.

(iii) Defined contribution plans

The company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 1,877,533 and March 16 ₹ 1,842,679.

Balance sheet amounts – Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Gratuity (Unfunded)			Leave Obligations (Unfunded)	
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Net amount
Liability as on 1 April, 2015	**345,459**	**-**	**345,459**	**1,445,306**	**1,445,306**
Current service cost	116,198	-	116,198	106,860	106,860
Interest expense/(income)	21,032	-	21,032	105,549	105,549
Total amount recognised in profit or loss	137,230	-	137,230	212,409	212,409
Remeasurements					
(Gain)/loss from change in financial assumptions	7,920	-	7,920	25,573	25,573
Experience (gains)/losses	102,694	-	102,694	397,113	397,113
Total amount recognised in other comprehensive income	110,614	-	110,614	422,686	422,686
Employer contributions	-	-	-	-	-
Benefit payments	(165,115)	-	(165,115)	(251,893)	(251,893)
Liability as on 31 March, 2016	**428,188**	**-**	**428,188**	**1,828,508**	**1,828,508**
Liability as on 1 April, 2016	**428,188**	**-**	**428,188**	**1,828,508**	**1,828,508**
Current service cost	178,277	-	178,277	321,285	321,285
Interest expense/(income)	31,375	-	31,375	139,525	139,525
Total amount recognised in statement of profit or loss	209,652	-	209,652	460,810	460,810

Notes to Financial Statements — *Contd.*

Amount in ₹

	Gratuity (Unfunded)			Leave Obligations (Unfunded)	
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Net amount
Remeasurements					
(Gain)/loss from change in financial assumptions	74,827	-	74,827	208,934	208,934
Experience (gains)/losses	(74,601)	-	(74,601)	(145,981)	(145,981)
Total amount recognised in other comprehensive income	226	-	226	62,953	62,953
Employer contributions	-	-	-	-	-
Benefit payments	(65,077)	-	(65,077)	(138,110)	(138,110)
Liability as on 31 March, 2017	**572,989**	**-**	**572,989**	**2,214,161**	**2,214,161**

(iv) Post-Employment benefits

The significant actuarial assumptions were as follows:

	Gratuity			Leave Obligations		
	31 March, 2017	31 March, 2016	1 April, 2015	31 March, 2017	**31 March, 2016**	1 April, 2015
Discount rate	**7.34%**	7.93%	8.00%	7.34%	**7.93%**	8.00%
Expected rate of salary increase	**5.50%**	5.50%	5.50%	5.50%	**5.50%**	5.50%
Mortality	**Indian Assured Lives Mortality (2006-08) ultimate**	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate	**Indian Assured Lives Mortality (2006-08) ultimate**	Indian Assured Lives Mortality (2006-08) ultimate
Withdrawal rate- Up to 40 years	**4.2**	4.2	4.2	4.2	**4.2**	4.2
Withdrawal rate-40 years and above	**Nil**	Nil	Nil	Nil	**Nil**	Nil
Weighted average duration of the defined benefit plan (in years)	**26.44**	27.12	27.58	18.87	**20.58**	21.63

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption			Impact on defined benefit obligation					
				Increase in assumption			Decrease in assumption		
	31 March, 2017	31 'March, 2016	31 'March, 2015	**31 March, 2017**	31 'March, 2016	31 'March, 2015	**31 March, 2017**	31 'March, 2016	31 'March, 2015
Discount rate	**1.00%**	1.00%	1.00%	**(460,777)**	(391,227)	(325,861)	**573,167**	490,339	411,554
Expected rate of salary increase	**1.00%**	1.00%	1.00%	**578,213**	497,718	418,074	**(471,973)**	(402,651)	(335,531)
Withdrawal rate	**50.00%**	50.00%	50.00%	**11,574**	18,199	6,057	**(11,956)**	(18,704)	(6,470)
Life expectancy	**10.00%**	10.00%	10.00%	**3,139**	3,675	3,202	**(3,155)**	(3,691)	(3,217)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period

Notes to Financial Statements — *Contd.*

(vi) Risk exposure

Through its defined benefit plans, The company is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate risk: The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase in the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Liquidity Risk: This risk arises from the short term asset and liability cash-flow mismatch thereby causing the company being unable to pay the benefits as they fall due in the short term. Such a situation could be the result of holding large illiquid assets disregarding the results of cash-flow projections and cash outgo inflow mismatch. (Or it could be due to insufficient assets/cash.)

Future Salary Increase Risk: The Scheme cost is very sensitive to the assumed future salary escalation rates for all final salary defined benefit Schemes. If actual future salary escalations are higher than that assumed in the valuation actual Scheme cost and hence the value of the liability will be higher than that estimated.

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 31.36 years (2016 - 31.70 years and 2015 - 31.41 years) and 29.68 years (2016 - 30.46 years and 2015 – 29.75 years) for Gratuity and Leave Encashment respectively . The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

Amount in ₹

	Less than a year	Between 1-2 years	Between 2-5 years	6 to 10 years	More than 10 years	Total
31 March, 2017						
Gratuity	2,334	3,532	14,415	35,030	3,892,255	3,947,566
Leave Obligation	11,867	14,252	154,163	118,869	8,598,433	8,897,584
Total	**14,201**	**17,784**	**168,578**	**153,899**	**12,490,688**	**12,845,150**
31 March, 2016						
Gratuity	4373	2,276	10,294	30,550	3,513,658	3,561,151
Leave Obligation	7,369	14,066	125,111	108,199	9,028,630	9,283,375
Total	**11,742**	**16,342**	**135,405**	**138,749**	**12,542,288**	**12,844,526**
1 April, 2015						
Gratuity	3,885	2,023	8,436	24,887	2,980,935	3,020,166
Leave Obligation	6,637	6,680	26,689	126,625	7,867,466	8,034,097
Total	**10,522**	**8,703**	**35,125**	**151,512**	**10,848,401**	**11,054,263**

Notes to Financial Statements — *Contd.*

19
TRADE PAYABLES

			Amount in ₹
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	**17,524,897**	23,940,096	16,647,564
Trade payables to related parties	**1,296,829**	2,630,406	1,309,886
	18,821,726	26,570,502	17,957,450
Classification as required by Micro, Small and Medium Enterprises Development Act, 2006			
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**18,821,726**	26,570,502	17,957,450
	18,821,726	26,570,502	17,957,450

20
OTHER FINANCIAL LIABILITIES

Current maturities of finance lease obligation	**367,320**	564,618	686,480
Liability for capital expenditure	**-**	65,333	1,509,614
Retention money	**553,347**	2,592,674	5,616,148
Other liabilities	**111,580**	2,916,390	2,970,804
	1,032,247	6,139,015	10,783,046

21
OTHER CURRENT LIABILITIES

Advance from Customer	**5,566,661**	3,572,158	3,099,919
Statutory and other dues	**3,732,665**	4,407,992	3,525,398
Deferred revenue - Customer Loyalty Programme	**-**	223,800	-
	9,299,326	8,203,950	6,625,317

22
CURRENT TAX LIABILITIES (NET)

Income Tax provision (net of advance tax)			
Opening balance	**940,515**	(209,593)	-
Add: Current tax payable for the year	**55,292,135**	41,719,000	-
Add: Refund received for prior periods	**-**	1,163,308	-
Less: Taxes paid for the current year	**53,247,769**	40,814,100	-
Less: Taxes paid for the prior periods in the current year	**500,000**	918,100	-
Less: Adjustment for prior periods	**37,403**	-	-
	2,447,478	940,515	-

Notes to Financial Statements — *Contd.*

23
REVENUE FROM OPERATIONS

		Amount in ₹
	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Rooms	**296,117,288**	263,039,278
Food and Beverage	**118,489,301**	109,746,916
Other Services	**30,278,986**	32,727,081
	444,885,575	405,513,275

24
OTHER INCOME

Interest income from Banks	**54,772,710**	47,589,745
Interest from others	**56,176**	199,813
Unwinding of discount on security deposits	**3,984**	3,698
Miscellaneous Income	**370,735**	523,195
Incentive on account of Foreign Currency Earnings	**5,487,488**	-
Other gains/(losses) :		
(i) Gain/(Loss) on Sale / Discard of property, plant and equipment	**(21,632)**	(110,627)
(ii) Loss on exchange (Net)	**20,700**	65,039
(iii) Provisions & liabilities no longer required, written back	**6,307,924**	3,212,130
	66,998,085	51,482,993

25
CONSUMPTION OF PROVISIONS, WINES & OTHERS

Opening Stock	**5,677,961**	4,676,944
Add : Purchases	**28,012,672**	27,270,825
	33,690,633	31,947,769
Less : Closing Stock	**4,273,179**	5,677,961
	29,417,454	26,269,808

26
EMPLOYEE BENEFITS EXPENSE

Salaries & Wages and bonus	**51,877,084**	47,463,316
Contribution to provident fund	**1,877,533**	1,842,679
Gratuity	**209,652**	137,230
Leave compensation	**460,810**	212,409
Staff welfare expenses	**12,010,163**	11,596,909
	66,435,242	61,252,543

Notes to Financial Statements — *Contd.*

27
FINANCE COSTS

Amount in ₹

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Interest charges on borrowings	**1,034,012**	1,152,354
	1,034,012	1,152,354

28
DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of property, plant and equipment	**11,547,748**	36,306,165
Amortization of intangible assets	**110,957**	55,462
	11,658,705	36,361,627

29
OTHER EXPENSES

Linen, Uniform Washing & Laundry Expenses	**746,627**	749,882
Expenses on Apartment & Board	**9,501,319**	9,603,558
Power & Fuel	**32,878,337**	29,257,667
Renewals & Replacements	**4,463,366**	5,503,834
Repair & Maintenance - Building	**7,079,472**	6,681,226
- Plant & Machinery	**10,010,350**	11,892,025
- Others	**1,621,074**	2,561,525
Expenses for contractual services	**13,792,424**	10,581,460
Rent	**1,850,301**	1,290,396
Advertisement, Publicity & Other Promotional Expenses	**4,745,268**	3,912,373
Printing & Stationery	**1,117,338**	799,394
Insurance	**1,153,467**	921,030
Passage & Travelling	**4,510,536**	4,899,839
Postage, Telephone, etc.	**1,543,064**	1,619,988
Subscriptions	**772,081**	960,391
Water Charges	**9,609,228**	9,872,412
Commission to Travel Agents and others	**19,796,086**	15,373,301
Auditors' Remuneration (Refer Note below)	**36,000**	36,000
Legal & Professional	**4,507,803**	8,724,022
Donation	**8,000**	-
Director's Sitting Fees	**2,000,000**	1,800,000
Rates & Taxes	**4,303,606**	2,827,081
Musical, Banquet & Kitchen Expenses	**1,606,891**	1,469,943
Corporate Social Responsibility (Refer Note below)	**3,273,916**	2,028,934
Miscellaneous expenses	**3,267,026**	2,060,244
	144,193,580	135,426,525

Notes to Financial Statements — *Contd.*

Amount in ₹

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
29(a)		
DETAILS OF AUDITORS' REMUNERATION		
As auditor:		
- Audit fees	**21,000**	21,000
- For taxation matters	**15,000**	15,000
	36,000	36,000

29(b)
DETAILS OF CSR EXPENDITURE

a) Company was required to spend an amount of ₹ 3,394,867 (including brought forward amount of ₹ 490,234 from F.Y. 15-16) on account of CSR activities during the year ended 31st March, 2017 (2016 - ₹ 2,519,168)

b) Details of amounts spent on account of CSR activities

Repair work at the School for the Hearing and Visually Impaired at Dhalli in the district of Shimla, Himachal Pradesh	**1,027,884**	1,480,244
Repair work in the Primary School at village Chharabra in the district of Shimla, Himachal Pradesh	**155,948**	461,685
Set up of Vocational Training Centre including teachers and teaching aids at the School for the Hearing and Visually Impaired	**1,649,247**	-
Expenses on Swachh Bharat Abhiyan	**440,837**	87,005
	3,273,916	2,028,934

Notes to Financial Statements — *Contd.*

30
TAX EXPENSE

Amount in ₹

		Year Ended 31 March, 2017	Year Ended 31 March, 2016
(a)	**Tax expense**		
	Current tax		
	Current tax on profits for the year	**55,292,135**	41,719,000
	Adjustments for current tax of prior periods	**(37,403)**	-
	Total current tax expense	**55,254,732**	41,719,000
	Deferred tax		
	Decrease (increase) in deferred tax assets	**40,275,210**	32,343,548
	(Decrease) increase in deferred tax liabilities	**(14,072,965)**	(5,563,951)
	Total deferred tax expense	**26,202,245**	26,779,597
	Total tax expense	**81,456,977**	68,498,597
(b)	**Reconciliation of tax expense and the accounting profit multiplied by tax rate:**		
	Profit before tax expense	**259,144,667**	**196,533,411**
	Tax at the rate of 34.608% (F.Y. 2015-16 – 34.608%)	**89,684,786**	**68,016,283**
	Tax effect of amounts which are not deductible in calculating taxable income:		
	Corporate social responsibility expenditure	**1,133,037**	702,173
	Donation	**2,768**	-
	Others	**26,959**	-
	Adjustments related to property, plant and equipment:		
	Depreciation on account of difference in WDV as per Companies Act and Income tax Act	**166,074**	32,457
	Leased assets	**(195,403)**	(237,577)
	Loss on sale of fixed assets	**7,486**	38,286
	Difference in unabsorbed depreciation set off in computation and deferred tax	**-**	(36,677)
	Rate change considered for deferred tax:		
	Opening balance	**5,762,149**	-
	Rate change on movement during the year	**(15,146,275)**	-
	Other differences:		
	Deferred tax for earlier year	**51,944**	(16,708)
	Tax for earlier year charged to P/L	**(37,403)**	-
	MAT Credit adjustment for earlier years	**855**	360
	Tax expense as per Income Tax	**81,456,977**	68,498,597

Notes to Financial Statements — *Contd.*

31
FAIR VALUE MEASUREMENTS

Financial instruments by category

Amount in ₹

	As at March 31, 2017 Amortised cost	As at March 31, 2016 Amortised cost	As at April 1, 2015 Amortised cost
Financial assets			
Trade Receivables	**20,822,088**	21,280,075	17,109,958
Cash and cash equivalents	**9,873,766**	18,477,388	5,784,068
Other Bank Balance	**841,306,600**	658,322,923	496,026,832
Security deposits	**1,098,406**	785,509	833,501
Fixed Deposit with more than 12 months	**27,237,613**	-	-
Other receivables	**5,917,338**	6,190,988	2,756,107
Total financial assets	**906,255,811**	705,056,883	522,510,466
Financial liabilities			
Borrowings	**5,000,000**	5,000,000	5,000,000
Finance Lease Obligations	**493,964**	1,058,582	1,745,062
Trade payables	**18,821,726**	26,570,502	17,957,450
Capital creditors	**-**	65,333	1,509,614
Others	**664,927**	5,509,064	8,586,952
Total financial liabilities	**24,980,617**	38,203,481	34,799,078

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.) derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

However, the company does not have any financial asset/liability which is measured at fair value on the reporting date

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

1) The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other bank balances, other receivables and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.
2) Security deposits have been amortised using 5 year Govt. bond rate for discouting as the company does not have any incremental borrowing.
3) The company has only one non-current borrowing from Government of Himachal Pradesh and the same is repayable at the option of the company, hence the loan is considered as already at fair value

Notes to Financial Statements — *Contd.*

32
FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk the entity is exposed to and how the entity manages the risk :

Risk	**Exposure arising from**	**Measurement**	**Management**
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Trade Receivables - For Travel Agents, approval of Credit Facility centrally or against bank guarantee. For corporates, based on the company profile and its business volume Financial Assets - Periodic ageing review by the management
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of sufficient liquid funds (Cash and Bank Balance)
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Policy is to settle outstanding within specified time
Market risk – interest rate	Company has only borrowings from Government of Himachal Pradesh at a fixed rate of interest where there is no market risk.		
Market risk – security prices	Company does not have investment in market quoted securities. Therefore company is not exposed to market price risk		

Company's risk management is carried out by senior management team. The risk management includes identification, evaluation and identifying the best possible option to reduce such risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to outstanding receivables.

Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only highly rated banks are accepted.

For other financial assets, the company does not have a history of significant credit loss. Accordingly, company identifies and evaluate credit risk on case to case basis. On the basis of past experience if the company believes there are chances of expected default, then company specifically provides for such expected losses.

For trade receivables company has decided to provide loss allowance for lifetime credit loss on the basis of expected credit loss model. However, as per company's past collection history, credit risk (default risk and delay risk) are insignificant. As per the past practice, company's trade receivables are generally collected within the acceptable credit period. In some instances, there is a practice of delay in receipt of payment, however the quantum of same is insignificant in comparison to the total trade receivables. Therefore, no loss allowance has been provided by the company on trade receivables under Ind AS.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. However, the company has a past practice of maintaining sufficient liquidity (Cash and Bank Balance) to meet its obligation. Further, the company does not have significant debt liability outstanding. Therefore, company does not maintain any committed credit facilities or borrowing to mitigate liquidity risk as the same is insignificant as per the company's current capital structure.

Maturities of financial liabilities

The tables below analyse the company's financial liabilities in terms of relevant maturity based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months is equal to their carrying balances as the impact of discounting is not significant.

Notes to Financial Statements — *Contd.*

Contractual maturities of financial liabilities: **Amount in ₹**

	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
31 March 2017				
Non-derivatives				
Borrowings*	825,000	3,300,000	5,000,000	9,125,000
Obligations under finance lease	367,320	126,644	-	493,964
Trade payables	18,821,726	-	-	18,821,726
Liability for Capital Expenditure	-	-	-	-
Retention money	553,347	-	-	553,347
Other financial liabilities	111,580	-	-	111,580
Total non-derivative liabilities	**20,678,973**	**3,426,644**	**5,000,000**	**29,105,617**
31 March 2016				
Non-derivatives				
Borrowings*	825,000	3,300,000	5,000,000	9,125,000
Obligations under finance lease	564,618	493,964	-	1,058,582
Trade payables	26,570,502	-	-	26,570,502
Liability for Capital Expenditure	65,333	-	-	65,333
Retention money	2,592,674	-	-	2,592,674
Other financial liabilities	2,916,390	-	-	2,916,390
Total non-derivative liabilities	**33,534,517**	**3,793,964**	**5,000,000**	**42,328,481**
01 April 2015				
Non-derivatives				
Borrowings*	825,000	3,300,000	5,000,000	9,125,000
Obligations under finance lease	686,480	1,058,582	-	1,745,062
Trade payables	17,957,450	-	-	17,957,450
Liability for Capital Expenditure	1,509,614	-	-	1,509,614
Retention money	5,616,148	-	-	5,616,148
Other financial liabilities	2,970,804	-	-	2,970,804
Total non-derivative liabilities	**29,565,496**	**4,358,582**	**5,000,000**	**38,924,078**

* The borrowing is repayable at the option of the company. The management does not expect repayment in foreseeable future. Accordingly, interest component payable for 5 years has been considered.

(C) Market risk

(i) Foreign currency risk

The company does not operate internationally and is not exposed significantly to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Since the exposure is not significant, as per the management policy, no requirement of hedging is considered by the management. Instead, total exposure in foreign currency is closely monitored by the management

The company also imports certain materials which are denominated in foreign currency which exposes it to foreign currency risk. To minimize the risk of imports the terms of payment and delivery of material is generally restricted upto 6 months from the date of entering into contract and deals in only relatively stable currencies

Notes to Financial Statements — *Contd.*

The company's exposure to foreign currency risk at the end of the reporting period are as follows

Currency	As at March 31, 2017			As at March 31, 2016	As at April 1, 2015
	Asset Receivable	Liability Payable	Net	Liability Payable	Liability Payable
US Dollar	60	4,337	(4,277)	(3,719)	(3,725)
Euro	-	-	-	(870)	-
GBP	-	-	-	(4,000)	(3,476)
Exposure to foreign currency risk	**60**	**4,337**	**(4,277)**	**(8,589)**	**(7,201)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit (in ₹) 31 March 2017	31 March 2016
USD sensitivity		
INR/USD Increases by 5% (31 March 2016 - 5%)	(14,133)	(12,334)
INR/USD Decreases by 5% (31 March 2016 - 5%)	14,133	12,334
EURO sensitivity		
INR/EURO Increases by 10% (31 March 2016 - 10%)	-	(6,534)
INR/EURO Decreases by 10% (31 March 2016 - 10%)	-	6,534
GBP sensitivity		
INR/GBP Increases by 5% (31 March 2016 - 5%)	-	(19,018)
INR/GBP Decreases by 5% (31 March 2016 - 5%)	-	19,018

Holding all other variables constant

(ii) Interest rate risk

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Variable rate borrowings	**-**	-	-
Fixed rate borrowings	**5,000,000**	5,000,000	5,000,000
Total borrowings	**5,000,000**	5,000,000	5,000,000

As at the end of the reporting period, the company does not have any variable rate borrowings outstanding, therefore, company is not exposed to any interest rate risk.

(iii) Price risk

Exposure

Company does not have investment in market quoted securities. Therefore company is not exposed to market price risk

33

CAPITAL MANAGEMENT

(a) Risk management

The company manages its capital to ensure

- to continue as a going concern while maximising its return to stakeholders and
- an optimal capital structure to reduce the cost of capital.

The company's capital structure is determined by the management from time to time on the basis of factors such as profitability, liquidity, etc.

Loan covenants

The company does not have significant borrowings outstanding. Further, the only borrowing appearing in the books of company is ₹ 50 Lakhs loan from Government of Himachal Pradesh. There is no significant covenants to the Loan. The Loan is repayable at the option of the company.

(b) Dividends

Company has not paid any dividend during the period covered by the financial statements

Notes to Financial Statements — *Contd.*

34 (a)
RELATED PARTY TRANSACTIONS

List of Related Parties

Key Management Personnel of the company and its Parent Company

Mr. Parthasarathi Mitra (Upto 06.09.2016) - Chairman

Mr. Mohan Lal Chauhan (w.e.f. 06.09.2016) - Director of the company

Mr. Vidya Chander Pharka - - Director of the company

Dr. Shrikant Baldi - Director of the company

Mr. Vikram Oberoi- Director of the company

Mr. S. N. Sridhar - Company Secretary and Director of the company

Mr. T. K. Sibal- Director of the company

Mr. Arjun Oberoi - Managing Director of the company

Mr. Viresh S. Mathur - Independent Director of the company

Mr. Shashank Bhagat - Independent Director of the company

Mr. Biswajit Mitra - Chief Financial Officer

Mr. P. R. S. Oberoi - Chairman of the Parent Company

Mr. S. S. Mukherji - Vice Chairman of the Parent Company

Parent Company

EIH Limited

Fellow Subsidiaries

Mumtaz Hotels Limited

Oberoi Kerala Hotels and Resorts Limited

EIH Flight Services Ltd.

EIH International Ltd.

EIH Holdings Ltd.

J&W Hong Kong Limited

EIHH Corporation Limited (upto 10.06.2016)

EIH Investments N.V.

EIH Management Services B.V.

PT Widja Putra Karya

PT Waka Oberoi Indonesia

PT Astina Graha Ubud

Associate / Joint Venture of Parent Company

EIH Associated Hotels Limited

Mercury Car Rentals Private Limited

Usmart Education Limited

Mercury Travels Limited

Oberoi Mauritius Ltd.

Island Resort Ltd.

Entities with Joint Control or significant influence

Oberoi Hotels Private Limited

Oberoi Properties Private Limited

Oberoi Holdings Private Limited

Oberoi Investments Private Limited

Oberoi Buildings and Investments Private Limited

Oberoi Plaza Private Limited

Oberoi Leasing and Finance Company Private Limited

Bombay Plaza Private Limited

Oberoi Internaional LLP

Aravali Polymers LLP

Oberoi Holdings Hong Kong Limited

Vikramaditya Exports Private Limited

Oberoi Investments (BVI) Ltd.

Oberoi Services International Ltd.

Oberoi Services Pte. Ltd.

Oberoi Holdings (Singapore) Pte. Ltd.

Oberoi Corporation Ltd.

Komensi Pty Ltd.

Oberoi UK Ltd.

Oberoi Hotels (Australia) Pty Ltd.

OBHR Pty Ltd.

OBHR (Australia) Pty Ltd.

Saudi Oberoi Company Ltd.

The British Institute of Engg Technology (India) Private Limited

Biermans Card Co Private Limited

Technocrat Electronic Controls Private Limited

Ingram-B.I. Private Limited

B.I. Publications Private Limited

La Roseraie De L'atlas

Bhagwanti Oberoi Charitable Trust

Inshrani Devi Oberoi Family Trust

Oberoi Foundation

Joint Venture Partner

Himachal Pradesh Government

Notes to Financial Statements — *Contd.*

34 (b) The details of the related parties transactions entered into by the company during the year ended March 31, 2017 and March 31, 2016 are as follows :

Amount in ₹

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Entities with Joint Control or significant influence		Key Management Personnel	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
PURCHASES										
Purchase of Goods & Services										
EIH Limited	31,770,087	30,217,154	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	263,956	838,465	-	-	-	-
Mumtaz Hotels Limited	-	-	86,360	62,078	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	29,495	83,733	-	-
Mercury Car Rentals Private Limited	-	-	-	-	1,178,440	680,039	-	-	-	-
Island Resort Limited	-	-	-	-	4,400	-	-	-	-	-
Total	**31,770,087**	**30,217,154**	**86,360**	**62,078**	**1,446,796**	**1,518,504**	**29,495**	**83,733**	**-**	**-**
EXPENSES										
Remuneration										
Mr. Arjun Oberoi	-	-	-	-	-	-	-	-	360,000	280,000
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	240,000	280,000
Mr. T.K. Sibal	-	-	-	-	-	-	-	-	160,000	160,000
Mr. S.N. Sridhar	-	-	-	-	-	-	-	-	160,000	160,000
Mr. Viresh S. Mathur	-	-	-	-	-	-	-	-	280,000	240,000
Mr. Shashank Bhagat	-	-	-	-	-	-	-	-	280,000	280,000
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,480,000**	**1,400,000**
SALES										
Sale of Goods and Services										
EIH Limited	1,988,202	999,941	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	4,031,641	403,580	-	-	-	-
Mumtaz Hotels Limited	-	-	36,732	14,858	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	258,460	5,544	-	-
Mercury Car Rentals Private Limited	-	-	-	-	283,711	403,933	-	-	-	-
Total	**1,988,202**	**999,941**	**36,732**	**14,858**	**4,315,352**	**807,513**	**258,460**	**5,544**	**-**	**-**
INCOME										
License Agreement										
Mercury Car Rentals Private Limited	-	-	-	-	473,065	481,132	-	-	-	-
Total	**-**	**-**	**-**	**-**	**473,065**	**481,132**	**-**	**-**	**-**	**-**
FINANCE										
PAYMENTS										
Refund of Collections to Related Party										
EIH Limited	12,500	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	441,345	135,000	-	-	-	-
Mumtaz Hotels Limited	-	-	120,737	-	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	45,223	-	-	-
Total	**12,500**	**-**	**120,737**	**-**	**441,345**	**135,000**	**45,223**	**-**	**-**	**-**
Expense reimbursed to Related Party										
EIH Limited	346,307	1,934,312	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	39,026	26,331	-	-	-	-
Mumtaz Hotels Limited	-	-	1,177	43,458	-	-	-	-	-	-
Total	**346,307**	**1,934,312**	**1,177**	**43,458**	**39,026**	**26,331**	**-**	**-**	**-**	**-**
RECEIPTS										
Recovery of Collections by Related Party										
EIH Limited	734,172	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	53,521	1,557,486	-	-	-	-
Mumtaz Hotels Limited	-	-	124,349	-	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	96,456	-	-	-
Total	**734,172**	**-**	**124,349**	**-**	**53,521**	**1,557,486**	**96,456**	**-**	**-**	**-**
Expense Reimbursed by Related Party										
EIH Limited	769,500	342,376	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	633,943	478,143	-	-	-	-
Mumtaz Hotels Limited	-	-	2,740	42,928	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	83,597	83,487	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	-	-	-	-
Total	**769,500**	**342,376**	**2,740**	**42,928**	**633,943**	**478,143**	**83,597**	**83,487**	**-**	**-**

Notes to Financial Statements — *Contd.*

34 (c) The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows :

Amount in ₹

NATURE OF TRANSACTIONS	Parent Company			Fellow Subsidiaries			Associate / Joint Venture of Parent Company			Entities with Joint Control or significant influence			Key Management Personnel		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
PAYABLES															
For Goods & Services															
EIH Limited	254,449	1,303,637	262,374	-	-	-	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	-	-	24,281	-	-	-	-	-	-	-
Mumtaz Hotels Limited	-	-	-	81,024	41,878	13,167	-	-	-	-	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	847,222	1,253,753	975,888	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	-	-	42,134	6,857	58,457	-	-	-	-	-	-
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	-	-	-	-	72,000	-	-
Total	**254,449**	**1,303,637**	**262,374**	**81,024**	**41,878**	**13,167**	**889,356**	**1,284,891**	**1,034,345**	**-**	**-**	**-**	**72,000**	**-**	**-**
Advance towards Equity															
EIH Limited	1,361,925,454	1,361,925,454	1,361,925,454												
Total	1,361,925,454	1,361,925,454	1,361,925,454	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured Loan															
Himachal Pradesh Government	-	-	-												
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RECEIVABLES															
For Goods & Services															
EIH Limited	2,023,263	1,940,046	190,742	-	-	-	-	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	-	172,501	86,075	27,969	-	-	-	-	-	-
Mumtaz Hotels Limited	-	-	-	-	387,627	-	-	-	-	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	-	-	-	37,428	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	76,531	90,591	70,780	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	-	-	15,645	194,387	5,841	-	-	-	-	-	-
Total	**2,023,263**	**1,940,046**	**190,742**	**-**	**387,627**	**-**	**264,677**	**371,053**	**104,590**	**37,428**	**-**	**-**	**-**	**-**	**-**

Notes to Financial Statements — *Contd.*

35 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED) -

(a) Claims against the company not acknowledged as debts pending appellate / judicial decisions :

- Service Tax ₹ 5,163,974 (2015 and 2016 - ₹ 5,163,974)
- Luxury Tax ₹ 10,124,208 (2015 and 2016 - ₹ Nil)

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent event has been made on the basis of best judgement by management regarding the probability of exposure to potential outflow of economic resources. Such estimation are subject to unforeseeable developments.

The Management believes that the outcome of the above will not have any material adverse effect on the financial position of the company

(b) Commitments

			Amount in ₹
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital commitments			
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:			
Property, plant and equipment	**66,630**	983,030	-

36 LEASES

(i) Assets on Finance Lease

Fixed Assets as on 31.03.2017 includes assets acquired under finance lease amounting to ₹ 1,900,000 (2015 and 2016 - ₹ 3,040,000). This includes an amount of ₹ Nil (2015 - ₹ 950,000 and 2016 - ₹ Nil) being assets acquired during the year under finance lease and capitalised in line with the requirements of Ind AS 17 on "Leases". Depreciation for the year includes an amount of ₹ 501,596 (2015 - ₹ 553,342 and 2016 - ₹ 655,846) being depreciation charged on these assets.

The year wise break up of the outstanding lease obligations as on 31.03.2017 in respect of these assets are as under :-

			Amount in ₹
	Year ended 31st March		
	2017	2016	2015
Assets taken on lease			
Total Minimum Lease Payments at the year end	**623,403**	1,397,033	2,261,857
Present value of Minimum Lease Payments	**493,964**	1,058,582	1,745,062
Not later than one year			
Minimum Lease Payments	**471,453**	773,630	969,948
Present value	**367,320**	564,618	686,480
Later than one year but not later than five years			
Minimum Lease Payments	**151,950**	623,403	1,291,909
Present Value	**126,644**	493,964	1,058,582
Later than five years			
Minimum Lease Payments	**Nil**	Nil	Nil
Present Value	**Nil**	Nil	Nil

(ii) Assets on Operating Lease- Lessee

The Company has entered into operating lease arrangements primarily for hiring office equipment and residential premises for its employees. These leases are cancellable in nature and 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 ₹ 1,956,261 during the year (2016 - ₹ 1,527,452) towards expenditure on operating lease arrangements.

(iii) Assets given on Operating Lease-Lessor

The Company gives shops located at hotel unit on operating lease arrangements. These leases are generally cancellable in nature and may generally be terminated by either party by serving notice.

Notes to Financial Statements — *Contd.*

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no material event after reporting date which is required to be reported under Ind AS 10.

38. SEGMENT REPORTING

The company has only one hotel in Shimla. There is no reportable segment other than Hotel as per Ind AS 108

39. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

No offsetting has been done by the company.

40. ASSETS PLEDGED AS SECURITY

No asset has been pledged by the company.

41. EARNINGS PER EQUITY SHARE

Amount in ₹

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
(a) Basic and diluted earnings per share		
Attributable to the equity holders of the company	**5.38**	3.88
(b) Profit attributable to the equity holders of the company used in calculating basic and diluted earnings per share:	**177,687,690**	128,034,814
(c) Weighted average number of shares used as the denominator		
	31 March, 2017 Number of shares	31 March, 2016 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**33,000,000**	33,000,000
Adjustments for calculation of diluted earnings per share:	**-**	-
Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**33,000,000**	33,000,000

42. SPECIFIED BANK NOTES DISCLOSURE (SBN's)

Transactions by the company in Specified Bank Notes (SBN) and in other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 during the period from November 8, 2016 to December 30, 2016 are given below:

Amount in ₹

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	5,714,000	215,880	5,929,880
Add: Permitted Receipts *	-	4,600,917	4,600,917
Less: Permitted Payments	-	1,846,345	1,846,345
Less: Amount Deposited in Banks	5,714,000	2,394,000	8,108,000
Closing Cash in Hand as on 30.12.2016	-	576,452	576,452

* Includes withdrawal of cash from bank accounts during the period from November 9, 2016 to December 30, 2016

Notes to Financial Statements — *Contd.*

43. FIRST-TIME ADOPTION OF IND AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value which has been considered as deemed cost.

A.2 Ind AS mandatory exceptions

(a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for applicable items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(b) Classification and measurement of financial assets

Ind AS 101 requires that an entity should assess the classification of its financial assets on the basis of facts and circumstances exist on the date of transition. Accordingly, in its Opening Ind AS Balance Sheet, the company has classified all the financial assets on basis of facts and circumstances that existed on the date of transition, i.e., April 1, 2015.

Notes to Financial Statements — *Contd.*

44. RECONCILIATION BETWEEN PREVIOUS GAAP AND IND AS

I Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Amount in ₹

	Note	31 March, 2016	1 April, 2015
Total equity (shareholder's funds) as per previous GAAP		**(75,226,074)**	**(202,570,770)**
Adjustments			
Fair valuation of security deposits	44(i)	(941)	(796)
Revenue deferred for the Customer Loyalty Programme	44(ii)	522,200	-
Tax effects of adjustments	44(iv)	(180,398)	275
Total adjustments		**340,861**	**(521)**
Total equity as per Ind AS		**(74,885,213)**	**(202,571,291)**

II Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Note	31 March, 2016
Profit after tax as per previous GAAP		**127,344,696**
Adjustments		
Fair valuation of security deposits	44(i)	(145)
Revenue deferred for the Customer Loyalty Programme	44(ii)	522,200
Remeasurement of Post-employment benefit obligations (Net of Tax)	44(iii)	348,736
Tax effects of adjustments	44(iv)	(180,673)
Total adjustments		**690,118**
Profit after tax as per Ind AS		**128,034,814**
Other comprehensive income (Net of Tax)		(348,736)
Total comprehensive income as per Ind AS		**127,686,078**

III Impact of Ind AS adoption on cash flow statement for the year ended 31st March, 2016

Amount in ₹

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	141,988,256	1,838,834	143,827,090
Net cash flow from investing activities	(129,294,936)	-	(129,294,936)
Net cash flow from financing activities	-	(1,838,834)	(1,838,834)
Net increase/(decrease) in cash and cash equivalents	**12,693,320**	**-**	**12,693,320**
Cash and cash equivalents as at 1 April, 2015	**5,784,068**	**-**	**5,784,068**
Cash and cash equivalents as at 31 March, 2016	**18,477,388**	**-**	**18,477,388**

44(i): FAIR VALUATION OF SECURITY DEPOSITS ASSETS

Under the previous GAAP, interest free lease security deposits assets (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, these financial assets are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change, the amount of security deposits decreased by ₹ 10,203 as at 31 March 2016 (1 April 2015 - ₹ 13,902). The deferred rent increased by ₹ 9,262 as at 31 March 2016 (1 April 2015 - ₹ 13,106). Total equity decreased by ₹ 796 as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 decreased by ₹ 145 due to notional interest income of ₹ 3,698 recognised on security deposits which is partially off-set by amortization of the deferred rent of ₹ 3,843.

Notes to Financial Statements — *Contd.*

44(ii): REVENUE DEFERRED FOR THE CUSTOMER LOYALTY PROGRAMME

The company participate in the customer loyalty program operated and maintained by its parent company. The programme allows customers to complimentary room nights on completion of 5 nights bookings. Under the previous GAAP, the company was creating provision towards its liability under the programme on full value without considering the estimated lapses.

Under Ind AS, sales consideration received has been allocated between the hospitality services and the complimentary room nights issued. The consideration allocated to the complimentary room nights has been deferred and will be recognised as revenue when the complimentary room nights are redeemed or lapsed. The consideration to be allocated to the complimentary room nights has been determined considering the past estimated lapses on the basis of past trend. Accordingly, the company has recognised deferred revenue to the extent of ₹ 2,23,800 as at 31 March 2016 (1 April 2015 - ₹ Nil) with corresponding adjustment to retained earnings. The provision created under previous GAAP amounting to ₹ 746,000 as at 31 March 2016 (1 April 2015 - ₹ Nil) has been reversed with a credit to retained earnings.

Consequent to the above, the profit for the year and total equity as at 31 March 2016 increased by ₹ 5,22,200 (2015 - ₹ Nil)

44(iii): REMEASUREMENT OF POST-EMPLOYMENT BENEFIT OBLIGATIONS

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Accordingly, loss on remeasurements of post-employment benefit obligation of ` 348,736 (net of tax) has been reclassified to the Other Comprehensive Income for the period ending 31 March, 2016.

44(iv): TAX EFFECTS ON ADJUSTMENTS

Deferred tax has been recognised on the adjustments due to fair valuation of security deposits and revenue deferred for the customer loyalty programmer arising on transition to Ind AS amounting to ₹ 180,673 as at March 31, 2016 (₹ 275 as at April 1, 2015) have resulted in decrease in total equity by similar amount.

45. 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.

For and on behalf of the Board

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

Shimla
6th May, 2017

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD

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 Third Annual Report and Audited Statement of Accounts for the year ended 31st March, 2017, together with the Auditors' Report thereon.

The Company has prepared the accounts in accordance with Ind AS requirement. The transition from previous GAAP to Ind AS with effect from 1st April 2015 has affected the Company's financial position, financial performance and cash flows. Consequently, the Company has recorded a profit of Rs. 5,223.00 during the Financial Year 2016-17 as against a profit of Rs. 1,30,459.00 during the previous year. The accumulated losses as on 31st March, 2017 amounted to Rs. 82,22,385.00. This is being carried forward. Other than the transition from GAAP to Ind AS, 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 2017, the Company had six directors on the Board. The Board met four times during the Financial Year on 22nd April 2016, 26th July 2016, 16th November 2016 and 24th March 2017. The Directors attendance at the Board Meeting is as under:

Name of the Director	Number of Meetings Attended
Mr. P.R.S.Oberoi	03
Mr. S.S.Mukherji	01
Mr. T.K.Sibal	04
Mr. Anil Kumar Sivaraman Nair	01
Mr. P.I. Sheikh Pareeth *	Nil
Mr. B. Srinivas *	Nil
Dr. V. Venu #	Nil
Mr. Teeka Ram Meena #	Nil

* Mr. P.I. Sheikh Pareeth and Mr. B. Srinivas ceased to be Directors w.e.f. 16.11.2016

\# Dr. V. Venu and Mr. Teeka Ram Meena were appointed as Directors w.e.f 24.03.2017

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

During the year, the Kerala Government had changed its Nominee Directors on the Board of the Company viz: Mr. P.I. Sheikh Pareeth and Mr. B.Srinivas ceased to be Directors w.e.f 16.11.2016. The Kerala Government appointed Dr. V. Venu and Mr. Teeka Ram Meena as its Nominee Directors on the Board of the Company w.e.f 24.03.2017.

The Company is yet to commence any construction /operation of the hotel. Therefore, Energy Conservation measures and Risk Management are not applicable to the Company. 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.

The Company does not have any employee. Therefore, the provisions of Section 197 of the Act read with Rule 5 (2) of the Companies (Appointment and Remuneration) Rules, 2014 does not apply.

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

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

During the year, the Company has not made any loans or guarantees and has not made any investments.

The contract or arrangement entered into by the Company with Related Parties are in the ordinary course of business and are at arm's length. There are material contracts or arrangements with Related Parties required to be reported in the prescribed form in accordance with Section 188 of the Act read with Rule 8 (2) of the Companies Accounts Rules, 2014. The Related Party Transactions entered during the year are given in Note No 25 of the Financial Statement.

The Company has no subsidiaries, associates or joint ventures.

The Company had adequate Internal Financial Controls for the size of the Company.

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) Whistle Blower 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 2017, has been explained suitably in the notes to the accounts.

The Auditors, Ray & Ray, Chartered Accountants retire at the ensuing Annual General Meeting. The provisions relating to rotation of Auditors are not applicable to the Company. The Board, at the Board Meeting held on 11th May, 2017, recommended to the members appointment of Ray & Ray as Auditors of the Company who shall hold office commencing from the conclusion of the Annual General Meeting to be held in the year 2017 till the conclusion of the Annual General Meeting to be held in the year 2022 subject to the appointment being ratified by the members at every Annual General Meeting. The Auditors have given a certificate that, if re-appointed, they meet the criteria prescribed in Section 141 and are not disqualified under the Act.

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 : 11th May, 2017	T.K. SIBAL	DR. V. VENU	MR. TEEKA RAM MEENA
Place : Delhi	*Director*	*Director*	*Director*

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

1	CIN	U55101KL1994PLC007951
2	Registration Date	01/06/1994
3	Name of the Company	Oberoi Kerala Hotels and Resorts Limited
4	Category/Sub-category of the Company	Company Limited By Shares/ Indian Non Government Company
5	Address of the Registered office & contact details	C46 452 H, Bristow Road W. Island Cochin Ernakulam Kerala- 682003
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	

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate Dhndv	% of Share held	Applicable Section
1	EIH LIMITED 4,MANGOE LANE KOLKATA-700001	L55101WB1949PLC017981	HOLDING	80%	2(46)

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% 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.	NIL	2720007	2720007	100	NIL	2720007	2720007	100	NIL
e) Banks / FI									
f) Any other									
Total Shareholding of Promoter (A)	**NIL**	**2720007**	**2720007**	**100**	**NIL**	**2720007**	**2720007**	**100**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
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):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Grand Total (A+B+C)	**NIL**	**2720007**	**2720007**	**100**	**NIL**	**2720007**	**2720007**	**100**	**NIL**

B) Shareholding of Promoter-

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

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 s hares	% 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 Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NOT APPLICABLE			
	At the end of the year				

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	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NOT APPLICABLE			
	At the end of the year	NIL	NIL	NIL	NIL

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	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial year				
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

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	NOT APPLICABLE	----	----	---	----

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	NOT APPLICABLE	----	----	---	----

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	NOT APPLICABLE	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	NOT APPLICABLE	N.A	N.A	N.A

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

T.K.SIBAL
Director

DR. V. VENU
Director

MR. TEEKA RAM MEENA
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members
Oberoi Kerala Hotels & Resorts Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Oberoi Kerala Hotels & Resorts Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS 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 Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

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

Note 2 (i) to the Ind AS financial statements which indicates that the Company has not commenced any construction/operation of the hotel on the freehold land at Thekkady having a cost of ₹ 17,179,831. As necessary approvals from the Government of Kerala was not received for disposal, such land has been shown under Property, Plant and Equipment and decision for sale of the land has been kept in abeyance. On receipt of approval this would be treated as Assets held for sale. The accounts have been prepared on going concern basis. 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 by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India interms of Section 143(11) of the Act, we give in "Annexure A",a statement on the matters specified in paragraphs 3 and 4 of the 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the 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 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.

   iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8^{th} November, 2016 to 30^{th} December, 2016. As such, disclosure requirement as envisaged in Notification G.S.R. 308[E] dated 30^{th} March, 2017 is not applicable to the Company.

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

A K SHARMA
Partner
Membership No.80085

Place: New Delhi
Date: 11th May, 2017

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

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2017, 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 31.03.2017 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 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 generally in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS 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's Registration no. 301072E

A.K. SHARMA
Partner
Membership no. 80085

Place: New Delhi
Date: 11th May, 2017

"ANNEXURE B" TO AUDITOR'S REPORT OF OBEROI KERALA HOTELS AND 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 at 31st March, 2017 in conjunction with our audit of the Ind AS 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 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 judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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 31 March 2017, 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.

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

A.K. SHARMA
Partner
Membership no. 80085

Place: New Delhi
Date: 11th May, 2017

Balance Sheet
as at 31st March, 2017

Amount in ₹

	Note	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	**20,331,258**	20,331,258	20,331,258
Total non-current assets		**20,331,258**	20,331,258	20,331,258
Current assets				
(a) Financial assets				
(i) Trade receivables	4	**-**	23,717	19,300
(ii) Cash and cash equivalents	5	**173,417**	99,476	137,926
(iii) Other financial assets	6	**1,663,500**	1,464,000	166,350
(b) Current tax assets (net)	7	**-**	8,853	19,519
(c) Other current assets	8	**155,795**	22,933	26,117
Total current assets		**1,992,712**	1,618,979	369,212
Total Assets		**22,323,970**	21,950,237	20,700,470
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	9	**27,200,070**	27,200,070	27,200,070
(b) Other equity	10	**(8,222,385)**	(8,227,608)	(8,358,066)
Total Equity		**18,977,685**	18,972,462	18,842,004
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Other Non Current Financial Liabilities	11	**832,979**	750,432	675,871
(b) Deferred Tax Liabilities (Net)	12	**29,241**	22,671	12,534
(c) Other Non Current Liabilities	13	**562,057**	669,129	776,495
Total non-current liabilities		**1,424,277**	1,442,232	1,464,900
Current Liabilities				
(a) Financial liabilities				
(i) Trade payables	14	**158,588**	128,554	279,572
(ii) Other Financial Liabilities	15	**1,497,150**	1,297,650	-
(b) Other Current Liabilities	16	**260,903**	109,339	113,994
(c) Current tax liabilities (net)	17	**5,367**	-	-
Total current liabilities		**1,922,008**	1,535,543	393,566
Total Equity and Liabilities		**22,323,970**	21,950,237	20,700,470

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

For and on behalf of the Board

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

Place : New Delhi
Date : 11th May, 2017

Director *Director* *Director*

Statement of Profit and Loss for the Year ended 31st March, 2017

Amount in ₹

	Note	Year Ended 31 March, 2017	Year Ended 31 March, 2016
OTHER INCOME	18	**742,852**	748,273
TOTAL INCOME		**742,852**	748,273
EXPENSES			
FINANCE COSTS	19	**82,547**	74,560
OTHER EXPENSES	20	**504,689**	441,432
TOTAL EXPENSES		**587,236**	515,992
PROFIT BEFORE TAX		**155,616**	232,281
TAX EXPENSE			
CURRENT TAX	21	**143,823**	91,685
DEFERRED TAX	21	**6,570**	10,137
PROFIT FOR THE YEAR		**5,223**	130,459
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,223**	130,459
Earnings per equity share - Basic and Diluted (in ₹)	32	**0.001**	0.05

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

For and on behalf of the Board

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

Place : New Delhi
Date : 11th May, 2017

Director *Director* *Director*

Statement of cash flows

Amount in ₹

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
Cash flows from operating activities		
Profit for the year	**5,223**	130,459
Adjustments for:		
Tax Expense	**150,393**	101,822
Rent Received	**(635,780)**	(633,611)
Unwinding of discount on security deposits	**(107,072)**	(107,366)
Interest income	**-**	(7,296)
Finance costs	**82,547**	74,560
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	**23,717**	(4,417)
Increase/(decrease) in trade payables	**179,065**	(151,018)
(Increase)/decrease in other financial assets	**(199,500)**	(1,297,650)
(Increase)/decrease in other current assets	**(132,862)**	3,184
Increase/(decrease) in other financial liabilities	**199,500**	1,297,650
Increase/(decrease) in other current liabilities	**2,533**	(4,655)
Cash generated from operations	**(432,236)**	(598,338)
Income taxes paid (net of refund)	**(129,603)**	(81,019)
Interest received on income tax refund	**-**	7,296
Net cash generated by operating activities	**(561,839)**	(672,061)
Cash flows from investing activities		
Rent Received	**635,780**	633,611
Net cash used in investing activities	**635,780**	633,611
Cash flows from financing activities		
Interest paid	**-**	-
Net cash used in financing activities	**-**	-
Net increase/(decrease) in cash and cash equivalents	**73,941**	(38,450)
Cash and cash equivalents at the beginning of the year	**99,476**	137,926
Cash and cash equivalents at the end of the year	**173,417**	99,476

Reconciliation of cash and cash equivalent as per the cash flow statement

Cash and Cash equivalent as per above comprise of the following:

	As at March 31, 2017	As at March 31, 2016
Cash and Cash equivalent (Note 5)	**173,417**	99,476
Balance as per statement of cash flows	**173,417**	99,476

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For RAY & RAY
Chartered Accountants

For and on behalf of the Board

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

Place : New Delhi
Date : 11th May, 2017

Director *Director* *Director*

Statement of changes in equity for the Year ended 31st March, 2017

	Amount in ₹
A. EQUITY SHARE CAPITAL	
Balance at April 1, 2015	27,200,070
Changes in equity share capital during the year	-
Balance at March 31, 2016	27,200,070
Changes in equity share capital during the year	**-**
Balance at March 31, 2017	27,200,070

B. OTHER EQUITY

	Retained Earnings
Balance at April 1, 2015	(8,358,066)
Profit for the year	130,458
Other comprehensive income/(loss) for the year, net of tax	-
Total comprehensive income for the year	130,458
Balance at March 31, 2016	**(8,227,608)**
Balance at April 1, 2016	**(8,227,608)**
Profit for the year	5,223
Other comprehensive income/(loss) for the year, net of tax	-
Total comprehensive income for the year	**5,223**
Balance at March 31, 2017	(8,222,385)

The accompanying notes form an integral part of the financial statements

For RAY & RAY
Chartered Accountants

For and on behalf of the Board

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

Place : New Delhi
Date : 11th May, 2017

Director *Director* *Director*

Notes to Financial Accounts

GENERAL INFORMATION

Oberoi Kerala Hotels and Resorts Limited is a company limited by shares, incorporated and domiciled in India. The company is primarily engaged in the development of tourism related projects in Kerala by way of establishing premium luxury hotels.

The company is yet to commence any construction / operation of the hotel.

Note 1: Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these separate financial statements of Oberoi Kerala Hotels and Resorts Limited. These policies have been consistently applied to all the period presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind AS

The separate financial statements have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015.

The financial statements up to year ended 31 March 2016 were prepared earlier in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis

b) Revenue recognition

(i) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of trade allowances, rebates, value added taxes and service tax etc.

(ii) Revenue from interest is recognized on accrual basis and determined by contractual rate of interest.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

c) Income tax

Current income tax is recognized based on the amount expected to be paid to the tax authorities, using tax rates and tax laws that have been enacted or substantially enacted on the date of balance sheet.

d) Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which give 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.

Notes to Financial Accounts — *Contd.*

e) Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

f) Impairment of assets

Assets are tested 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. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. In case of such reversal, the carrying amount of the asset is increased so as not to exceed the carrying amount that would have been determined had there been no impairment loss.

g) Cash and cash equivalents

Cash Flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non cash nature. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and cash at bank.

h) Trade receivables

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

i) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)

– those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method

Notes to Financial Accounts — *Contd.*

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

– The company has transferred the rights to receive cash flows from the financial asset or

– Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income: Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

j) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical Cost represents direct expenses incurred on acquisition or construction of the assets and the share of indirect expenses relating to construction allocated in proportion to the direct cost involved.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

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

Depreciation methods, estimated useful lives and residual value

Depreciation on fixed assets is provided on 'Straight Line Method' based on useful life as prescribed under Schedule II of the Companies Act 2013. Freehold land is not amortised.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Notes to Financial Accounts — *Contd.*

k) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

l) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of respective assets during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

m) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present legal or statutory obligation or constructive 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 of resources are provided for.

Contingent assets where it is probable that future economic benefits will flow to the company are not recognised but disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

n) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

– the profit for the year attributable to equity shareholders of the company

– by the weighted average number of equity shares outstanding during the financial year,

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

– the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

– the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

o) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

Notes to Financial Accounts — *Contd.*

2
CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included hereunder together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances

(i) The company has not commenced any construction / operation of the hotel on the freehold land at Thekkady having a cost of Rs. 17,179,831. As necessary approvals from the Government of Kerala was not received for disposal, such land has been shown under Property, Plant and Equipment and the decision to sell the land has been kept in abeyance. The accounts have been prepared on going concern basis.

(ii) The Company has not recognised the deferred tax on account of accumulated losses, as the management is not virtually certain of subsequent realisation of the asset in future.

3
PROPERTY, PLANT AND EQUIPMENT

Amount in ₹

	Gross carrying amount				Accumulated Depreciation				Carrying Value As at March 31, 2016
	Deemed cost as at April 1, 2015	**Additions during the year**	**Sales/ adjustment during the year**	**Balance as as on March 31, 2016**	**As at April 1, 2015**	**For the Year**	**Less: Sales/ Adjustments**	**As at March 31, 2016**	
Freehold Land	3,151,427	-	-	3,151,427	-	-		-	3,151,427
Freehold Land	17,179,831	-	-	17,179,831	-	-		-	17,179,831
Total Property, plant & equipment	**20,331,258**	**-**	**-**	**20,331,258**	**-**	**-**	**-**	**-**	**20,331,258**

	Gross carrying amount				Accumulated Depreciation				Carrying Value As at March 31, 2017
	Balance as at April 1, 2016	**Additions during the year**	**Sales/ adjustment during the year**	**Balance as as on March 31, 2017**	**As at April 1, 2016**	**For the Year**	**Less: Sales/ Adjustments**	**As at March 31, 2017**	
Freehold Land	3,151,427	-	-	3,151,427	-	-	-	-	3,151,427
Freehold Land	17,179,831	-	-	17,179,831	-	-	-	-	17,179,831
Total Property, plant & equipment	**20,331,258**	**-**	**-**	**20,331,258**	**-**	**-**	**-**	**-**	**20,331,258**

(i) Contractual obligations

Contractual commitments in respect of acquisition of property, plant and equipment - ₹ Nil (2016 - ₹ Nil).

Notes to Financial Accounts — *Contd.*

4
TRADE RECEIVABLES

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Trade Receivables	**-**	-	-
Receivables from related parties	**-**	23,717	19,300
	-	23,717	19,300

5
CASH AND CASH EQUIVALENTS

Balances with banks			
Current account	**173,417**	99,476	137,926
	173,417	99,476	137,926

6
OTHER FINANCIAL ASSETS

Security Deposits	**1,663,500**	1,464,000	166,350
	1,663,500	1,464,000	166,350

7
CURRENT TAX ASSETS (NET)

Income Tax provision (net of advance tax)			
Opening balance	**-**	19,519	53,739
Add: Taxes paid for the current year	**-**	105,420	88,590
Less: Current tax payable for the year	**-**	98,058	91,281
Less: Refund received for prior periods	**-**	26,142	58,960
Add: Taxes paid for the prior periods in the current year	**-**	1,088	-
Add: Adjustment for prior periods	**-**	7,026	27,431
	-	8,853	19,519

8
OTHER CURRENT ASSETS

Advances recoverable in cash or in kind or for value to be received	**6,764**	22,933	26,117
Prepaid Expenses	**149,031**	-	-
	155,795	22,933	26,117

Notes to Financial Accounts — *Contd.*

9
EQUITY SHARE CAPITAL

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
AUTHORISED			
10,000,000 (2015 and 2016 - 10,000,000) Equity Shares of ₹ 10 each	**100,000,000**	100,000,000	100,000,000
	100,000,000	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND FULLY PAID			
2,720,007 (2015 and 2016 - 2,720,007) Equity Shares of ₹ 10 each fully paid	**27,200,070**	27,200,070	27,200,070
	27,200,070	27,200,070	27,200,070

(i) The reconciliation of the number of shares outstanding and the amount of share capital is set out below

	As at March 31, 2017		As at March 31, 2016	
	Number of shares	**Amount**	Number of shares	Amount
Number of shares at the beginning of the year	**2,720,007**	**27,200,070**	2,720,007	27,200,070
Add/Less: Movement during the year	**-**	**-**	-	
Number of shares at the end of the year	**2,720,007**	**27,200,070**	2,720,007	27,200,070

(ii) Details of shareholders holding more than 5 percent shares in the Company :

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Shares	**% holding**	Number of Shares	% holding	Number of Shares	% holding
EIH Limited	**2,176,000**	**80.00%**	2,176,000	80.00%	2,176,000	80.00%
Kerala Tourism Infrastructure Limited [formerly known as Tourist Resorts (Kerala) Limited]	**544,000**	**20.00%**	544,000	20.00%	544,000	20.00%

(iii) Shares of the company held by holding company:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
EIH Limited	**2,176,000**	2,176,000	2,176,000

10
OTHER EQUITY

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Reserves And Surplus			
Retained Earnings *	**(8,222,385)**	(8,227,608)	(8,358,066)
	(8,222,385)	(8,227,608)	(8,358,066)

* Retained Earnings

	As at March 31, 2017	As at March 31, 2016
Opening Balance	**(8,227,608)**	(8,358,066)
Add: Profit for the year as per Statement of Profit & Loss	**5,223**	130,458
Less: Other comprehensive income	**-**	-
	(8,222,385)	(8,227,608)

Nature and purpose of Reserves
Retained Earnings in the statement of profit and loss
Retained Earnings represents net loss remains after all allocations

Notes to Financial Accounts — *Contd.*

11
OTHER NON CURRENT FINANCIAL LIABILITIES

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits (From EIH Limited - The Holding Company)	**832,979**	750,432	675,871
	832,979	750,432	675,871

12
DEFERRED TAX LIABILITIES (NET)

Deferred Tax Assets on account of :			
Unabsorbed depreciation	**-**	-	-
Unabsorbed business Loss	**-**	-	-
Total deferred tax assets (A)	**-**	**-**	**-**
Deferred Tax Liabilities on account of :			
Security Deposits measured at fair value	**29,241**	22,671	12,534
Total deferred tax liabilities (B)	**29,241**	**22,671**	**12,534**
Deferred tax liabilities (net) (B-A)	**29,241**	**22,671**	**12,534**

Movement in deferred tax liabilities :

	Sesurity Deposits measured at fair value	**Total**
As at 1 April 2015	**12,534**	**12,534**
(Charged)/Credited:		
- to profit and loss	10,137	10,137
As at 31 March, 2016	**22,671**	**22,671**
(Charged)/Credited:		
- to profit and loss	6,570	6,570
As at 31 March, 2017	**29,241**	**29,241**

13
OTHER NON CURRENT LIABILITIES

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Rent Income - Security Deposit Liability	**562,057**	669,129	776,495
	562,057	669,129	776,495

Notes to Financial Accounts — *Contd.*

14
TRADE PAYABLES

Amount in ₹

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	**158,588**	128,554	279,572
Trade payables to related parties	**-**	-	-
	158,588	128,554	279,572
Classification as required by Micro, Small and Medium Enterprises Development Act, 2006			
Total outstanding dues of micro enterprises and small enterprises	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**158,588**	128,554	279,572
	158,588	128,554	279,572

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.

15
OTHER FINANCIAL LIABILITIES

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposits (From EIH Limited - The Holding Company)	**1,497,150**	1,297,650	-
	1,497,150	1,297,650	-

16
OTHER CURRENT LIABILITIES

Rent received in Advance	**149,031**	-	-
Deferred Rent Income - Security Deposit Liability	**107,072**	107,072	107,072
Statutory Liabilities	**4,800**	2,267	6,922
	260,903	109,339	113,994

17
CURRENT TAX LIABILITIES (NET)

Income Tax provision (net of advance tax)			
Opening balance	**(8,853)**	-	-
Less: Current tax payable for the year	**143,823**	-	-
Less: Refund received for prior periods	**7,360**	-	-
Add: Taxes paid for the current year	**136,963**	-	-
	5,367	-	-

Notes to Financial Accounts — *Contd.*

18
OTHER INCOME

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
		Amount in ₹
Rental Income	**635,780**	633,611
Interest from Income Tax	**-**	7,296
Rental Income on Security Deposit	**107,072**	107,366
	742,852	748,273

19
FINANCE COSTS

Interest Expense	**82,547**	74,560
	82,547	74,560

20
OTHER EXPENSES

Electricity & Water	**1,893**	2,184
Lease Rental	**154,280**	152,111
Legal & Professional	**103,450**	88,350
Rates & Taxes (includes Rs. 29338 for earlier years)	**43,681**	2,840
Expenses for contractual services	**177,280**	171,456
Bank Charges	**158**	222
Passage & Travelling	**177**	342
Repairs and Maintenance	**4,220**	-
Postage, Telephone, etc.	**-**	4,462
Auditors' Remuneration (Refer Note below)	**19,550**	19,465
	504,689	441,432

20(a)
DETAILS OF AUDITORS' REMUNERATION

As auditor:		
- Audit fees	**17,000**	17,000
- Service Tax on Audit Fees	**2,550**	2,465
	19,550	19,465

Notes to Financial Accounts — *Contd.*

21
TAX EXPENSE

	Year Ended 31 March, 2017	Year Ended 31 March, 2016
		Amount in ₹
(a) Tax expense		
Current tax		
Current tax on profits for the year	**143,823**	98,058
Adjustments for current tax of prior periods	**-**	(6,373)
Total current tax expense	**143,823**	91,685
Deferred tax		
Decrease (increase) in deferred tax assets	**-**	-
(Decrease) increase in deferred tax liabilities	**6,570**	10,137
Total deferred tax expense	**6,570**	10,137
Total tax expense	**150,393**	101,822
(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:		
Profit before tax expense	**155,616**	232,281
Tax at the rate of 29.87% (F.Y. 2015-16 – 30.90%)	**46,482**	71,775
Tax effect of amounts which are not deductible in calculating taxable income:		
Others (Disallowed Expenses)	**104,667**	36,420
Rate change considered for deferred tax:		
Rate change on movement during the year	**(756)**	-
Other differences:		
Tax for earlier year charged to statement of Profit & Loss	**-**	(6,373)
Tax expense as per Income Tax	**150,393**	101,822

Notes to Financial Accounts — *Contd.*

22
FAIR VALUE MEASUREMENTS

Financial instruments by category **Amount in ₹**

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Amortised cost	Amortised cost	Amortised cost
Financial assets			
Trade Receivables	**-**	23,717	19,300
Cash and cash equivalents	**173,417**	99,476	137,926
Security deposits	**1,663,500**	1,464,000	166,350
Total financial assets	**1,836,917**	1,587,193	323,576
Financial liabilities			
Security Deposits (From EIH Ltd - The Holding Company)	**832,979**	750,432	675,871
Trade payables	**158,588**	128,554	279,572
Security Deposits (From EIH Ltd - The Holding Company)	**1,497,150**	1,297,650	-
Total financial liabilities	**2,488,717**	2,176,636	955,443

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.) derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

However, the company does not have any financial asset/liability which is measured at fair value on the reporting date

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

1) The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

2) Security deposit have been amortised using the assumption that market participants would use when pricing the cost of liability, assuming that market participants act in their economic best interest. The amortisation has been done in accordance with market rate.

Notes to Financial Accounts — *Contd.*

23
FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk the entity is exposed to and how the entity manages the risk :

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Trade Receivables - Follow up with the Holding Company Financial Assets - Periodic ageing review by the management
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of sufficient liquid funds (Cash and Bank Balance)
Market risk – security prices	Company does not have investment in market quoted securities. Therefore company is not exposed to market price risk		

Company's risk management is carried out by senior management team. The risk management includes identification, evaluation and identifying the best possible option to reduce such risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to outstanding receivables.

Credit risk management

Credit risk is managed on a company basis.

For financial assets, the company does not have a history of significant credit loss. Accordingly, company identifies and evaluate credit risk on case to case basis. On the basis of past experience if the company believes there are chances of expected default, then company specifically provides for such expected losses.

For trade receivables company has decided to provide loss allowance for lifetime credit loss on the basis of expected credit loss model. However, as per company's past collection history, credit risk (default risk and delay risk) are insignificant. As per the past practice, company's trade receivables are generally collected within the acceptable credit period. In some instances, there is a practice of delay in receipt of payment, however the quantum of same is insignificant in comparison to the total trade receivables. Therefore, no loss allowance has been provided by the company on trade receivables under Ind AS.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. However, the company has a past practice of maintaining sufficient liquidity (Cash and Bank Balance) to meet its obligation. Further, the company does not have significant debt liability outstanding. Therefore, company does not maintain any committed credit facilities or borrowing to mitigate liquidity risk as the same is insignificant as per the company's current capital structure.

Maturities of financial liabilities

The tables below analyse the company's financial liabilities in terms of relevant maturity based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months is equal to their carrying balances as the impact of discounting is not significant.

Notes to Financial Accounts — *Contd.*

Contractual maturities of financial liabilities: **Amount in ₹**

	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
31 March 2017				
Non-derivatives				
Security Deposits (from EIH Ltd - the Holding Company) - Current	1,497,150	Nil	Nil	1,497,150
Security Deposits (from EIH Ltd - the Holding Company) - Non Current	Nil	Nil	832,979	832,979
Trade payables	158,588	Nil	Nil	158,588
Total non-derivative liabilities	**1,655,738**	**-**	**832,979.00**	**2,488,717**
31 March 2016				
Non-derivatives				
Security Deposits (from EIH Ltd - the Holding Company) - Current	1,297,650	Nil	Nil	1,297,650
Security Deposits (from EIH Ltd - the Holding Company) - Non Current	Nil	Nil	750,432	750,432
Trade payables	128,554	Nil	Nil	128,554
Total non-derivative liabilities	**1,426,204**	**-**	**750,432**	**2,176,636**
01 April 2015				
Non-derivatives				
Security Deposits (from EIH Ltd - the Holding Company) - Current	Nil	Nil	Nil	-
Security Deposits (from EIH Ltd - the Holding Company) - Non Current	Nil	Nil	675,871	675,871
Trade payables	279,572	Nil	Nil	279,572
Total non-derivative liabilities	279,572	-	675,871	955,443

(C) Liquidity risk

Company does not have investment in market quoted securities. Therefore company is not exposed to market price risk

24
CAPITAL MANAGEMENT

(a) Risk management

The company manages its capital to ensure

- to continue as a going concern while maximising its return to stakeholders and
- an optimal capital structure to reduce the cost of capital.

The company's capital structure is determined by the management from time to time on the basis of factors such as profitability, liquidity, etc.

(b) Dividend

Company has not paid any dividend during the period covered by the financial statements

Notes to Financial Accounts — *Contd.*

25
RELATED PARTY TRANSACTIONS

List of Related Parties

Key Management Personnel of the company and its Parent Company

Dr. V. Venu (w.e.f. 24.03.2017) - Director of the company
Mr. Teeka Ram Meena (w.e.f. 24.03.2017) - Director of the company
Mr. Anil Kumar - Director of the company
Mr. B. Srinivas (up to 16.11.2016) - Director of the Company
Mr. P.I. Sheikh Pareeth (up to 16.11.2016) - Director of the Company
Mr. U.V. Jose (w.e.f 16.11.2016 and up to 24.03.2017) - Director of the Company
Mr. Kamala Vardhana Rao (w.e.f 16.11.2016 and up to 24.03.2017) - Director of the Company
Mr. P.R.S. Oberoi - Director of the company
Mr. S.S. Mukherji - Director of the company
Mr. T. K. Sibal- Director of the company

Parent Company
EIH Limited

Fellow Subsidiaries
Mumtaz Hotels Limited
Mashobra Resort Limited
EIH Flight Services Ltd, Mauritius
EIH International Ltd., British Virgin Islands
EIH Holdings Ltd., British Virgin Islands
J&W Hong Kong Limited, Hongkong
EIHH Corporation Limited (upto 10.06.2016)
EIH Investments N.V.
EIH Management Services B.V.
PT Widja Putra Karya
PT Waka Oberoi Indonesia
PT Astina Graha Ubud

Associate / Joint Venture of Parent Company
EIH Associated Hotels Limited
Mercury Car Rentals Private Limited
Oberoi Mauritius Ltd., British Virgin Islands
Island Resort Ltd., Mauritius

Entities with Joint Control or significant influence
Oberoi Hotels Private Limited
Oberoi Properties Private Limited
Oberoi Holdings Private Limited
Oberoi Investments Private Limited
Oberoi Buildings and Investments Private Limited
Oberoi Plaza Private Limited
Oberoi Leasing and Finance Company Private Limited
Bombay Plaza Private Limited
Oberoi International LLP
Aravali Polymers LLP
Oberoi Holdings Hong Kong Limited
Vikramaditya Exports Private Limited
Oberoi Investments (BVI) Ltd., British Virgin Islands
Oberoi Services International Ltd., British Virgin Islands
Oberoi Services Pte. Ltd., Singapore
Oberoi Holdings (Singapore) Pte. Ltd.
Oberoi Corporation Ltd.
Komensi Pty Ltd.
Oberoi UK Ltd.
Oberoi Hotels (Australia) Pty Ltd.
OBHR Pty Ltd.
OBHR (Australia) Pty Ltd.
Saudi Oberoi Company Ltd., Saudi Arabia
La Roseraie De L'atlas SA, Morocco
Bhagwanti Oberoi Charitable Trust
Ishran Devi Oberoi Family Trust
Oberoi Foundation

Joint Venture Partner
Kerala Tourism Infrastructure Limited
(formerly known as Tourist Resorts (Kerala) Limited)

Dr. V. Venu
Kerala Tourism Infrastructure Ltd, Chairman
Bekal Resorts Development Corporation Ltd, Director
Kerala Tourism Development Corporation Ltd, Director
Vision Verkala Infrastructure Development Corporation Ltd, Director
Taj Kerala Hotels and Resorts Ltd, Director

Mr. Teeka Ram Meena
Kerala Water Authority, TVPM, Director
Kerala Tourism Development Corporation Ltd, Director
Kerala State Industrial Development Corporation, TVPM, Director
Kerala Finance Corporation, Director
Tourism Resorts Kerala Ltd, Director
Kerala Minerals and Metals Ltd, Director
Taj Kerala Hotels and Resorts Ltd, Director
Kerala State Beverages Corporation, TVPM, Director
Malabar Distilleries, Director
Travancore Sugar and Chemicals Ltd. Director
Kerala State Road Transport Corporation, TVPM, Director
Kannur International Airport, Director
Malabar Cements Limited, Walayar, Palakkad, Director

Mr. Anil Kumar Sivaraman Nair
Taj Kerala Hotels and Resorts Ltd, Director

Notes to Financial Accounts — *Contd.*

The details of the related parties transactions entered into by the company during the year ended March 31, 2017 and March 31, 2016 are as follows :

Amount in ₹

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Entities with Joint Control or significant influence		Key Management Personnel	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
INCOME										
License Agreement										
EIH Limited	635,780	633,611	-	-	-	-	-	-	-	-
Total	**635,780**	**633,611**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FINANCE										
PAYMENTS										
RECEIPTS										
Security Deposit										
EIH Limited	199,500	1,297,650	-	-	-	-	-	-	-	-
Total	**199,500**	**1,297,650**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expense Reimbursed by Related Party										
EIH Limited	154,280	152,111	-	-	-	-	-	-	-	-
Total	**154,280**	**152,111**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows :

Amount in ₹

NATURE OF TRANSACTIONS	Parent Company			Fellow Subsidiaries			Associate / Joint Venture of Parent Company			Entities with Joint Control or significant influence			Key Management Personnel		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
PAYABLES															
Security Deposit															
EIH Limited	3,097,150	2,897,650	1,600,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	**3,097,150**	**2,897,650**	**1,600,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RECEIVABLES															
For Goods & Services															
EIH Limited	Nil	23,717	19,300	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**23,717**	**19,300**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Notes to Financial Accounts — *Contd.*

26 **(i)** **Assets on Operating Lease- Lessee**

The Company has entered into operating lease arrangements with Irrigation Department, Government of Kerala for construction of a jetty . This lease is for a period of one year and is cancellable in nature and 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 Rs. 154,280 during the year (2016- Rs. 152,111) towards expenditure on operating lease arrangements.

(ii) **Assets given on Operating Lease-Lessor**

The Company has given 50 cents of land to EIH Ltd [Holding Company] on operating lease arrangements. The lease is cancellable in nature.

27 **Events occurring after the reporting period**

There is no material event after reporting date which is required to be reported under Ind AS 10.

28 **Segment Reporting**

The company is yet to commence operations. There is no reportable segment as per Ind AS 108.

29 **Offsetting financial assets and financial liabilities**

No offsetting has been done by the company.

30 **Assets pledged as security**

No asset has been pledged by the company.

31 **Contingent Liabilities and Commitments**

There are no contingent liabilities and capital commitments.

32 Earnings per share

Amount in ₹

		Year Ended 31 March, 2017	Year Ended 31 March, 2016
(a)	Basic and diluted earnings per share		
	Attributable to the equity holders of the company	**0.001**	0.05
(b)	Profit attributable to the equity holders of the company used in calculating basic and diluted earnings per share:	**5,223**	130,459
(c)	Weighted average number of shares used as the denominator		
		31 March, 2017 Number of shares	31 March, 2016 Number of shares
	Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**2,720,007**	2,720,007
	Adjustments for calculation of diluted earnings per share:	**-**	-
	Weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	**2,720,007**	2,720,007

Notes to Financial Accounts — *Contd.*

33 SPECIFIED BANK NOTES DISCLOSURE (SBN's)

The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. As such, disclosure requirement as envisaged in Notification G.S.R. 308(E) dated 30th March, 2017 is not applicable to the Company.

34 First-time adoption of Ind AS

Transition to Ind AS
These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016, and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (The company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

Deemed cost
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value which has been considered as deemed cost.

A.2 Ind AS mandatory exceptions

(a) Estimates
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for applicable items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

(b) Classification and measurement of financial assets
Ind AS 101 requires that an entity should assess the classification of its financial assets on the basis of facts and circumstances exist on the date of transition. Accordingly, in its Opening Ind AS Balance Sheet, the company has classified all the financial assets on basis of facts and circumstances that existed on the date of transition, i.e., April 1, 2015.

Notes to Financial Accounts — *Contd.*

35 Reconciliation between previous GAAP and Ind AS

I Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Note	31 March, 2016	Amount in ₹ 1 April, 2015
Total equity (shareholder's funds) as per previous GAAP		**(8,278,304)**	**(8,386,094)**
Adjustments			
Revenue deferred for security deposit on land	35.1	73,368	40,562
Tax effects of adjustments	35.2	(22,671)	(12,534)
Total adjustments		**50,697**	**28,028**
Total equity as per Ind AS		**(8,227,607)**	**(8,358,066)**

II Reconciliation of total comprehensive income for the year ended 31 March, 2016

	Note	31 March, 2016
Profit after tax as per previous GAAP		**107,790**
Adjustments		
Revenue deferred for security deposit on land	35.1	32,806
Tax effects of adjustments	35.2	(10,137)
Total adjustments		**22,669**
Profit after tax as per Ind AS		**130,459**
Other comprehensive income (Net of Tax)		-
Total comprehensive income as per Ind AS		**130,459**

III Impact of Ind AS adoption on cash flow statement for the year ended 31st March, 2016

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(679,357)	7,296	(672,061)
Net cash flow from investing activities	640,907	(7,296)	633,611
Net cash flow from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	**(38,450)**	**-**	**(38,450)**
Cash and cash equivalents as at 1 April, 2015	137,926	-	137,926
Cash and cash equivalents as at 31 March, 2016	99,476	-	99,476

Note 35.1: Revenue deferred for security deposit on land

Under the previous GAAP, interest free lease security deposits liabilities (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, these financial liabilities are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the company has fair valued these security deposit under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change, the amount of security deposits decreased by ₹ 849,568 as at 31 March 2016 (1 April 2015 – ₹ 924,129). Total equity increased by ₹ 28,028 as on 1 April 2015. The profit for the year and total equity as at 31 March 2016 increased by ₹ 22,669 due to notional interest income of ₹ 107,366 recognised on security deposits which is partially off-set by amortization of the deferred interest expense of ₹ 74,560 and deferred tax liability of ₹ 10,137.

Note 35.2: Tax effects on Adjustments

Deferred tax has been recognised on the adjustments due to fair valuation of security deposits arising on transition to Ind AS amounting to ₹ 22,671 as at March 31, 2016 (₹ 12,534 as at April 1, 2015) have resulted in decrease in total equity by similar amount.

36 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.

For and on behalf of the Board

Place : New Delhi
Date : May 11, 2017

Director *Director* *Director*

EIH FLIGHT SERVICES LTD

BOARD

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

SECRETARY

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

AUDITORS

PricewaterhouseCoopers
18, Cyber City
Ebène
Mauritius

REGISTERED OFFICE

The Oberoi Mauritius
Baie aux Tortues
Pointe aux Piments
Mauritius

All figures in Mauritian Rupees unless otherwise stated.

Directors Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 March 2017.

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. 60,977,028 (2016 - Rs. 59,246,672).
The Directors do not recommend the payment of a dividend for the year under review (2016 - Rs Nil).

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
The Financial Statements of the Company for the year ended 31 March 2017 are set out on pages 201 to 231. The Independent Auditor's Report on these Financial Statements is on pages 198 to 200.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
Company law requires the Directors to prepare financial statements for each financial year which present fairy the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the Directors are required to:

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

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

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

Directors Report ... *Contd.*

AUDITOR

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

	2017	2016
	Rs.	Rs.
Audit	**360,000**	345,000
Tax compliance services	**42,000**	42,000
Other services	**35,000**	35,000
	437,000	422,000

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 20 April 2017
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, 2016 to 31 March, 2017

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

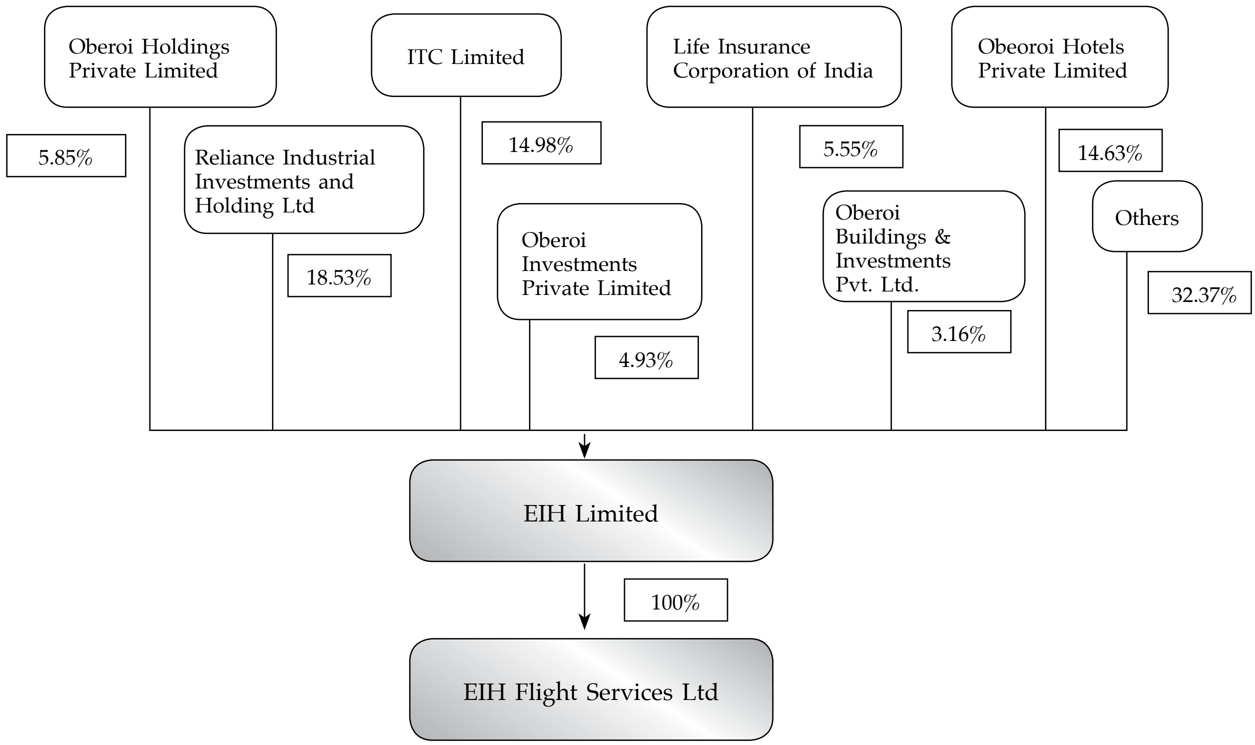
VÉRONIQUE MAGNY-ANTOINE
DIRECTOR

Date: 20 April, 2017

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 2017.

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 is comprised of four Directors.

The following Directors held office during the year ended 31 March 2017 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 29 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 03 January 2007)

Mrs. Véronique Magny-Antoine is a Director – Strategy Execution & Projects at Abax Corporate Administrators Ltd (ABAX). She 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 a Manager of Governance & Board Services at Abax Corporate Administrators Ltd (ABAX). She is also an Associate of the Institute of Chartered Secretaries and Administrators (UK). She has over 20 years' professional experience detailing 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 2016

The Board met six times during the year 2016.

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 6
Shib Sanker Mukherji	Non-Executive	1 out of 6
Zafar Siamwala	Executive	6 out of 6
Veronique Magny-Antoine	Non-Executive	6 out of 6
Isabelle Adrien (Alternate to Mrs. Véronique Magny-Antoine)	Non-Executive	0 out of 6

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 01 September 2014 from the Financial Reporting Council.

The composition of the Board has been left pending to be discussed upon finalisation of the new Code of Corporate governance effective 01 July 2017.

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. Samar Kumar - Chief Accountant (appointed on 01 March 2017)

Mr. Samar Kumar is the Chief Accountant of the Company. He has an experience of more than 30 years in the hospitality industry. He holds a B.Com (Hons.) Chartered Accountancy Intermediate. He joined the Oberoi Group as an Accounts Executive in February 1987 and has been a Chief Accountant in the Oberoi Group since October 2000.

Mr. Jasbir Singh Bajwa - Manager (appointed on 02 April 2017)

Mr. Jasbir Singh is the Manager of the Company. He has more than 30 years in the hospitality industry (Flight Catering). He started his career with the Taj Group and was with them for 27 years. He then moved to the Gato Group (a Zurich based Company) for 2 years and then joined the Oberoi Group and has been with them for the last 2 years. He holds a Degree in Bachelor Science. He is a Certified Lead Auiditor for ISO 9001 and also has HACCP certification.

Mr. Bhavik Bhinde - Manager Finance (appointed on 23 July 2015 and transferred on 07 March 2017)

Mr. Bhavik Bhinde was the Manager Finance of the Company up till 07 March 2017. He holds a degree of chartered accountant. B. com and pursuing specialisation in International Taxation. Mr. Bhinde joined Oberoi group as Manager Finance in July 2015.

Mr. Ravi Abraham - General Manager (appointed on 16 April 2015 and resigned on 15 April 2017)

Mr. Ravi Abraham was the General Manager of the Company up till 15 April 2017. He has more than

Corporate Governance Report *(Continued)*

20 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 22 to the financial statements.

MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

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

MATERIAL CLAUSES OF THE SHAREHOLDERS' AGREEMENT

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

TERMS OF MANAGEMENT AGREEMENT WITH THIRD PARTIES

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

Abax Corporate Administrators Ltd, being the Company's Secretary, 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 focuses 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.

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

Corporate Governance Report *(Continued)*

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 2017. (2016: Nil).

POLITICAL DONATIONS

The Company did not make any political donations during the year ended 31 March 2017 (2016-Nil).

SOCIAL, ETHICAL, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Company has the following policies in place:

1. Occupational Health and Safety Policy

The objective of the Occupational Health and Safety Policy is to give practical advice on how to reduce health and safety risks associated with Operation work. It 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.

Corporate Governance Report *(Continued)*

4. Health and Safety Policy

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

INTERNAL CONTROL AND AUDIT

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

IMPORTANT EVENTS

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

	Events	Dates
1.	Quarterly Board meetings	April 2017 July 2017 October 2017 January 2018
2.	Annual Meeting	May 2017

Authorised for issue by the Board of Directors on 20 April 2017
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 2017, all such returns as are required of the Company under the Mauritius Companies Act 2001.

JELL EKSTROM for

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

Date: 20 April 2017

Independent Auditor's Report

To the Shareholders of EIH Flight Services Ltd

Our Opinion

In our opinion, the financial statements give a true and fair vew of the financial position of EIH Flight Services Ltd (the "company") as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accountance with International Financial Reporting Standards and in compliance with the Mauritius Companies Act 2001.

What we have audited

The financial statements of EIH Flight Services Ltd act out on pages 202 to 231 comprise:

- the statement of financial position as at 31 march 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International standards on Auditing (ISAS). Our responsibilities under those standards are further described in the "Auditor' Responsibilities for the Audit of the Financial Statements" section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for Professional Accountants (lESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises the directors report, the statement of compliance, the corporate governance report and the secretary's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our reporting responsibilities regarding the corporate governance report is dealt with in the "Report on Other Legal and Regulatory Requirements" section of this report.

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

Independent Auditor's Report *(Continued)*

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements, in accordance with International financial Reporting Standards and in compliance with 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.

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

The directors are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report *(Continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Mauritian Companies act 2001

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

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

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

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

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the corporate governance 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

20 April 2017

Statement of Comprehensive Income for the year ended 31 March 2017

	2017 Rupees	2016 Rupees
Revenue (Note 4)	**244,302,168**	234,012,800
Cost of Sales	**(151,530,167)**	(138,296,536)
Gross Profit	**92,772,001**	95,716,264
Other income	**177,174**	–
Management expenses (Note 5)	**(8,508,789)**	(9,382,533)
Administrative expenses	**(125,183,034)**	(134,156,566)
Operating Loss (Note 6)	**(40,742,648)**	(47,822,835)
Finance costs - Net (Note 8)	**(20,234,380)**	(11,423,837)
Loss before Income Tax	**(60,977,028)**	(59,246,672)
Income Tax Expense (Note 9)	**–**	–
Loss for the year	**(60,977,028)**	(59,246,672)
Other comprehensive income		
Item that will no be reclassified to profit of loss:		
Remeasurement of post employment benefit obligations (Note 19(d))	**(139,000)**	–
Total other comprehensive income for the year	**(139,000)**	–
Loss and total comprehensive income for the year	**(61,116,028)**	(59,246,672)

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

Statement of Financial Position as at 31 March 2017

	2017 Rupees	2016 Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment (Note 10)	**276,613,504**	328,874,502
Current Assets		
Inventories (Note 11)	**5,752,092**	10,281,282
Trade and other receivables (Note 12)	**35,313,501**	30,151,965
Cash in hand and at bank (Note 13)	**52,147**	639,484
	41,117,740	41,072,731
Total Assets	**317,731,244**	369,947,233
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 14)	**690,440,066**	353,380,066
Share application monies (Note 15)	**–**	337,060,000
Accumulated losses	**(780,690,055)**	(719,713,027)
Other reserves (Note 16)	**(139,000)**	–
Shareholder's deficit	**(90,388,989)**	(29,272,961)
Liabilities		
Non-Current Liabilities		
Borrowings (Note 18)	**350,575,035**	345,708,461
Retirement benefits obligations (Note 19)	**2,229,000**	1,609,000
	352,804,035	347,317,461
Current Liabilities		
Trade and other payables (Note 17)	**49,140,895**	50,300,664
Bank overdraft (Note 13)	**4,369,974**	528,875
Borrowings (Note 18)	**1,805,329**	1,073,194
	55,316,198	51,902,733
Total Liabilities	**408,120,233**	399,220,194
Total Equity and Liabilities	**317,731,244**	369,947,233

Authorised for issue by the Board of Directors on 20 April 2017
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 2017

	Share Capital Rupees	Share Application Monies Rupees	Accumulated Losses Rupees	Other Reserves Rupees	Total Rupees
At 01 April 2015	**353,380,066**	–	(660,466,355)	–	(307,086,289)
Transaction with owners of the Company Share application monies	–	337,060,000	–	–	337,060,000
Total comprehensive income					
Loss and total Comprehensive income for the year	–	–	(59,246,672)	–	(59,246,272)
At 31 March 2016	353,380,066	337,060,000	(719,713,027)	–	(29,272,961)
Transaction with owners of the Company					
Conversion of share application monies	337,060,000	(337,060,000)	–	–	–
Total comprehensive income					
Loss for the year	–	–	(60,977,028)	–	(60,977,028)
Other comprehensive income	–	–	–	(139,000)	(139,000)
Loss and total comprehensive income for the year	–	–	**(60,977,028)**	**(139,000)**	**(61,116,028)**
At 31 March 2017	**690,440,066**	–	**(780,690,055)**	**(139,000)**	**(90,388,989)**

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

Statement of Cash Flows for the year ended 31 March 2017

	2017 Rupees	2016 Rupees
Cash flow from operating activities		
Loss before income tax	**(60,977,028)**	(59,246,672)
Adjustments for non-cash items:		
Depreciation on property, plant and equipment (Note 10)	**59,955,363**	66,821,453
Unrealised exchange loss (gain) (Note 8)	**2,847,486**	(20,237,658)
Interest expense (Note 8)	**17,168,602**	30,886,610
Increase in retirement benefits obligations (Note 19(c))	**481,000**	1,609,000
Profit from sale of property, plant and equipment	**(177,174)**	–
Operating profit before working capital changes	**19,298,249**	19,832,733
Decrease /(Increase) in inventories	**4,529,190**	(5,552,956)
(Increase)/Decrease in trade and other receivables	**(5,161,536)**	10,242,551
(Decrease)/Increase in trade and other payables	**(1,159,769)**	1,642,499
Net cash generated from operating activities	**17,506,134**	26,164,827
Cash flow from investing activities		
Payment for purchases of property, plant and equipment	**(3,581,255)**	(360,508)
Proceeds from sale of property, plant and equipment	**177,174**	–
Net cash used in investing activities	**(3,404,081)**	(360,508)
Cash flow from financing activities		
Payments of finance lease liabilities	**(1,361,887)**	(989,864)
Repayment of loan	–	(337,105,008)
Interest on borrowings and bank overdraft (Note 8)	**(17,168,602)**	(30,886,610)
Share Application Monies (Note 15)	–	337,060,000
Net cash used in financing activities	**(18,530,489)**	(31,921,482)
Net (decrease) in cash and cash equivalents	**(4,428,436)**	(6,117,163)
Cash and cash equivalents at beginning of year	**110,609**	6,227,772
Cash and cash equivalents at end of year (Note 13)	**(4,317,827)**	110,609

Refer to Note 25 for non-cash financing and investing activities.

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

Notes to the Financial Statements
31 March 2017

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") and comply with the Mauritian Companies Act 2001. 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 page 208.

Going concern

For the year ended 31 March 2017, the Company has incurred losses of **Rs 60,977,028** (2016- Rs 59,246,672) and as at 31 March 2017. the Company was in a shareholder's deficit position of **Rs 90,388,989** (2016 - Rs 29,272,961) and in a net current liability position of **Rs 14,198,458** (2016 - Rs 10,830,002). However, the Company has generated net cash inflows of **Rs 17,506,134** (2016 - Rs 26,164,827) from its operations. Moreover, the Company uses a bank overdraft facility to meet its day to-day working capital requirements. At 31 March 2017, the overdraft balance was **Rs 4,369,974** (2016 - Rs 528,875). 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. Furthermore. The shareholder has confirmed to the Company that it will provide its financial support to the Company for at least the next twelve months. Thus, based on the validity of this assumption, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

Changes in accounting policy and disclosures

(a) New and amended standards.

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on 01 April 2016. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment relevant to the Company are described below:

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1 – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- That specific line items in the statement(s) of profit or loss and QCI and the statement of financial position may be disaggregated where this is relevant to an understanding of the entity's financial position or performance.
- That entitles have flexibility as to this order in which they present the notes to financial statements.
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as single line Item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments affect presentation only and do not have any impact on the financial position or performance of the Company.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.

The amendments clarify the principle. in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a 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 property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Other standards. amendments and interpretations which are effective for the financial period beginning on 01 April 2016 do not have any impact on the Company.

(b) New standards, amendments and interpretations issued but not yet effective

The standards and interpretations that are issued, but are effective, for annual periods beginning after 01 April 2016. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments (effective for accounting periods beginning on or alter 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of lFRS 9 was issued in July 2014, It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company plans to adopt the new standard on the required effective date. Early adoption is permitted.

IFRS 15· Revenue from Contracts with Customers (effective for accounting periods beginning on or alter 01 January 2018)

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

The five steps in the model are as follows:
– Identify the contract with the customer;
– Identify the performance obligations in the contract;
– Determine the transaction price;
– Allocate the transaction price to the performance obligations in the contracts, and Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.
The Company plans to adopt the new standard on the required effective data using the full retrospective method.

IAS 7 Disclosure Initiative Amendments to IAS 7 (effective for accounting periods beginning on or after 01 January 2017)

The amendments to IAS 7. 'Statement or Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt.

The directors anticipate that these IFRSs will be applied on their effective dates in the future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

IFRS 16 Leases (effective for accounting periods beginning on or after 01 January 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating-Leases-Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure or leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of ''low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease -term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases operating and finance leases.

IFRS 16 also requires lessees and lessees to make more extensive disclosures than under IAS 17.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

Early application is permitted, but not before an entity applies IFRS 15, A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

At this stage, the Company has not yet determined the impact of these amendments and does not intend to adopt them before their respective effective date.

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:

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 19.

Recognition of deferred tax asset

The Company has unrecognised deferred tax asset of Rs 112,824,076 (Refer to Note 9 for details). The Company has incurred losses over the last financial years following the setting up or the production line. No deferred tax asset has been recognised since the directors believe that as at the balance sheet date, it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The assessment is made on an annual basis and in the future, if there are strong indications that future taxable profit will be available, a deferred tax asset shall be recognised to the extent the unused tax losses or tax credits would be reversed.

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, ("Rs"), which is the Company's functional and presentation currency. The Mauritian rupee is the currency that most faithfully reflects the underlying transactions, events and

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

Financial Assets *(Contd.)*

conditions that are relevant to the Company.

(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 the statement of comprehensive Income within 'finance income or cost'.

Current and deferred tax

The tax expense for the year comprises of 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. ln this, case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred income tax is recognised in full, using the liability method, on all temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances 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.

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:

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

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

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

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 instruments

The Company initially recognises loans and receivables on date when they are originated, All other financial assets are initially recognised on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to, the acquisition of the financial asset.

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, trade and other payable and borrowings. The particular recognition methods adopted are disclosed below!

(a) Financial Assets

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. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method (EIR), less any impairment losses.

The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the not carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

Financial assets are included in currents assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables comprise of trade and other receivables and cash hand at bank.

Trade and other receivables

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

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company's cash and cash equivalents include cash in hand and at bank, net of bank overdrafts. Bank overdrafts are shown under current liabilities on the statement of financial position.

(b) Financial liabilities

A financial liability is classified as at fair value through profit or loss it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

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 payables are classified as current liabilities it payment is due within one year or less. lt 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.

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.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

(c) 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 in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any Interest in such derecognised financial assets that is created or retained by the company is recognised as a separates asset or liability.

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

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only 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.

(e) Impairment of financial assets

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

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

(f) Impairment of non-financial assets

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. It any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's value in use and its fair value less costs to sell, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss. 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, non-financial assets are reviewed for possible reversal at each reporting date.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

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 inception at the fair value of the leased property or, if lower, present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The 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 asset's useful lite or over the shorter of the assets useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

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.

Retirement benefit obligations

The retirement benefit obligation is recognised for obligations to provide post-employment benefits. Post-employment benefits are employee benefits (other than termination and short term employee benefits) that are payable after the completion of employment. Post-employment benefit plans are classified as either defined benefit plans or defined contribution plans, depending on the substance of the plan as derived from its principal terms and conditions.

Under defined contribution plans, the entity's legal or constructive obligation is limited to the amount it agrees to contribute to a fund.

Under defined benefit plans:

– The entity's obligation is to provide the agreed benefits to current and former employees; and
– Actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the entity. If actuarial or investment experience are worse than expected, the entity's obligations may be increased.

The defined benefit plan may be unfunded or they may be wholly or partly funded by contributions by an entity, and sometimes its employees, into a fund from which the employee benefit are paid.

The Company is subject to an unfunded defined benefit plan for the employees and 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 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.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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

The present value of the defined benefit obligation and the current service cost 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 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 comprehensive income.

Remeasurement gains and losses, arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income, They are included in other reserves in the statement of financial position.

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

Share capital

Share capital is determined using the nominal values ,of shares that have been issued and classified as equity, Ordinary shares are classified as 'share capital' in equity,

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.

Revenue recognition

The Company recognises revenue when the amount, of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

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

Expenses recognition

Expenses are accounted for in profit or loss on the accrual basis.

Comparatives

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks, namely, market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing the risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company's overall risk management programme focuses 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 polices approved senior management.

The Company's exposure to various types of risks associates to its activity and financial instruments is detailed below.

(a) *Market risk*

Market risk is risk that charges in market prices such as interest rates and foreign exchange risks will affect the Company's income or the value of its holdings of financial instruments. The objective or market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company's income and operating cash flows are to some extent dependent on changes in interest rates. The only significant interest bearing financial assets and liabilities held by the Company are borrowings and cash and cash equivalents.

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

As at reporting date, the loan due to the bank bore interest of 3 months LIBOR plus 400 basis points per annum. At 31 March 2017, the effective interest rate on the loan was 5.15% (2016 - 4.61%) and the interest rate on the bank overdraft was 8.50% (2016 - 8.95%). Based on simulations performed, the impact on post-tax loss and net liabilities of a 1% shift in interest rates would be an increase/(decrease) of Rs 3,499,230 (2016 - Rs 3,432,889).

(ii) *Foreign exchange risk*

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has assets and liabilities denominated in foreign currencies, US dollar ("USD") and Euro ("EUR"). 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. 33,958,399** (2016 - Rs. 33,859,273).

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

Currency profile

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

	Financial Assets 2017 Rs.	**Financial Liabilities 2017 Rs.**	Financial Assets 2016 Rs.	Financial Liabilities 2016 Rs.
US dollar	**5,986,602**	**347,308,740**	4,647,535	345,344,244
Mauritian rupee	**24,131,372**	**57,688,177**	21,772,615	50,646,081
Euro	**1,738,149**	**-**	2,103,976	-
	31,856,123	**404,996,917**	28,524,126	395,990,325

(iii) *Price risk*

Equity price risk is the risk of unfavourable changes in fair value of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

(b) *Credit risk*

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of cash and cash equivalents and trade and other receivables, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date.

Credit risk arises from cash at bank and in hand and from trade and other receivables.

Cash at bank

Credit risk from balances with banks is managed by the Company by carrying out transactions with banks of good standing and reputation. 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 highly reputable institutions in the Industry.

Trade receivables

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, alter performing a credit worthiness check on these customers. See Note 12 tor further disclosure on credit risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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 reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year Rs.	Between 1 to 2 years Rs.	Between 2 to 5 years Rs.	Over 5 years Rs.
At 31 March 2017				
Trade and other payables	**48,246,579**	**-**	**-**	**-**
Bank overdraft	**4,369,974**	**-**	**-**	**-**
Finance lease commitments	**2,220,747**	**2,220,747**	**2,959,790**	**310,065**
Bank Loans	**16,277,721**	**144,343,815**	**223,618,924**	**-**
	71,115,021	**146,564,562**	**226,578,714**	**310,065**

	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	48,679,795	–	–	–
Bank overdraft	528,875	–	–	–
Finance lease commitments	1,311,659	1,311,659	1,832,095	–
Bank Loans	15,801,236	15,801,236	370,412,163	–
	66,321,565	**17,112,895**	**372,244,258**	**–**

The Company has trade and other receivables of **Rs 34,357,628** (2016- Rs 29,440,488) that are expected to be received within one year and cash in hand and at bank of **Rs 52,147** (2016 - Rs 639,484). These will be used to partly finance the liabilities for less than one year. The Company would also have recourse to its parent to finance for any shortage of fund.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

Financial instruments

(a) *Categories of financial instruments*

	2017 Loans and receivables Rs.	2016 Loans and receivables Rs.
Financial assets		
Cash in hand at bank	**52,147**	639,484
Trade and other receivables	**31,803,976**	27,884,642
Total assets	**31,856,123**	28,524,126

Financial liabilities	**At amortised cost Rs.**	At amortised cost Rs.
Borrowings	**352,380,364**	346,781,655
Trade and other payables	**48,246,579**	48,679,795
Bank overdraft	**4,369,974**	528,875
Total assets	**404,996,917**	395,990,325

(b) *Fair values of financial instruments*

The management assessed that the fair values of trade and other receivables, cash and cash equivalents, trade and other payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying value of the bank loan is considered as approximating its fair value due to the fact that its interest rate is floating and hence reflective of the market interest rate.

The carrying value of the financial leases, which bears interest at a fixed rate, is not significantly difference from its fair value.

At 31 March 2017, the Company did not have any assets or liabilities that were carried at fair value or were subject to revolution.

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 shareholder and benefits for other stakeholders and to maintain an optimal structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust dividend payments to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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 noncurrent borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the statement of financial position plus net debt. The gearing ratios at 31 March 2017 and 2016 were as follows:

	2017 Rs.	2016 Rs.
Total borrowings	**352,380,364**	346,781,655
Less: Cash in hand and at banks	**(52,147)**	(639,484)
Add: Bank overdraft	**4,369,974**	528,875
Net debt	**356,698,191**	346,671,046
Total Equity	**(90,388,989)**	(29,272,961)
Total Capital	**266,309,202**	317,398,085
Gearing ratio	**134%**	109%

The increase in the gearing ratio is due to the additional finance leases and bank overdraft taken by the Company, the increase in shareholder's deficit and the effect of exchange fluctuations on the borrowings which are denominated in USD. As per the agreement with the blank, the debt/equity ratio of the Company should be gradually reduced to at most 2:1.

4 REVENUE

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

5 MANAGEMENT EXPENSES

	2017 Rs.	2016 Rs.
Management fees		
Basic management fees	**7,329,065**	7,020,384
Incentive fees	**1,179,724**	2,362,149
Total	**8,508,789**	9,382,789

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.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

6. OPERATING LOSS

	2017 Rs.	2016 Rs.
The following items have been charged in arriving at the operating loss:		
Depreciation of property, plant and equipment (Note 10)		
– Owned assets	**58,317,129**	65,687,987
– Leased assets	**1,638,234**	1,133,466
Auditor's remuneration	**360,000**	345,000
Lease rental	**6,683,075**	6,667,917
Cost of inventories expensed (Note 11)	**106,403,373**	95,651,285
Staff costs (Note 7)	**57,955,914**	53,169,223
Transportation costs	**4,501,875**	5,024,925
Utilities	**15,960,213**	16,603,943
Repairs and maintenance	**4,107,740**	3,988,091
Retirement benefits expenses (Note 19(c))	**481,000**	1,609,000

7. STAFF COSTS

Wages and Salaries	**54,671,815**	50,097,165
Social security costs	**3,284,099**	3,072,058
	57,955,914	53,169,223
	Number	Number
Average number of employees	**193**	203

8. FINANCE COSTS

(i) *Exchange gain:*		
Unrealised foreign exchange gains	–	20,237,658
(ii) *Exchange loss:*		
Interest expense	**(17,168,602)**	(30,886,610)
Unrealised foreign exchange losses	**(2,847,486)**	–
Realised foreign exchange losses	**(218,292)**	(774,885)
	(20,234,380)	(31,661,495)
Net finance cost	**(20,234,380)**	(11,423,837)

9. INCOME TAX EXPENSE

The Company is liable to income tax at **15%** (2016 - 15%) and Corporate Social Responsibility tax of **2%** (2016 - 2%) on its chargeable income. At 31 March 2017, the Company had accumulated tax losses of **Rs. 105,926,243** (2016 - Rs. 158,639,870) and was therefore not liable to income tax.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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 2017, which is attributable to tax losses, exchange differences and accelerated capital allowances and retirement benefits costs amounted to **Rs. 112,824,076** (2016 - Rs. 111,236,520).

The unrecognised deferred tax is attributable to the following items:

	2017	2016
	Rs.	Rs.
Tax loss unutilised	**18,007,461**	26,968,778
Exchange differences	**16,548,450**	16,064,377
Excess of depreciation over capital allowance	**77,889,235**	67,929,835
Retirement benefits costs	**378,930**	273,530
	112,824,076	111,236,520

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% (2016 - 17%) follows:

	2017	2016
	Rs.	Rs.
Loss before income tax	**(60,977,028)**	(59,246,672)
Tax at 17% (2016 - 17%)	**(10,366,095)**	(10,071,934)
Impact of:		
Unrecognised deferred tax asset	**1,563,926**	10,071,934
Tax loss expired during the year	**8,802,169**	–
Actual tax credit	**–**	–

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

Expiry date	**Tax losses Rs.**
31 March 2018	**50,523,474**
31 March 2019	**29,028,735**
31 March 2020	**13,660,030**
31 March 2021	**119,285**
31 March 2022	**12,594,719**
Total	**105,926,243**

Tax losses of **Rs 51,777,462** (2016 - Rs 11,711,976) have lapsed during the year under review, The Company has a taxable profit after tax of Rs 936,164 for the year ended 31 March 2017 (2016 - Rs Nil), which has been offset against the accumulated tax losses.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Total Rs.
Cost:					
At 01 April 2015	344,313,887	336,101,162	4,230,703	43,455,510	728,101,262
Additions	–	302,623	57,885	–	360,508
At 31 March 2016	**344,313,887**	**336,403,785**	**4,288,588**	**43,455,510**	**728,461,770**
Additions	**1,912,310**	**687,543**	**–**	**5,094,512**	**7,694,365**
Disposal	–	–	–	**(1,370,657)**	**(1,370,657)**
At 31 March 2017	**346,226,197**	**337,091,328**	**4,288,588**	**47,179,365**	**734,785,478**
Accumulated depreciation:					
At 01 April 2015	(54,469,645)	(239,338,250)	(4,230,703)	(34,727,217)	(332,765,815)
Charge for the year	(11,465,652)	(50,434,237)	(3,742)	(4,917,822)	(66,821,453)
At 31 March 2016	(65,935,297)	(289,772,487)	(4,234,445)	(39,645,039)	(399,587,268)
Charge for the year	**(11,491,744)**	**(46,793,909)**	**(19,102)**	**(1,650,608)**	**(59,955,363)**
Disposal	–	–	–	**1,370,657**	**1,370,657**
At 31 March 2017	**(77,427,041)**	**(336,566,396)**	**(4,253,547)**	**(39,924,990)**	**(458,171,974)**
Carrying Value:					
At 31 March 2017	**268,799,156**	**524,932**	**35,041**	**7,254,375**	**276,613,504**
At 31 March 2016	278,378,590	46,631,298	54,143	3,810,471	328,874,502

The buildings on leasehold land have been secured with a fixed charge against the borrowings of USD 9,500,000 (2016: USD 9,500,000) contracted from the State Bank of Mauritius Ltd. Details on borrowings are disclosed in Note 18.

Leased vehicles

	2017 Rs.	2016 Rs.
Cost	**10,429,743**	5,667,331
Accumulated depreciation	**(3,495,096)**	(1,856,862)
	6,934,647	3,810,469

In 2015, the Company had acquired two high-loader for a total amount of Rs. 5,667,331. Which has been recognised under motor vehicle and financed by finance leases amounting to Rs. 5,136,458. In 2017, three additional vehicles were acquired for a total of **Rs. 4,762,412)** and financed by finance leases amounting to **Rs. 4,113,110**. Details of lease commitments are disclosed in Note 24.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

11. INVENTORIES

	2017 Rs.	2016 Rs.
Food and beverage, at cost	**3,762,401**	8,547,360
Other consumables, at cost	**1,989,691**	1,733,922
	5,752,092	10,281,282

The cost of inventories recognised as expense and included in cost of sales amounted to **Rs. 93,831,111** (2016 - Rs. 91,948,533)

12. TRADE AND OTHER RECEIVABLES

	2017 Rs.	2016 Rs.
Trade receivables	**29,165,256**	24,390,746
Prepayments	**955,873**	711,477
Taxes receivables	**2,553,652**	1,555,846
Other receivables	**2,638,720**	3,493,896
	35,313,501	30,151,965

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 2017, trade receivables of Rs. **585** (2016 - Rs. 97,722) were past due but not impaired, and trade receivables of Rs. **29,164,671** (2016 - Rs 24,293,024) were neither past due nor impaired. As at 31 March 2017, there were no trade receivables that were past due and impaired (2016 - Rs Nil). The ageing analysis of trade receivables is as follows:

	2017 Rs.	2016 Rs.
Up to 3 months	**29,164,671**	24,293,024
3 to 6 months	**585**	97,722
Over 6 months	**–**	–
	29,165,256	24,390,746

For the year ended 31 March 2017, the carrying amounts of the Company's trade and other receivables are denominated in the following currencies.

	2017 Rs.	2016 Rs.
US dollar	**5,986,602**	4,161,100
Mauritian rupee	**27,588,750**	23,886,889
Euro	**1,738,149**	2,103,976
	35,313,501	30,151,965

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

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

13 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following balance sheet amounts:

	2017 Rs.	2016 Rs.
Cash in hand and at bank	**52,147**	639,484
Bank Overdraft	**(4,369,974)**	(528,875)
	(4,317,827)	110,609

In 2016, the Company has been granted an overdraft facility of Rs 25,000,000. The bank overdraft bears interest at 8.50%. The overdraft facility has been renewed until January 2018, secured against the Company's assets and corporate guarantee of USD 9,500,000 given by the Company's shareholder.

14 SHARE CAPITAL

	2017 Number	2016 Number	**2017 Rs.**	**2016** Rs.
Issued and fully paid:				
At 01 April	**35,338,006**	35,338,006	**353,380,066**	353,380,066
Issued during the year (Note 15)	**33,706,000**	–	**337,060,000**	–
At 31 March	**69,044,006**	35,338,006	**690,440,066**	353,380,066

The ordinary shares have been Issued at Rs 10 each.

Rights and restrictions attached to ordinary shares:

(a) Each ordinary share shall entitle its holder to receive notice of to attend and vote at any meeting of the Company.

(b) Each ordinary share shall entitle its holder the right of an equal share in dividends as authorised by the board.

(c) Upon winding-up, each ordinary share shall entitle its holder the right to an equal share in the distribution of the surplus assets of the Company.

15 SHARE APPLICATION MONIES

	2017 Rs.	2016 Rs.
At 01 April	**337,060,000**	–
Received during the year	–	337,060,000
Conversion into stated capital (Note 14)	**(337,060,000)**	–
At 31 March	–	337,060,000

Share application monies represent advances received from the Company's shareholder which were not yet converted into share capital at 31 March 2016.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

16 OTHER PAYABLES

	2017 Rs.	2016 Rs.
At 01 April	–	–
Remeasurement of post-employment benefits obligations	(139,000)	–
At 31 March	**(139,000)**	–

Other reserves represent actuarial losses arising from the remeasurement of post-employment benefit obligations as at 31 March 2017, as disclosed in Note 19(d).

17 TRADE AND OTHER PAYABLES

	2017 Rs.	2016 Rs.
Trade payables	**35,675,679**	34,770,229
Amount payable to related party (Note 22(b))	**8,508,789**	9,382,533
Accruals	**4,062,111**	4,527,033
Social security and other taxes	**894,316**	1,620,869
	49,140,895	50,300,664

18 BORROWINGS

	2017 Rs.	2016 Rs.
Non-current:		
Bank borrowings (Note 18(a))	**345,553,000**	342,760,000
Finance lease commitments (Note 18(b))	**5,022,035**	2,948,461
	350,575,035	345,708,461
Current:		
Bank borrowings (Note 18(a))	–	–
Finance lease commitments (Note 18(b))	**1,805,329**	1,073,194
	1,805,329	1,073,194
Total borrowings	**352,380,364**	346,781,655

(a) Bank borrowings	2017 Rs.	2016 Rs.
Less than one year	-	–
Later than 1 year and no later than 5 years	**345,553,000**	342,760,000
Later than 5 years	-	-
	345,553,000	342,760,000

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

At 31 March 2017. the movement in the bank borrowings from 31 March 2016 is attributable to 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 5.15%. (2016 - 4.61%). Interest is payable on a monthly basis. During the year ended 31 March 2017, the Company paid interest of **Rs 16,786,743** (2016 - Rs 30,330,229) on the bank borrowings.

The borrowings of **USD 9,500,000** as at 31 March 2017 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 9,500,000 from EIH Limited (2016 - USD 19,000,000).

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:

	2017 Rs.	2016 Rs.
US dollar	**345,553,000**	342,760,000

(b) Finance lease commitments

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

	2017 Rs.	2016 Rs.
Less than one year	**1,805,329**	1,073,194
Later than 1 year and no later than 5 years	**4,588,492**	2,948,461
Later than 5 years	**433,543**	–
	6,827,364	4,021,655
Current	**1,805,329**	1,073,194
Non-Current	**5,022,035**	2,948,461
	6,827,364	4,021,655

19 RETIREMENT BENEFITS OBLIGATIONS

	2017 Rs.	2016 Rs.
Non-current		
Retirement benefits obligations	**2,229,000**	1,609,000

The Company has recognised a net benefit liability of **Rs 2,229,000** (2016 - Rs 1,609,000) in its statement of financial position as at 31 March 2017 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.

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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 increases.

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.

(a) A reconciliation of net defined benefit liability follows:

	2017 Rs.	2016 Rs.
At 01 April	**1,609,000**	–
Amount recognised in Profit or Loss for prior years	**–**	1,226,000
Amount recognised in Profit or Loss for current year	**481,000**	383,000
Amount recognised in Other Comprehensive Income	**139,000**	–
At 31 March	**2,229,000**	1,609,000

(b) A reconciliation of present value of defined benefit obligation follows:

	2017 Rs.	2016 Rs.
At 01 April	**1,609,000**	–
Retirement benefit expenses for prior years	**–**	1,226,000
Current service cost	**368,000**	297,000
Interest expense	**113,000**	86,000
Liability experience loss	**147,000**	–
Liability gain due to change in financial assumptions	**(8,000)**	–
At 01 April	**2,229,000**	1,609,000

(c) Components of amount recognised in Profit & Loss:

	2017 Rs.	2016 Rs.
Retirement benefits expenses for prior years	**–**	1,226,000
Current service cost	**368,000**	297,000
Net interest expense on net defined benefit liability	**113,000**	86,000
	481,000	1,609,000

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

(d) Components of amount recognised in Other Comprehensive income:

	2017 Rs.	2016 Rs.
Liability experience loss	**147,000**	–
Liability gain due to change in financial assumptions	**(8,000)**	–
	139,000	–

Principal assumptions used at end of the year

	2017	2016
Discount rate	**6.5%**	7.0%
Rate of Salary increases	**4.0%**	4.5%
Average retirement age	**65**	65

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

	2017 Rs.	2016 Rs.
Increase due to 1% decrease in discount rate	**484,000**	370,000
Decrease due to 1% increase in discount rate	**382,000**	288,000

The above sensitivity analysis has been carried out by recalculation the present value of the obligation at 31 March 2017 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.

Future cash flows:

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

	2017 Rs.	2016 Rs.
Expected employer contribution for the next year	**87,000**	68,000
Weighted average duration of the defined benefits obligations	**19 Years**	21 Years

20 CONTINGENT LIABILITIES

Bank guarantees

At 31 March 2017, 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 2017, Expatriate Guarantee amounted to **Rs. 110,000** (2016 - Rs. 90,000) Custom Guarantee amounted to **Rs. 11,000,000** (2016 - Rs. 11,000,000) and performance bond amounted to **Rs 360,000** (2016 - Rs 360,000).

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

21 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 Magnien, Mauritius.

22 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:

	2017	2016
	Rs.	Rs.
(a) Purchases of services		
Immediate parent (management fees) (Note 5)	**8,508,789**	9,382,533
(b) Payable to immediate parent		
Amount due to immediate parent (Note 17)	**8,508,789**	9,382,533

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

(c) Remuneration of key management personnel

	2017	2016
	Rs.	Rs.
Salaries	**3,404,358**	3,555,860
other short term employee benefits	**489,000**	453,000
	3,893,358	4,008,860

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

(d) Fees Paid to management entity of the Company

	2017	2016
	Rs.	Rs.
Abax Corporate Administrators Ltd		
Fees paid during the year	**328,806**	378,537

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

(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 in place 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 22 (d)).

23 IMMEDIATE AND ULTIMATE PARENT

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

24 COMMITMENTS

Finance lease commitments

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

	2017	2016
	Rs.	Rs.
Not later than 1 year	**2,220,747**	1,311,659
Later than 1 year and not later than 5 years	**5,490,602**	3,143,754
	7,711,349	4,455,413
Future finance charges	**(883,985)**	(433,758)
Present value of minimum lease payments	**6,827,364**	4,021,655

Finance lease arrangements relate to the following acquisitions required for operations:

- Two high-loaders (categorised as motor vehicles) purchased for a total of Rs 5, 136,458 during the year ended 31 March 2015; and
- One catering champ and two panel vans (categorised as motor vehicles) purchased for a total amount of **Rs 4,113,110** during the year ended 31 March 2017.

Tile carrying amount of assets on finance lease is disclosed in Note 10.

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:

	2017	2016
	Rs.	Rs.
Not later than 1 year	**7,334,712**	7,056,020
Later than 1 later and not later than 5 years	**32,346,080**	30,805,790
Later than 5 years	**49,877,509**	58,752,510
	89,558,301	96,614,320

Notes to the Financial Statements - 31 March 2017 *(Contd.)*

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 2007 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. 39.69 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.

25 NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year ended 31 March 2017, the Company has acquired one catering champ, one panel van and one car (categorised as motor vehicles under Property, Plant and Equipment) by means of finance lease for a total amount of **Rs 4,113,110** (2016 – Rs Nil).

26 PRIOR YEAR RESTATEMENT

For the year ended 31 March 2016, expenses amounting to Rs 27,732,905 that were directly related to Revenue were incorrectly classified as administrative expenses. The directors have accordingly reclassified those expenses to show a more relevant and reliable information, Details of the financial statement line items restated are as follows:

	As previously started	Adjustment	Restated
	Rs	Rs	Rs
Statement of comprehensive income			
For the year ended 31 March 2016			
Cost of sales	(110,563,631)	(27,732,905)	(138,296,536)
Gross profit	123,449,169	(27,732,905)	95,716,264
Administrative expenses	(161,889,471)	27,732,905	(134,156,566)

The effect on the operating profit and on the loss for the year is nil.

No statement of financial position as at 01 April 2015 has been presented since there is no impact on the figures.

27 EVENTS AFTER REPORTING DATE

There are no material events after the reporting date which requires amendments to or additional disclosures in the financial statements for the year ended 31 March 2017.

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 2017, 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 loss for the year was ($1,854,199) (2016: profit of $738,755) for the Group and a profit of $1,331,205 (2016: $1,411,544) for the Company, after provision for income tax expense of $379,141 (2016: $500,110) for the Group and $nil (2016: $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 (2016 : $1,000,000) was declared and paid.

DIRECTORS' REMUNERATION

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

SHARE OPTIONS

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

AUDITORS INDEPENDENCE

A copy of the auditor's independence declaration is attached to this financial report.

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

DEEPAK MADHOK

24 May, 2017 *Director*

Independent Auditor's Report

To the Members of
EIH International Ltd

Opinion

We have audited the financial report of EIH International Ltd and its controlled entities (the Company) and its subsidiaries (collectively the Group), which comprises:

- the Group consolidated and Company statements of financial position as at 31 March 2017;
- the Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- notes to the financial statements, including a summary of significant accounting policies; and
- the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company and the Group as at 31 March 2017, and their financial performance and their cash flows for the year then ended in accordance with International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards of Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report internationally. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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 International Ltd to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH International Ltd and should not be distributed to parties other than the members.

Adelaide
24 May 2017

ERNST & YOUNG

Statement of Comprehensive Income
For the year ended 31 March 2017

(Expressed in United States dollars)

	Note	Consolidated		Standalone	
		31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Continuing Operations					
Turnover	3	**11,805,136**	12,264,993	**1,378,782**	1,460,581
Cost of Sales		**(896,074)**	**(873,030)**	**–**	–
Gross Profit		**10,909,062**	11,391,963	**1,378,782**	1,460,581
Operating Expenses					
Other operating expenses		**1,552,467**	1,293,729	**–**	–
Payroll and related expenses		**2,621,280**	2,480,173	**–**	–
Administration and General Expenses		**2,580,457**	2,745,458	**45,747**	46,924
Marketing expenses		**680,739**	724,558	**–**	–
Upkeep and service cost		**1,480,045**	1,625,204	**–**	–
Project development expenses		**124,836**	276,427	**–**	–
Provision for furniture, fixture and equipment		**297,714**	307,620	**–**	–
Royalty expense		**–**	174,805	**–**	–
Other Expenses		**44,212**	44,389	**1,830**	2,113
Depreciation and amortisation		**1,403,045**	1,294,427	**–**	–
Total Operating Expenses		**10,784,795**	10,966,790	**47,577**	49,037
Other Income/(Expense)					
Interest expense		**–**	–	–	–
Share of profit/(loss) of investments accounted for using the equity method		**(1,055,182)**	342,460	–	–
Other Income/(expense)		**(516,761)**	471,232	–	–
Loss on disposal of fixed assets		**(27,382)**	–	–	–
Total Other Income/(Expense)		**(1,599,325)**	813,692	–	–
Profit/(Loss) before taxation		**(1,475,058)**	1,238,865	**1,331,205**	1,411,544
Taxation	4	**(379,141)**	(500,110)	–	–
Profit/(Loss) after taxation		**(1,854,199)**	738,755	**1,331,205**	1,411,544
Profit/(Loss) for the year is attributable to:					
Owners of the parents		**(1,902,427)**	688,196	**1,331,205**	1,411,544
Non-controlling Interest		**48,228**	50,559	–	–
		(1,854,199)	738,755	**1,331,205**	1,411,544
Other comprehensive income/(loss)					
Profit/(Loss) after taxation		**(1,854,199)**	738,755	**1,331,205**	1,411,544
Share of other comprehensive income(loss) of Investments accounted for using the equity method		**6,905**	–	**–**	–
Re-measurement of employee benefits		**(16,529)**	(168,635)	–	–
Movement in foreign currency translation reserve		**606,305**	(596,974)	–	–
Total comprehensive income		**(1,257,518)**	(26,854)	**1,331,205**	1,411,544
Total comprehensive income/(loss) for the year is attributable to:					
Owners of the parents		**(1,284,537)**	(41,890)	**1,331,205**	1,411,544
Non-controlling interest		**27,019**	15,036	**–**	–
		(1,257,518)	(26,854)	**1,331,205**	1,411,544

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

Statement of Financial Position as at 31 March 2017

(Expressed in United States dollars)

	Note	Consolidated 31 March 2017 $	Consolidated 31 March 2016 $	Standalone 31 March 2017 $	Standalone 31 March 2016 $
Non-Current Assets					
Property, plant and equipment	7	**8,710,468**	8,819,941	–	–
Intangibles assets	8	**61,678,758**	62,588,758	–	–
Deferred tax assets		**153,910**	95,087	–	–
Financial					
Amount due from related parties	9	**14,297,506**	13,677,854	**6,095,101**	5,750,095
Other assets		**10,530**	15,584	–	–
Non-Financial					
Investments	6	**15,209,969**	16,258,246	**94,675,214**	84,675,214
Other assets		**562,421**	630,689	–	–
Total Non-Current Assets		**100,623,562**	102,086,159	**100,770,315**	90,425,309
Current Assets					
Inventories		**360,645**	351,958	–	–
Cash and cash equivalents	10	**8,985,675**	9,560,577	**1,035,332**	1,049,133
Receivable	11	**801,464**	730,101	–	–
Amounts due from related parties	9	**62,888**	53,849	–	–
Non-Financial					
Other assets		**636,826**	315,437	–	–
Total Current Assets		**10,847,498**	11,011,922	**1,035,332**	1,049,133
Total Assets		**111,471,060**	113,098,081	**101,805,647**	91,474,442
Current Liabilities					
Financial					
Trade and other payables	12	**2,634,132**	1,944,005	**50,000**	50,000
Non-Financial					
Provision for taxation		**133,511**	217,587	–	–
Total Current Liabilities		**2,767,643**	2,161,592	**50,000**	50,000
Non-Current Liabilities					
Deferred tax liabilities		–	–	–	–
Employee benefits liabilities	14	**904,122**	798,467	–	–
Financial					
Amounts due to related parties	13	**3,120,000**	3,120,000	**10,181,087**	181,087
Total Non-Current Liabilities		**4,024,122**	3,918,467	**10,181,087**	181,087
Total Liabilities		**6,791,765**	6,080,059	**10,231,087**	231,087
Net Assets		**104,679,295**	107,018,022	**91,574,560**	91,243,355
Equity					
Share Capital	15	**96,607,800**	96,607,800	**96,607,800**	96,607,800
Retained Earnings		**6,413,889**	9,325,940	**(5,033,240)**	(5,364,445)
Translation reserve		**313,219**	(293,086)	–	–
Minority Interest	16	**1,344,387**	1,377,368	–	–
Total Equity		**104,679,295**	107,018,022	**91,574,560**	91,243,355

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 2017

(Expressed in United States dollars)

	Note	Consolidated				
		Share Capital	Translation Reserve	Retained earnings	Non-Controlling Interest	Total Equity
		$	$	$	$	$
As at 1 April 2016	15	**96,607,800**	**(293,086)**	**9,325,940**	**1,377,368**	**107,018,022**
Issued during the year		–	–	–	–	–
Translation reserve		–	606,305	–	(21,209)	585,096
Profit for year		–	–	(1,902,427)	48,228	(1,854,199)
Other Comprehensive Income		–	–	(9,624)	–	(9,624)
Dividend paid		–	–	(1,000,000)	(60,000)	(1,060,000)
As at 31 March 2017	15	**96,607,800**	**313,219**	**6,413,889**	**1,344,387**	**104,679,295**
As at 1 April 2015	15	**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		–	–	688,196	50,559	738,755
Other Comprehensive Income		–	–	(168,635)	–	(168,635)
Dividend paid		–	–	(1,000,000)	(240,000)	(1,240,000)
As at 31 March 2016	15	**96,607,800**	**(293,086)**	**9,325,940**	**1,377,368**	**107,018,022**

Statement of Changes in Equity *(Contd...)*
For the year ended 31 March 2017

(Expressed in United States dollars)

	Note	Standalone		
		Share Capital $	**Retained earnings $**	**Total Equity $**
As at 1 April 2016	15	**96,607,800**	**(5,364,445)**	**91,243,355**
Shares issued		–	–	–
Profit for year		–	1,331,205	1,331,205
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2017	15	**96,607,800**	**(5,033,240)**	**91,574,560**
As at 1 April 2015	15	**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	**96,607,800**	**(5364,445)**	**91,243,355**

Statement of Cash Flows
For the year ended 31 March 2017

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Cash flows from operating activities				
Profit/(Loss) before taxation	**(1,475,058)**	1,238,855	**1,331,205**	1,411,544
Adjustment for:				
Depreciation	**1,403,045**	1,294,427	–	–
Share of associates net (profit) / loss	**1,055,182**	(342,460)	–	–
Interest income	**(522,652)**	(493,068)	**(345,006)**	(325,477)
Dividend received	–	–	**(1,033,776)**	(1,135,104)
Interest expense	–	–	–	–
Writedown of investment	–	–	–	**100**
Gain on remeasurement of pre-existing interest	–	–	–	–
Impact of foreign currency translation	**757,178**	(470,945)	–	–
(Increase)/Decrease in assets:				
Decrease in receivables	**63,084**	46,441	–	–
Decrease in inventories	**(8,687)**	21,319	–	–
Decrease/(Increase) in prepayments	**(547,088)**	(65,967)	–	–
(Decrease)/Increase in liabilities:				
(Decrease)/Increase in payables	**134,012**	69,859	–	–
(Decrease)/Increase in provision	**673,091**	310,796	–	–
Cash generated from/(used by) operations	**1,532,107**	**1,609,267**	**(47,577)**	**(48,937)**
Interest paid	–	–	–	–
Taxes paid	**443,510**	599,650	–	–
Net cash flows (used by)/from operating activities	**1,088,597**	1,009,617	**(47,577)**	(48,937)
Cash flows from investing activities				
Dividend received	–	–	**1,033,776**	1,135,104
Acquisition of fixed assets	**(416,517)**	(584,242)	–	–
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	**(117,363)**	(267,616)	–	–
Proceeds from sale of property, plant and equipment	**27,381**	–	–	–
Repayment of advance to related party	–	–	–	–
Share of associates net (profit)/loss	–	–	–	–
Payment for acquisition of investments	–	–	**(10,000,000)**	–
Interest received	–	–	–	–
Dividend paid	**(1,000,000)**	(1,000,000)	**(1,000,000)**	(1,000,000)
Dividend paid to minority interest	**(60,000)**	(240,000)	–	–
Net cash flows from/(used by) investing activities	**(1,566,499)**	**(2,091,858)**	**(9,966,224)**	**135,104**
Cash flows from financing activities				
Proceeds from issuance of shares	–	–	–	–
Proceeds from related party borrowings	–	–	**10,000,000**	–
Loans to related party	**(97,000)**	(2,741,000)	–	–
Repayment of bank loans	–	–	–	–
Net cash flows from financing activities	**(97,000)**	(2,741,000)	**10,000,000**	–
Net increase/(decrease) in cash and cash equivalents	**(574,902)**	(3,823,241)	**(13,801)**	86,167
Cash and cash equivalents at beginning of year	**9,560,577**	13,383,818	**1,049,133**	962,966
Effect of exchange rate changes on cash balances	–	–	–	–
Cash and cash equivalents at end of year (Note 10)	**8,985,675**	9,560,577	**1,035,332**	1,049,133

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 2017

1. Corporate Information

The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2017 was authorised for issue on May 2017.

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 2017 (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.

Notes fo the Financial Statements *(Contd.)*
For the year ended 31 March 2017

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

(f) Operating Segments

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

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

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

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

(g) Foreign Currencies Translation

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

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

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

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

(h) Cash and Cash Equivalents

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

(i) Receivables

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

Notes fo the Financial Statements *(Contd.)*
For the year ended 31 March 2017

(j) Inventories

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

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

(k) Investments

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

(l) Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

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.

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.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

(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. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained

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

(i) Provisions

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.

(ii) Post-Employment 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.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

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.

– 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.

(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.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

– When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(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 2017

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 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Hotel revenues	**9,924,057**	10,253,960	**–**	–
Hotel management fees	**727,466**	849,030	**–**	–
Sales and marketing	**619,123**	653,661	**–**	–
Royalty	**11,838**	15,274	**–**	–
Dividends	**–**	–	**1,033,776**	1,135,104
Interest	**522,652**	493,068	**345,006**	325,477
	11,805,136	12,264,993	**1,378,782**	1,460,581

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 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Profit before tax	**(1,475,058)**	1,238,825	**1,331,205**	1,411,544
Tax at the statutory tax rate of Nil% (2016: Nil%)	**–**	–	**–**	–
Tax rate differential in foreign Countries	**(379,141)**	(500,110)	**–**	–
Tax expense	**(379,141)**	(500,110)	**–**	–

a. Taxes payable consist of the following:

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Development tax I	**44,982**	60,727	–	–
Income tax				
Article 4(2)	**–**	768	–	–
Article 21	**13,844**	12,832	–	–
Article 23	**25,069**	74,699	–	–
Article 25	**23,656**	37,585	–	–
Article 26	**331**	327	–	–
Value added tax	**23,869**	23,575	–	–
Withholding tax	**1,760**	7,074	–	–
Total	**133,511**	**217,587**	–	–

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

b. A reconciliation between loss before income tax, as shown in the statement of profit or loss and other comprehensive income, and estimated tax loss follows:

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Income before income tax per statement of profit of loss and other comprehensive income	**(1,475,058)**	1,238,825	**1,331,205**	1,411,544
Temporary differences:				
Provision for replacement of furniture, fixtures and equipment, net	**151,350**	4,594	–	–
Employee benefits, net	**45,950**	56,453	–	–
Depreciation	**21,426**	(34,838)	–	–
Permanent differences:				
Interest income already subjected to Final tax	**(17,633)**	(17,674)	–	–
Non-deductible expenses	**125,680**	461,972	–	–
Unrecognised Deferred Tax Assets Not Subject to Tax	**1,922,390**	(606,182)	**(1,331,205)**	(1,411,544)
Estimated taxable income for the year	**774,105**	**1,103,150**	–	–

c. Computation of estimated current income tax expense and estimated income tax payable:

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Estimated taxable income (rounded off)	**774,105**	1,103,150	–	–
Current income tax expense	**228,886**	296,227	–	–
Prepayments of Income tax article 25	**(325,279)**	(459,541)	–	–
Translation adjustments	**(15,129)**	(11,392)	–	–
Estimated income tax payable (claim for tax refund)	**(111,522)**	**(174,706)**	–	–

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

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 and other comprehensive income is as follows:

	Consolidated		Standalone	
	31 March 2017 $	**31 March 2016 $**	**31 March 2017 $**	**31 March 2016 $**
Income before income tax	**(1,475,058)**	1,238,825	**1,331,205**	1,411,544
Tax expense at the applicable rate	**192,879**	297,755	–	–
Tax expense from correction of corporate income tax for fiscal year 2011 and 2012	**–**	107,410	–	–
Tax effect on permanent differences:				
Interest income already subjected to final tax	**(4,408)**	(4,419)	–	–
Non-deductible expenses	**31,420**	115,493	–	–
Translation adjustments	**(15,456)**	(19,600)	–	–
Income tax expense				
Current year	**204,435**	496,639	–	–
Prior Year	**174,706**	3,471	–	–
Total	**379,141**	**500,110**	–	–

With regards to the subsidiary company PT Widja Putra Karya registered in Indonesia:

On March 30, 2017, the Company decided to follow tax amnesty held by tax authority. In connection with that the Company could not claim the prior year overpayment of corporate income tax amounting to Rp2,319,400,342 (US$174,706) and recorded as current tax expenses in the Statement of Profit or Loss and Other Comprehensive Income.

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:

	Consolidated		Standalone	
	31 March 2017 $	**31 March 2016 $**	**31 March 2017 $**	**31 March 2016 $**
Provision (payment of reserve) for replacement of furniture, fixtures and equipment - net	**37,838**	1,148	–	–
Provision for employee benefits - net	**11,488**	14,113	–	–
Depreciation and amortization - net	**5,355**	(8,709)	–	–
Net	**54,681**	**6,552**	**–**	**–**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

f. Deferred tax assets (liabilities) consists of:

	Consolidated				
	1 April 2016 $	Profit or loss $	Other Comprehensive income $	Translation Adj. $	31 March 2017 $
Deferred tax assets					
Employee benefits liability	157,653	11,488	4,726	–	173,867
Reserve for replacement of furniture, fixtures and equipment	15,518	37,838	–	–	53,356
Total deferred tax assets	173,171	49,326	4,726	–	227,223
Deferred tax liabilities					
Depreciation and amortization - net	(70,297)	5,355	–	–	(64,942)
Translation adjustments	(7,787)	–	–	(584)	(8,371)
Net deferred tax assets	**95,087**	**54,681**	**4,726**	**(584)**	**153,910**

	Consolidated				
	1 April 2015 $	Profit or loss $	Other Comprehensive income $	Translation Adj. $	31 March 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 adjustments	(7,251)	–	–	(536)	(7,787)
Net deferred tax assets	**108,311**	**6,552**	**(19240)**	**(536)**	**95,087**

	Standalone			
	1 April 2016 $	Profit or loss $	Other Comprehensive income $	31 March 2017 $
Deferred tax assets				
Employee benefits liability	–	–	–	–
Reserve for replacement of furniture, fixtures and equipment	–	–	–	–
Total deferred tax assets	–	–	–	–
Deferred tax liabilities				
Depreciation and amortization - net	–	–	–	–
Net deferred tax assets	**–**	**–**	**–**	**–**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

	Standalone			
	1 April 2015	Profit or loss	Other Comprehensive income	31 March 2016
	$	$	$	$
Deferred tax assets				
Employee benefits liability	–	–	–	–
Reserve for replacement of furniture, fixtures and equipment	–	–	–	–
Total deferred tax assets	–	–	–	–
Deferred tax liabilities				
Depreciation and amortization - net	–	–	–	–
Net deferred tax assets	–	–	–	–

Tax matters relating to subsidiary company PT Widja Putra Karya registered in Indonesia are outlined below:

On March 30, 2017, the Company decided to follow tax amnesty programme and reported some assets that have not been registered in the Company's tax report up to 2015 in the form of antiques and paintings amounting to Rp3,019,000,000 (US$226,635). As compensation, the Company paid to tax authority amounting to Rp150,950,000 (US$11,362). As of April 28, 2017, the Company hasn't receive any decision letter from the tax authority. Based on the tax amnesty law, if the Company hasn't received any decision letter from the tax authority until 10 days after submission day, the tax amnesty assets are considered being approved by tax authority. As a result, all tax amnesty assets were still not recorded on Statements of Financial Position as of March 31, 2017.

Tax matters relating to subsidiary company PT Waka Oberoi Indonesia are outlined below:

The Company decided not to recognize the net deferred tax assets on the tax losses carry-forward and temporary differences as of March 31, 2017 and 2016 amounting to Rp777,044,286 and Rp1,492, 132,952 respectively, due to the uncertainty in their recoverability in the near future.

On March 30, 2017, the Company decided to follow tax amnesty which held by tax authority. The Company reported some assets that have not been registered in the Company's tax report up to 2015 in the form of antiques and paintings worth Rp385,000,000 (US$28,902). As compensation, the Company paid to tax authority amounting to Rp19,250,000 (US$1,445). Until the audit report date, the Company hasn't receive any decision letter from the Ministry of Finance. As of April 28, 2017, the Company hasn't receive any decision letter from the tax authority. Based on the tax amnesty law, if the Company hasn't received any decision letter from the tax authority until 10 days after submission day, the tax amnesty assets are considered being approved by tax authority. As a result, all tax amnesty assets were still not recorded on Statements of Financial Position as of March 31, 2017. In connection with the tax amnesty, all tax losses carry-forward until fiscal year 2014 amounting to Rp94,356,810,482 cannot be claimed by The Company.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

5. Directors' Remuneration

	Consolidated		**Standalone**	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Fees	**–**	–	**–**	–
Other emoluments	**–**	–	**–**	–
	–	–	**–**	–

6. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Unlisted shares, at cost	**–**	–	**89,043,714**	79,043,714

Other Investments

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Other investments	**15,209,969**	16,258,246	**5,631,500**	5,631,500

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 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Total investments	**15,209,969**	16,258,246	**94,675,214**	**84,675,214**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

6. Investments ***(Contd...)***

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company: Directly	Percentage of equity attributable to the Company: Indirectly	Principal Activities	Directors
EIH Holdings Ltd	British Virgin Islands	100	–	Hotel Investment and Management	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. P. Selvadurai
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**	Hong Kong	100	–	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. P. Selvadurai
EIHH Corporation Ltd*	Hong Kong	–	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

* EIHH Corporation Ltd was wound up during the year.

** J&W Hong Kong has commenced liquidation procedures during the year, with the process ongoing at year end.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

(Expressed in United States dollars)

7. Property, Plant and Equipment

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Freehold Land				
At Cost	**5,489,354**	5,490,771	**–**	–
Accumulated depreciation	**–**	–	**–**	–
	5,489,354	5,490,771	**–**	–
Freehold Buildings				
At Cost	**3,354,792**	3,848,508	**–**	–
Accumulated depreciation	**(2,477,304)**	(2,871,699)	**–**	–
	877,488	976,809	**–**	–
Plant and Equipment				
At Cost	**2,407,751**	1,995,519	**–**	–
Accumulated depreciation	**(1,750,252}**	(1,748,651)	**–**	–
	657,499	246,868	**–**	–
Furniture & Fittings				
At Cost	**2,718,687**	3,137,036	**–**	–
Accumulated depreciation	**(2,302,587)**	(2,718,326)	**–**	–
	416,100	418,710	**–**	–
Motor Vehicles				
At Cost	**181,737**	165,015	**–**	–
Accumulated depreciation	**(129,072)**	(112,826)	**–**	–
	52,665	52,189	**–**	–
Project Expenses	**1,217,362**	1,634,594	**–**	–
Total property, plant and equipment, net	**8,710,468**	8,819,941	**–**	–
At cost	**15,369,683**	16,271,443	**–**	–
Accumulated depreciation	**(6,659,215)**	(7,451,502)	**–**	–
Written Down Value	**8,710,468**	8,819,941	**–**	–

8. Intangible Assets

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Goodwill	**30,738,758**	30,738,758	**–**	–
Management contracts	**36,400,000**	36,400,000	**–**	–
Less: accumulated amortisation	**(5,460,000)**	(4,550,000)	**–**	–
Management contracts, net	**30,940,000**	31,850,000	**–**	–
	61,678,758	62,588,758	**–**	–

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

8. Intangible Assets *(Contd...)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the cash-generating unit of hotel management cash-generating unit for impairment testing.

Hotel management cash-generating unit

In 2017, the recoverable amount of the hotel management cash-generating unit was determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied to the cash flow projections was 10.5%and cash flows beyond the five-year period were extrapolated using a growth rate of 3.0%, which was the same as the long term average growth rate of the industry.

Assumptions were used in the value-in-use calculation of the hotel management cash-generating unit for the year ended 31 March 2017. The key assumptions used in the value-in-use calculation are the budgeted management fees receivable from the cash-generating unit, the discount rate applied to the projected cash flows and the growth rate assumption on the value-in-use calculation. The values assigned to the key assumptions used in the calculation are consistent with external information sources.

(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 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Cash at Bank	**8,973,627**	9,551,034	**1,035,332**	1,049,133
Cash on hand	**12,048**	9,543	–	–
	8,985,675	9,560,577	**1,035,332**	1,049,133

11. Receivables

Trade receivables	**533,600**	694,935	**–**	–
Other receivables	**267,864**	35,166	**–**	–
	801,464	730,101	**–**	–

12. Payables

Third parties	**2,634,132**	1,944,005	**50,000**	50,000
Related parties	**–**	–	**–**	–
	2,634,132	1,944,005	**50,000**	50,000

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 2017

14. Long-term Employee Benefits Liability

The Group's long-term employee benefits liability consists only of post-employment benefits.

Employees of the Group relate to subsidiary company operations which are domiciled in Indonesia, as such the post-employment benefits to its employees are 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 an independent firm of actuary, in their reports dated April 7, 2017 and April 5, 2016, using the "projected-unit-credit" method are as follows:

a. Details of post-employment benefits expense:

	Consolidated		**Standalone**	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Current service cost	**64,452**	61,456	**–**	–
Interest cost	**63,094**	60,278	–	–
Total post-employee Benefits expense	**127,546**	121,734	–	–

b. Details of post-employment benefits expense:

	Consolidated		**Standalone**	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Present value of defined Benefits obligation	**904,122**	798,467	**–**	–
Unrecognized past service cost - unvested	**–**	–	–	–
Unrecognized actuarial loss	**–**	–	–	–
Employee benefit liability	**904,122**	798,467	–	–

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

14. Long-term Employee Benefits Liability ***(Contd...)***

c. Movements in post-employment benefits liability are as follows:

	Consolidated		**Standalone**	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Beginning balance	**798,467**	838,316	–	–
Provision during the year	**127,546**	121,734	–	–
Payment during the year	**(40,232)**	(31,315)	–	–
Actuarial loss (gain) from				
Experience adjustment	**2,351**	(104,496)	–	–
Change in financial assumption	**18,904**	(16,897)	–	–
Translation adjustment	**(2,914)**	(8,875)	–	–
Employee benefit liability	**904,122**	798,467	–	–

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	: 8% in 2017 and 8.34% in 2016
Annual salary increase	: 8% in 2017 and 2016
Mortality	: TMI III
Retirement age	: 55 years
Disability rate	: 5% of mortality table TMI Ill

As of March 31, 2017, 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 US$56,137/ US$74,870.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2017

(Expressed in United States dollars)

15. Contributed Equity

Share Capital

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Issued and fully paid: 96,607,800 (2016: 96,607,800) ordinary shares	**96,607,800**	96,607,800	**96,607,800**	96,607,800

	Consolidated		Standalone	
	Number of shares	$	**Number of shares**	$
As at 31 March 2015	**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 2016	**96,607,800**	96,607,800	**96,607,800**	96,607,800
Shared issue	**-**	-	**-**	-
As at 31st March 2017	**96,607,800**	96,607,800	**96,607,800**	96,607,800

16. Non-controlling interest

	Consolidated		Standalone	
	31 March 2017 $	31 March 2016 $	**31 March 2017 $**	31 March 2016 $
Contributed equity	**3,158,046**	3,158,046	**–**	–
Translation reserve	**(876,532)**	(855,323)	**–**	–
Dividend paid	**(60,000)**	(240,000)	**–**	–
Retained earnings	**(925,355)**	(735,914)	**–**	–
Current year profit	**48,228**	50,559	**–**	–
	1,344,387	1,377,368	**–**	–

17. Financial Risk Management Objectives and Policies

Foreign currency risk

The Group has investments in entities with transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group does not requires all its operating units to use forward currency contracts to eliminate the foreign currency exposures on any individual transactions

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Indonesian Rupiah exchange rate, with all other variables held constant, of the Group's profit before tax.

Notes to the Financial Statements *(Contd...)* For the year ended 31 March 2017

17. Financial Risk Management Objectives and Policies ***(Contd...)***

	Increase/ (decrease) in Rupiah rate %	Increase/ (decrease) in profit after tax US$	Increase/ (decrease) in equity US$
2017			
If the US dollar weakens against the Rupiah	5	6,255	22,768
If the US dollar strengthens against the Rupiah	(5)	(5,072)	(25,165)
2016			
If the US dollar weakens against the Rupiah	5	114,817	263,006
If the US dollar strengthens against the Rupiah	(5)	(114,727)	(290,691)

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.

Liquidity risk

The Company has minimal risk of shortage of funds as its shareholders have agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

The maturity profile of the Company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

	2017		
	On demand US$	Over 1 year US$	Total US$
Trade and other payables	2,634,132	–	2,634,132
Provision for taxation	133,511	–	133,511
Amounts due to related parties	3,120,000	–	3,120,000

	2016		
	On demand US$	Over 1 year US$	Total US$
Trade and other payables	1,944,005	–	1,944,005
Provision for taxation	217,587	–	217,587
Amounts due to related parties	3,120,000	–	3,120,000

Capital management

The Company's primary objective for its own capital management aligns with its management of liquidity risk (see above) and is to safeguard its ability to continue as a going concern, and the Company may 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 year. Capital of the Company comprises all components of shareholder's equity.

18. 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 2017

19. Commitments and Contingencies

EIH Holdings Ltd (subsidiary company)

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2017, the assessed tax for the years ended 30 June 2001 to 30 June 2012 is US$694,746 and penalties of US$443,652.

Based on the advice received from Pricewaterhouse Coopers, the company claimed that only 20%of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under this formula from 30 June 2001 to 31 March 2017 is US$48,472. The company has paid $38,662 as at 31 March 2017.

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$330,076 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$330,076 will be refunded. If not, the liability of the Company will be the US$694,746 and US$443,652 already assessed by the MRA as at 31 March 2017, plus US$287,953 (applying the same basis of calculation for the years ended 31 March 2013 to 31 March 2017) and any applicable penalties.

The total tax liability will therefore be US$1,426,350 plus penalties on tax for the years ended 31 March 2013 to 31 March 2017, estimated at US$175,115. 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.

Oberoi Mauritius Ltd (jointly controlled entity)

In Mauritius, the Mauritius Revenue Authority (MRA) assessed the company for payment of tax on interest income. 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 company claimed that the interest on shareholders loans should be allowed as an expense deduction. The company did not accept the method of taxation of interest income without deduction of interest expense. The company lodged tax returns every year on this basis.

The matter went for review in Mauritius by the Assessment Review Committee (ARC). ARC in April 2012 decided that the interest expense is not allowable as a deduction but stated it would review whether MRA used its discretion properiy in determining that the deduction of interest expense was disallowable. Notwithstanding, the company lodged a submission with ARC that interest expense should be allowed as a deduction.

The ruling from ARC in June 2016 was not in the company's favour and ARC decided that the interest expense is not an allowable deduction. Accordingly the company had to pay US$1,776,589 for taxes and penalties due from 30th June 2003 up to 31st March 2016. The company lodged returns for 2016-17 on the same basis as determined by ARC and paid US$100,105 in 2016-17.

The company has lodged an appeal with the Supreme Court against the above ARC's decision. The date for such hearing has not been determined.

No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

Directors' Statement

In the opinion of the Directors :

(a) the statement of comprehensive income and statement of changes in equity is drawn up so as to give a true and fair view of the results of the Group for the year ended 31 March 2017;

(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 2017; 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.

Deepak Madhok

24 May 2017

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 2017, 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 $464,432 (2016: $678,952) after provision for income tax expense of $21,225 (2016: $34,624).

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 (2016: $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.

DEEPAK MADHOK

17 May, 2017

Director

Independent Auditor's Report

Opinion

We have audited the financial report of EIH Holdings Ltd (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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 Holdings Limited 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 Holdings Limited and should not be distributed to parties other than the members.

ERNST & YOUNG
Adelaide
11 May 2017

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2017

(Expressed in United States dollars)

	Note	**31 March 2017** **$**	31 March 2016 $
Continuing Operations			
Turnover	3	**2,073,138**	2,559,755
Cost of Sales		**–**	–
Gross Profit		**2,073,138**	2,559,755
Operating Expenses			
Administration and General Expenses		**1,364,630**	1,275,260
Royalty expenses		**–**	174,805
Marketing expenses		**–**	115,019
Project Development Expenses		**124,836**	276,427
Total Operating Expenses		**1,489,466**	1,841,511
Other Income/(Expense)			
Other Income / (Expense)		**(98,015)**	(4,668)
Total Other Income/(Expense)		**(98,015)**	(4,668)
Profit before taxation	4	**485,657**	713,576
Taxation	5	**(21,225)**	(34,624)
Profit after taxation		**464,432**	678,952
Other Comprehensive Income			
Other Comprehensive Income		**–**	–
Total Comprehensive Income		**464,432**	678,952

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

Statement of Financial Position as at 31 March 2017

(Expressed in United States dollars)

	Note	**31 March 2017 $**	31 March 2016 $
Non-Current Assets			
Investments	7	**11,672,526**	11,672,539
Amount due from related parties	8	**24,604,713**	24,330,665
		36,277,239	36,003,204
Current Assets			
Cash and cash equivalents	9	**5,782,681**	6,357,004
Receivables	10	**281,373**	522,810
Total Current Assets		**6,064,054**	6,879,814
Total Assets		**42,341,293**	42,883,018
Current Liabilities			
Payables	11	**68,050**	74,194
Total Current Liabilities		**68,050**	74,194
Non-Current Liabilities			
Amounts due to related parties	12	**–**	13
Total Non-Current Liabilities		**–**	13
Total Liabilities		**68,050**	74,207
Total Net Assets		**42,273,243**	42,808,811
Equity			
Share Capital	13	**37,085,714**	37,085,714
Retained Earnings		**5,187,529**	5,723,097
Total Equity		**42,273,243**	42,808,811

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 2017

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2016	**13**	**37,085,714**	**5,723,097**	**42,808,811**
Profit for year		–	464,432	464,432
Other Comprehensive Income		–	–	–
Issue of capital		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2017	**13**	**37,085,714**	**5,187,529**	**42,273,243**

	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**

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 2017

(Expressed in United States dollars)

	31 March 2017 **$**	31 March 2016 $
Cash Flows from Operating Activities		
Profit before taxation	**485,657**	713,576
Adjustment for:		
Interest income	**(177,646)**	(167,590)
Dividend income	**(86,047)**	(344,948)
Other	**98,015**	4,668
(Increase)/Decrease in assets:		
Decrease/(Increase) in receivables	**241,436**	44,010
(Decrease)/Increase in Liabilities:		
(Decrease)/Increase in payables	**(13)**	8,149
Cash generated from operations	**561,402**	257,865
Tax paid	**(21,225)**	(34,625)
Net Cash Flows from operating activities	**540,177**	223,240
Cash Flows from Investing Activities		
Dividends paid	**(1,000,000)**	(1,000,000)
Dividend income	**86,047**	344,948
Issue of share capital	**–**	–
Purchase of investments	**–**	–
Interest received	**–**	–
Net Cash Flows from/(used by) investing activities	**(913,953)**	(655,052)
Cash Flows from financing activities		
Payments on loans provided to related parties	**(274,048)**	(2,729,015)
Proceeds from related party borrowings	**171,516**	–
Net Cash Flows used by financing activities	**(102,532)**	(2,729,015)
Net increase (decrease) in cash and cash equivalents	**(476,308)**	(3,160,827)
Cash and cash equivalents at beginning of year	**6,357,004**	9,522,499
Effect of exchange rate changes on cash balances	**(98,015)**	(4,668)
Cash and cash equivalents at end of year (Note 9)	**5,782,681**	6,357,004

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 2017

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2017 was authorised for issue on 11 May 2017.

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 10 "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 2017	31 March 2016
	$	$
Hotel Management Fees	**880,770**	1,070,663
Sales and Marketing	**916,837**	961,280
Royalty	**11,838**	15,274
Dividends	**86,047**	344,948
Interest	**177,646**	167,590
	2,073,138	2,559,755

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2017	31 March 2016
	$	$
Interest Income (Note 3)	**177,646**	167,590
Auditor remuneration:		
– audit of financial report	**12,250**	11,750
– accounting advice	**–**	–
	12,250	11,750

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 2017	31 March 2016
	$	$
Profit before tax	**485,657**	713,576
Tax at the statutory tax rate of Nil % (2016 : Nil%)	**–**	–
Tax rate differential in Foreign Countries	**21,225**	34,624
Tax Expense	**21,225**	34,624

6. Directors' Remuneration	**31 March 2017**	31 March 2016
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

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

7. Investments

Investments in Subsidiaries

	31 March 2017	31 March 2016
	$	$
Unlisted shares, at cost	**1,566,000**	1,566,013

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company: Directly	Percentage of equity attributable to the Company: Indirectly	Principal Activities	Directors
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.

Other Investments

	31 March 2017	31 March 2016
	$	$
Other Investment at cost	**10,106,526**	10,106,526
	10,106,526	10,106,526

Other investments represent interests in joint ventures and are carried at cost, less provision for any permanent diminution in value.

	31 March 2017	31 March 2016
	$	$
Total Investments	**11,672,526**	11,672,539

8. Amount Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of $ 24,604,713, $ 3,138,405 is interest bearing, and $ 21,466,308 is non-interest bearing.

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

9. Cash and Cash Equivalents

	31 March 2017	31 March 2016
	$	$
Cash at Bank	**5,782,681**	6,357,004

10. Receivables

Trade receivables	**281,373**	522,810
	281,373	522,810

11. Payables

Third parties	**68,050**	74,194
	68,050	74,194

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 2017	31 March 2016
	$	$
Issued and fully paid :		
37,085,714 ordinary shares	**37,085,714**	37,085,714

	Number of Shares	$
As at 31 March 2015	**34,085,714**	34,085,714
Shares issued	**3,000,000**	3,000,000
As at 31 March 2016	**37,085,714**	37,085,714
Shares issued	**–**	–
As at 31 March 2017	**37,085,714**	37,085,714

14. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

15. Commitments and Contingencies

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2017, the assessed tax for the years ended 30 June 2001 to 30 June 2012 is US$694,746 and penalties of US$443,652.

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

Based on the advice received from Pricewaterhouse Coopers, the company claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The total tax payable under this formula from 30 June 2001 to 31 March 2017 is US$48,472. The company has paid $38,662 as at 31 March 2017.

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$330,076 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$330,076 will be refunded. If not, the liability of the Company will be the US$694,746 and US$443,652 already assessed by the MRA as at 31 March 2017, plus US$287,953 (applying the same basis of calculation for the years ended 31 March 2013 to 31 March 2017) and any applicable penalties.

The total tax liability will therefore be US$1,426,350 plus penalties on tax for the years ended 31 March 2013 to 31 March 2017, estimated at US$175,115. 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 2017;

(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 2017; and

(c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

DEEPAK MADHOK
Director

17 May 2017

J&W HONG KONG LIMITED

BOARD

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

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 Company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY
The Company's principal activity is investment holding. Pursuant to a special resolution passed on 20 December 2016, the Company's sole member has approved to dissolve the Company and the Company is currently undergoing the dissolution procedures.

RESULTS AND DIVIDENDS
The Company's profit for the year ended 31 March 2017 and its financial position at that date 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.

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 companies or 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries was a party during the year.

ON BEHALF OF THE BOARD

Hong Kong

Chairman

Independent Auditors' Report

To the shareholders of J&W Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of J&W Hong Kong Limited, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by 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.

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

Independent Auditors' Report *(Contd...)*

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting, when such use is inappropriate and the directors' use an alternative basis of accounting, we conclude on the appropriateness of the directors' use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Hong Kong

Ernst & Young
Certified Public Accountants

Statement of Profit or Loss and Other Comprehensive Income year ended 31 March 2017

	Note	**31 March 2017 US$**	31 March 2016 **US$**
Revenue	3	**52,190**	52,190
Profit before tax		**52,190**	52,190
Income tax expense	6	**–**	–
Profit and total Comprehensive Income for the year		**52,190**	52,190

Statement of Financial Position
31 March 2017

	Note	**31 March 2017 US$**	31 March 2016 **US$**
Non-Current Asset			
Available-for-sale financial assets	8	**–**	10,000,000
Current Asset			
Amount due from a shareholder	7	**10,000,000**	–
Net Assets		**10,000,000**	10,000,000
Equity			
Share Capital	9	**10,000,000**	10,000,000
Retained Profit		**–**	–
Total Equity		**10,000,000**	10,000,000

Statement of Changes in Equity
year ended 31 March 2017

	Share Capital **US$**	Retained profit **US$**	Total **US$**
At 1 April 2015	**10,000,000**	**–**	**10,000,000**
Profit and 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**
Profit and total Comprehensive Income for the year	–	52,190	52,190
Dividend paid	–	(52,190)	(52,190)
At 31 March 2017	**10,000,000**	**–**	**10,000,000**

Notes to the Financial Statements
31 March 2017

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.

Pursuant to a special resolution passed on 20 December 2016, the sole member of the Company has approved to dissolve the Company. The Company is currently undergoing the dissolution procedures.

During the year, the Company was involved in investment holding. The Company's immediate holding company is EIH International Ltd, a company incorporated in British Virgin Islands. In the opinion of the directors, the Company's ultimate holding company is EIH Limited, a company incorporated in India.

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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and are presented in United States dollars ("US$").

2.2. BASIS OF PREPARATION

As disclosed in note 1 to the financial statements, the sole member of the Company passed a special resolution on 20 December 2016 and approved to dissolve the Company. The Company is currently undergoing the dissolution procedures. Accordingly, the financial statements have been prepared on a liquidation basis, whereby the Company's asset has been stated at its estimated net realisable value. No provision has been made in respect of the costs and expenses expected to be incurred for the dissolution of the Company as the relevant costs and expenses will be borne by the Company's immediate holding company.

Owing to the change of basis of preparation in the current year, the comparative amounts presented for the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and related notes for the year ended 31 March 2016, which have been prepared on a going concern basis, are not entirely comparable.

A statement of cash flows has not been presented as the Company does not operate a bank or cash account or hold any cash and cash equivalents and had no cash transactions during the current and prior year. All expenses of the Company were settled by the immediate holding company. Accordingly, in the opinion of the directors, the presentation of a statement of cash flows would provide no additional useful information to the users of the financial statements.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Certain revised HKFRSs became effective for the first time during the current financial year and they have had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

Notes to the Financial Statements *(Contd...)*
31 March 2017

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early adopted any new and revised HKFRSs, that have been issued but are not yet effective for the year ended 31 March 2017, in these financial statements. The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's results of operations and financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted for the adoption of the liquidation basis for the current year as described in note 2.2 to the financial statements, the significant accounting policies applied in the preparation of these financial statements are as follows:

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. Financial assets are recognised at the trade date.

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

Notes to the Financial Statements *(Contd...)*
31 March 2017

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Contd..)

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 revaluation reserve until the securities are either sold or impaired. On disposal of available-for-sale financial investments, cumulative gains or losses are recognised in the profit or loss and removed from the available-for-sale investment revaluation reserve.

When the fair value of unlisted 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.

For available-for-sale financial investments, the Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired. If an available-for-sale asset 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 statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Any changes in their value are recognised in profit or loss.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

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.

Notes to the Financial Statements *(Contd...)*
31 March 2017

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. 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 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 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 all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 by the end of the reporting period.

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 taxation authority.

Revenue recognition

Dividend income is recognised when the right to receive payment has been established.

Dividends

Interim dividends are recognised immediately as a liability when they are proposed and declared by the directors.

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 profit or loss.

Notes to the Financial Statements *(Contd...)*
31 March 2017

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.

In respect of 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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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. 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..

3. REVENUE

The Company recorded dividend income during the year of US$52,190 (2016: US$52,190).

4. AUDITORS' REMUNERATION

Auditor's remuneration for the current year and the prior year were borne by the immediate holding company.

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2016: 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 year (2016: Nil).

7. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder represented the consideration receivable from the sale of 1,935,500 shares of EIH Holdings Limited.

Notes to the Financial Statements *(Contd...)*
31 March 2017

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 US$	2016 US$
Unlisted equity investment, at cost	–	10,000,000

The investment represented 1,935,500 shares, representing 5.22% of the issued capital of EIH Holdings Limited, a company incorporated in British Virgin Islands.

9. SHARE CAPITAL

	2017 US$	2016 US$
Issued and fully paid:		
10,000,000 (2016: 10,000,000) ordinary shares of US$1 each	**10,000,000**	10,000,000

10. FINANCIAL INSTRUMENT BY CATEGORY

The carrying amount of the Company's financial asset as at the end of the reporting period is the amount shown on the statement of financial position.

11. FAIR VALUE OF FINANCIAL ASSET

At the end of the reporting period, the carrying amount of the Company's financial asset approximated to its fair value largely due to its short term maturity.

12. 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 asset arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instrument. The directors believe that the amount due from a shareholder is fully recoverable.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder's value.

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 dividend payments to its shareholder, return capital to the shareholder or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

The Company mainly relies on funding provided by its immediate holding company to finance its operations.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors.

EIH INVESTMENT N.V.

BOARD

Intertrust (Curaçao) 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 2017.

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 2^{nd} 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 $81,844 (2016: $349,055) after providing for income tax of $4,480 (2016: $4,567).

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 $86,047 (2016: $344,948) 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
16 May, 2017

Intertrust (Curaçao) BV
Director

Independent Auditor's Report

To the Members of
EIH Investment N.V.

Opinion

We have audited the financial report of EIH Investment N.V. (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants code of Ethics for Professional Accountant (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

Adelaide
16 May 2017

ERNST & YOUNG
Adelaide

Statement of Comprehensive Income for the year ended 31 March 2017

(Expressed in United States dollars)

	31 March 2017 $	31 March 2016 $
Revenue		
Royalty Income	**164,843**	238,315
Expenses		
Royalty Expenses	**153,304**	221,633
Administration and general expenses	**11,262**	8,008
Total Expenses	**164,566**	229,641
Other Income/(Expense)		
Dividend Income	**86,047**	344,948
Total Other Income	**86,047**	344,948
Profit before Taxation	**86,324**	353,622
Taxation (expense)/benefit	**(4,480)**	(4,567)
Profit after Taxation	**81,844**	349,055
Other Comprehensive Income	**–**	–
Total Comprehensive Income	**81,844**	349,055

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

Statement of Financial Position as at 31 March 2017

(Expressed in United States dollars)

	Note	31 March 2017 $	31 March 2016 $
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		**16,157,977**	**16,157,977**
Current Assets			
Amount due from related Company		**296,162**	300,963
Total Current Assets		**296,162**	300,963
Total Assets		**16,454,139**	16,458,940
Current Liabilities			
Amount due to shareholder		**150,014**	150,612
Total Current Liabilities		**150,014**	150,612
Non-Current Liabilities			
Amount due to shareholder	5	**16,157,977**	16,157,977
Total Non-Current Liabilities		**16,157,977**	16,157,977
Total Liabilities		**16,307,991**	16,308,589
Net Assets		**146,148**	150,351
Shareholders' Equity			
Share Capital	1	**6,000**	6,000
Retained Earnings		**140,148**	144,351
		146,148	150,351

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 2017

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2016	**1**	**6,000**	**144,351**	**150,351**
Profit for year		–	81,844	81,844
Other Comprehensive Income		–	–	–
Dividend paid		–	(86,047)	(86,047)
As at 31 March 2017	1	**6,000**	**140,148**	**146,148**
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	**6,000**	**144,351**	**150,351**

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 2017

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Investment N.V. (the "Company") for the year ended 31 March 2017 was authorised for issue on 16 May, 2017.

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 10 "Consolidated Financial Statements", as consolidated financial statements have not been prepared.
- IAS 28 "Investments in Associates and Joint Ventures", 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 2016/17 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 2016/17 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 2017 $	31 March 2016 $
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	–	–
	–	–

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 2017;

(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 2017; 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	Intertrust (Curacao) B.V.
May 16, 2017	*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 2017.

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 (€516,014) (2016: €780,240) after providing for income tax of €Nil (2016: €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 €82,383 (2016: €312,646) has been declared and paid during the preceding year ended 31 March 2017.

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 2017.

(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 2017, 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
17 May 2017

TMF Management B.V.

Independent Auditor's Report

To the Members of
EIH Management Services B.V.

Opinion

We have audited the financial report of EIH Management Services B.V. (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from

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

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

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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.

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

Adelaide	ERNST & YOUNG
17 May 2017	*Chartered Accountants*

Statement of Comprehensive Income for the year ended 31 March 2017

(Expressed in Euros)

	Note	**31 March 2017** €	31 March 2016 €
Turnover	3	**198,491**	285,192
Dividend Income		**82,383**	316,994
Interest Income		**–**	–
Unrealised foreign exchange gain		**–**	432,439
Total Income		**280,874**	**1,034,625**
Expenses			
Management fee expenses		**150,198**	215,805
Administration and other expenses		**44,066**	38,580
Unrealised foreign exchange loss		**602,624**	–
Total Expenses		**796,888**	**254,385**
Profit/(Loss) before Taxation		**(516,014)**	780,240
Taxation expense		**–**	–
Profit/(Loss) after Taxation		**(516,014)**	780,240
Other Comprehensive Income		**–**	–
Total Comprehensive Income/(Loss)		**(516,014)**	**780,240**

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

Statement of Financial Position as at 31 March 2017

(Expressed in Euros)

	Note	31 March 2017 €	31 March 2016 €
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	**4,249,666**	4,012,732
Total Non-Current Assets		**14,432,054**	**14,195,120**
Current Assets			
Cash and cash equivalents		**6,333**	12,895
Other receivables and prepayments		**8,779**	8,889
Total Current Assets		**15,112**	21,784
Total Assets		**14,447,166**	**14,216,904**
Current Liabilities			
Accruals		**6,647**	11,253
Amount due to related parties	6	**277,264**	266,050
Total Current Liabilities		**283,911**	**277,303**
Non-Current Liabilities			
Amount due to shareholder	6	**14,744,388**	13,922,337
Total Non-Current Liabilities		**14,744,388**	13,922,337
Total Liabilities		**15,028,299**	14,199,640
Net Assets / (Liabilities)		**(581,133)**	**17,264**
Equity			
Issued Share Capital		**18,200**	18,200
Share Premium		**375,000**	375,000
Retained Earnings		**(974,333)**	(375,936)
Total Equity		**(581,133)**	**17,264**

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 2017

(Expressed in Euros)

	Share Capital €	Retained Earnings €	Total Equity €
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**

	Share Capital €	Retained Earnings €	Total Equity €
As at 1 April 2016	**393,200**	**(375,936)**	**17,264**
Profit for year	–	(516,014)	(516,014)
Dividend paid	–	(82,383)	(82,383)
Other Comprehensive Income	–	–	–
As at 31 March 2017	**393,200**	**(974,333)**	**(581,133)**

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 2017

(Expressed in Euros)

	31 March 2017 €	31 March 2016 €
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	**(516,014)**	780,240
Adjustment for:		
Unrealised foreign currency (gain)/loss	**602,624**	(432,439)
(Increase)/Decrease in assets:		
(Increase)/Decrease in receivables and prepayments	**110**	898
(Increase)/Decrease in related party receivables	**–**	–
(Decrease)/Increase in Liabilities:		
Increase/(Decrease) in accruals	**(4,605)**	(8,413)
Increase/(Decrease) in related party payables	**(6,294)**	(33,614)
Cash generated from operations	**75,821**	306,672
Interest paid	**–**	–
Net Cash Flows generated/(used) in Operating Activities	**75,821**	306,672
Cash Flows from Investing Activities		
Dividend paid	**(82,383)**	(312,646)
Net cash flows from Investing Activities	**(82,383)**	(312,646)
Cash flows from Financing Activities	**–**	–
Net Increase/(Decrease) in cash and cash equivalents	**12,895**	4,329
Cash and cash equivalents at beginning of year	**(6,562)**	8,566
Cash and cash equivalents at end of year	**6,333**	12,895

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 2017
(Expressed in Euro)

1. Corporate Information

The financial report of EIH Management Services B.V. (the "Company") for the year ended 31 March 2017 was authorised for issue on 17 May, 2017.

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 2017, 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 4,249,666 (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, 2014) 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, 2015.

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 2016/17 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 2017	31 March 2016
	€	€
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, 2017.

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, 2017 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 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 on omit misleading information and/or facts.

This statement letter is made truthfully.

Bali, April 28, 2017
on behalf of the Board of Directors

Drs. I Wayan Pasek
President Director

Independent Auditor's Report

Report No. RPC-4321/PSS/2017

The Stockholders, Boards of Commissioners and Directors
PT Widja Putra Karya

We have audited the accompanying statements of PT Widja Putra Karya, which comprise the statement of financial position as of March 31, 2017, 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 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 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, 2017 , 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 2l 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, Suherman & Surja

Tjoa Tjek Nien, CPA
Public Accountant Registration No. AP.1175

April 28, 2017

Statement of Financial Position
As of March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
		March 31,		March 31,	
	Notes	2017	2016	2017	2016
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2m,4,15	16,801,431,423	12,240,684,240	1,261,274	922,015
Trade receivables					
Third parties	2m,5,15	2,966,480,795	3,136,153,118	222,692	236,227
Related parties		–	36,649,500	–	2,761
Other receivable - third party	2m,15	14,103,011	10,163,707	1,059	766
Inventories	2c,7	3,449,661,100	3,243,442,531	258,964	244,309
Prepayments and advances	2d	3,197,666,778	2,740,962,372	240,047	206,460
Due from related parties	2b,2m,6,15	162,274,038	460,076,478	12,182	34,654
Other current financial assets	2m,15	88,135,455	168,356,718	6,616	12,681
TOTAL CURRENT ASSETS		**26,679,752,600**	**22,036,488,664**	**2,002,834**	**1,659,873**
NON-CURRENT ASSETS					
Due from related parties	2b,2m,6,15	8,426,984,488	8,398,517,083	632,609	632,610
Fixed assets - net	2e,2f,8	23,003,830,556	22,215,966,912	1,726,885	1,673,393
Deferred tax assets - net	2k,10f	2,050,240,405	1,262,372,530	153,910	95,087
Other non-current assets	2m,15,2k	6,020,075,060	6,133,903,799	451,924	462,030
Estimated claim for tax refund	10c,15	1,485,583,996	2,319,400,342	111,522	174,706
TOTAL NON-CURRENT ASSETS		**40,986,714,505**	**40,330,160,666**	**3,076,850**	**3,037,826**
TOTAL ASSETS		**67,666,467,105**	**62,366,649,330**	**5,079,684**	**4,697,699**

The accompanying notes form an integral part of these Financial Statements.

Statement of Financial Position *(Contd...)*
As of March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
		March 31,		March 31,	
	Notes	2017	2016	2017	2016
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Third parties	2m,9,15	1,801,569,443	2,002,801,852	135,243	150,858
Other payables	2m,15				
Third parties		129,922,519	440,405,229	9,753	33,172
Related parties	2b,6	468,523,908	1,139,558,736	35,172	85,836
Taxes payables	2k,10a	1,481,446,897	2,503,359,589	111,211	188,563
Accrued expenses	2m,11,15	4,801,871,993	3,631,876,534	360,474	273,566
Due to hotel operator	2b,2m,6,12,15	117,128,012	833,480,556	8,793	62,781
Reserve for replacement of furniture, fixtures and equipment	2g,13	2,488,185,799	482,450,644	186,787	36,340
Other current financial liabilities	2m,15	8,085,827,344	3,652,725,187	606,998	275,139
TOTAL CURRENT LIABILITIES		**19,374,475,915**	**14,686,658,327**	**1,454,431**	**1,106,255**
NON-CURRENT LIABILITY					
Long-term employee benefits liability	2h,14	8,178,931,727	7,317,893,702	613,988	551,212
TOTAL LIABILITIES		**27,553,407,642**	**22,004,552,029**	**2,068,419**	**1,657,467**
EQUITY					
Capital stock - Rp100,000 par value per share Authorized, issued and fully paid - 11,070 shares	16	1,107,000,000	1,107,000,000	659,603	659,603
Retained earnings		40,396,464,912	40,456,641,629	5,443,748	5,388,433
Other comprehensive income					
Translation adjustment	2l	-	-	(2,987,403)	(2,917,299)
Remeasurement on long-term employee benefits liability		(1,390,405,449)	(1,201,544,328)	(104,683)	(90,505)
NET EQUITY		**40,113,059,463**	**40,362,097,301**	**3,011,265**	**3,040,232**
TOTAL LIABILITIES AND EQUITY		**67,666,467,105**	**62,366,649,330**	**5,079,684**	**4,697,699**

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income
For the Year Ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2017	**2016**	**2017**	**2016**
DEPARTMENTAL REVENUES	2i, 17				
Rooms		65,576,430,880	70,231,722,137	4,950,706	5,174,661
Food and beverages		21,436,580,134	22,145,760,933	1,618,020	1,634,159
Other operating department		5,803,444,651	4,825,792,564	437,862	355,707
Total Departmental Revenues		**92,816,455,665**	**97,203,275,634**	**7,006,588**	**7,164,527**
COST OF GOODS SOLD AND SERVICES	18	**36,694,930,058**	**33,795,526,232**	**2,767,277**	**2,494,170**
GROSS PROFIT		**56,121,525,607**	**63,407,749,402**	**4,239,311**	**4,670,357**
HOTEL OPERATING EXPENSES					
Property operations, maintenance and energy expenses	19	12,146,051,384	13,372,983,091	915,334	987,144
General and administrative expenses	20	13,485,642,007	12,722,708,095	1,016,948	939,385
Marketing and sales promotion expenses	21	8,399,180,717	8,403,134,036	635,040	622,402
Total Hotel Operating Expenses		**34,030,874,108**	**34,498,825,222**	**2,567,322**	**2,548,931**
HOTEL GROSS OPERATING PROFIT		**22,090,651,499**	**28,908,924,180**	**1,671,989**	**2,121,426**

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income *(Contd...)*
For the Year Ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
	Notes	**2017**	**2016**	**2017**	**2016**
OWNER'S OPERATING (INCOME) EXPENSES	2i				
Finance income (expense)		(4,832,818)	(3,120,408)	(364)	(230)
Depreciation and amortization	8	3,708,959,378	2,496,420,359	278,955	184,077
Management fee	22	2,761,331,438	3,613,615,523	208,999	265,178
Insurance		1,818,545,145	1,799,049,761	134,228	135,198
Salaries and wages		1,721,625,802	1,690,692,241	129,740	123,975
Tax expense		1,645,454,640	6,065,263,490	124,072	458,781
Rental		1,253,035,333	1,266,064,500	94,298	93,200
Professional fee		1,035,985,850	1,423,814,569	78,026	105,035
Foreign exchange losses - net	2j	633,610,757	1,170,877,166	-	-
Other operating expenses		462,965,516	567,903,032	35,266	41,812
Total Owner's Operating Expenses - Net		**15,036,681,041**	**20,090,580,233**	**1,083,220**	**1,407,026**
INCOME BEFORE INCOME TAX		**7,053,970,458**	**8,818,343,947**	**588,769**	**714,400**
Income tax expense - net	2k,10d	(4,441,947,175)	(4,989,584,185)	(333,454)	(377,484)
INCOME FOR THE YEAR		**2,612,023,283**	**3,828,759,762**	**255,315**	**336,916**
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 employee benefits liability		(251,814,828)	1,021,725,181	(18,904)	76,960
Related income tax		62,953,707	(255,431,295)	4,726	(19,240)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:					
Difference in foreign currency translation		-	-	(70,104)	(108,307)
NET COMPREHENSIVE INCOME FOR THE YEAR		**2,423,162,162**	**4,595,053,648**	**171,033**	**286,329**

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes In Equity
For the Year Ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars

		Indonesian Rupiah			
	Note	Capital Stock	Retained Earnings	Other Comprehensive Income (Loss)	Net Equity
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**
Income for the year		-	2,612,023,283	-	2,612,023,283
Net other comprehensive income for the year		-	-	(188,861,121)	(188,861,121)
Cash dividend	16	-	(2,672,200,000)	-	(2,672,200,000)
Balance as of March 31, 2017		**1,107,000,000**	**40,396,464,912**	**(1,390,405,449)**	**40,113,059,463**

		Translations Into U.S. Dollar - (Note 2l)				
				Other Comprehensive Income (Loss)		
	Note	Capital Stock	Retained Earnings	Translation Adjustment	Remeasurement Income (Loss) on Long-term Employee Benefits Liabilty	Net Equity
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		-	-	-	57,720	57,720
Translation adjustment		-	-	(108,307)	-	(108,307)
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**
Income for the year		-	255,315	-	-	255,315
Net other comprehensive income for the year		-	-	-	(14,178)	(14,178)
Translation adjustment		-	-	(70,104)	-	(70,104)
Cash dividend	16	-	(200,000)	-	-	(200,000)
Balance as of March 31, 2017		**659,603**	**5,443,748**	**(2,987,403)**	**(104,683)**	**3,011,265**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows
For the Year Ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
	Notes	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive income		2,423,162,162	4,595,053,648	171,033	286,329
Adjustments to reconcile total comprehensive income to net cash provided by operating activities:					
Provision for replacement of furniture, fixtures and equipment	20	2,784,493,671	2,916,098,268	210,199	214,936
Depreciation and amortization	8	3,708,959,378	2,496,420,359	278,955	184,077
Provision for employee benefits	14	1,145,151,912	1,119,288,736	86,182	82,011
Payments of employee benefit liability	14	(535,928,714)	(339,310,569)	(40,232)	(25,558)
Deferred income tax expense (benefit) - net	10	(724,914,168)	(100,665,316)	(54,681)	(6,552)
Remeasurement income (loss) on employee benefit liability		188,861,121	(766,293,886)	14,178	(57,720)
Translation adjustment		-	-	2,359	16,272
Changes in operating Assets and liabilities:					
Trade receivables		206,321,823	55,580,651	16,296	7,755
Other receivables - third party		(3,939,304)	11,602,500	(293)	898
Inventories		(206,218,569)	(200,193,198)	(14,655)	(11,716)
Prepayments and advances		(456,704,406)	207,138,751	(33,587)	18,861
Other current financial assets		80,221,263	(43,119,434)	6,065	(3,109)
Estimate claim for tax refund-net	10c	833,816,346	(2,319,400,342)	63,184	(174,706)
Due from related parties		269,335,035	(1,633,102,235)	22,473	(115,025)
Other non-current assets		76,300,130	9,666,666	7,351	7,405
Trade payables - third parties		(201,232,409)	(401,000,486)	(15,615)	(32,863)
Other payables		(981,517,538)	757,316,679	(74,083)	56,135
Taxes payable		(1,021,912,692)	1,000,236,507	(77,352)	73,680
Accrued expenses		1,169,995,459	427,090,272	86,908	28,627
Due to Hotel Operator		(716,352,544)	635,485,641	(53,988)	47,648
Other current financial liabilities		4,433,102,157	249,918,437	331,859	15,065
Total Cash Provided by Operating Activities		**12,471,000,113**	**8,677,811,649**	**932,556**	**612,450**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows *(Contd...)*
For the Year Ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
	Notes	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets	8	(4,459,294,414)	(6,450,625,415)	(334,448)	(481,044)
Utilization of reserve for replacement of furniture, fixtures and equipment	13	(778,758,516)	(2,817,941,989)	(58,849)	(210,342)
Total Cash Used in Investing Activities		**(5,238,052,930)**	**(9,268,567,404)**	**(393,297)**	**(691,386)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash Dividend	16	(2,672,200,000)	(10,732,200,000)	(200,000)	(800,000)
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		**4,560,747,183**	**(11,322,955,755)**	**339,259**	**(878,936)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	**12,240,684,240**	**23,563,639,995**	**922,015**	**1,800,951**
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**16,801,431,423**	**12,240,684,240**	**1,261,274**	**922,015**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2017 and For the Year Then ended

(Expressed in Rupiah, with Translations into United States Dollars)

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 22).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2017 and 2016 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 194 and 198 permanent employees as of March 31, 2017 and 2016, respectively (unaudited).

The management of the Company is responsible for the preparation of the accompanying financial statements that were completed on April 28, 2017.

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.

The statement of cash flows, which has 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.

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

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 dollar.

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:

	Years
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.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the form of "Hak Guna Usaha" (HGU), "Hak Guna Bangunan" (HGB) or "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 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.

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

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 obligations, 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 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.

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 rooms' 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.

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

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, 2017 and 2016, the rates of exchange used were Rp13,321 and Rp13,276 respectively, to US$1.

k. Taxation

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 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 statements 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.

The carrying amount of a deferred tax asset 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 asset 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 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.

Tax Amnesty

On 19 September 2016, the Indonesia Financial Accounting Standards Board (DSAK IAI) issued SFAS 70, "Accounting for tax amnesty assets and liabilities". The objective of the issuance of the standards is to provide specific accounting treatment related to the application of the Tax Amnesty law.

PSAK 70: Accounting for Tax Amnesty Assets and Liabilities

This SFAS provides accounting policy choice for the entity to account the asset and liabilities in accordance with the provision of Tax Amnesty Law. The alternative accounting options are:
- To use the existing applicable standard under IFAS.
- To use the specific provision in SFAS 70

Management decided to use the specific provision in SFAS 70. According to specific provision of SFAS 70, tax amnesty assets are measured at the amount reported in the Tax Amnesty Approval Letter ("SKPP"), while tax amnesty liabilities are measured at the amount of cash or cash equivalents that will settle the contractual obligation related to the acquisition of the tax amnesty assets. The redemption money (the amount of tax paid in accordance with Tax Amnesty law) shall be charged directly to profit or loss in the period when the SKPP was received.

Any difference between amounts initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as Additional Paid-In Capital ("APIC"). The APIC shall not be reclassified to retained earnings or recycled to profit or loss subsequently.

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 (Rp13,321 to US$1 and Rp13,276 to US$1 as last quoted by Bank Indonesia as of March 31, 2017 and 2016, 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 equity section of the statement of financial position.

m. Financial instruments

i. Financial assets

Initial recognition

Financial assets 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.

As of March 31, 2017 and 2016, the Company's financial assets included cash on hand and in banks, trade receivables, other receivables, other current financial assets (employee loans), 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 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, 2017 and 2016, 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 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 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.

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 profit or loss and other comprehensive income.

vii. Derecognition of Financial Assets and Liabilities

<u>Financial assets</u>

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.

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.

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

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.

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 behaviour. 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, unless otherwise stated with Translations into United States Dollars)

4. CASH ON HAND AND IN BANKS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	March, 31		March, 31	
	2017	**2016**	**2017**	**2016**
Cash on hand				
Rupiah	81,000,000	47,200,000	6,081	3,555
Cash in banks				
Rupiah				
PT Bank Negara Indonesia (Persero) Tbk.	7,597,810,510	8,142,976,876	570,363	613,361
PT Bank Mandiri (Persero) Tbk	416,520,051	25,366,045	31,268	1,911
PT Bank Maybank Indonesia Tbk	1,397,109	37,987,323	105	2,861
PT Bank Central Asia Tbk	1,000,000	-	75	-
U.S. dollars				
PT Bank Negara Indonesia (Persero) Tbk.	8,443,876,582	3,769,087,731	633,877	283,902
PT Bank Maybank Indonesia Tbk.	252,337,039	203,830,676	18,943	15,353
PT Bank Mandiri (Persero) Tbk	7,490,132	14,235,589	562	1,072
Total	**16,801,431,423**	**12,240,684,240**	**1,261,274**	**922,015**

As of March 31, 2017 and 2016, 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. Dollars (Note 2l)	
	March, 31		March, 31	
	2017	**2016**	**2017**	**2016**
Third parties				
City ledger	2,080,411,170	2,029,059,143	156,175	152,837
Guest ledger	886,069,625	1,143,743,475	66,517	86,151
Total third parties	**2,966,480,795**	**3,172,802,618**	**222,692**	**238,988**

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

The ageing of trade receivables are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2017	2016	2017	2016	2017	2016
Current	2,609,761,099	2,881,553,924	195,913	217,050	87.97%	90.82%
Over due:						
1 - 30 days	341,319,696	148,442,632	25,623	11,181	11.51%	4.68%
31- 60 days	15,400,000	136,025,934	1,156	10,246	0.52%	4.29%
Over 60 days	-	6,780,128	-	511	-	0.21%
Total	**2,966,480,795**	**3,172,802,618**	**222,692**	**238,988**	**100%**	**100%**

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, 2017 and 2016.

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. Dollars - (Note 2l)		Percentage to Total Assets or liabilities (%)	
	March 31,		March 31,		March 31,	
	2017	2016	2017	2016	2017	2016
Due from related parties – current portion						
PT Waka Oberoi Indonesia	162,274,038	460,076,478	12,182	34,654	0.24	0.74
Due from related parties – con current portion						
PT Waka Gae Selaras	4,595,745,000	4,580,220,000	345,000	345,000	6.79	7.34
EIH International Limited	2,412,259,927	2,404,111,012	181,087	181,087	3.56	3.85
EIH Management Services B.V.	1,418,979,561	1,414,186,071	106,522	106,523	2.10	2.27
Total	**8,589,258,526**	**8,858,593,561**	**644,791**	**667,264**	**12.69**	**14.20**
Other payable						
EIH Management Services B.V.	468,523,908	1,139,558,736	35,172	85,836	1.70%	5.18%
Due to hotel operator						
EIH Management Services B.V. (Note 12)	117,128,012	833,480,556	8,793	62,781	0.43%	1.02%

Salaries and wages of the Company's key management personnel amounted to Rp1,198,952,616 in 2017 and Rp1,321,255,852 in 2016.

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

Nature of relationship and types of transaction with related parties are as follows:

No.	Related Parties	Nature of Relationship	Types of Transaction
a.	PT Waka Gae Selaras	Shareholders	Advance Paid
b.	EIH International Limited	Shareholders	Advance paid and operating expenses
c.	EIH Management Services B.V.	Shareholders	Advance paid and management service
d.	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. Dollars (Note 2l)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Materials and supplies	1,354,777,190	1,384,047,463	101,702	104,252
Beverages	1,057,144,739	804,966,491	79,359	60,633
Food	1,030,170,576	1,050,228,458	77,334	79,107
Tobacco	7,568,595	4,200,119	569	317
Total	**3,449,661,100**	**3,243,442,531**	**258,964**	**244,309**

Management believes that no allowance for losses is necessary on the inventories as of March 31, 2017 and 2016 since the inventories are fully usable

8. FIXED ASSETS

The details of fixed assets are as follows:

	For the Year Ended March 31, 2017			
	Indonesian Rupiah			
	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Land	94,854,375	-	-	94,854,375
Buildings	14,976,322,125	924,026,220	-	15,900,348,345
Structures and improvements	5,577,571,126	73,700,000	6,508,792,555	12,160,063,681
Machinery and equipment	6,050,503,860	679,519,500	-	6,730,023,360
Furniture, fixtures and equipment	23,686,630,868	1,806,597,873	-	25,493,228,741
Motor vehicles	1,198,375,280	-	-	1,198,375,280
Construction in progress	7,259,870,652	975,450,821	(6,508,792,555)	1,726,528,918
Total Cost	58,844,128,286	4,459,294,414	-	63,303,422,700

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2017			
	Indonesian Rupiah			
	Beginning Balance	Additions	Reclassification	Ending Balance
Accumulated Depreciation				
Buildings	5,789,206,003	592,813,506	-	6,382,019,509
Structures and improvements	5,427,021,096	1,127,264,777	-	6,554,285,873
Machinery and equipment	4,311,382,421	439,888,755	-	4,751,271,176
Furniture, fixtures and equipment	19,902,176,580	1,511,463,726	-	21,413,640,306
Motor vehicles	1,198,375,274	6	-	1,198,375,280
Total Accumulated Depreciation	36,628,161,374	3,671,430,770	-	40,299,592,144
Net Book Value	**22,215,966,912**			**23,003,830,556**

	For the Year Ended March 31, 2016			
	Indonesian Rupiah			
	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
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**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2017				
	Translations into U.S. Dollars - (Note 2l)				
	Beginning Balance	**Additions**	**Reclassification**	**Translation Adjustment**	**Ending Balance**
Cost					
Land	7,145	-	-	(24)	7,121
Buildings	1,128,074	69,186	-	(3,630)	1,193,630
Structures and improvements	420,125	5,487	490,200	(2,963)	912,849
Machinery and equipment	455,747	50,722	-	(1,250)	505,219
Furniture, fixtures and equipment	1,784,170	135,826	-	(6,234)	1,913,762
Motor vehicles	90,266	-	-	(305)	89,961
Construction in progress	546,842	73,227	(490,200)	(259)	129,610
Total Cost	4,432,369	334,448	-	(14,665)	4,752,152
Accumulated Depreciation					
Buildings	436,066	44,622	-	(1,593)	479,095
Structures and improvements	408,785	84,631	-	(1,389)	492,027
Machinery and equipment	324,750	33,111	-	(1,186)	356,675
Furniture, fixtures and equipment	1,499,109	113,765	-	(5,365)	1,607,509
Motor vehicles	90,266	-	-	(305)	89,961
Total Accumulated Depreciation	2,758,976	276,129	-	(9,838)	3,025,267
Net Book Value	**1,673,393**				**1,726,885**

	For the Year Ended March 31, 2016				
	Translations into U.S. Dollars - (Note 2l)				
	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

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2016				
	Translations into U.S. Dollars - (Note 2l)				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
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**

Depreciation charged to operations amounted to Rp3,671,430,770 (US$276,129) and Rp2,458,891,752 (US$181,319) for the years ended March 31, 2017 and 2016, respectively. The rest of Depreciation and amortization were due to amortization expense amounted to Rp37,528,608 (US$2,826) and Rp37,528,607 (US$2,758), 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, 2017. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2017 and 2016, 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. Dollars - (Note 2l)	
	March, 31		March, 31	
	2017	**2016**	**2017**	**2016**
Development tax I	603,857,409	791,106,287	45,331	59,589
Income tax				
Article 4(2)	-	10,196,422	-	768
Article 21	119,491,823	116,865,286	8,970	8,803
Article 23	303,644,760	979,622,012	22,794	73,789
Article 25	315,122,458	498,980,958	23,656	37,585
Value added tax	139,330,447	106,588,624	10,460	8,029
Total	**1,481,446,897**	**2,503,359,589**	**111,211**	**188,563**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

10. TAXATION *(Contd...)*

b. A reconciliation between loss before income tax, as shown in the statement of profit or loss and other comprehensive income, and estimated tax loss follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Income before income tax per statement of profit or loss and other comprehensive income	7,053,970,458	8,818,343,947	588,769	714,400
Temporary differences:				
Provision for replacement of furniture, Fixtures and equipment - net	2,005,735,155	98,156,279	151,350	4,594
Employee benefits - net	609,223,198	779,978,167	45,950	56,453
Depreciation	284,698,317	(475,473,183)	21,426	(34,838)
Permanent differences:				
Interest income already subjected to Final tax	(233,778,899)	(240,375,816)	(17,633)	(17,674)
Non-deductible expenses	1,669,995,957	6,145,248,969	125,680	461,972
Estimated taxable income for the year	**11,389,844,186**	**15,125,878,363**	**915,542**	**1,184,907**

c. Computation of estimated current income tax expense and estimated income tax payable:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Estimated taxable income (rounded-off)	11,389,844,000	15,125,878,000	915,542	1,184,907
Current income tax expense	2,847,461,000	3,781,469,591	228,886	296,227
Prepayments of Income tax article 25	(4,333,044,996)	(6,100,869,933)	(325,279)	(459,541)
Translation adjustments	-	-	(15,129)	(11,392)
Estimated income tax payable (claim for tax refund)	**(1,485,583,996)**	**(2,319,400,342)**	**(111,522)**	**(174,706)**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

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 and other comprehensive income is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	2016	2017	2016
Income before income tax	7,053,970,458	8,818,343,947	588,769	714,400
Tax expense at the applicable rate	1,763,492,614	2,204,585,987	147,192	178,600
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	(58,444,725)	(60,093,954)	(4,408)	(4,419)
Non-deductible expensed	417,498,944	1,536,312,242	31,420	115,493
Translation adjustments	-	-	(15,456)	(19,600)
Income tax expense				
Current year	2,122,546,833	4,989,584,185	158,748	377,484
Prior year	2,319,400,342	-	174,706	-
Total	**4,441,947,175**	**4,989,584,185**	**333,454**	**377,484**

On March 30, 2017, the Company decided to follow tax amnesty held by tax authority. In connection with that the Company could not claim the prior year overpayment of corporate income tax amounting to Rp2,319,400,342 (US$174,706) and recorded as current tax expenses in the Statement of Profit or Loss and Other Comprehensive Income.

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. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	2016	2017	2016
Provision (payment of reserve) for replacement of furniture, fixtures and equipment - net	501,433,789	24,539,070	37,838	1,148
Provision for employee benefits - net	152,305,800	194,994,542	11,488	14,113
Depreciation and amortization - net	71,174,579	(118,868,296)	5,355	(8,709)
Net	**724,914,168**	**100,665,316**	**54,681**	**6,552**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

f. Deferred tax assets (liabilities) consists of:

	Indonesian Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2016	**Profit or Loss**	**Other Comprehensive Income**	**March 31, 2017**
Deferred tax assets				
Employee benefits liability	1,829,473,426	152,305,800	62,953,707	2,044,732,933
Reserve for replacement of furniture, fixtures and equipment	120,612,662	501,433,789	-	622,046,451
Total deferred tax assets	1,950,086,088	653,739,589	62,953,707	2,666,779,384
Deferred tax liabilities				
Depreciation and amortization - net	(687,713,558)	71,174,579	-	(616,538,979)
Net deferred tax assets	**1,262,372,530**	**724,914,168**	**62,953,707**	**2,050,240,405**

	Indonesian Rupiah			
	Deferred tax Benefit (Expense) Credited (Charged) to			
	April 1, 2015	**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**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

f. Deferred tax assets (liabilities) consists of: *(Contd....)*

	Translation into U.S dollar - (Note 2l)				
	Deferred tax Benefit (Expense) Credited (Charged) to				
	April 1, 2016	**Profit or Loss**	**Other Comprehensive Income**	**Translation Adjustment**	**March 31, 2017**
Deferred tax assets					
Employee benefits liability	157,653	11,488	4,726	-	173,867
Reserve for replacement of furniture, fixtures and equipment	15,518	37,838	-	-	53,356
Total deferred tax assets	173,171	49,326	4,726	-	227,223
Deferred tax liabilities					
Depreciation and amortization - net	(70,297)	5,355	-	-	(64,942)
Translation adjustment	(7,787)	-	-	(584)	(8,371)
Net deferred tax assets	**95,087**	**54,681**	**4,726**	**(584)**	**153,910**

	Translation into U.S dollar - (Note 2l)				
	Deferred tax Benefit (Expense) Credited (Charged) to				
	April 1, 2015	**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**

On March 30, 2017, the Company decided to follow tax amnesty programme and reported some assets that have not been registered in the Company's tax report up to 2015 in the form of antiques and paintings amounting to Rp3,019,000,000 (US$226,635). As compensation, the Company paid to tax authority amounting to Rp150,950,000 (US$11,362). As of April 28, 2017, the Company hasn't receive any decision letter from the tax authority. Based on the tax amnesty law, if the Company hasn't received any decision letter from the tax authority until 10 days after submission day, the tax amnesty assets are considered being approved by tax authority. As a result, all tax amnesty assets were still not recorded on Statements of Financial Position as of March 31, 2017.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

11. ACCRUED EXPENSES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Salary and employee benefit	1,951,645,199	860,112,379	146,509	64,787
Heat, light and power	1,127,856,219	873,480,174	84,668	65,794
Audit and consultant fee	589,160,000	602,660,000	44,228	45,395
Tax consultant fee	349,287,261	822,256,521	26,221	61,936
Others	783,923,314	473,367,460	58,848	35,654
Total	**4,801,871,993**	**3,631,876,534**	**360,474**	**273,566**

12. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year ended March 31,		Year ended March 31,	
	2017	**2016**	**2017**	**2016**
Balance as of March 31, 2016	833,480,556	197,994,915	62,781	15,133
Management fee - 12.5% of hotel Gross operating profit (Notes 1 and 22a)	2,761,331,438	3,613,615,523	208,999	265,178
Payments	(3,477,256,513)	(2,948,758,187)	(262,987)	(217,530)
Unrealized loss (gain) on foreign exchange - net	(427,469)	(29,371,695)	-	-
Balance as of March 31, 2017	**117,128,012**	**833,480,556**	**8,793**	**62,781**

13. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Balance as of March 31, 2016	482,450,644	384,294,365	36,340	29,371
Provisions during the year (Note 20)	2,784,493,671	2,916,098,268	210,199	214,936
Utilization of reserve	(778,758,516)	(2,817,941,989)	(58,849)	(210,342)
Translation adjustment	-	-	(903)	2,375
Balance as of March 31, 2017	**2,488,185,799**	**482,450,644**	**186,787**	**36,340**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

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 an independent firm of actuary, in their reports dated April 7, 2017 and April 5, 2016, using the "projected-unit-credit" method are as follows:

a. Details of post-employment benefits expense:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Current service cost	579,536,032	555,380,951	43,615	40,693
Interest cost	565,615,880	563,907,785	42,567	41,318
Total post-employee benefits expense	**1,145,151,912**	**1,119,288,736**	**86,182**	**82,011**

b. Details of post-employment benefits liability:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	March 31,		March 31,	
	2017	2016	2017	2016
Present value of defined Benefits obligation	8,178,931,727	7,317,893,702	613,988	551,212
Unrecognized past service cost - unvested	-	-	-	-
Unrecognized actuarial loss	-	-	-	-
Employee benefit liability	**8,178,931,727**	**7,317,893,702**	**613,988**	**551,212**

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year ended March 31,		Year ended March 31,	
	2017	2016	2017	2016
Beginning balance	7,317,893,702	7,559,640,716	551,212	577,777
Provision during the year	1,145,151,912	1,119,288,736	86,182	82,011
Payments during the year	(535,928,714)	(339,310,569)	(40,232)	(25,558)
Actuarial loss (gain) from Experience adjustment	-	(797,402,360)	-	(60,063)
Change in financial assumption	251,814,827	(224,322,821)	18,904	(16,897)
Translation adjustment	-	-	(2,078)	(6,058)
Employee benefit liability	**8,178,931,727**	**7,317,893,702**	**613,988**	**551,212**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	:	8% in 2017 and 8.34% in 2016
Annual salary increase	:	8% in 2017 and 2016
Mortality	:	TMI III
Retirement age	:	55 years
Disability rate	:	5% of mortality table TMI III

As of March 31, 2017, 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 Rp442,948,858 (US$33,252)/ Rp580,862,748 (US$43,605).

15. FINANCIAL ASSETS AND LIABILITIES

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. Dollars - (Note 2l)**	
	March 31,		**March 31,**	
	2017	**2016**	**2017**	**2016**
Financial Assets - Loans and Receivables				
Cash on hand and in banks	16,801,431,423	12,240,684,240	1,261,274	922,015
Trade receivables				
Third parties	2,966,480,795	3,136,153,118	222,692	236,227
Related parties	-	36,649,500	-	2,761
Other receivables – third party	14,103,011	10,163,707	1,059	766
Other current financial assets - Employee loan	88,135,455	168,356,718	6,616	12,681
Due from related parties	8,589,258,526	8,858,593,561	644,791	667,264
Other non-current assets - deposits	13,650,000	80,283,464	1,025	6,047
Total Financial Assets	**28,473,059,210**	**24,530,884,308**	**2,137,457**	**1,847,761**
Financial Liabilities - Financial Liabilities Measured at Amortized Cost				
Trade payables				
Third parties	1,801,569,443	2,002,801,852	135,243	150,858
Other payables	598,446,427	1,579,963,965	44,925	119,008
Accrued expenses	4,801,871,993	3,631,876,534	360,474	273,566
Due to hotel operator	117,128,012	833,480,556	8,793	62,781
Other current financial liabilities - deposit from customers	7,589,425,495	3,134,253,106	569,734	236,084
Total Financial Liabilities	**14,908,441,370**	**11,182,376,013**	**1,119,169**	**842,297**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

Fair value is defined as the amount at which an 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 statement 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 loans, 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.

16. CAPITAL STOCK

The share ownership details as of March 31, 2017 and 2016 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollars - (Note 2l)
EIH Management Services B.V.	5,412	48.89	541,200,000	268,289
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
Total	**11,070**	**100.00**	**1,107,000,000**	**659,603**

Based on the minutes of the Company's annual general meetings of shareholders, the shareholders resolved to, among others, declare cash dividend as follows

a. On February 22, 2016, the shareholder approved to declare cash dividend amounting to US$200,000 (equivalent to Rp2,672,200,000) as interim dividend for financial year 2016. This cash dividend was paid in March 2017.

b. 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.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

17. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Room Department				
Lanai	45,284,586,970	47,762,486,676	3,418,724	3,520,337
Villa	20,291,843,910	22,469,235,461	1,531,982	1,654,324
Total Room Department	**65,576,430,880**	**70,231,722,137**	**4,950,706**	**5,174,661**
Food and Beverages Department				
Food	15,647,215,606	16,200,882,659	1,180,967	1,195,457
Beverage	5,627,743,287	5,741,751,015	424,831	423,666
Others	161,621,241	203,127,259	12,222	15,036
Total Food and Beverages Department	**21,436,580,134**	**22,145,760,933**	**1,618,020**	**1,634,159**
Other Operating Departments				
Health spa	2,445,549,290	2,252,748,200	184,533	165,879
Boutique	2,018,067,902	1,850,506,547	152,193	136,537
Others	1,339,827,459	722,537,817	101,136	53,291
Total Other Operating Departments	**5,803,444,651**	**4,825,792,564**	**437,862**	**355,707**
Departmental Revenues	**92,816,455,665**	**97,203,275,634**	**7,006,588**	**7,164,527**

In 2017 and 2016, the average hotel room occupancy rates were 56.90% and 55.81%, respectively (unaudited).

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

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. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	**2016**	**2017**	**2016**
Food and Beverages	**6,272,063,138**	**6,375,070,572**	**473,277**	**470,383**
Payroll and Related Expenses				
Salaries and wages	9,835,131,856	9,662,638,525	741,180	713,489
Employee benefits	5,535,546,725	4,958,297,102	417,269	365,429
Total Payroll and Related Expenses	**15,370,678,581**	**14,620,935,627**	**1,158,449**	**1,078,918**
Other Expenses				
Travel agents	2,795,754,075	2,027,585,277	211,066	149,848
Cleaning and guest supplies	2,193,566,256	1,894,811,786	165,405	139,929
Boutique	1,373,390,689	1,149,926,007	103,576	84,737
Linens and uniforms	1,279,201,787	793,812,363	96,770	58,571
Security	1,165,390,172	912,217,754	87,829	67,376
Laundry	852,618,466	1,097,289,400	64,243	80,904
Cultural music and shows	762,424,452	749,221,701	57,462	55,340
Decoration	613,735,611	343,538,322	46,265	25,264
Welcome drinks, fruit baskets and amenities	472,008,764	681,041,685	35,595	50,265
Transportation and travel	317,338,109	297,401,360	23,959	21,912
Printing and stationery	305,587,871	201,365,665	23,054	14,868
Consultant fees	273,154,523	248,603,508	20,611	18,315
Kitchen fuel	272,966,779	321,239,171	20,573	23,740
Cable television and music	226,292,000	252,047,251	17,049	18,710
Guest newspaper	194,532,274	151,988,414	14,656	11,204
Mineral water and ice	153,826,200	145,038,199	11,610	10,732
Other	1,800,400,311	1,532,392,170	135,828	113,154
Total Other Expenses	**15,052,188,339**	**12,799,520,033**	**1,135,551**	**944,869**
Cost of Goods Sold and Services	**36,694,930,058**	**33,795,526,232**	**2,767,277**	**2,494,170**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

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. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Repairs and maintenance	4,949,145,908	5,931,561,136	372,964	437,768
Electricity	2,964,919,425	3,271,726,958	223,444	241,525
Water	2,566,596,178	2,278,855,427	193,428	168,119
Salaries and wages	1,271,636,110	1,123,641,285	95,836	82,947
Light bulbs	155,762,621	177,603,246	11,726	13,160
Gas	114,828,333	69,418,658	8,641	5,126
Uniforms	40,369,819	34,668,756	3,058	2,561
Laundry	26,512,538	27,087,846	1,996	2,004
Cleaning supplies	14,636,000	305,890,133	1,104	22,631
Telephone	12,686,749	11,556,703	955	856
Fuel	-	17,889,000	-	1,312
Others	28,957,703	123,083,943	2,182	9,135
Total	**12,146,051,384**	**13,372,983,091**	**915,334**	**987,144**

20. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Salaries and wages	5,290,734,190	4,975,014,006	398,714	367,113
Provision for replacement of furniture, fixtures and equipment (Note 13)	2,784,493,671	2,916,098,268	210,199	214,936
Commission on credit cards	2,005,923,847	1,916,391,549	151,227	141,592
Professional fees	1,345,960,394	1,343,013,229	101,595	99,397
Data processing	544,570,054	-	41,056	-
Transportation and traveling	265,626,753	233,051,494	20,018	17,250
Telephone and communication	249,911,693	303,047,282	18,846	22,353
Executive	72,595,508	298,639,407	5,484	22,124
Others	925,825,897	737,452,860	69,809	54,620
Total	**13,485,642,007**	**12,722,708,095**	**1,016,948**	**939,385**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

21. MARKETING AND SALES PROMOTION EXPENSES

The details of marketing and sales promotion expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Marketing and sales promotion (Note 22)	2,784,493,671	2,916,098,268	210,199	214,936
Public relations	1,688,662,554	1,322,595,297	126,981	98,900
Advertising and promotion	1,611,119,203	2,471,883,492	122,413	182,946
Sales representation	1,133,823,849	362,481,107	85,509	27,284
Salaries and wages	553,753,486	509,422,860	41,731	37,615
Transportations and travel	434,956,871	690,161,690	33,380	51,185
Telephone and communication	63,961,728	56,071,918	4,854	4,119
Printing and stationery	20,873,102	50,576,634	1,613	3,669
Others	107,536,253	23,842,770	8,360	1,748
Total	**8,399,180,717**	**8,403,134,036**	**635,040**	**622,402**

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, 2017 and their rupiah equivalents converted using the middle exchange rates that were published by Bank Indonesia follows:

	Amount in Foreign Currencies	Rupiah Equivalents
Assets		
Cash on hand and in banks	US$ 653,382	8,703,703,753
Trade receivable	US$ 92,164	1,227,710,541
Due from related parties	US$ 632,609	8,426,984,489
Total		18,358,398,783
Liabilities		
Due to hotel operator	US$ 8,167	108,798,829
Other liability	US$ 313	4,165,054
Total		112,963,883
Net Assets		**18,245, 434,900**

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, 2017 or at any other rates of exchange.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

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 1,37 and 1.46 as of March 31, 2017 and 2016, 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.

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, 2017:

Effective beginning on or after April 1, 2017:

a. Amendments to PSAK 1: Presentation of Financial Statements on Disclosures Initiative. These amendments clarify, rather than significantly change, existing PSAK 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

b. PSAK 3 (2016 Improvement): Interim Financial Reporting, effective with earlier application permitted. This improvement clarifies that the interim disclosures required should be included in the interim financial statements or through cross-references of the interim financial statements, such as management commentary or risk management report, that is available to users of the interim financial statements at the same time.

c. PSAK 24 (2016 Improvement): Employee Benefits, effective with earlier application permitted. This improvement clarifies that the market of high quality corporate bonds is valued by denominated bonds and not based on the country in which the bonds are.

d. PSAK 58 (2016 Improvements): Non-Current Assets, Held for Sale and Discontinued Operation, effective with earlier application permitted. These improvements clarify that a change from one disposal method to the other disposal methods are considered as the beginning of a sustainable plan and not as a new disposal plan. The improvements also clarify that the change in the disposal method does not change the date of classification as an asset or disposal group.

e. PSAK 60 (2016 Improvement): Financial Instruments, effective earlier application is permitted. This improvement clarifies that an entity must assess the nature of the service contract benefits to determine whether the entity has a continuing involvement in financial assets and whether the disclosure requirements related to the continuing involvement are met.

f. ISAK 31 (2015): Interpretation on scope of PSAK 13 Investment Property. This interpretation addresses the definition used for building under the investment property.

Effective beginning on or after April 1, 2018:

g. Amendments to PSAK 2: Statement of Cash Flows on the Disclosures Initiative, effective with earlier application is permitted. These amendments require entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and non-cash activities.

h. Amendments to PSAK 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses, effective with earlier application is permitted. These amendments clarify that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized, estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.

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, 2017 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, 2017.

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, 2017 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;
- prepare the financial statements using the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 28, 2017
On behalf of the Board of Directors

I Ketut Siandana
President Director

Independent Auditor's Report

Report No. RPC-4320/PSS/2017

The Stockholders, Boards of Commissioners and Directors
PT Waka Oberoi Indonesia

We have audited the accompanying financial statements of PT Waka Oberoi Indonesia (the "Company"), which comprise the statement of financial position as of March 31, 2017, and the statements 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, 2017, 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.1185

April 28, 2017

Statement of Financial Position
As of March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		March, 31		March, 31	
	Notes	2017	2016	2017	2016
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2l,4,14	11,983,879,656	16,167,999,582	899,623	1,217,837
Trade receivables - net	2l,5,14	672,195,898	531,262,326	50,461	40,017
Inventories	2c,6,14	1,354,487,175	1,429,151,307	101,681	107,649
Prepayments and advances	7,14	5,285,488,549	1,446,777,676	396,779	108,977
Other current financial assets	2l,14	3,341,052,000	154,857,836	250,811	11,664
TOTAL CURRENT ASSETS		**22,637,103,278**	**19,730,048,727**	**1,699,355**	**1,486,144**
NON-CURRENT ASSETS					
Fixed assets - net	2d,8,14	10,980,053,560	13,106,480,367	824,266	987,231
Other non-current financial assets	2l,14	126,615,000	126,615,000	9,505	9,537
TOTAL NON-CURRENT ASSETS		**11,106,668,560**	**13,233,095,367**	**833,771**	**996,768**
TOTAL ASSETS		**33,743,771,838**	**32,963,144,094**	**2,533,126**	**2,482,912**
LIABILITIES AND CAPITAL DEFICIENCY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2l,24	382,168,180	499,078,645	28,689	37,593
Other payables	2l,9,24,25	1,460,882,407	1,341,539,908	109,668	101,050
Taxes payable	2j,10a	273,610,148	291,405,505	20,540	21,950
Accrued expenses	2l,11,24	3,272,721,932	2,948,029,130	245,681	222,057
Due to a related party	2b,2l,12,24	162,274,038	460,076,478	12,182	34,654
Due to hotel operator	2b,2l,12,13,24	117,834,467	–	8,846	–
Loan payable	2b,2l,12, 14,24,25	346,565,796,500	345,395,054,000	26,016,500	26,016,500
Reserve for replacement of furniture, fixtures and equipment	2f,15	7,056,094,487	6,647,244,897	529,697	500,696
Other current financial liabilities	2l,16,24	4,122,789,480	2,583,813,949	309,500	194,620
TOTAL CURRENT LIABILITIES		**363,414,171,639**	**360,166,242,512**	**27,281,303**	**27,129,120**
NON-CURRENT LIABILITY					
Employee benefits liability	2g,17	3,864,879,603	3,282,557,756	290,134	247,255
TOTAL NON-CURRENT LIABILITY		**3,864,879,603**	**3,282,557,756**	**290,134**	**247,255**
TOTAL LIABILITY		**367,279,051,242**	**363,448,800,268**	**27,571,437**	**27,376,375**
CAPITAL DEFICIENCY					
Capital stock – Rp180,000 par value Authorized, issued and fully paid - 129,385 shares	18	23,289,300,000	23,289,300,000	11,450,000	11,450,000
Other comprehensive income Remeasurement loss on long-term employee benefits liability		(1,068,587,119)	(1,037,273,676)	(80,481)	(78,130)
Translation adjustment	2k	-	-	(6,058,259)	(6,057,199)
Deficit		(355,755,992,285)	(352,737,682,498)	(30,349,571)	(30,208,134)
NET CAPITAL DEFICIENCY		**(333,535,279,404)**	**(330,485,656,174)**	**(25,038,311)**	**(24,893,463)**
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		**33,743,771,838**	**32,963,144,094**	**2,533,126**	**2,482,912**

The accompanying notes form an integral part of these Financial Statements.

Statement of Profit or Loss and other Comprehensive Income year ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2017**	**2016**	**2017**	**2016**
DEPARTMENTAL REVENUES	2h				
Rooms	19	23,978,783,062	26,997,566,152	1,815,547	1,986,539
Food and beverages	19	11,995,270,254	12,368,767,363	908,532	911,099
Other operating departments	19	1,824,898,952	1,938,115,630	138,079	143,231
Others	19	731,090,609	652,566,637	55,311	48,564
Total Departmental Revenues		38,530,042,877	41,957,015,782	2,917,469	3,089,433
COSTS OF GOODS SOLD AND SERVICES	20	18,265,438,759	16,583,781,619	1,380,786	1,223,371
GROSS PROFIT		**20,264,604,118**	**25,373,234,163**	**1,536,683**	**1,866,062**
HOTEL OPERATING EXPENSES	2h				
Property operations, maintenance and energy expenses	21	7,476,784,222	8,633,660,137	564,711	638,060
General and administrative expenses	22	7,381,918,215	7,249,955,892	557,797	535,150
Marketing expenses	23,26	4,533,649,979	4,003,383,330	343,413	294,757
Total Hotel Operating Expenses		19,392,352,416	19,886,999,359	1,465,921	1,467,967
HOTEL GROSS OPERATING PROFIT		**872,251,702**	**5,486,234,804**	**70,762**	**398,095**
OWNER'S OPERATING (INCOME) EXPENSES	2h				
Foreign exchange losses – net	2i	1,071,150,596	5,014,273,379	–	–
Depreciation	8	2,844,204,456	2,716,143,354	214,090	200,350
Insurance		1,054,219,883	1,383,076,294	77,970	103,638
Management fees	2f,26	109,031,463	685,779,350	8,846	49,762
Salaries and wages		759,608,950	783,646,058	57,223	57,520
Professional fees		644,908,941	702,666,230	48,544	52,179
Finance income		(685,079)	(767,231)	(53)	(57)
Other operating (income) expenses	8	(2,591,877,721)	225,251,893	(194,421)	16,460
Owner's Operating Expenses - Net		3,890,561,489	11,510,069,327	212,199	479,852
INCOME (LOSS) BEFORE INCOME TAX		**(3,018,309,787)**	**(6,023,834,523)**	**(141,437)**	**(81,757)**
Income tax benefit (expenses)	2j	–	–	–	–
LOSS FOR THE YEAR		**(3,018,309,787)**	**(6,023,834,523)**	**(141,437)**	**(81,757)**
TOTAL COMPREHENSIVE INCOME(LOSS)					
Other comprehensive income (loss) not to be reclassified to profit or loss in in subsequent periods: Remeasurement income (loss) on long-term employment benefits liability		(31,313,443)	589,896,271	(2,351)	44,435
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent period: Difference in foreign currency translation		–	–	(1,060)	(12,688)
NET COMPREHENSIVE LOSS FOR THE YEAR		**(3,049,623,230)**	**(5,433,938,252)**	**(144,848)**	**(50,010)**

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes in Capital Deficiency year ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

	Indonesian Rupiah			
	Capital Stock (Note 18)	**Other Comprehensive Income (Loss)**	**Deficit**	**Net Capital Deficiency**
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)**
Loss for the year	–	–	**(3,018,309,787)**	**(3,018,309,787)**
Other comprehensive income	–	(31,313,443)	–	(31,313,443)
Balance as of March 31, 2017	**23,289,300,000**	**(1,068,587,119)**	**(355,755,992,285)**	**(333,535,279,404)**

	Translations Into U.S. Dollars - (Note 2k)	Other Comprehensive Income (Loss)			
	Capital Stock (Note 18)	**Remeasurement income (loss) on post-employment benefits liability**	**Translation Adjustment (Note 2k)**	**Deficit**	**Net Capital Net Capital Deficiency**
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 income (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)**
Loss for the year	–	–	–	(141,437)	(141,437)
Other comprehensive income (loss)	–	(2,351)	(1,060)	-	(3,411)
Balance as of March 31, 2017	**11,450,000**	**(80,481)**	**(6,058,259)**	**(30,349,571)**	**(25,038,311)**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows
year ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2017**	**2016**	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive loss		(3,049,623,230)	(5,444,698,721)	(143,788)	(37,322)
Adjustments to reconcile total comprehensive income (loss) for the year to net cash provided by operating activities:					
Unrealized loss on foreign exchange		1,171,667,032	5,005,870,250	-	-
Depreciation	8	2,844,204,456	2,716,143,354	214,090	200,350
Provision for replacement of furniture, fixtures and equipment	15	1,155,770,431	1,258,710,474	87,515	92,684
Provision for employee benefits	17	551,008,404	542,136,725	41,364	39,723
Payments of employee benefits liability	17	–	(78,576,361)	–	(5,757)
Provision for impairment of trade receivables	5	38,525,681	41,957,015	2,916	3,091
Reversal of allowance for impairment of trade receivables	5	(37,969,287)	(79,696,225)	(2,850)	(5,871)
Fire loss on fixed asset	8	364,752,801	–	27,381	–
Remeasurement income (loss) on employee benefits		31,313,443	(589,896,271)	2,351	(44,435)
Translation adjustment		–	–	1,736	2,351
Changes in operating asset and liabilities:					
Trade receivables		(141,489,966)	172,148,424	(10,510)	13,641
Inventories		74,664,132	411,555,238	5,968	33,035
Prepayments and advances		(3,838,710,873)	(1,098,399,979)	(287,802)	(82,351)
Other financial assets		(3,186,194,164)	(92,695,474)	(239,115)	(6,773)
Trade payables		(116,910,465)	21,552,336	(8,904)	1,096
Other payables		118,417,966	591,209,591	8,549	44,509
Taxes payable		(17,795,357)	24,678,059	(1,410)	1,564
Accrued expenses		324,692,802	(7,124,738)	23,624	(3,803)
Due to a related party		(297,802,440)	203,241,308	(22,472)	15,024
Due to hotel operator		117,834,467	(116,668,852)	8,846	(8,917)
Other current liabilities		1,538,975,532	566,315,646	114,880	40,424
Unearned rent		–	(25,666,667)	–	(1,962)
Total Cash Provided by (used for) Operating Activities		**(2,354,668,635)**	**4,022,095,132**	**(177,631)**	**290,301**

Statement of Cash Flows *(Contd...)*
year ended March 31, 2017

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of fixed assets	8	(1,082,530,450)	(1,412,976,758)	(82,069)	(103,198)
Utilization of reserve for replacement of furniture, fixtures and equipment	15	(746,920,841)	(676,619,136)	(58,514)	(57,274)
Total Cash Used in Investing Activities		**(1,829,451,291)**	**(2,089,595,894)**	**(140,583)**	**(160,472)**
Net increase in cash on hand and in banks		**(4,184,119,926)**	**1,932,499,238**	**(318,214)**	**129,829**
Cash on hand and in banks At beginning of year	4	16,167,999,582	14,235,500,344	1,217,837	1,088,008
Cash on hand and in banks At end of year	4	**11,983,879,656**	**16,167,999,582**	**899,623**	**1,217,837**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2017 and for the Year Then Ended

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

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 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 26).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2017 and 2016 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 124 and 115 permanent employees as of March 31, 2017 and 2016, 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 28, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

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...)*

The statement of cash flows presents cash receipts and payments of cash on hand and in banks classified into 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 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. 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:

	Years
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.

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.

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

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 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.

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

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 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.

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.

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

As of March 31, 2017 and 2016, the rates of exchange used were Rp13,321 and Rp13,276, respectively, to US$1.

j. Taxation

Current 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 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 statements 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.

The carrying amount of a deferred tax asset 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 asset 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 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 report date (Rp13,321 to US$1 and Rp13,276 to US$1 as last quoted by Bank Indonesia as of March 31, 2017 and 2016, respectively)

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

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 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.

As of March 31, 2017 and 2016, 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.

ii. Financial liabilities

Initial recognition

Financial liabilities 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, 2017 and 2016, the Company's financial liabilities included trade payables, other payables, accrued expenses, loan payable, due to a related party, due to hotel operator, and other current financial liabilities. The Company has determined that all of these financial liabilities are classified as loans and borrowings.

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

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 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 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.

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

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 term.

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:

<u>Determination of Functional Currency</u>

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.

<u>Classification of Financial Assets and Financial Liabilities</u>

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 2l.

<u>Allowance for Impairment of Receivables</u>

The Company evaluate impairment losses of receivables based on percentages applied to an aging of tatal outstanding trade receivables and specific account identification when there is objective evidence that certain customers are unable to meet their financial obligations.

In the case of specific account identification, the Company uses judgment, 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 Rp38,525,681 was provided for the year ended March 31, 2017 while a reversal of allowance amounting to Rp37,969,287 in 2017 was also recorded for the year (Note 5).

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

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, 2017 and 2016 amounted to Rp11,315,503,394 and Rp13,106,480,367, respectively. Further details are disclosed in Note 8.

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.

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

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 24 to the financial statements.

Tax amnesty

On 19 September 2016, the Indonesia Financial Accounting Standards Board (DSAK IAI) issued SFAS 70, "Accounting for tax amnesty assets and liabilities". The objective of the issuance of the standards is to provide specific accounting treatment related to the application of the Tax Amnesty law.

PSAK 70: Accounting for Tax Amnesty Assets and Liabilities

This SFAS provides accounting policy choice for the entity to account the asset and liabilities in accordance with the provision of Tax Amnesty Law. The alternative accounting options are:

- To use the existing applicable standard under IFAS.
- To use the specific provision in SFAS 70.

Management decided to use the specific provision in SFAS 70. According to specific provision of SFAS 70, tax amnesty assets are measured at the amount reported in the Tax Amnesty Approval Letter ("SKPP"), while tax amnesty liabilities are measured at the amount of cash or cash equivalents that will settle the contractual obligation related to the acquisition of the tax amnesty assets. The redemption money (the amount of tax paid in accordance with Tax Amnesty law) shall be charged directly to profit or loss in the period when the SKPP was received.

Any difference between amounts initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded in equity as Additional Paid-In Capital ("APIC"). The APIC shall not be reclassified to retained earnings or recycled to profit or loss subsequently. As of March 31, 2017, the Company hasn't receive any decision letter from tax authority. As a result, all unregistered assets were still not recorded on balance sheet as of March 31, 2017.

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

4. CASH ON HAND AND IN BANKS

Cash on Hand and in Banks consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Cash on hand				
Rupiah	79,500,003	79,500,003	5,967	5,988
Cash in banks				
Rupiah				
PT Bank Negara Indonesia (Persero) Tbk	5,178,518,479	1,956,666,975	388,748	147,384
PT Bank Maybank Indonesia Tbk	2,556,893,249	924,160	191,945	70
PT Bank Mandiri (Persero) Tbk	1,128,482,467	794,394,467	84,715	59,837
Sub-total	**8,863,894,195**	**2,751,985,602**	**665,408**	**207,291**
U.S. dollar				
PT Bank Negara Indonesia (Persero) Tbk	3,012,539,045	8,008,142,103	226,150	603,204
PT Bank Maybank Indonesia Tbk	27,946,413	28,371,874	2,098	2,137
Sub-total	3,040,485,458	8,036,513,977	228,248	605,341
Time Deposit	–	5,300,000,000	–	399,217
Total	**11,983,879,656**	**16,167,999,582**	**899,623**	**1,217,837**

Under the Settlement Agreement (which was last amended on March 31, 2017) 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, 2018, the Company shall allow EIH to repossess all of the Company's assets (Note 14).

5. TRADE RECEIVABLES

Trade Receivables consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
City ledger	400,626,069	208,186,116	30,075	15,682
Guest ledger	274,954,513	325,904,500	20,640	24,548
Total	675,580,582	534,090,616	50,715	40,230
Less: allowance for impairment	3,384,684	2,828,290	254	213
Net	**672,195,898**	**531,262,326**	**50,461**	**40,017**

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, 2017.

Under the Settlement Agreement (which was last amended on March 31, 2017) 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, 2018, the Company shall allow EIH to repossess all of the Company's assets (Note 14).

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

The ageing analysis of these receivables is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2k)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2017	2016	2017	2016	2017	2016
Current	570,106,368	533,751,700	42,798	40,204	84.39	99.94
Past due						
1-30 days	85,608,164	338,916	6,427	26	12.67	0.06
31-60 days	15,466,050	–	1,160	–	2.29	–
Over 60 days	4,400,000	–	330	–	0.65	–
Total	675,580,582	534,090,616	50,715	40,230	100	100.00
Less allowance for impairment	3,384,684	2,828,290	254	213	0.50	0.53
Net	**672,195,898**	**531,262,326**	**50,461**	**40,017**	**99.5**	**99.47**

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. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Balance at the beginning of year	2,828,290	40,567,500	213	3,100
Additional provision during the year	38,525,681	41,957,015	2,916	3,091
Reversal of allowance	(37,969,287)	(79,696,225)	(2,850)	(5,871)
Translation adjustment	-	-	(25)	(107)
Balance at end of year	**3,384,684**	**2,828,290**	**254**	**213**

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
Materials and supplies	733,288,594	886,785,641	55,048	66,796
Beverages	355,876,495	277,161,044	26,715	20,877
Food	263,912,788	264,029,550	19,812	19,888
Tobacco	1,409,298	1,175,072	106	88
Total	**1,354,487,175**	**1,429,151,307**	**101,681**	**107,649**

Under the Settlement Agreement (which was last amended on March 31, 2017) 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, 2018, the Company shall allow EIH to repossess all of the Company's assets (Note 14)..

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. PREPAYMENTS AND ADVANCES

Prepayment and advances consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
Advance purchase	4,304,046,904	492,664,307	323,102	37,109
Prepaid insurance	903,312,055	889,853,716	67,811	67,027
Prepaid other	78,129,590	64,259,653	5,866	4,841
Total	**5,285,488,549**	**1,446,777,676**	**396,779**	**108,977**

Under the Settlement Agreement (which was last amended on March 31, 2017) 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, 2018, the Company shall allow EIH to repossess all of the Company's assets (Note 14).

8. FIXED ASSETS

The details of fixed assets are as follows:

	Year Ended March 31, 2017			
	Indonesian Rupiah			
	Beginning Balance	Additions	Deductions	Ending Balance
Cost				
Land	5,470,511,683	-	-	5,470,511,683
Buildings	36,116,481,326	437,504,400	7,765,140,861	28,788,844,865
Structures and improvements	6,279,205,428	-	1,119,466,688	5,159,738,740
Machinery and equipment	8,585,236,885	37,700,000	599,099,842	8,023,837,043
Furniture, fixtures and equipment	17,960,645,383	377,151,050	7,615,399,120	10,722,397,313
Motor vehicles	992,368,500	230,175,000	-	1,222,543,500
Total Cost	75,404,449,205	1,082,530,450	17,099,106,511	59,387,873,144
Accumulated Depreciation				
Buildings	32,335,457,599	1,812,168,376	7,529,478,361	26,618,147,614
Structures and improvements	5,969,521,722	42,929,530	1,119,466,688	4,892,984,564
Machinery and equipment	7,507,150,671	190,139,453	580,724,842	7,116,565,282
Furniture, fixtures and equipment	16,186,341,141	577,475,897	7,504,683,819	9,259,133,219
Motor vehicles	299,497,705	221,491,200	-	520,988,905
Total Accumulated Depreciation	62,297,968,838	2,844,204,456	16,734,353,710	48,407,819,584
Net Book Value	**13,106,480,367**			**10,980,053,560**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

8. FIXED ASSETS *(Contd.)*

The details of fixed assets are as follows:

	Year Ended March 31, 2016			
	Indonesian Rupiah			
	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**
Cost				
Land	5,470,511,683	-	-	5,470,511,683
Buildings	35,811,829,326	304,652,000	-	36,116,481,326
Structures and improvements	6,279,205,428	-	-	6,279,205,428
Machinery and equipment	8,377,486,905	207,749,980	-	8,585,236,885
Furniture, fixtures and equipment	17,275,395,605	685,249,778	-	17,960,645,383
Motor vehicles	777,043,500	215,325,000	-	992,368,500
Total Cost	73,991,472,447	1,412,976,758	-	75,404,449,205
Accumulated Depreciation				
Buildings	30,540,786,692	1,794,670,907	-	32,335,457,599
Structures and improvements	5,910,884,968	58,636,754	-	5,969,521,722
Machinery and equipment	7,305,709,767	201,440,904	-	7,507,150,671
Furniture, fixtures and equipment	15,705,476,298	480,864,843	-	16,186,341,141
Motor vehicles	118,967,759	180,529,946	-	299,497,705
Total Accumulated Depreciation	59,581,825,484	2,716,143,354	-	62,297,968,838
Net Book Value	**14,409,646,963**			**13,106,480,367**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

8. FIXED ASSETS *(Contd.)*

Year Ended March 31, 2017

Translations into U.S. Dollar - (Note 2k)

	Beginning Balance	Additions	Deductions	Translation Adjustment	Ending Balance
Cost					
Land	412,060	–	–	(1,392)	410,668
Buildings	2,720,434	32,887	582,925	(9,234)	2,161,162
Structures and improvements	472,974	–	84,038	(1,598)	387,338
Machinery and equipment	646,673	2,813	44,974	(2,167)	602,345
Furniture, fixtures and equipment	1,352,865	28,663	571,683	(4,920)	804,925
Motor vehicles	74,749	17,706	–	(679)	91,776
Total Cost	5,679,755	82,069	1,283,620	(19,990)	4,458,214
Accumulated Depreciation					
Buildings	2,435,632	136,406	565,234	(8,595)	1,998,209
Structures and improvements	449,647	3,231	84,038	(1,527)	367,313
Machinery and equipment	565,468	14,313	43,595	(1,949)	534,237
Furniture, fixtures and equipment	1,219,217	43,475	563,372	(4,242)	695,078
Motor vehicles	22,560	16,665	–	(114)	39,111
Total Accumulated Depreciation	4,692,524	214,090	1,256,239	(16,427)	3,633,948
Net Book Value	**987,231**				**824,266**

Year Ended March 31, 2016

Translations into U.S. Dollar - (Note 2k)

	Beginning Balance	Additions	Deductions	Translation Adjustment	Ending Balance
Cost					
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
Accumulated Depreciation					
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	200,350	–	(61,619)	4,692,524
Net Book Value	**1,101,318**				**987,231**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

8. FIXED ASSETS *(Contd.)*

Depreciation charged to operations amounted to Rp2,844,204,456 and Rp2,716,143,354 for the years ended March 31, 2017 and 2016, respectively. 3. All deduction of fixed assets were related to burnt assets of the hotel in August 2016 and February 2017. The Company has claimed to Insurance against losses from fire. Until the audit report's date, the Company has not received cash generated from any claim from the insurance company. However, the insurance company agreed to pay interim payment to covered losses from fire amounting to Rp3,197,040,000 (equivalent to US$240,000). As the result, covered amount was recorded in statement of profit or loss and other comprehensive income.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$40,550,000 in 2017 and 2016. 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 31, 2017) 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, 2018, the Company shall allow EIH to repossess all of the Company's assets (Note 14).

As of March 31, 2017 and 2016, the Company's management believes that there is no impairment in the value of the Company's fixed assets.

9. OTHER PAYABLES

This account consists of payables to third parties for:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2k)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
General reserve	777,181,084	617,565,194	58,343	46,517
Marketing and sales promotion expenses	156,511,903	145,186,336	11,749	10,936
Others	527,189,420	578,788,378	39,576	43,597
Total	**1,460,882,407**	**1,341,539,908**	**109,668**	**101,050**

10. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	**2016**	**2017**	**2016**
Development tax I	(4,638,947)	15,103,267	(349)	1,138
Income tax				
Article 21	64,923,644	53,491,352	4,874	4,029
Article 23	30,299,493	12,081,878	2,275	910
Article 26	4,410,400	4,341,200	331	327
Value added tax	178,615,558	206,387,808	13,409	15,546
Total	**273,610,148**	**291,405,505**	**20,540**	**21,950**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

10. TAXATION *(Contd.)*

b. A reconciliation between loss before income tax, as shown in the statement of comprehensive income, and estimated tax loss follows:

	Year Ended March 31, 2017	Year Ended March 31, 2016
Loss before income tax per statement of profit or loss and other comprehensive income	(3,018,309,787)	(6,023,834,523)
Temporary differences:		
Provision for replacement of furniture, fixtures and equipment – net	408,849,590	582,091,338
Provision for employee benefits	551,008,404	542,136,725
Employee benefit payments	–	(78,576,360)
Provision (reversal of allowance) for impairment of trade receivables - net	556,394	(37,739,210)
Depreciation	428,405,331	(258,388)
Permanent differences:		
Interest income already subjected to final tax	(685,079)	(232,761,779)
Others	(89,182,278)	288,064,493
Estimated tax loss for the year	(1,719,357,425)	(4,960,877,704)
Tax losses carry-forward at beginning of year	(110,914,687,290)	(105,953,809,586)
Tax losses carry-forward for more than 5 years (Note 10d)	11,596,999,104	-
Tax losses carry-forward at end of year	**(101,037,045,611)**	**(110,914,687,290)**

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:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Profit (loss) before income tax	(3,018,309,787)	(6,023,834,523)	(141,437)	(81,757)
Estimated tax expense (benefit) based on prevailing tax rate	(754,577,447)	(1,505,958,631)	(35,359)	(20,439)
Net permanent difference at the applicable tax rate	(22,466,839)	13,825,679	(1,687)	1,013
Unrecognized deferred tax assets-net	777,044,286	1,492,132,952	37,046	19,426
Deferred income tax benefit (expense)	–	–	–	–

The Company decided not to recognize the net deferred tax assets on the tax losses carry-forward and temporary differences as of March 31, 2017 and 2016 amounting to Rp777,044,286 and Rp1,492,132,952 respectively, due to the uncertainty in their recoverability in the near future.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

d. On March 30, 2017, the Company decided to follow tax amnesty which held by tax authority. The Company reported some assets that have not been registered in the Company's tax report up to 2015 in the form of antiques and paintings worth Rp385,000,000 (US$28,902). As compensation, the Company paid to tax authority amounting to Rp19,250,000 (US$1,445). Until the audit report date, the Company hasn't receive any decision letter from the Ministry of finance. As of April 28, 2017, the Company hasn't receive any decision letter from the tax authority. Based on the tax amnesty law, if the Company hasn't received any decision letter from the tax authority until 10 days after submission day, the tax amnesty assets are considered being approved by tax authority. As a result, all tax amnesty assets were still not recorded on Statements of Financial Position as of March 31, 2017. In connection with the tax amnesty, all tax losses carry-forward until fiscal year 2014 amounting to Rp94,356,810,482 cannot be claimed by The Company.

11. ACCRUED EXPENSES

The details of accrued expenses due to third parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
Professional fees	1,281,244,970	1,111,825,370	96,182	83,747
Utilities	827,546,009	647,431,481	62,123	48,767
Repair and maintenance	339,469,963	348,899,336	25,484	26,280
Others	824,460,990	839,872,943	61,892	63,263
Total	**3,272,721,932**	**2,948,029,130**	**245,681**	**222,057**

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
PT Widja Putra Karya				
Due to a related party	162,274,038	460,076,478	12,182	34,654
EIH Management Services B.V.				
Loan payable (Note 14)	346,565,796,500	345,395,054,000	26,016,500	26,016,500
Due to hotel operator (Note 13)	117,834,467	–	8,846	–
Total	**346,683,630,967**	**345,395,054,000**	**26,025,346**	**26,016,500**

Salaries and wages of the Company's key management personnel amounted to Rp725,779,845 (US$54,665.53) in 2017 and Rp732,380,012 (US$53,760) in 2016 (unaudited).

In the normal course of its business, the Hotel has entered into transactions with related parties as follows:

Related parties	Nature of relationships	Balances and transactions
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

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

13. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Balance at beginning of year	–	116,668,852	–	8,917
Operating fees during the year - 12.5% of hotel gross operating profit (Note 26)	109,031,463	685,779,350	8,846	49,765
Payment during the year	–	(797,148,752)	–	(58,682)
Unrealized gain (loss) on foreign exchange - net	8,803,004	(5,299,450)	–	–
Balance at end of year (Note 12)	**117,834,467**	**–**	**8,846**	**–**

14. LOAN PAYABLE

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
EIH Management Services B.V. ('EIH') (Note 12)	346,565,796,500	345,395,054,000	26,016,500	26,016,500

A Settlement Agreement has been entered into between the Company and EIH and has been amended several times, the latest of which was made on March 31, 2017. Based on the Settlement Agreement, a grace period will be effective from the signing date up to March 31, 2018, 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, 2018, the following shall prevail:

a. The loan will bear interest at the annual rate of 11.5% starting April 1, 2018.

b. The Company will be obliged to establish an escrow account which will be fully controlled by EIH.

c. 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, unless otherwise stated, with Translations into United States Dollars)

15. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movement of this account are as follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Balance at beginning of year	6,647,244,897	6,065,153,559	500,696	463,555
Provision during the year (Note 22)	1,155,770,431	1,258,710,474	87,515	92,684
Utilization of reserve	(746,920,841)	(676,619,136)	(56,153)	(49,914)
Translation adjustment	-	-	(2,361)	(5,629)
Balance at end of year	**7,056,094,487**	**6,647,244,897**	**529,697**	**500,696**

16. OTHER CURRENT FINANCIAL LIABILITIES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Guest deposit	3,425,844,867	2,548,099,173	257,176	191,933
Other reserve	696,944,613	35,714,776	52,324	2,687
Balance at end of year	**4,122,789,480**	**2,583,813,949**	**309,500**	**194,620**

17. 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, 2017 and 2016 as determined by PT Lastika Dipa, an independent actuary, in their reports dated April 7, 2017 and April 5, 2016, respectively.

a. Details of post-employment benefits expense

	Indonesian Rupiah		Translations into U.S. Dollars (Note 25)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Current service cost	277,571,343	283,371,071	20,837	20,763
Interest cost	273,437,061	258,765,654	20,527	18,960
Employee benefit expense - net	**551,008,404**	**542,136,725**	**41,364**	**39,723**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

17. LONG-TERM EMPLOYEE BENEFITS LIABILITY *(Contd...)*

b. Details of post-employment benefits liability

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2k)**	
	March 31,		**March 31,**	
	2017	**2016**	**2017**	**2016**
Present value of defined benefits obligation	3,864,879,603	3,282,557,756	290,134	247,255
Unrecognized past service cost - unvested	–	–	–	–
Unrecognized actuarial gain	–	–	–	–
Employee benefits liability	3,864,879,603	3,282,557,756	290,134	247,255

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2k)**	
	Year Ended March 31,		**Year Ended March 31,**	
	2017	**2016**	**2017**	**2016**
Beginning balance	3,282,557,756	3,408,893,662	247,255	260,539
Employee benefit expense	551,008,404	542,136,725	41,364	39,723
Benefit payments	–	(78,576,360)	–	(5,757)
Other Comprehensive Income (loss)	31,313,443	(589,896,271)	2,351	(44,433)
Translation adjustment	-	-	(836)	(2,817)
Ending balance	**3,864,879,603**	**3,282,557,756**	**290,134**	**247,255**

d. Movements in the present value employee benefits liability are as follows:

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2k)**	
	Year Ended March 31,		**Year Ended March 31,**	
	2017	**2016**	**2017**	**2016**
Beginning Balance	3,282,557,756	3,408,893,662	247,255	260,539
Employee benefit expense	551,008,404	542,136,725	41,364	39,723
Benefit payments	–	(78,576,360)	–	(5,757)
Actuarial (gain) losses due from:				
Experience adjustment	–	(422,790,185)	–	(31,846)
Change in financial assumption	31,313,443	(167,106,086)	2,351	(12,587)
Translation adjustment	-	-	(836)	(2,817)
Ending balance	**3,864,879,603**	**3,282,557,756**	**290,134**	**247,255**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

17. LONG-TERM EMPLOYEE BENEFITS LIABILITY *(Contd...)*

The principal assumptions used in determining the employee benefits liability as of March 31, 2017 and 2016 are as follows:

Discount rate	: 8% in 2017 and 8.33% in 2016
Annual salary increase	: 8% per annum in 2017 and 2016
Mortality	: TMI III
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI III

As of March 31, 2017, 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 Rp304,845,626 (US$22,885)/ Rp416,486,479 (US$31,265).

18. CAPITAL STOCK

The share ownership details as of March 31, 2017 and 2016 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar - (Note 2k)
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**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

19. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Room department				
Villa	11,433,214,591	14,582,260,145	863,657	1,072,994
Pavillion	12,545,568,471	12,415,306,007	951,890	913,545
Sub-total	23,978,783,062	26,997,566,152	1,815,547	1,986,539
Food and beverages department				
Food	9,002,465,976	9,184,276,481	681,736	676,566
Beverages	2,992,804,278	3,184,490,882	226,796	234,533
Sub-total	11,995,270,254	12,368,767,363	908,532	911,099
Other operating departments				
Health spa	1,095,872,566	1,089,895,103	82,898	80,370
Boutique	525,809,704	637,807,666	39,788	47,368
Telephone and facsimile	103,149,961	113,058,635	7,808	8,325
Laundry	100,066,721	97,354,226	7,585	7,168
Sub-total	1,824,898,952	1,938,115,630	138,079	143,231
Other	731,090,609	652,566,637	55,311	48,564
Total	**38,530,042,877**	**41,957,015,782**	**2,917,469**	**3,089,433**

In 2017 and 2016, the average Hotel room occupancy rates were 31% and 33.2%, respectively (unaudited)

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

20. COST OF GOODS SOLD AND SERVICES

The details of cost of goods sold and services are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Food and beverage	3,460,830,011	3,589,713,417	262,004	264,271
Payroll and Related Expenses:				
Salaries and wages	4,135,347,663	3,763,451,986	312,168	278,064
Employee benefits	3,031,978,226	2,623,103,874	228,905	193,800
Other Expenses:				
Travel agents	1,530,700,000	914,000,000	115,992	67,023
Cleaning and guest supplies	1,115,842,594	843,372,026	84,358	62,178
Welcome drinks, fruit baskets and amenities	695,172,998	657,796,501	52,574	48,462
Security	552,488,538	492,333,003	41,682	36,423
Kitchen fuel	432,642,547	449,224,235	32,708	33,162
Boutique	373,860,636	432,638,787	28,286	32,145
Transportation and travel	275,704,290	277,419,239	20,836	20,450
Linens and uniforms	258,162,353	232,916,607	19,496	17,204
Cultural music and shows	206,536,795	234,062,241	15,604	17,269
Telephone and communication	195,587,259	196,783,357	14,777	14,536
Cable television and music	164,782,864	164,714,375	12,437	12,183
Decoration	121,441,966	125,213,931	9,200	9,204
Laundry	111,613,639	194,004,194	8,471	14,364
Loss and damages	68,005,485	91,729,124	5,118	6,785
Health club	61,465,298	70,022,138	4,647	5,152
Others	1,473,275,597	1,231,282,584	111,523	90,696
Total	**18,265,438,759**	**16,583,781,619**	**1,380,786**	**1,223,371**

21. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

The details of property operations, maintenance and energy expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Electricity	2,322,882,383	2,575,680,561	175,506	190,297
Repairs and maintenance	2,267,566,195	2,655,416,886	173,061	201,307
Salaries and wages	1,005,955,493	929,313,410	75,939	68,742
Fuel	990,958,401	1,511,932,099	74,860	111,845
Supplies	491,426,139	523,940,968	35,281	33,999
Water	309,403,439	334,768,600	23,412	24,690
Others	88,592,172	102,607,613	6,652	7,180
Total	**7,476,784,222**	**8,633,660,137**	**564,711**	**638,060**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

22. GENERAL AND ADMINISTRATIVE EXPENSES

The details of hotel operating expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Salaries and wages	2,466,551,841	2,270,149,465	186,119	167,853
Provision for replacement of furniture fixtures and equipment (Note 15)	1,155,770,431	1,258,710,474	87,515	92,684
Employee benefits	887,672,201	794,970,058	66,995	58,792
Commission on credit cards	602,222,209	637,961,627	45,575	46,969
Licenses and taxes	249,504,244	258,084,055	18,906	18,985
Transportation and travel	210,988,230	183,145,284	15,950	13,485
Insurance	161,817,349	181,609,479	12,227	13,395
Telephone and communication	132,731,607	139,924,425	10,028	10,314
Printing and stationery	123,965,924	138,113,612	9,373	10,198
Bank charges	118,187,791	107,280,985	8,927	7,916
Others	1,272,506,388	1,280,006,428	96,182	94,559
Total	**7,381,918,215**	**7,249,955,892**	**557,797**	**535,150**

23. MARKETING EXPENSES

The details of marketing expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2017	2016	2017	2016
Advertising and promotion	2,368,313,433	1,765,674,024	179,562	129,604
Sales promotion expenses (Note 26)	1,155,770,431	1,258,710,474	87,515	92,684
Transportation and travel	647,382,684	755,807,710	49,021	55,404
Salaries and wages	270,201,163	194,139,068	20,394	14,288
Others	91,982,268	29,052,054	6,921	2,777
Total	**4,533,649,979**	**4,003,383,330**	**343,413**	**294,757**

24. 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, unless otherwise stated, with Translations into United States Dollars)

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2017	2016	2017	2016
Current Financial Assets				
Cash on hand and in banks	11,983,879,656	16,167,999,582	899,623	1,217,837
Trade receivables - net	672,195,898	531,262,326	50,461	40,017
Other current financial assets	3,341,052,000	154,857,836	250,811	11,664
Total current financial assets	**15,997,127,554**	**16,854,119,744**	**1,200,895**	**1,269,518**
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	9,505	9,537
Total Financial Assets	**16,123,742,554**	**16,980,734,744**	**1,210,400**	**1,279,055**
Financial Liabilities				
Trade payables	382,168,180	499,078,645	28,689	37,593
Other payables	1,460,882,407	1,341,539,908	109,668	101,050
Accrued expenses	3,272,721,932	2,948,029,130	245,681	222,057
Due to a related party	162,274,038	460,076,478	12,182	34,654
Due to hotel operator	117,834,467	–	8,846	–
Loan payable	346,565,796,500	345,395,054,000	26,016,500	26,016,500
Other current financial liabilities	4,122,789,480	2,583,813,949	309,500	194,620
Total Financial Liabilities	**356,084,467,004**	**353,227,592,110**	**26,731,066**	**26,606,474**

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 value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

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.

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

25. 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.

	Amount in Foreign Currency		Rupiah Equivalent
Assets			
Cash on hand and in banks	US$	228,217	3,040,080,655
Trade receivables	US$	22,287	270,247,965
Total			3,310,328,620
Liabilities			
Other payables	US$	11,749	156,511,903
Loan payable	US$	26,016,500	346,565,796,500
Total			346,722,308,403
Net Liabilities			**343,411,979,783**

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 24.

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 the carrying amounts of these financial assets.

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,	
	2017	**2017**
Cash*	11,904,379,653	16,088,499,579
Trade receivables - net	672,195,898	531,262,326
Other financial assets	3,467,667,000	281,472,836
Total credit risk exposure	16,044,242,551	16,901,234,741

**Excluding cash on hand.*

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

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 Rp363,426,517,792 and net capital deficiency amounted to Rp336,299,472,135.

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 2017 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.

26. 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 23). Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

27. RECENT DEVELOPMENT AFFECTING ACCOUNTING STANDARDS

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, 2017:

Effective beginning on or after April 1, 2017:

a. Amendments to PSAK 1: Presentation of Financial Statements on Disclosures Initiative. These amendments clarify, rather than significantly change, existing PSAK 1 requirements, among others, to clarify the materiality, flexibility as to the order in which they present the notes to financial statements and identification of significant accounting policies.

b. PSAK 3 (2016 Improvement): Interim Financial Reporting, effective with earlier application permitted. This improvement clarifies that the interim disclosures required should be included in the interim financial statements or through cross-references of the interim financial statements, such as management commentary or risk management report, that is available to users of the interim financial statements at the same time.

c. PSAK 24 (2016 Improvement): Employee Benefits, effective with earlier application permitted. This improvement clarifies that the market of high quality corporate bonds is valued by denominated bonds and not based on the country in which the bonds are.

d. PSAK 58 (2016 Improvements): Non-Current Assets, Held for Sale and Discontinued Operation, effective with earlier application permitted. These improvements clarify that a change from one disposal method to the other disposal methods are considered as the beginning of a sustainable plan and not as a new disposal plan. The improvements also clarify that the change in the disposal method does not change the date of classification as an asset or disposal group.

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

e. PSAK 60 (2016 Improvement): Financial Instruments, effective earlier application is permitted. This improvement clarifies that an entity must assess the nature of the service contract benefits to determine whether the entity has a continuing involvement in financial assets and whether the disclosure requirements related to the continuing involvement are met.

f. ISAK 31 (2015): Interpretation on scope of PSAK 13 Investment Property. This interpretation addresses the definition used for building under the investment property.

Effective beginning on or after April 1, 2018:

g. Amendments to PSAK 2: Statement of Cash Flows on the Disclosures Initiative, effective with earlier application is permitted. These amendments require entities to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes from cash flow and non-cash activities.

h. Amendments to PSAK 46: Income Taxes on the Recognition of Deferred Tax Assets for Unrealized Losses, effective with earlier application is permitted. These amendments clarify that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized, estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.

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 2017.

The names 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 (2016: $Nil) after providing for income tax of $Nil (2016: $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 2017.

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:

11 May, 2017 DEEPAK MADHOK

Independent Auditor's Report

To the Members of
PT Astina Graha Ubud

Opinion

We have audited the financial report of PT Astina Graha Ubud (the Company), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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
11 May 2017

Statement of Comprehensive Income for the year ended 31 March 2017

(Expressed in United States Dollars)

	Note	**31 March 2017** $	31 March 2016 $
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 2017

(Expressed in United States Dollars)

	Note	31 March 2017 $	31 March 2016 $
Current Assets			
Amount due to related parties		–	–
Total Current Assets		–	–
Non-Current Assets			
Property, plant and equipment		**6,159,317**	6,159,317
Total Current Assets		**6,159,317**	6,159,317
Total Assets		**6,159,317**	6,159,317
Current Liabilities			
Amount due to related parties		–	–
Total Current Liabilities		–	–
Non-Current Liabilities			
Amounts due to shareholder		**3,559,317**	3,559,317
Total Non-Current Liabilities		**3,559,317**	3,559,317
Total Liabilities		**3,559,317**	3,559,317
Net Assets		**2,600,000**	2,600,000
Equity			
Share Capital	7	**2,600,000**	2,600,000
Retained Earnings		–	–
Total Equity		**2,600,000**	2,600,000

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 2017

(Expressed in United States Dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2016	**2,600,000**	**–**	**2,600,000**
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2017	**2,600,000**	**–**	**2,600,000**
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**

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 2017

1. Corporate Information

The financial report of PT Astina Graha Ubud (the "Company") for the year ended 31 March 2017 was authorised for issue on 11 May 2017.

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 2017**	31 March 2016
	$	$
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 2017**	31 March 2016
	$	$
Fees	–	–
Other emoluments	–	–
	–	–

7. Share Capital

	31 March 2017	31 March 2016
	$	$
Issued and fully paid:		
Ordinary shares	**2,600,000**	2,600,000

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 2017;

(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 2017; 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.

11 May 2017 DEEPAK MADHOK