Annual Reports
2017-2018

MUMTAZ HOTELS LIMITED
MASHOBRA RESORT LIMITED
OBEROI KERALA HOTELS AND RESORTS LIMITED
EIH FLIGHT SERVICES LTD
EIH INTERNATIONAL LTD
EIH HOLDINGS LTD
EIH INVESTMENTS N.V.
EIH MANAGEMENT SERVICES B.V.
PT WIDJA PUTRA KARYA
PT WAKA OBEROI INDONESIA
PT ASTINA GRAHA UBUD

MUMTAZ HOTELS LIMITED

BOARD OF DIRECTORS

Mr. P. R. S. Oberoi, *Chairman*
Mr. Shivy Bhasin, *Vice Chairman*
Mr. Bharath Bhushan Goyal, *Managing Director*
Mr. T. K. Sibal
Mr. Manish Goyal
Mr. Vikram Oberoi
Mr. Arjun Oberoi
Mr. Raj Kataria, *Independent Director*
Mr. Sandeep Kumar Barasia, *Independent Director*

SECRETARY

Mr. S.N. Sridhar

AUDITORS

Deloitte Haskins & Sells LLP,
Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase – II
Gurugram – 122002
Haryana

REGISTERED OFFICE

4, Mangoe Lane
Kolkata 700 001

CORPORATE OFFICE

7, Sham Nath Marg
Delhi 110 054

DIRECTORS' REPORT

The Members
Mumtaz Hotels Limited

The Board presents its Twenty-eighth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the Financial Year ended 31st March 2018.

Financial Highlights

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

PARTICULARS	Rupees (in million)	
	2017-18	2016-17
Total Revenue	**1,037.02**	1,015.01
Earnings before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**463.11**	466.96
Interest and Finance Charges	**0.29**	0.58
Depreciation	**21.78**	22.58
Profit before Tax	**441.04**	443.80
Current Tax	**151.36**	147.58
Deferred Tax	**(19.39)**	2.65
Profit after Tax	**309.07**	293.57
Other Comprehensive Income/(Loss), net of tax	**(0.03)**	(0.67)
Total Comprehensive Income	**309.04**	292.90
Profit/ (Loss) Brought forward from earlier years	**317.16**	334.95
Dividend	**-**	258.13
Dividend Distribution Tax	**-**	52.54
General Reserve	**-**	-
Profit/ Loss Carried Over	**626.20**	317.16

Performance

During the Financial Year under review, the Company's Total Revenue was ₹ 1,037.02 million as compared to ₹ 1,015.01 million in the previous year. This represents an increase of 2.17% as compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 463.11 million as compared to ₹ 466.96 million in the previous year, a decrease of 0.82%. The Profit after tax was ₹ 309.07 million as compared to ₹ 293.57 million, an increase of 5.28%. Total Comprehensive Income was ₹ 309.04 million as compared to ₹ 292.90 million in the previous year, an increase of 5.51%.

Dividend

The Board recommends a Dividend of ₹ 7.50 per equity share of ₹ 10 each for the Financial Year 2017-18 for approval by the Shareholders at the forthcoming Annual General Meeting. The dividend, if declared at the Annual General Meeting, will be paid on 2nd August, 2018. As per the Income Tax Act, 1961, the tax on dividend will be borne by the Company. The outgo on Dividend and Dividend Distribution Tax will be ₹ 186.72 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 the preparation of the annual accounts, the applicable Accounting Standards had been followed 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 systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors

Mr. Shivy Bhasin and Mr. Bharat Bhushan Goyal retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors recommend re-appointment of Mr. Shivy Bhasin and Mr. Bharat Bhushan Goyal as Directors in the Board.

Board Meeting

During the year, four Board Meetings were held on 19th May 2017, 7th September 2017, 4th December 2017 and 15th March 2018 respectively. Attendance of the Directors in the meeting is as under:

Name of the Director	No. of Meetings attended
Mr. P.R.S. Oberoi	3
Mr. Shivy Bhasin	4
Mr. Bharat Bhushan Goyal	3
Mr. T.K. Sibal	4
Mr. Manish Goyal	4
Mr. Vikram Oberoi	3
Mr. Arjun Oberoi	2(1)
Mr. Raj Kataria	2
Mr. Sandeep Kumar Barasia	4

( ) number in bracket represent meeting(s) attended through video conference out of the total number of meetings attended

Audit Committee/Nomination and Remuneration Committee

The Audit Committee was reconstituted and the Nomination and Remuneration Committee was constituted in the year 2015 consequent to the mandatory requirement for appointment of two Independent Directors on the Board for public Companies having a paid up capital of ₹ 10 crore or more pursuant to Section 149(4) of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors so appointed were inducted as members in the Audit Committee and the Nomination and Remuneration Committee in accordance with the requirement of Sections 177 and 178 of the Act.

Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 was amended by way of Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 with effect from 5th July 2017. The amendment rules dispensed with the mandatory requirement for appointment of Independent Directors on the Board of Joint Venture unlisted public Companies. A consequential amendment in Rule 6 of the Companies (Meetings of the Board and its Power), Rules, 2014 was also made to dispense with the requirement of Audit Committee and Nomination and Remuneration Committee for the Joint Venture unlisted public Companies.

As the Company is a Joint Venture between EIH Limited and the GB Group, the Board of Directors at its meeting held on 7th September 2017 decided to dispense with both the Audit and Nomination & Remuneration Committees as all the matters relating to aforesaid committees are anyway discussed at a duly constituted Board Meeting. However, prior to the said amendment, a meeting of the Audit Committee was held on 19th May 2017 which was attended by all the members of the committee.

Independent Directors and their Meeting

In accordance with Section 149(4) of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended by Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, with effect from 5th July 2017, the requirement of appointment of Independent Directors for a Joint Venture Company has been dispensed with. However, Mr. Raj Kataria and Mr. Sandeep Kumar Barasia who were appointed in the year 2015 as Independent Directors for a consecutive period of five (5) years will continue on the Board till the expiry of their term of appointment.

As the Company is not required to appoint Independent Directors, the requirement of holding at least one meeting of the Independent Directors in a year pursuant to Schedule IV to the Companies Act, 2013 has no application.

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 on the holding Company's website, **www.eihltd.com** .

The Annual Report on Corporate Social Responsibility activities for the Financial Year 2017-18 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 7th September 2017 and on 15th March 2018. The members, Mr. Raj Kataria and Mr. Manish Goyal attended both the meetings and Mr. Vikram Oberoi and Mr. Arjun Oberoi attended one 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:

- Visit was organised to Shiros, an NGO run restaurant for "Acid attack" victims. The employees of the café were taken through a hand hygiene activity where they were practically shown the correct way of washing hands and the importance of hand hygiene was explained to them;

- Hand Hygiene activity in association with Johnson Diversy was organised for Housekeeping / Kitchen Stewarding third party contract staff.

- Visit was organised for kitchen executives and a few select employees to Loupe Moudra School (A government school near the hotel) and all 250 students were practically shown the correct way of washing hands and the importance of hand hygiene was explained to them classroom style.

Company's Policy on Directors' Appointment and Remuneration

The Company's Policy on Directors' Appointment and Remuneration ("policy") was formulated in the year 2014-15 in accordance with Section 178 of the Act. Proviso to Sub-section 4 of Section 178 of the Act amended by Companies (Amendment) Act, 2017 with effect from 7th May 2018 no longer requires the entire policy to be disclosed in the Board Report but only the salient features of the policy and the changes, if any, along with the web address where the policy is placed is required to be disclosed.

The salient features of the policy are as under:

- 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;
- 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.

The policy can be accessed on the holding Company, EIH Limited website **www.eihltd.com**.

However, with effect from 5th July 2017, as the Company was no longer required to constitute a Nomination and Remuneration Committee, the same was dissolved on 7th September 2017.

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 Board.

Energy Conservation Measures

Energy conservation measures taken during the year included installation of rain water harvesting system and replacement of old incandescent & halogen lamps with LED lamps.

Measures planned for next year are installation of condensate heat recovery system and replacement of Vapour Absorption Machine with energy efficient chiller.

Foreign Exchange Earnings and outgo

Foreign Exchange earnings during the year amounted to ₹ 404.34 million as compared to ₹ 418.19 million in the previous year. The outflow of foreign exchange during the year was ₹ 26.63 million as compared to ₹ 21 million in the previous year.

Auditors

At the 27th Annual General Meeting of the Company held in year 2017, the members had approved the 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, subject to ratification by members in every Annual General Meeting.

Proviso (1) of Sub-section (1) of Section 139 of the Act which mandates that the Company shall place the matter relating to such appointment for ratification by members at every Annual General Meeting has been omitted by the Companies (Amendment) Act, 2017 with effect from 7th May 2018. Therefore, for Financial Year 2018-19 and thereafter ratification of Auditors appointment every year at the Annual General Meeting is no longer required

Auditor's Report

The Auditor's Report does not contain any observation, qualification, or adverse remark 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.

Prevention of Sexual Harassment at Work Place

During the year, there was one complaint of sexual harassment at work place which was resolved within the statutory period prescribed under the Act.

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. 37 of the financial statement.

Internal Financial Controls

The Company has put in place adequate Internal Financial Control systems commensurate with the size and operations of the business.

Extract of Annual Return

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

Loans, Guarantees or investments

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

Deposits

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

Secretarial Audit, Internal Audit, Vigil Mechanism

The Company does not qualify the requirement for appointment of a Secretarial Auditor and Internal Auditor. The Company does not qualify for the requirement of establishment of a vigil mechanism in terms of Section 177 of the Act read with Rule 7 (1) of the Companies (Meetings of the Board) Rules, 2014.

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 2017-18 was ₹ 1.48 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 2017-18 is annexed.

Secretarial Standards

During the year, the Company has complied with the applicable Secretarial Standards.

Awards

Awards won by The Oberoi Amarvilas are as under:

The Oberoi Amarvilas, Agra, Uttar Pradesh, India	Best Resort Hotels in India (Ranked 5th)	*Travel + Leisure*, World's Best Awards, Readers' Survey 2017
	Top Resort Hotels in India (Ranked 5th)	*Travel + Leisure*, USA, World's Best Awards, Readers' Survey 2016
	Top 25 Hotels for Romance (Ranked 2nd)	TripAdvisor, Travellers' Choice Awards 2016

Acknowledgement

The Board expresses its gratitude to the Government of India, Department of Tourism and all other Central and State Government Departments, Banks 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: 18th May 2018

Shivy Bhasin
Vice Chairperson

P.R.S. Oberoi
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 7th September 2017, on the recommendation of the CSR Committee, approved a CSR spend of 10.17 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 1.67 million. This was spent on the following:

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

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

   c) Swachh Bharat Abhiyan.

   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– Member.

3. **Average Net Profit of the Company for the last three Financial Years**
   Rs. 425.17 million

4. **Prescribed CSR Expenditure (two percent of the amount as in Item 3 above)**
   Rs. 8.50 million

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

   a) Total Amount to be spent for the Financial year : ₹ 10.17 million

   b) Amount unspent, if any : ₹ 0.52 million

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (in millions)**	**Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (in millions)**	**Cumulative expenditure up to the reporting period (in millions)**	**Amount spent Direct or through implementing agency**
1	Primary health care services for India's elderly population (60+ years) at the poor and needy	Urban	Agra, Uttar Pradesh	4.40	4.40	4.40	HelpAge India
2	Swachh Bharat Abhiyan	Urban	Agra, Uttar Pradesh	0.30	0.25	0.25	Direct
3.	Promoting of education	Urban	Agra, Uttar Pradesh	5.00	5.00	5.00	Kailash Satyarthi Children's Foundation
			TOTAL	**9.70**	**9.65**	**9.65**	

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 ₹ 0.52 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.

VIKRAM OBEROI
Chairperson – CSR Committee

P.R.S OBEROI
Chairperson

Annexure- II

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As at end of Financial Year on 31.03.2018

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. Promoters									
(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 ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 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 shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Vijay Goyal	260,005	1.26	-	260,005	1.26	-	-
2	Manish Goyal	8,18,713	3.96	-	8,18,713	3.96	-	-
3	Manav Goyal	1,098,065	5.32	-	1,098,065	5.32	-	-
4	Ravish Goyal	818,711	3.96	-	818,711	3.96	-	-
5	Vinish Goyal	818,712	3.96	-	818,712	3.96	-	-
6	Gaurav Goyal	10,98,065	5.32	-	10,98,065	5.32	-	-
7	Chandra Soni	113,752	0.55	-	113,752	0.55	-	-
8	Mridu Bhasin	1,560,107	7.56	-	1,560,107	7.56	-	-
9	Shivy Bhasin	1,560,108	7.56	-	1,560,108	7.56	-	-
10	EIH Limited	12,389,990	60.00	-	12,389,990	60.00	-	-
11	EIH Limited jointly with P.K. Sarkar	1	-	-	1	-	-	-
12	EIH Limited jointly with S.N. Sridhar	1	-	-	1	-	-	-
13	EIH Limited jointly with Biswajit Mitra	2	-	-	2	-	-	-
14	EIH Limited jointly with M.K Mukherjee	1	-	-	1	-	-	-
15	EIH Limited jointly with Manas Kumar Datta	1	-	-	1	-	-	-
16	EIH Limited jointly with P.K. Mukhopadhyay	1	-	-	1	-	-	-
17	EIH Limited jointly with S.S. Mondal	1	-	-	1	-	-	-
18	EIH Limited jointly with Sumit Nag	1	-	-	1	-	-	-
19	EIH Limited jointly with S. Dutta	1	-	-	1	-	-	-
20	Shikha Madan	56,881	0.28	-	56,881	0.28	-	-
21	Ankush Malhotra	56,881	0.28	-	56,881	0.28	-	-

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No change during the year			
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
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:

S. NO. 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		
	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			
	At the end of the year			15,60,108	7.56

S. NO. 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	818,713	3.96		
2	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			
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.

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	0.62	-.	-	0.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**0.62**	**-**	**-**	**0.62**
Change in Indebtedness during the Financial Year				
• Addition	1.64	-	-	1.64
• Reduction	(0.92)	-	-	(0.92)
Net Change	**0.72**	**-**	**-**	**0.72**
Indebtedness at the end of the Financial Year				
i) Principal Amount	1.34	-	-	1.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**1.34**	**-**	**-**	**1.34**

Note:

1. The Finance lease obligations are secured by hypothecation of vehicles taken under lease. Repayment are done by equated monthly instalment over a period of 36 to 60 months.

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 (₹ in Million)
		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	0.12	0.12
	Total (A)	0.12	0.12
	Ceiling as per the Act	10% of Net Profit	

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (₹ in Million)
		Mr. Sandeep Kumar Barasia	**Mr. Raj Kataria**	
1	Independent Directors			
	Fee for attending board committee meetings	0.20	0.16	0.36
	Commission			
	Others, please specify			
	Total (1)	0.20	0.16	0.36

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 (₹ in Million)
	Fee for attending board committee meetings	0.12	0.16	0.20	0.12	0.24	0.16	1.00
	Commission							
	Others, please specify							
	Total (2)							**1.00**
	Total (B)=(1+2)							**1.36**
	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: 18th May 2018

SHIVY BHASIN
Vice Chairperson

P.R.S. OBEROI
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 March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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.

In conducting 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 and the Order issued under Section 143(11) of the Act.

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 obtained by us 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matter

The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated May 19, 2017 expressed an unmodified opinion.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   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, as amended, 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 6 and 38 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/ CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "ANNEXURE B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: May 18, 2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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** ("the Company") as of March 31, 2018 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 Board of Directors 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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, to the best of our information and according to the explanations given to us 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 March 31, 2018, based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: May 18, 2018

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its property, plant and equipment:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immoveable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the financial statements.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(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.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been 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, Goods and Services Tax, Luxury Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise duty, Value Added Tax, Goods and Services Tax, Luxury Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

c. Details of dues of Income-Tax, Expenditure Tax and Sales Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (₹ in million)
Income Tax Act, 1961	Income-Tax	High Court	2007-2008	3.30
Income Tax Act, 1961	Income-Tax	Assessing Officer	2009-2010	0.10
Income Tax Act, 1961	Income-Tax	Commissioner of Income Tax (Appeals)	2011-2012 to 2014-2015	-*
Sub Total of Income- Tax				3.40*
Expenditure Tax Act, 1987	Expenditure Tax	Joint Commissioner of Expenditure Tax	2002-03	0.10
Uttar Pradesh Trade Tax Act, 1948	Sales Tax	High Court	2007-08	-**

*Net of ₹ 15.28 million paid under protest.
**Net of ₹ 0.19 million paid under protest.

There are no dues of Value Added Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited as on March 31, 2018 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided any managerial remuneration during the year in accordance with the provisions of Section 197 of the Companies Act, 2013 and hence reporting under clause (xi) of CARO 2016 is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or associate company, as applicable, or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place: New Delhi
Date: May 18, 2018

Balance Sheet
as at 31st March, 2018

	Note	As at March 31, 2018	Rupees Million As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**673.60**	686.79
(b) Capital work-in-progress		**1.01**	-
(c) Intangible assets	5	**0.27**	0.40
(d) Financial assets			
- Other financial assets	6	**6.99**	6.47
(e) Tax assets (net)	7	**40.29**	41.19
(f) Other non-current assets	8	**3.44**	0.30
Total non-current assets		**725.60**	735.15
Current assets			
(a) Inventories	9	**30.73**	32.12
(b) Financial assets			
(i) Investments	10	**502.23**	230.48
(ii) Trade receivables	11	**115.11**	92.09
(iii) Cash and cash equivalents	12	**56.34**	32.24
(iv) Other bank balances	13	**7.35**	9.82
(v) Other financial assets	14	**0.91**	0.68
(c) Other current assets	15	**42.33**	35.70
Total current assets		**755.00**	433.13
Total Assets		**1,480.60**	1,168.28
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	**206.50**	206.50
(b) Other equity	17	**1,005.20**	696.16
Total Equity		**1,211.70**	902.66
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**0.96**	0.29
(ii) Other financial liabilities	19	**0.13**	0.19
(b) Employee benefit obligations	20	**4.13**	4.18
(c) Deferred tax liabilities (net)	21	**114.03**	133.43
(d) Other non-current liabilities	22	**0.06**	-
Total non-current liabilities		**119.31**	138.09
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	23	**106.53**	82.20
(ii) Other financial liabilities	24	**2.44**	6.88
(b) Employee benefit obligations	20	**0.03**	0.03
(c) Other current liabilities	25	**40.59**	38.42
Total current liabilities		**149.59**	127.53
Total Equity and Liabilities		**1,480.60**	1,168.28

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Alka Chadha
Partner
(Membership No. 93474)

P.R.S. Oberoi
Chairman

Shivy Bhasin
Vice-Chairman

New Delhi
May 18, 2018

Biswajit Mitra
Chief Financial Officer

S.N. Sridhar
Company Secretary

Statement of Profit and Loss for the Year ended March 31, 2018

	Note	Year ended March 31, 2018	Rupees Million Year ended March 31, 2017
Income			
Revenue from operations	26	**989.53**	974.28
Other income	27	**47.49**	40.73
Total Income		**1,037.02**	1,015.01
Expenses			
Consumption of provisions, wines & others	28	**63.98**	62.31
Employee benefits expense	29	**112.36**	86.30
Finance costs	30	**0.29**	0.58
Depreciation and amortisation expense	31	**21.78**	22.58
Excise duty		**0.09**	0.49
Other expenses	32	**397.48**	398.95
Total Expenses		**595.98**	571.21
Profit before tax		**441.04**	443.80
Tax Expense	33		
Income Tax		**151.36**	147.58
Deferred Tax		**(19.39)**	2.65
Profit for the year		**309.07**	293.57
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**(0.04)**	(1.03)
Tax relating to this item		**0.01**	0.36
Total other comprehensive income/(loss) for the year, net of tax		**(0.03)**	(0.67)
Total comprehensive income for the year		**309.04**	292.90
Earnings per equity share (in INR) - Face Value INR 10	42		
(1) Basic		**14.97**	14.22
(2) Diluted		**14.97**	14.22

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Alka Chadha
Partner
(Membership No. 93474)

P.R.S. Oberoi
Chairman

Shivy Bhasin
Vice-Chairman

New Delhi
May 18, 2018

Biswajit Mitra
Chief Financial Officer

S.N. Sridhar
Company Secretary

Statement of Cash Flows
for the Year ended March 31, 2018

	Year ended March 31, 2018	Rupees Million Year ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**441.04**	443.80
Adjustments for		
Depreciation and amortisation expense	**21.78**	22.58
Loss on sale / discard of property, plant and equipment (Net)	**0.20**	0.24
Dividend income from financial asset measured at fair value	**(14.80)**	(10.48)
Interest income on financials assets carried at amortised cost	**(2.34)**	(0.87)
Provisions and liabilities no longer required, written back	**(9.87)**	(1.51)
Finance costs	**0.29**	0.58
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	**(23.02)**	0.36
(Increase)/decrease in inventories	**1.39**	(10.00)
Increase/(decrease) in trade payables	**29.47**	3.22
(Increase)/decrease in other financial assets	**(0.62)**	-
(Increase)/decrease in other non-current assets	**(2.48)**	(0.27)
(Increase)/decrease in other current assets	**(6.63)**	(14.05)
Increase/(decrease) in employee benefit obligations	**(0.09)**	0.07
Increase/(decrease) in other financial liabilities	**(0.18)**	0.01
Increase/(decrease) in other non-current liabilities	**0.06**	-
Increase/(decrease) in other current liabilities	**2.17**	7.65
Cash generated from operations	**436.37**	441.33
Income taxes paid (net of refund)	**(150.46)**	(143.28)
Net cash inflow from operating activities	**285.91**	298.05
Cash flows from investing activities		
Payments for property, plant and equipment	**(10.50)**	(1.60)
Proceeds from sale of property, plant and equipment	**0.53**	0.66
Dividend income from financial asset measured at fair value	**1.06**	-
Investment in mutual funds	**(258.01)**	(220.00)
Other bank balances - deposits matured/(placed)	**2.47**	(2.72)
Interest received	**2.21**	0.87
Net cash outflow from investing activities	**(262.24)**	(222.79)

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

	Rupees Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from financing activities		
Proceeds from borrowings	**1.64**	-
Repayment of borrowings	**(0.92)**	(2.68)
Interest paid	**(0.29)**	(0.58)
Dividends paid	**-**	(258.13)
Tax on dividend	**-**	(52.55)
Net cash inflow/(outflow) from financing activities	**0.43**	(313.94)
Net increase/(decrease) in cash and cash equivalents	**24.10**	(238.68)
Cash and cash equivalents at the beginning of the year	**32.24**	270.92
Cash and cash equivalents at the end of the year	**56.34**	32.24

Notes

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

2. Effective April 1, 2017, the Company adopted the amendment to IndAS 7, which require the entities 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, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Alka Chadha
Partner
(Membership No. 93474)

New Delhi
May 18, 2018

For and on behalf of the Board

P.R.S. Oberoi
Chairman

Shivy Bhasin
Vice-Chairman

Biswajit Mitra
Chief Financial Officer

S.N. Sridhar
Company Secretary

Statement of changes in Equity for the year ended March 31, 2018

Rupees Million

A. Equity share capital

Balance as at April 1, 2016	**206.50**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**206.50**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**206.50**

B. Other equity

	Reserves and surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings (Surplus)	
Balance at April 1, 2016	293.50	85.50	334.95	713.95
Profit for the year	-	-	293.57	293.57
Other Comprehensive Income/(Loss) for the year, net of tax	-	-	(0.67)	(0.67)
Total comprehensive income for the year	**-**	**-**	**292.90**	**292.90**
Allocations/Appropriations:				
Final dividend paid for the year 2015-16	-	-	(103.25)	(103.25)
Interim dividend paid for the year 2016-17	-	-	(154.88)	(154.88)
Dividend distribution tax	-	-	(52.55)	(52.55)
Others	-	-	(0.01)	(0.01)
Balance as at March 31, 2017	**293.50**	**85.50**	**317.16**	**696.16**
Balance at April 1, 2017	**293.50**	**85.50**	**317.16**	**696.16**
Profit for the year	-	-	309.07	309.07
Other Comprehensive Income/(Loss) for the year, net of tax	-	-	(0.03)	(0.03)
Total comprehensive income for the year	**-**	**-**	**309.04**	**309.04**
Balance as at March 31, 2018	**293.50**	**85.50**	**626.20**	**1,005.20**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Boarwd

Alka Chadha
Partner
(Membership No. 93474)

P.R.S. Oberoi
Chairman

Shivy Bhasin
Vice-Chairman

New Delhi
May 18, 2018

Biswajit Mitra
Chief Financial Officer

S.N. Sridhar
Company Secretary

Significant Accounting Policies and Notes to Financial Statements

GENERAL INFORMATION

MUMTAZ HOTELS LIMITED is a Company limited by shares, incorporated and domiciled in India **having its registered office at 4, Mangoe Lane, Kolkata - 700001.** The Company is a subsidiary of EIH Limited and owns 'The Oberoi Amarvilas', a leading premium 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, the 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 financial statements of Mumtaz Hotels Limited. These policies have been consistently applied to all the periods 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 Ind AS prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended, and other accounting principles generally accepted in India, as a going concern on accrual basis.

(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

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

b) 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, Goods and Service Taxes and amounts collected on behalf of third parties.

(ii) Revenue from interest is recognised 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 is recognised when loyalty points are redeemed by the customers.

c) Foreign currency translation

(i) Presentation Currency
The Financial Statements are 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 or translation at the year end.

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.

Significant Accounting Policies and Notes to Financial Statements - *Contd.*

d) Income tax

Current income tax is recognised 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 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 recognised as deferred tax 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. Assets under 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. 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

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 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 the Statement of 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 to 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) Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Finacial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

m) 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 accumulated 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 property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

Effective 1 April, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with 1 April, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 property, plant and equipment other than land, the hotel buildings, and leased vehicles and equipment 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 57 years with effect from 31st March 2018 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).

Significant Accounting Policies and Notes to Financial Statements - *Contd.*

n) 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.

o) 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.

p) 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.

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

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.

r) 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.

Significant Accounting Policies and Notes to Financial Statements - *Contd.*

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 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.

s) Dividends

Liability is created for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity.

t) 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 number of equity shares 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 equity shares including additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares happened.

u) Government grants / Incentives

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

v) Rounding of amounts

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

Notes to Financial Statements – *Contd.*

2
NEW STANDARDS/AMENDMENTS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED:

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these financial statements.

Amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of Ind AS 21 and its effect on the financial statements.

Introduction of Ind AS 115, Revenue from Contracts with Customers

Ministry of Corporate Affairs has notified Ind AS 115 'Revenue from Contracts with Customers', which is effective from April 1, 2018, early adoption of which is not permitted. The new standard outlines the principle that revenue should be recognised when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The Company is evaluating the requirements of Ind AS 115 and its effect on the financial statements.

3
SIGNIFICANT 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 information about 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.

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.

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 certificate of the technical expert as on 31.03.2018, the balance useful life of the hotel building of the Company was 57 years. The carrying amount of the hotel building is being depreciated over its residual life. Based on management evaluation performed at each reporting period, there has been no change in the earlier assessed useful life.

Notes to Financial Statements – *Contd.*

4(i)
PROPERTY, PLANT AND EQUIPMENT

Rupees Million

	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 at March 31, 2017	Balance as at April 1, 2016	For the Year	Less: Sales/ Adjust-ments	As at March 31, 2017	
Freehold land	56.99	0.06	-	57.05	-	-	-	-	57.05
Buildings	547.82	-	-	547.82	8.77	8.76	-	17.53	530.29
Plant and equipment	99.61	1.75	0.16	101.20	10.67	8.29	0.03	18.93	82.27
Furniture and fittings	2.19	0.24	0.05	2.38	0.40	0.32	0.01	0.71	1.67
Vehicles									
– Operating lease	20.27	-	-	20.27	3.47	3.34	-	6.81	13.46
– Others	2.25	-	-	2.25	0.54	0.54	-	1.08	1.17
Leased vehicles (Refer note below)	3.83	-	2.32	1.51	1.20	1.14	1.66	0.68	0.83
Office equipment	0.26	-	0.18	0.08	0.08	0.06	0.11	0.03	0.05
Total	**733.22**	**2.05**	**2.71**	**732.56**	**25.13**	**22.45**	**1.81**	**45.77**	**686.79**

	Gross carrying amount				Accumulated Depreciation				Carrying value as at March 31, 2018
	Balance as at April 1, 2017	Additions during the year	Sales / adjustment during the year	Balance as at March 31, 2018	Balance as at April 1, 2017	For the Year	Less: Sales/ Adjust-ments	As at March 31, 2018	
Freehold Land	57.05	-	-	57.05	-	-	-	-	57.05
Buildings	547.82	-	-	547.82	17.53	8.76	-	26.29	521.53
Plant and equipment	101.20	7.40	0.29	108.31	18.93	7.90	0.05	26.78	81.53
Furniture and fittings	2.38	0.15	-	2.53	0.71	0.34	-	1.05	1.48
Vehicles									
– Operating lease	20.27	-	-	20.27	6.81	3.76	-	10.57	9.70
– Others	2.25	-	-	2.25	1.08	0.17	-	1.25	1.00
Leased vehicles (Refer note below)	1.51	1.64	1.51	1.64	0.68	0.71	1.02	0.37	1.27
Office equipment	0.08	-	-	0.08	0.03	0.01	-	0.04	0.04
Total	**732.56**	**9.19**	**1.80**	**739.95**	**45.77**	**21.65**	**1.07**	**66.35**	**673.60**

Leased vehicles

The lease term in respect of vehicles acquired under finance leases generally expire within three to five years. Under the terms of the leases, at the expiry of the lease term, the vehicle is transferred to the name of the Company without any consideration by the lessor (Refer note 18).

Notes to Financial Statements – *Contd.*

4 (ii)
CONTRACTUAL OBLIGATIONS

Refer to Note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment

5
INTANGIBLE ASSETS

Rupees Million

	Gross carrying amount				**Accumulated Amortisation**				**Carrying value as at March 31, 2017**
	Balance as at April 1, 2016	**Additions during the year**	**Sales / adjustment during the year**	**Balance as at March 31, 2017**	**Balance as at April 1, 2016**	**For the year**	**Less: Sales/ Adjustments**	**As at March 31, 2017**	
Computer software	0.65	-	-	0.65	0.12	0.13	-	0.25	0.40
Total	**0.65**	**-**	**-**	**0.65**	**0.12**	**0.13**	**-**	**0.25**	**0.40**

	Gross carrying amount				**Accumulated Amortisation**				**Carrying value as at March 31, 2018**
	Balance as at April 1, 2017	**Additions during the year**	**Sales / adjustment during the year**	**Balance as at March 31, 2018**	**Balance as at April 1, 2017**	**For the year**	**Less: Sales/ Adjustments**	**As at March 31, 2018**	
Computer software	0.65	-	-	0.65	0.25	0.13	-	0.38	0.27
Total	**0.65**	**-**	**-**	**0.65**	**0.25**	**0.13**	**-**	**0.38**	**0.27**

Intangible assets are amortised on straight line basis over a period of 3 to 5 years

Notes to Financial Statements – *Contd.*

	As at March 31, 2018	As at March 31, 2017
		Rupees Million
6		
NON-CURRENT FINANCIAL ASSETS		
Land compensation claim recoverable *	**5.19**	5.19
Security deposits	**1.80**	1.28
Total non-current financial assets	**6.99**	6.47

* 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.

7		
TAX ASSETS (NET)		
Tax payments (Net of provision for tax)	**40.29**	41.19
Total tax assets	**40.29**	41.19

8		
OTHER NON-CURRENT ASSETS		
Capital advances	**0.66**	-
Prepaid expenses	**0.13**	0.30
Other advances	**2.65**	-
Total other non-current assets	**3.44**	0.30

9		
INVENTORIES		
Provision, wines & others	**11.59**	10.38
Stores & operating supplies	**19.14**	21.74
Total inventories	**30.73**	32.12

Inventories are valued at cost which is based on 'Cumulative Weighted Average Method' or net realisable value, whichever is lower.
The cost of inventories recognised as an expense during the year as consumption of provisions, wines and others was Rs. 63.98 million (for the year ended March 31, 2017 : Rs. 62.31 million).

10		
INVESTMENTS		
Investment in Mutual funds (Quoted)		
Nil (2017 - 114,458.503) units of Aditya Birla Sun Life Cash Plus - Daily Dividend - Regular Plan	**-**	11.47
1,615,374.497 (2017 - 931,247.274) units of Aditya Birla Sun Life Cash Plus - Daily Dividend - Direct Plan	**161.98**	93.30
906,303.189 (2017 - Nil) units of Aditya Birla Sun Life Floating Rate Fund Short Term Plan - Daily Dividend - Direct Plan	**90.77**	-
Nil (2017 -20,698.794) units of L&T Liquid Fund - Daily Dividend Reinvestment-Regular Plan	**-**	20.96
25,360.829 (2017 - 36,989.800) units of Reliance Liquid Fund -Treasury Plan - Daily Dividend Reinvestment	**38.79**	56.55
75,084.172 (2017 - 31,527.664) units of Reliance Liquid Fund -Treasury Plan - Direct Daily Dividend Reinvestment	**114.85**	48.20
85,973.358 (2017 - Nil) units of Reliance Liquid Fund -Cash Plan - Direct Daily Dividend Reinvestment	**95.84**	-
Total investments	**502.23**	230.48

Notes to Financial Statements – *Contd.*

	As at March 31, 2018	Rupees Million As at March 31, 2017
11		
TRADE RECEIVABLES		
Unsecured, considered good		
Receivables from related parties	**1.18**	14.23
Receivable from other than related parties	**113.93**	77.86
Total trade receivables	**115.11**	92.09
12		
CASH AND CASH EQUIVALENTS		
Balances with banks		
- Current accounts	**52.41**	31.07
Cash in hand	**0.87**	1.17
Cheques in hand	**0.83**	-
Fixed deposits with maturity within three months	**2.23**	-
Total cash and cash equivalents	**56.34**	32.24
13		
OTHER BANK BALANCES		
Fixed deposits maturing within 3 - 12 months	**7.35**	9.82
Total other bank balances	**7.35**	9.82
14		
OTHER CURRENT FINANCIAL ASSETS		
Interest accrued on deposits	**0.13**	-
Security deposits	**0.66**	0.65
Other receivables	**0.12**	0.03
Total other current financial assets	**0.91**	0.68
15		
OTHER CURRENT ASSETS		
Prepaid expenses	**6.11**	6.06
Services export incentive	**32.14**	19.50
Advance to staff	**-**	0.09
Other advances	**4.08**	10.05
Total other current assets	**42.33**	35.70

Notes to Financial Statements – *Contd.*

	As at March 31, 2018	As at March 31, 2017
		Rupees Million
16		
EQUITY SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of INR 10 each (2017 - 25,000,000)	**250.00**	250.00
	250.00	250.00
Issued, Subscribed & Fully Paid		
20,650,000 Equity Shares of INR 10 each (2017 - 20,650,000)	**206.50**	206.50
	206.50	206.50

(i) Reconciliation of equity share capital

	Number of shares	Equity share capital (par value) Rupees Million
As at April 1, 2016	**20,650,000**	**206.50**
Change during the year	-	-
As at March 31, 2017	**20,650,000**	**206.50**
Change during the year	-	-
As at March 31, 2018	**20,650,000**	**206.50**

(ii) Rights and preferences attached to equity shares :

The Company has one class of equity shares having a par value of INR 10 per share. These shares ranks pari passu in all respects including voting rights and entitlement to dividend.

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

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	**% holding**	Number of shares	% holding
EIH Limited	**12,390,000**	**60.00%**	12,390,000	60.00%
Mr. Shivy Bhasin	**1,560,108**	**7.56%**	1,560,108	7.56%
Mrs. Mridu Bhasin	**1,560,107**	**7.55%**	1,560,107	7.55%
Mr. Gaurav Goyal	**1,098,065**	**5.32%**	1,098,065	5.32%
Mr. Manav Goyal	**1,098,065**	**5.32%**	1,098,065	5.32%

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

	As at March 31, 2018	As at March 31, 2017
	Number of Shares	
EIH Limited	**12,390,000**	12,390,000

Notes to Financial Statements – *Contd.*

		As at March 31, 2018	As at March 31, 2017
			Rupees Million
17			
OTHER EQUITY			
Reserve and surplus			
Securities premium reserve		**293.50**	293.50
General reserve		**85.50**	85.50
Retained Earnings (Surplus)		**626.20**	317.16
Total other equity		**1,005.20**	696.16
(i)	**Securities premium reserve**		
	Opening balance	**293.50**	293.50
	Adjustment during the year	**-**	-
	Closing balance	**293.50**	293.50
(ii)	**General reserve**		
	Opening balance	**85.50**	85.50
	Adjustment during the year	**-**	-
	Closing balance	**85.50**	85.50
(iii)	**Retained Earnings (Surplus)**		
	Opening balance	**317.16**	334.95
	Add: Profit during the year as per Statement of Profit and Loss	**309.07**	293.57
	Less: Final dividend	**-**	(258.13)
	Corporate dividend tax	**-**	(52.55)
	Adjustment for Loyalty program	**-**	(0.01)
	Other comprehensive income recognised directly in retained earnings - Remeasurements of post-employment benefit obligation, net of tax	**(0.03)**	(0.67)
	Closing balance	**626.20**	317.16

Nature and purpose of reserves

Securities premium reserve

This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

18
NON-CURRENT BORROWINGS

	As at March 31, 2018	As at March 31, 2017
Secured		
Maturities of finance lease obligations - Vehicles *	**0.96**	0.29
Total	**0.96**	0.29

* The Finance lease obligations are secured by hypothecation of vehicles taken under lease. Repayments are done by equated monthly installments over 36 to 60 months. Maturity date is from 3-5 years; Terms of repayment is monthly and rate of interest is 12.50% - 13.25% p.a.

19
OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at March 31, 2018	As at March 31, 2017
Security deposits	**0.13**	0.11
Advance rent	**-**	0.08
Total other non-current financial liabilities	**0.13**	0.19

Notes to Financial Statements — *Contd.*

20
EMPLOYEE BENEFIT OBLIGATIONS

Rupees Million

	As at March 31, 2018			As at March 31, 2017		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Leave Encashment - Unfunded						
Present value of obligation	0.02	3.36	3.38	0.02	3.46	3.48
Gratuity - Unfunded						
Present value of obligation	0.01	0.77	0.78	0.01	0.72	0.73
Total employee benefit obligations	**0.03**	**4.13**	**4.16**	**0.03**	**4.18**	**4.21**

(i) Defined benefit plans

a) 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 Credit Method.

b) Leave Encashment

As per the policy of the Company, obligations on account of encashment of accumulated leave of an employee is settled only on termination / retirement of the employee. Such liability is recognised on the basis of actuarial valuation following Projected Unit Credit Method. It is an unfunded plan.

(ii) 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 year towards defined contribution plan is INR 3.05 Million and March 17 INR 2.98 Million.

(iii) Movement of defined benefit obligation and fair value of plan assets :

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

Rupees Million

	Gratuity			Leave Encashment
	Present value of obligation	**Fair value of plan assets**	**Net amount**	**Present value of obligation**
April 1, 2016	**0.60**	**-**	**0.60**	**2.50**
Current service cost	0.27	-	0.27	0.68
Interest expense/(income)	0.04	-	0.04	0.16
Total amount recognised in Statement of Profit and Loss	**0.31**	**-**	**0.31**	**0.84**
Remeasurements				
Experience (gains)/losses	(0.02)	-	(0.02)	0.60
(Gain)/loss from change in financial assumptions	0.09	-	0.09	0.36
Total amount recognised in Other Comprehensive Income	**0.07**	**-**	**0.07**	**0.96**
Employer contributions	-	-	-	-
Benefit payments	(0.25)	-	(0.25)	(0.82)
March 31, 2017	**0.73**	**-**	**0.73**	**3.48**
April 1, 2017	**0.73**	**-**	**0.73**	**3.48**
Current service cost	0.28	-	0.28	0.63
Interest expense/(income)	0.05	-	0.05	0.22
Total amount recognised in Statement of Profit and Loss	**0.33**	**-**	**0.33**	**0.85**
Remeasurements				
Experience (gains)/losses	(0.13)	-	(0.13)	0.45
(Gain)/loss from change in financial assumptions	(0.06)	-	(0.06)	(0.22)
Total amount recognised in Other Comprehensive Income	**(0.19)**	**-**	**(0.19)**	**0.23**
Employer contributions	-	-	-	-
Benefit payments	(0.09)	-	(0.09)	(1.18)
March 31, 2018	**0.78**	**-**	**0.78**	**3.38**

Notes to Financial Statements — *Contd.*

(iv) Post-Employment benefits

The significant actuarial assumptions were as follows:

	March 31, 2018	March 31, 2017
Discount rate	**7.71%**	7.36%
Salary growth rate	**5.00%**	5.50%
Mortality	**Indian Assured Lives Mortality (2006-08) ultimate**	Indian Assured Lives Mortality (2006-08) ultimate
Withdrawal rate - Up to 40 years	**4.2**	4.2
Withdrawal rate - 40 - 54 years	**1.8**	1.8
Withdrawal rate - 55 - 57 years	**2.2**	2.2

(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 by 1%		Decrease by 1%	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Gratuity						
Discount rate	1%	1%	(0.16)	(0.15)	0.21	0.20
Salary growth rate	1%	1%	0.22	0.20	(0.17)	(0.16)
Leave encashment						
Discount rate	1%	1%	(0.54)	(0.58)	0.67	0.72
Salary growth rate	1%	1%	0.68	0.73	(0.56)	(0.59)

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 i.e., projected unit credit method has been applied as that used for calculating the defined benefit liability recognised in the balance sheet.

(vi) Risk exposure

The defined benefit obligations have the undermentioned risk exposures :

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 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 cost and hence the value of the liability will be higher than that estimated.

Demographic risk: In the valuation of the liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the cost.

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 26.99 years (2017 - 26.87 years) and 20.42 years (2017- 20.78 years) for Gratuity and Leave Encashment respectively. The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

Rupees Million

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	6 to 10 years	More than 10 years	Total
March 31, 2018						
Gratuity	0.01	-	0.02	0.06	6.04	6.13
Leave encashment	0.02	0.02	0.09	0.64	15.49	16.26
Total	**0.03**	**0.02**	**0.11**	**0.70**	**21.53**	**22.39**
March 31, 2017						
Gratuity	0.01	-	0.02	0.05	5.12	5.20
Leave encashment	0.02	0.02	0.09	0.21	15.71	16.05

Notes to Financial Statements — *Contd.*

	As at March 31, 2018	As at March 31, 2017
		Rupees Million
21		
DEFERRED TAX LIABILITIES (NET)		
Deferred tax Liabilities on account of :		
Property, plant and equipment and intangible assets	**116.30**	136.09
Fair valuation of security deposit liability	**-**	-
Total deferred tax liabilities (A)	**116.30**	136.09
Deferred tax assets on account of :		
Accrued expenses deductible on payment	**1.21**	2.66
Other temporary differences	**1.06**	-
Total deferred tax assets (B)	**2.27**	2.66
Deferred tax liabilities (Net - A-B)	**114.03**	133.43

Movement in deferred tax liabilities

Rupees Million

	Property, plant and equipment and intangible assets	Security deposits liability
As at April 1, 2016	**133.74**	**-**
Charged/(Credited):		
- to profit and loss	2.35	-
As at March 31, 2017	**136.09**	**-**
Charged/(Credited):		
- to profit and loss	(19.79)	-
As at March 31, 2018	**116.30**	**-**

Movement in deferred tax assets

Rupees Million

	Accrued expenses deductible on payment	Accrued expenses deductible on payment	Total
As at April 1, 2016	**2.60**	**-**	**2.60**
(Charged)/Credited:			
- to profit and loss	0.42	-	0.42
- to other comprehensive income	(0.36)	-	(0.36)
As at March 31, 2017	**2.66**	**-**	**2.66**
(Charged)/Credited:			
- to profit and loss	(1.44)	1.06	(0.38)
- to other comprehensive income	(0.01)	-	(0.01)
As at March 31, 2018	**1.21**	**1.06**	**2.27**

22		
OTHER NON-CURRENT LIABILITIES		
Advance rent	0.06	-
Total other non-current liabilities	**0.06**	**-**

Notes to Financial Statements — *Contd.*

23
TRADE PAYABLES

Trade payables to micro enterprises and small enterprises *	0.78	-
Trade payables to related parties	48.54	43.83
Trade payables - others	57.21	38.37
Total trade payables	**106.53**	**82.20**

* Disclosure as required by MSMED Act

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(a)	Amounts payable to suppliers under MSMED as at the year end		
	(i) the principal amount remaining unpaid to any supplier **	0.78	-
	(ii) interest due thereon	Nil	Nil
(b)	Payments made to suppliers beyond the appointed day during the year		
	(i) the principal amount	Nil	Nil
	(ii) interest due thereon	Nil	Nil
(c)	Interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
(d)	Interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(e)	Interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	NA	NA
(f)	further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	NA	NA

** Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are based on information made available to the Company.

24
OTHER CURRENT FINANCIAL LIABILITIES

Current maturities of finance lease obligations	0.38	0.33
Liability for capital expenditure	0.43	4.80
Security deposits	1.63	1.75
Total current financial liabilities	**2.44**	**6.88**

25
OTHER CURRENT LIABILITIES

Advance from customers	18.03	23.26
Statutory and other dues	22.55	14.43
Salary and wages and other dues payable	-	0.72
Advance rent	0.01	0.01
Total other current liabilities	**40.59**	**38.42**

Notes to Financial Statements — *Contd.*

	Year ended March 31, 2018	Rupees Million Year ended March 31, 2017
26		
REVENUE FROM OPERATIONS		
Rooms	**694.69**	675.89
Food and beverage	**232.84**	241.82
Other services	**62.00**	56.57
Total revenue from operations	**989.53**	974.28

	Year ended March 31, 2018	Year ended March 31, 2017
27		
OTHER INCOME		
Interest income on financials assets carried at amortised cost	**2.34**	0.87
Dividend income from financial asset measured at fair value	**14.80**	10.48
Income on account of services exports incentive	**16.94**	26.35
Other gains/(losses) :		
Net foreign exchange gain	**0.06**	0.09
Fair value changes on investments measured at fair value through profit or loss	**0.16**	-
Rental income	**0.70**	0.71
Provisions and liabilities no longer required, written back	**9.87**	1.51
Miscellaneous income	**2.62**	0.72
Total other income	**47.49**	40.73

	Year ended March 31, 2018	Year ended March 31, 2017
28		
CONSUMPTION OF PROVISIONS, WINES & OTHERS		
Opening stock	**10.38**	7.71
Add: Purchases	**65.19**	64.98
	75.57	72.69
Less: Closing stock	**11.59**	10.38
Total consumption of provisions, wines & others	**63.98**	62.31

	Year ended March 31, 2018	Year ended March 31, 2017
29		
EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	**89.06**	74.30
Contribution to provident fund and other funds	**3.05**	2.98
Gratuity	**0.33**	0.31
Staff welfare expenses	**19.92**	8.71
Total employee benefits expense	**112.36**	86.30

	Year ended March 31, 2018	Year ended March 31, 2017
30		
FINANCE COSTS		
Interest expense	**0.29**	0.58
Total finance costs for financial liabilities not recognised through FVTPL	**0.29**	0.58

Notes to Financial Statements — *Contd.*

	Year ended March 31, 2018	Year ended March 31, 2017
		Rupees Million
31		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of property, plant and equipment	**21.65**	22.45
Amortisation of intangible assets	**0.13**	0.13
Total depreciation and amortisation expense	**21.78**	22.58
32		
OTHER EXPENSES		
Power and fuel	**60.16**	56.16
Rent	**4.61**	2.93
Repairs to property, plant and equipment	**51.08**	46.59
Repairs to others	**2.34**	-
Insurance	**1.78**	1.84
Rates and taxes	**13.66**	16.00
Expenses on apartment and board	**11.74**	17.81
Hotel operating fees	**58.92**	61.41
Royalty	**9.92**	9.85
Advertisement, publicity and other promotional expenses	**38.71**	43.17
Commission to travel agents and others	**71.97**	70.43
Passage and travelling	**4.64**	7.64
Linen, uniform washing and laundry expenses	**1.02**	1.52
Renewals and replacements	**9.44**	9.57
Auditors' remuneration (Refer Note 32(a))	**1.40**	1.78
CSR expenses (Refer Note 32(b))	**9.65**	9.78
Expenses on contracts for service	**28.48**	24.38
Loss on sale / discard of property, plant and equipment (Net)	**0.20**	0.24
Director's sitting fees	**1.48**	1.72
Miscellaneous expenses	**16.28**	16.13
Total other expenses	**397.48**	398.95
(a) Details of Auditors' remuneration		
As auditor:		
Audit fee	**1.20**	1.25
Tax audit fee	**0.20**	0.35
In other capacities:		
For taxation matters	**-**	0.10
For other services such as certification	**-**	0.04
Out of pocket expenses	**-**	0.04
Total auditors' remuneration	**1.40**	1.78
(b) Details of CSR Expenditure		
Contribution to the Helpage India	**4.40**	4.50
Contribution to the Kailash Sathyarthi Children Foundation	**5.00**	5.00
Expenses for Swachh Bharat Abhiyan	**0.25**	0.28
Total CSR expenditure	**9.65**	9.78
Amount required to be spent on CSR as per Section 135 of the Companies Act, 2013	**8.50**	8.16

Notes to Financial Statements — *Contd.*

		Year ended March 31, 2018	Year ended March 31, 2017
			Rupees Million
33	**TAX EXPENSE**		
(a)	**Income tax**		
	Tax on profits for the year	**149.71**	147.58
	Adjustments for prior periods	**1.65**	-
	Total income tax	**151.36**	147.58
(b)	**Deferred tax**		
	(Decrease) / Increase in deferred tax liabilities	**(19.79)**	2.35
	Decrease / (Increase) in deferred tax assets	**0.39**	(0.06)
		(19.40)	2.29
	Add : Recognised in OCI	**0.01**	0.36
	Total deferred tax expense/(benefit)	**(19.39)**	2.65
	Total tax expense	**131.97**	150.23
(c)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
	Profit before tax expense	**441.04**	443.80
	Tax at the rate of 34.608% (F.Y. 2016-17 – 34.608%)	**152.64**	153.59
	Tax effect of amounts not deductible in calculating taxable income		
	Corporate social responsibility expenditure	**3.34**	1.74
	Expenses disallowed under the Tax Act	**1.24**	1.00
	Other disallowances	**-**	0.37
	Tax effect of amounts not taxable in calculating taxable income		
	Dividend income exempt from tax	**(5.12)**	(3.63)
	Employee benefits allowed on payment basis	**-**	(0.99)
	Expenses allowed on payment of tax	**-**	(0.40)
	Tax expense related to prior periods	**1.65**	-
	Others (Tax benefit on rental income and gain on fair valuation of investment)	**(0.21)**	-
	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	**0.26**	(2.82)
	Lease finance payment allowed as deduction	**(0.32)**	(0.93)
	Increase in liability for increase in tax depreciation	**(0.02)**	2.35
	(Increase)/Decrease in liability for fair valuation of security deposit	**-**	-
	Increase in deferred tax assets in respect of staff benefits allowed on payment basis	**-**	(0.05)
	Impact of rate change in deferred tax	**(21.49)**	-
		131.97	150.23

Notes to Financial Statements — *Contd.*

34
FAIR VALUE MEASUREMENTS

Financial instruments by category

Rupees Million

	As at March 31, 2018		As at March 31, 2017	
	FVPL	**Amortised cost**	**FVPL**	**Amortised cost**
Financial assets				
Investments	502.23	-	230.48	-
Trade receivables	-	115.11	-	92.09
Cash and cash equivalents	-	56.34	-	32.24
Other bank balances	-	7.35	-	9.82
Security deposits	-	2.46	-	1.93
Other receivables	-	5.44	-	5.22
Total financial assets	**502.23**	**186.70**	**230.48**	**141.30**
Financial liabilities				
Finance lease obligations	-	1.34	-	0.62
Security deposits	-	1.76	-	1.86
Trade payables	-	106.53	-	82.20
Capital creditors	-	0.43	-	4.80
Others	-	-	-	0.08
Total financial liabilities	**-**	**110.06**	**-**	**89.56**

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

	As at March 31, 2018	As at March 31, 2018
	Level 1	Level 1
Financial Investments at FVPL		
Investment in mutual funds (Note 10)	**502.23**	230.48
Total financial assets	**502.23**	230.48

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, security deposits included in level 3.

(iii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed.

All the financial asset and financial liabilities measured at amortised cost, carrying value is an approximation of their respective fair value.

Notes to Financial Statements — *Contd.*

35

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

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

The Company's risk management is carried out by a senior management team under policies approved by the Board of Directors. The senior management team identifies, evaluates and hedges financial risks in close co-operation with the Company's operating unit. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

(A) Market risk

(i) Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognised assets or liabilities denominated in a currency that is not the Company's functional currency (INR).

The exposure of the Company to foreign currency risk is not significant. However, this is closely monitored by the Management to decide on the requirement of hedging. The position of foreign currency exposure to the Company as at the end of the year expressed in INR Million are as follows :

		Rupees Million
Currency	**Receivables**	**Payables**
March 31, 2018		
US Dollar (USD)	-	0.91
Great Britain Pound (GBP)	-	0.36
Net Exposure to foreign currency risk	**-**	**1.27**
March 31, 2017		
US Dollar (USD)		1.24
Great Britain Pound (GBP)	-	0.05
Net Exposure to foreign currency risk	**-**	**1.29**

Sensitivity

If INR is depreciated or appreciated by 5% vis-s-a-vis foreign currency, the impact thereof on the profit and loss of the Company is as given below:

	Impact on profit	
	March 31, 2018	March 31, 2017
USD sensitivity		
INR/USD Increases by 5% (31 March 2017 - 5%)	**(0.05)**	(0.06)
INR/USD Decreases by 5% (31 March 2017 - 5%)	**0.05**	0.06
GBP sensitivity		
INR/SGD Increases by 5% (31 March 2017 - 5%)	**(0.02)**	-
INR/SGD Decreases by 5% (31 March 2017 - 5%)	**0.02**	-

(ii) Interest rate risk

The status of borrowings in terms of fixed rate and floating rate are as follows:

		Rupees Million
	March 31, 2018	March 31, 2017
Variable rate borrowings	**-**	-
Fixed rate borrowings	**1.34**	0.62
Total borrowings	**1.34**	0.62

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

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

Notes to Financial Statements — *Contd.*

(B) Credit risk

Credit risk arises when a counter party defaults on contractual obligations resulting in financial loss to the Company.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. In order to mitigate the risk of financial loss from defaulters, the Company has an ongoing credit evaluation process in respect of customers who are allowed credit period. In respect of walk-in customers the Company does not allow any credit period and therefore, is not exposed to any credit risk.

For trade receivables, the Company has decided to provide loss allowance for lifetime credit loss on the basis of expected credit loss model. However, as per the Company's past collection history, credit risk (default risk and delay risk) are insignificant. As per the past practice, the 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.

(C) Liquidity risk

The Group 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 utilisation 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:

Rupees Million

Floating Rate	March 31, 2018	March 31, 2017
Expiring within one year		
ICICI Bank Limited Cash Credit Facility	**70.00**	70.00
Total	**70.00**	70.00

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

(ii) Maturities of financial liabilities

The table below analyses the Company's all non-derivative financial liabilities into relevant maturity based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities: **Rupees Million**

	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
Non-derivatives				
March 31, 2018				
Obligations under finance lease	0.68	1.55	-	2.23
Liability for capital expenditure	0.43	-	-	0.43
Trade payables	106.53	-	-	106.53
Security deposits	1.63	-	0.21	1.84
Total non-derivative liabilities	**109.27**	**1.55**	**0.21**	**111.03**
March 31, 2017				
Obligations under finance lease	0.41	0.35	-	0.76
Capital creditors	4.80	-	-	4.80
Trade payables	82.20	-	-	82.20
Security deposits	1.75	-	0.21	1.96
Others	0.08	-	-	0.08
Total non-derivative liabilities	**89.24**	**0.35**	**0.21**	**89.80**

Notes to Financial Statements — *Contd.*

36
CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages the share capital issued and subscribed alongwith shareholder's fund appearing in the financial statement as capital of the Company.

(b) Dividends

	March 31, 2018	March 31, 2017
Final dividend for the year ended March 31, 2017 of Rs Nil (March 31, 2016 – INR 5.00)	**-**	103.25
Dividend Distribution Tax	**-**	21.02
Interim dividend for the year ended March 31, 2018 of Rs Nil (March 31, 2017 – INR 7.50)	**-**	154.88
Dividend Distribution Tax	**-**	31.53
Dividends not recognised at the end of the reporting period		
Liability for proposed dividend*	**154.88**	-
Dividend Distribution Tax on proposed dividend	**31.84**	-

* The Board of Directors have recommended a final dividend of INR 7.50 per share which is subject to the approval of the shareholders in the ensuing annual general meeting.

Reconciliation of borrowings arising from financing activities

The table below details the changes in Company's borrowings arising from financing activities, including both cash and non-cash

Particulars	**2017**	**Cash Flow**	**Non-cash changes**	**2018**
Borrowings	0.62	0.72	-	1.34
Total	**0.62**	**0.72**	**-**	**1.34**

Notes to Financial Statements — *Contd.*

37a
RELATED PARTY TRANSACTIONS

a) List of Related Parties

(i) Key Management Personnel of the Company

Mr. P.R.S. Oberoi	Chairman of the 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
Mr. Raj Kataria	Director of the Company
Mr. Sandeep Kumar Barasia	Director of the Company
Mr. S. N. Sridhar	Company Secretary of the Company
Mr. Biswajit Mitra	Chief Financial Officer of the Company
Mr. S. S. Mukherji	Vice Chairman of the Parent Company

(ii) Parent 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 Parent Company
EIH Associated Hotels Limited
Mercury Car Rentals Private Limited
Usmart Education Limited (w.e.f. 11th April, 2017)
Mercury Travels Limited (w.e.f. 11th April, 2017)
Oberoi Mauritius Limited
Island Resort Limited

(v) Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence with whom transactions have taken place during the year.
Oberoi Hotels Private Limited
Regent Tours and Travels Private Limited

Notes to Financial Statements — *Contd.*

37 (b)
Transactions with Related Parties for the year ended March 31, 2018

Rupees Million

Nature of Transactions	**Parent Company**		**Fellow Subsidiaries**		**Associate / Joint Venture of Parent Company**		**Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence**		**Key Management Personnel**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
PURCHASES										
Purchase of goods and services										
EIH Limited	80.51	76.59	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.03	0.54	-	-	-	-
Mashobra Resort Limited	-	-	-	0.04	-	-	-	-	-	-
PT Widja Putra Karya	-	-	0.05	-	-	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	4.78	6.91	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.22	-	-	-	-	-
Island Resorts Limted	-	-	-	-	-	-	-	-	-	-
Total	**80.51**	**76.59**	**0.05**	**0.04**	**5.03**	**7.45**	**-**	**-**	**-**	**-**
Management Contract										
EIH Limited	92.73	88.53	-	-	-	-	-	-	-	-
Total	**92.73**	**88.53**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Royalty										
Oberoi Hotels Private Limited	-	-	-	-	-	-	11.67	10.77	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**11.67**	**10.77**	**-**	**-**
Director's sitting fees										
Mr. P. R. S. Oberoi	-	-	-	-	-	-	-	-	0.12	0.04
Mr. Shivy Bhasin	-	-	-	-	-	-	-	-	0.16	0.16
Mr. Bharath Bhushan Goyal	-	-	-	-	-	-	-	-	0.12	0.12
Mr. T. K. Sibal	-	-	-	-	-	-	-	-	0.16	0.16
Mr. Manish Goyal	-	-	-	-	-	-	-	-	0.24	0.20
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	0.20	0.36
Mr. Arjun Oberoi	-	-	-	-	-	-	-	-	0.12	0.16
Mr. Raj Kataria	-	-	-	-	-	-	-	-	0.16	0.32
Mr. Sandeep Kumar Barasia	-	-	-	-	-	-	-	-	0.20	0.20
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.48**	**1.72**
SALES										
Sale of goods and services										
EIH Limited	0.44	1.49	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.29	0.33	-	-	-	-
Mashobra Resort Limited	-	-	0.01	0.09	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.86	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.05	-	-	-
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	-	0.06
Mr. Arjun Oberoi	-	-	-	-	-	-	-	-	-	0.06
Total	**0.44**	**1.49**	**0.01**	**0.09**	**1.15**	**0.33**	**0.05**	**-**	**-**	**0.12**

Notes to Financial Statements — *Contd.*

Rupees Million

Nature of Transactions	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence		Key Management Personnel	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
INCOME										
License agreement										
EIH Associated Hotels Limited	-	-	-	-	1.46	1.45	-	-	-	-
Total	**-**	**-**	**-**	**-**	**1.46**	**1.45**	**-**	**-**	**-**	**-**
FINANCE										
PAYMENTS										
Dividend on equity shares										
EIH Limited	-	154.88	-	-	-	-	-	-	-	-
Mr. Shivy Bhasin	-	-	-	-	-	-	-	-	-	19.50
Mr. Manish Goyal	-	-	-	-	-	-	-	-	-	10.14
Total	**-**	**154.88**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29.64**
Refund of collections to related party										
EIH Limited	0.76	6.12	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.52	1.45	-	-	-	-
Mashobra Resort Limited	-	-	-	0.12	-	-	-	-	-	-
Total	**0.76**	**6.12**	**-**	**0.12**	**0.52**	**1.45**	**-**	**-**	**-**	**-**
Expense reimbursed to related party										
EIH Limited	2.62	2.55	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.03	0.03	-	-	-	-
Mashobra Resort Limited	-	-	-	-	-	-	-	-	-	-
Regent Tours and Travels Private Limited	-	-	-	-	-	-	0.20	-	-	-
Total	**2.62**	**2.55**	**-**	**-**	**0.03**	**0.03**	**0.20**	**-**	**-**	**-**
RECEIPTS										
Recovery of collections by related party										
EIH Limited	3.42	13.24	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	1.09	0.05	-	-	-	-
Mashobra Resort Limited	-	-	0.04	0.12	-	-	-	-	-	-
Total	**3.42**	**13.24**	**0.04**	**0.12**	**1.09**	**0.05**	**-**	**-**	**-**	**-**
Expense reimbursed by related party										
EIH Limited	0.67	0.93	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.02	0.30	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.07	-	-	-	-	-
Mashobra Resort Limited	-	-	-	-	-	-	-	-	-	-
Total	**0.67**	**0.93**	**-**	**-**	**0.09**	**0.30**	**-**	**-**	**-**	**-**

Notes to Financial Statements — *Contd.*

37 (c)
The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows :

Rupees Million

Outsatnding Balances	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence		Key Management Personnel	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
PAYABLES										
For goods, services and management Contract										
EIH Limited	43.33	39.66	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.38	0.12	-	-	-	-
PT Widja Putra Karya	-	-	0.05	-	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.02	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.74	0.68	-	-	-	-
Total	**43.33**	**39.66**	**0.05**	**-**	**1.14**	**0.80**	**-**	**-**	**-**	**-**
Royalty										
Oberoi Hotels Private Limited	-	-	-	-	-	-	4.02	3.37	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**4.02**	**3.37**	**-**	**-**
RECEIVABLES										
For goods and services										
EIH Limited	0.49	13.53	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.30	0.62	-	-	-	-
Mashobra Resort Limited	-	-	-	0.08	-	-	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.39	-	-	-	-	-
Total	**0.49**	**13.53**	**-**	**0.08**	**0.69**	**0.62**	**-**	**-**	**-**	**-**

38. The Company had contingent liabilities at March 31, 2018 in respect of:

Claims against the Company pending appellate / judicial decisions not acknowledged as debts:

	March 31, 2018	March 31, 2017
		Rupees Million
i. Stamp Duty	**10.23**	10.23
iii. Sales Tax	**0.19**	0.19
iii. Value added tax	**-**	0.59
iv. Expenditure tax	**0.10**	0.10
v. Fringe benefit tax	**-**	0.44
vi. Income-tax	**18.68**	22.28

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

39. Commitments

	March 31, 2018	March 31, 2017
		Rupees Million
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment (Net of capital advances)	**3.86**	-

Notes to Financial Statements — *Contd.*

40. Leases

(i) Finance Lease

The Company acquired motor vehicles under finance lease. Generally, tenure of finance lease of vehicles varies between 3 to 5 years. After completion of the lease term, vehicles are transferred in the name of the Company.

The year wise break up of the outstanding lease obligations as on 31st March, 2018 in respect of these assets are as under :-

		Rupees Million
	March 31, 2018	March 31, 2017
Assets taken on lease		
Not later than one year		
Minimum Lease Payments	**0.68**	0.41
Present value	**0.38**	0.33
Later than one year but not later than five years		
Minimum Lease Payments	**1.55**	0.35
Present Value	**0.96**	0.29
Later than five years		
Minimum Lease Payments	**Nil**	Nil
Present Value	**Nil**	Nil
Total Minimum Lease Payments at the year end	**2.23**	0.76
Less: Future finance charges	**0.89**	0.14
Present value of Minimum Lease Payments	**1.34**	0.62

(ii) Assets on Operating Lease - Lessee

The Company has entered into operating lease arrangements primarily for hiring 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.

(iii) Assets given on Operating Lease-Lessor

The Company gives shops located at hotel unit on operating lease arrangements. These leases are generally not non-cancellable in nature and may generally be terminated by either party by serving notice.

41 Segment Reporting

There are no reportable segments other than hotel as per Ind AS 108, "Operating Segment".

The Company does not have transactions of more than 10% of total revenue with any single external customer.

Notes to Financial Statements — *Contd.*

42 Earnings per equity share

		Rupees
	March 31, 2018	March 31, 2017
(a) Basic earnings per share	**14.97**	14.22
(b) Diluted earnings per share	**14.97**	14.22

		Rupees Million
(c) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to the equity holders of the Company used in calculating basic earnings per share	**309.07**	293.57
Profit attributable to the equity holders of the Company used in calculating basic and diluted earnings per share:	**309.07**	293.57

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

	March 31, 2018	March 31, 2017
	Number of shares	Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**20,650,000**	20,650,000
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	**20,650,000**	20,650,000

43 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 financial statements and other disclosures relating to the current year.

44 Amounts for the year ended and as at March 31, 2017 were audited by previous auditor - M/s Virmani & Associates, Chartered Accountants.

45 The financial statements were approved for issue by the Board of Directors on 18th May, 2018.

MASHOBRA RESORT LIMITED

BOARD OF DIRECTORS

Mr. Vineet Chawdhry, *Chairperson*	*w.e.f 20.3.2018*
Mr. Vidya Chander Pharka, *Chairperson*	*upto 19.3.2018*
Dr. Shrikant Baldi	
Mrs. Manisha Nanda	*w.e.f. 20.3.2018*
Mr. Dinesh Kumar Malhotra	*w.e.f 6.5.2017 and upto 19.3.2018*
Mr. Mohan Chauhan	*upto 6.5.2017*
Mr. Arjun Oberoi, *Managing Director*	
Mr. Vikram Oberoi	
Mr. T.K. Sibal	
Mr. S.N. Sridhar, *Director & Secretary*	
Mr. Viresh S. Mathur, *Independent Director*	
Mr. Shashank Bhagat, *Independent Director*	

AUDITORS

Deloitte Haskins & Sells LLP,
Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase – II
Gurugram – 122002
Haryana

REGISTERED OFFICE

Wildflower Hall
(An Oberoi Resort)
Chharabra
Shimla - 171 012
Himachal Pradesh

CORPORATE OFFICE

7, Sham Nath Marg
Delhi 110 054

DIRECTORS' REPORT

The Members
Mashobra Resort Limited

The Board presents its Twenty Third Annual Report together with the Audited Financial Statement and the Auditor's Report for the Financial Year ended on 31st March 2018.

Financial Highlights

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

Particulars	₹ in Million	
	2017-18	2016-17
Total Revenue	**506.73**	511.91
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**267.90**	271.83
Interest	**1.10**	1.03
Depreciation and Amortization Expenses	**11.49**	11.66
Profit /(Loss) before Tax	**255.31**	259.14
Tax including Deferred Tax	**75.32**	81.46
Profit/ (Loss) after Tax	**179.99**	177.68
Other Comprehensive Income/(Loss), net of tax	**0.61**	(0.04)
Total Comprehensive Income	**180.60**	177.64
Profit/(Loss) Brought Forward from earlier year	**(227.24)**	(404.88)
Profit/(Loss) Carried Over	**(46.64)**	(227.24)

Performance

During the Financial Year under review, the Total Revenue was ₹ 506.73 Million as compared to ₹ 511.91 Million in the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 267.90 Million as compared to ₹ 271.83 Million. The Profit after tax was ₹ 179.99 Million as compared to ₹ 177.68 Million, an increase of 1.30%. Total Comprehensive Income was ₹ 180.60 Million as compared to ₹ 177.64 Million, an increase of 1.66%.

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 the preparation of the annual accounts, the applicable Accounting Standards had been followed 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 systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors

Mr. Vineet Chawdhry (DIN-06650659) and Smt. Manisha Nanda (DIN-02463899) were appointed by the Board at the Board meeting held on 20th March 2018 in the casual vacancies caused due to the vacation of office by Mr. Vidya Charan Pharka and Mr. Dinesh Malhotra.

In accordance with Section 161(4) of the Act, the appointment of Mr. Vineet Chawdhry and Smt. Manisha Nanda in the causal vacancy is required to be approved by the Shareholders at the next Annual General Meeting of the Company. Notice under Section 160 of the Act has been received from a Shareholder proposing the appointment of Mr. Vineet Chawdhry and Smt. Manisha Nanda as regular directors on the Board, liable to retire by rotation. Mr. Vineet Chawdhry and Smt. Manisha Nanda will hold office as Directors upto the date which Mr. Vidya Charan Pharka and Mr. Dinesh Malhotra would have held had they not vacated their office as Directors.

The Directors recommend to the Shareholders appointment of Mr. Vineet Chawdhry and Smt. Manisha Nanda as regular Directors on the Board.

Mr. Vikram Oberoi and Mr. T.K. Sibal will 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.

Board Meeting

During the year, the Company held four Board Meetings on 6th May 2017, 1st September 2017, 30th November 2017 and 20th March 2018 respectively. The Attendance of the Directors in the meeting is as under:

Name of the Director	No. of Meetings attended
Mr. Arjun Oberoi	4(2)
Mr. S.N. Sridhar	4
Mr. Vikram Oberoi	4(1)
Mr. T.K. Sibal	4
Mr. V.C. Pharka*	3
Mr. Viresh S. Mathur	3
Mr. Dinesh Kumar Malhotra*	3
Dr. Shrikant Baldi	2
Mr. Shashank Bhagat	1
Mr. Vineet Chawdhry#	1
Smt. Manisha Nanda#	1

* ceased to be a Director w.e.f 20.03.2018

appointed as a Director w.e.f 20.03.2018

( ) The number in bracket represents meeting attended through video conference out of the total number of meetings attended.

Audit Committee/Nomination and Remuneration Committee

The Audit Committee was reconstituted and the Nomination and Remuneration Committee was constituted in the year 2015 consequent to the mandatory requirement for appointment of two Independent Directors on the Board for public Companies having a paid up capital of ₹ 10 crore or more pursuant to Section 149(4) of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors so appointed were inducted as members in the Audit Committee and the Nomination and Remuneration Committee in accordance with the requirement of Sections 177 and 178 of the Act.

Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 was amended by way of Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 with effect from 5th July 2017. The amendment rules dispensed with the mandatory requirement for appointment of Independent Directors on the Board of Joint Venture unlisted public Companies. A consequential amendment in Rule 6 of the Companies (Meetings of the Board and its Power), Rules, 2014 was also made to dispense with the requirement of Audit Committee and Nomination and Remuneration Committee for the Joint Venture unlisted public Companies.

As the Company is a Joint Venture between EIH Limited and the Government of Himachal Pradesh, the Board of Directors at its meeting held on 1st September 2017 decided to dispense with both the Audit and Nomination & Remuneration Committees as all the matters relating to aforesaid committees are also discussed at a duly constituted Board Meeting. However, prior to the said amendment, a meeting the Audit Committee and Nomination and Remuneration committee was held on 6th May 2017 which was attended by all the members of the respective committees.

Independent Directors and their Meeting

In accordance with Section 149(4) of the Act read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended by Companies (Appointment and Qualification of Directors) Amendment Rules, 2017, with effect from 5th July 2017, the requirement of appointment of Independent Directors for a Joint Venture Company has been dispensed with. However, Mr. Viresh S. Mathur and Mr. Shashank Bhagat who were appointed in the year 2015 as Independent Directors for a consecutive period of five (5) years will continue on the Board till the expiry of their term of appointment.

As the Company is not required to appoint Independent Directors, the requirement of holding at least one meeting of the Independent Directors in a year pursuant to Schedule IV to the Companies Act, 2013 has no application.

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, EIH Limited website **www.eihltd.com**.

The Annual Report on Corporate Social Responsibility activities for the Financial Year 2017-18 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 6th May 2017, 1st September 2017 and 20th March 2018. The Attendance of the members of the Committee is as under:

Name of the Member	No. of Meetings Attended
Mr. Vikram Oberoi	3(1)
Mr. Arjun Oberoi	3(2)
Mr. Shashank Bhagat	1
Mr. Vidya Charan Pharka*	2

*ceased to be a member w.e.f 20.03.2018
( ) The number in bracket represents meeting attended through video conference out of the total number of meetings attended.

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

The Company's Policy on Directors' Appointment and Remuneration ("policy") was formulated in the year 2014-15 in accordance with Section 178 of the Act. Proviso to sub-section (4) of Section 178, as amended by Companies (Amendment) Act, 2017 with effect from 7th May 2018, no longer requires the entire policy to be disclosed in the Board Report but only the salient features of the policy and the changes, if any, along with the web address where the policy is placed.

The salient features of the policy are as under:

- 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;
- 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.

The policy can be accessed on the holding Company, EIH Limited website **www.eihltd.com**. As the Company was no longer required to constitute a Nomination and Remuneration Committee with effect from 5th July 2017, the same was dissolved on 1st September 2017.

As on date, the Company does not have any Senior Management Personnel. Company's Key Managerial Personnel, namely, Mr. Arjun Oberoi, Managing Director, Mr. Biswajit Mitra, Chief Financial Officer 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, Individual 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 2017-18 submitted by Mr. Damodaran has been taken on record by 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 Board.

Energy Conservation Measures

Energy conservation measures taken during current year include replacement of incandescent lamps with LED lamps and retrofitting the hot water system for remote locations with tank less heaters thereby saving High Speed Diesel (HSD) in boilers. Tight operational control and optimizing running hours of equipment has resulted in savings.

Some of the actions planned for the next year are replacement of Halogen lamps with LED lamps and installation of heat pumps.

Foreign Exchange Earnings and outgo

Foreign exchange earnings during the year amounted to ₹ 77.92 Million as compared to ₹ 112.11 Million in the previous year. The outflow of foreign exchange during the year was ₹ 11.51 Million as compared to ₹ 8.92 Million in the previous year.

Secretarial Standards

During the year, the Company has complied with the applicable Secretarial Standards.

Auditors

At the 22nd Annual General Meeting of the Company held in year 2017, the members had approved the 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, subject to ratification by members in every Annual General Meeting.

Proviso (1) of Sub-section (1) of Section 139 of the Act which mandates that the Company shall place the matter relating to such appointment for ratification by members at every Annual General Meeting has been omitted by the Companies (Amendment) Act, 2017 with effect from 7th May 2018. Therefore, for Financial Year 2018-19 and thereafter ratification of Auditors appointment every year at the Annual General Meeting is no longer required.

Auditor's Report

The Auditor's Observations in their report have been fully explained in Note no. 3 (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 at Work Place

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

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 –II**

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, namely, Mr. Arjun Oberoi, Managing Director, Mr. Biswajit Mitra, Chief Financial Officer and Mr. S.N. Sridhar, Company Secretary do not draw any remuneration from the Company. Sitting fee of ₹ 40,000 per sitting of the Board or a committee thereof is paid to all Directors. Total sitting fee paid during the Financial Year 2017-18 was ₹ 1.84 Million.

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
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: 14th May 2018

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 1st September 2017, on the recommendation of the CSR Committee, approved a CSR spend of ₹ 4.09 Million. 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 ₹ 0.12 Million. This was spent on the following activities:

   a) Skill Development through vocational training of student at the School for Hearing and Visually Impaired, Dhalli

   b) Repair and Maintenance work at the School for Hearing and Visually Impaired, Dhalli; and

   c) Swachh Bharat Abhiyan

   The CSR Policy and the activities of the Company are available on the holding Company, EIH Limited website **www.eihltd.com**.

2. **Composition of the CSR Committee**

   Mr. Arjun Oberoi - Chairperson;
   Mr. Vikram Oberoi - Member;
   Mr. Shashank Bhagat - Member
   Mr. Vineet Chawdhry - Member

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

   ₹ 198.64 Million

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

   ₹ 3.97 Million

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

   a) Total Amount to be spent for the Financial Year : ₹ 4.09 Million

   b) Amount unspent, if any : ₹ 0.30 Million

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ in Million)**	**Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) Over-heads : (₹ in Million)**	**Cumulative expenditure up to the reporting period (₹ in Million)**	**Amount spent Direct or through implementing agency**
1.	Promoting education by setting up & repairing School for the Hearing and Visually impaired	Rural	Vocational Training Expense for Teachers, Support Staff and other Operational Expenditure at the school of Hearing & visually impaired, Dhalli	1.75	1.75	1.75	Direct
2.	Promoting education by setting up vocational training centre in the School for the Hearing and visually impaired	Rural	Repair and Maintenance work at the School for Healing and Visually Impaired, Dhalli	1.56	1.26	1.26	Direct
3.	Swachh Bharat Abhiyan	Rural	NH-22 near Chharabra Market, Shimla, Himachal Pradesh	0.78	0.78	0.78	Direct
			TOTAL	**4.09**	**3.79**	**3.79**	

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.

   A sum of ₹ 0.30 Million is carried forward to the next Financial Year 2018-19 to be spent on projects approved by the Board of Directors on the recommendation of the CSR Committee.

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

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As at Financial Year ended on 31st March, 2018

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U55101HP1995PLC017440
2.	Registration Date	13/12/1995
3.	Name of the Company	Mashobra Resort Limited
4.	Category/Sub-category of the Company	Company Limited By Shares/ Indian Non Government Company
5.	Address of the Registered office & contact details	Hotel Wildflower Hall Chharabra, Shimla -171012 Himachal Pradesh, India Phone: 01772648585 Fax: 01772648686
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Share held	Applicable Section
1	EIH Limited, 4, Mangoe Lane, Kolkata- 700001	L55101WB1949PLC017981	Holding	78.79%	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	7,000,000	7,000,000	21.21	-	70,00,000	7,000,000	21.21	-
d) Bodies Corp.	-	26,000,000	26,000,000	78.79	-	26,000,000	26,000,000	78.79	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**-**	**33,000,000**	**33,000,000**	**100.00**	**-**	**33,000,000**	**33,000,000**	**100.00**	**-**
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 / encumbered to total shares	No. of shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1	Government of Himachal Pradesh	7,000,000	21.21	-	7,000,000	21.21	-	-
2	EIH Limited	25,999,995	78.79	-	25,999,995	78.79	-	-
3	Oberoi Hotels Private Ltd	1	-	-	1	-	-	-
4	Oberoi Holdings Private Ltd	1	-	-	1	-	-	-
5	Oberoi Properties Private Ltd	1	-	-	1	-	-	-
6	Oberoi Investments Private Ltd	1	-	-	1	-	-	-
7	Oberoi Plaza Private Ltd	1	-	-	1	-	-	-
	Total	**33,000,000**	**100.00**	**-**	**33,000,000**	**100.00**	**-**	**-**

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	33,000,000	100.00	33,000,000	100.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	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):

S. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL			
	At the end of the year				

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	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 Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	0.50	5.00	-	5.50
ii) Interest due but not paid	-		-	
iii) Interest accrued but not due	-		-	
Total (i+ii+iii)	**0.50**	**5.00**	**-**	**5.50**
Change in Indebtedness during the Financial Year			-	
• Addition	0.60		-	0.60
• Reduction	(0.40)		-	(0.40)
Net Change	**0.20**		**-**	**0.20**
Indebtedness at the end of the Financial Year *				
i) Principal Amount	0.70	5.00	-	5.70
ii) Interest due but not paid			-	
iii) Interest accrued but not due			-	
Total (i+ii+iii)	**0.70**	**5.00**	**-**	**5.70**

Note:

1. The Finance lease obligations are secured by hypothecation of vehicles taken under lease. Repayment are done by equated monthly instalment over a period of 36 to 60 months.
2. Unsecured Loans are from “Government 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:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹ in Million)
		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	0.32	0.32
	Total (A)	**0.32**	**0.32**
	Ceiling as per the Act	10% of the Net Profit	

B. Remuneration to other directors

S. No	Particulars of Remuneration	Name of Directors		Total Amount (₹ in Million)
		Mr. Shashank Bhagat	Mr. Viresh Mathur	
1	Independent Directors			
	Fee for attending board committee meetings	0.16	0.20	0.36
	Commission			
	Others, please specify			
	Total (1)	**0.16**	**0.20**	**0.36**

S. No	Particulars of Remuneration									
2	Other Non-Executive Directors	Mr. Vikram Oberoi	Mr. T.K. Sibal	Mr. V.C. Pharka*	Dr. Shrikant Baldi*	Mr. S.N. Sridhar	Mr. Dinesh Malhotra*	Mr. Vineet Chawdhry*	Ms. Manisha Nanda*	
	Fee for attending board committee meetings	0.32	0.16	0.24	0.08	0.16	0.12	0.04	0.04	1.16
	Commission									
	Others, please specify									
	Total (2)	**0.32**	**0.16**	**0.24**	**0.08**	**0.16**	**0.12**	**0.04**	**0.04**	**1.16**
	Total (B)=(1+2)									1.52
	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

S. No.	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
Dated: 14th May, 2018

ARJUN OBEROI
Managing Director

T.K. SIBAL
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
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 31 March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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.

In conducting 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 and the Order issued under Section 143(11) of the Act.

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 obtained by us 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 16 to the Ind AS financial statements regarding disclosure of advance towards equity shares pending settlement of legal issues between Government of Himachal Pradesh and EIH Limited and Note 3(ii) regarding ongoing litigation between EIH Limited, the Holding Company and the Government of Himachal Pradesh. The said notes describe 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.

Other matter

The comparative financial information of the Company for the year ended 31 March, 2017 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 6 May, 2017 expressed an unmodified opinion.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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.

e) On the basis of the written representations received from the directors of the Company as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, 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 35, 3(ii) and 16 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/ CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "ANNEXURE B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place : Gurugram
Date: 14th May, 2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **MASHOBRA RESORT LIMITED** ("the Company") as of 31 March, 2018 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 Board of Directors 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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, to the best of our information and according to the explanations given to us 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, 2018, based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place : Gurugram
Date: 14th May, 2018

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its property, plant and equipment:

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immoveable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the financial statements.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(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.

(iv) The Company has not granted any loans, made investments or provided guarantees and securities and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been 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, Goods and Services Tax, Luxury Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise duty, Value Added Tax, Goods and Services Tax, Luxury Tax, cess and other material statutory dues in arrears as at 31 March, 2018 for a period of more than six months from the date they became payable.

c. Details of dues of Service Tax and Luxury Tax which have not been deposited as on 31 March, 2018 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (₹ in million)
Service Tax Laws-Finance Act, 1994	Service Tax	Customs, Excise & Service Tax Appellate Tribunal	2004-2005 to 2008-2009	5.16
Himachal Pradesh Tax on Luxuries (in Hotels and Lodging Houses) Rules, 1979	Luxury Tax	Deputy Excise & Taxation Commissioner-Cum-Assessing Authority	2013-2014 to 2015-2016	10.12

There are no dues of Income-Tax, Sales Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Government. The Company has not taken any loans or borrowings from banks and financial institutions or has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided any managerial remuneration during the year in accordance with the provisions of section 197 of the Companies Act, 2013 and hence reporting under clause (xi) of CARO 2016 is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or associate company, as applicable, or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Alka Chadha
Partner
(Membership No. 93474)

Place : Gurugram
Date: 14th May, 2018

Balance Sheet as at 31st March, 2018

	Note	As at March 31, 2018	As at March 31, 2017
			Rupees Million
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	**483.88**	488.99
(b) Capital work-in-progress		**3.31**	0.69
(c) Intangible assets	5	**0.28**	0.39
(d) Financial assets			
Other financial assets	6(i)	**1.09**	28.28
(e) Deferred tax assets (net)	7	**65.11**	85.71
(f) Other non-current assets	8	**1.38**	0.21
Total non-current assets		**555.05**	604.27
Current assets			
(a) Inventories	9	**18.48**	17.19
(b) Financial assets			
(i) Trade receivables	10	**33.48**	20.82
(ii) Cash and cash equivalents	11	**27.87**	9.87
(iii) Other bank balances	12	**1,047.03**	841.31
(iv) Other financial assets	6(ii)	**10.28**	2.92
(c) Other current assets	13	**10.94**	7.82
Total current assets		**1,148.08**	899.93
Total Assets		**1,703.13**	1,504.20
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	**330.00**	330.00
(b) Other equity	15	**(46.64)**	(227.24)
Total Equity		**283.36**	102.76
Advance towards equity	16	**1,361.93**	1,361.93
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
Borrowings	17	**5.48**	5.13
(b) Employee benefit obligations	18	**2.19**	2.77
Total non-current liabilities		**7.67**	7.90
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	19	**28.41**	18.82
(ii) Other financial liabilities	20	**0.57**	1.03
(b) Employee benefit obligations	18	**0.01**	0.01
(c) Current tax liabilities (net)	21	**0.84**	2.45
(d) Other current liabilities	22	**20.34**	9.30
Total current liabilities		**50.17**	31.61
Total Equity and Liabilities		**1,703.13**	1,504.20

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Alka Chadha
Partner
(Membership No. 93474)

ARJUN OBEROI
Managing Director

BISWAJIT MITRA
Chief Financial Officer

Shimla
14th May, 2018

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary and Director

Statement of Profit and Loss for the Year ended 31st March, 2018

Rupees Million

	Note	**Year Ended 31 March, 2018**	Year Ended 31 March, 2017
Income			
Revenue from operations	23	**439.87**	444.89
Other income	24	**66.86**	67.02
Total Income		**506.73**	511.91
Expenses			
Consumption of provisions, wines & others	25	**30.01**	29.42
Employee benefits expense	26	**76.11**	66.44
Finance costs	27	**1.10**	1.03
Depreciation and amortisation expense	28	**11.49**	11.66
Excise duty		**0.09**	0.31
Other expenses	29	**132.62**	143.91
Total Expenses		**251.42**	252.77
Profit before tax		**255.31**	259.14
Tax Expense			
Income tax	30	**54.97**	55.25
Deferred tax	30	**20.35**	26.21
Profit for the year		**179.99**	177.68
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**0.86**	(0.06)
Tax relating to this item		**(0.25)**	0.02
Total other comprehensive income/(loss) for the year, net of tax		**0.61**	(0.04)
Total comprehensive income for the year		**180.60**	177.64
Earnings per equity share (in INR) - Face Value INR 10	39		
(1) Basic		**5.45**	5.38
(2) Diluted		**5.45**	5.38

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Alka Chadha
Partner
(Membership No. 93474)

Shimla
14th May, 2018

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 and Director

Statement of Cash Flows for the Year ended March 31, 2018

		Rupees Million
	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Cash flows from operating activities		
Profit before tax	**255.31**	259.14
Adjustments for		
Depreciation and amortisation expense	**11.49**	11.66
(Gain)/loss on disposal of property, plant and equipment	**0.73**	0.02
Interest income classified as investing cash flows	**(61.22)**	(54.83)
Provisions and liabilities no longer required, written back	**(0.61)**	(6.31)
Finance costs	**1.10**	1.03
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	**(12.66)**	0.46
(Increase)/decrease in inventories	**(1.29)**	0.85
Increase/(decrease) in trade payables	**10.20**	(6.14)
(Increase)/decrease in other financial assets	**27.22**	(27.41)
(Increase)/decrease in other non-current assets	**(0.03)**	-
(Increase)/decrease in other current assets	**(3.12)**	(2.65)
Increase/(decrease) in employee benefit obligations	**0.28**	0.46
Increase/(decrease) in other financial liabilities	**(0.34)**	(0.15)
Increase/(decrease) in other current liabilities	**11.04**	1.10
Cash generated from operations	**238.10**	177.23
Income taxes paid (net of refund)	**(56.58)**	(53.74)
Net cash inflow from operating activities	**181.52**	**123.49**
Cash flows from investing activities		
Payments for property, plant and equipment	**(10.80)**	(5.53)
Proceeds from sale of property, plant and equipment	**0.07**	-
Other bank balances - deposits placed	**(205.72)**	(182.99)
Interest received	**53.83**	58.01
Net cash outflow from investing activities	**(162.62)**	(130.51)

Statement of Cash Flows - *Contd..*

	Year Ended 31 March, 2018	Year Ended 31 March, 2017
		Rupees Million
Cash flows from financing activities		
Proceeds from borrowings	**0.60**	-
Repayment of borrowings	**(0.40)**	(0.56)
Interest paid	**(1.10)**	(1.03)
Net cash outflow from financing activities	**(0.90)**	(1.59)
Net increase/(decrease) in cash and cash equivalents	**18.00**	(8.61)
Cash and cash equivalents at the beginning of the year	**9.87**	18.48
Cash and cash equivalents at the end of the year	**27.87**	9.87

Notes

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

2. Effective April 1, 2017, the Company adopted the amendment to IndAS 7, which require the entities 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, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Alka Chadha
Partner
(Membership No. 93474)

Shimla
14th May, 2018

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 and Director

Statement of changes in equity for the Year ended 31st March, 2018

A. Equity share capital

	Rupees Million
Balance as at April 1, 2016	**330.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**330.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**330.00**

B. Other equity

	Retained earnings (Surplus / (Deficit))
Balance as at April 1, 2016	**(404.88)**
Profit for the year	177.68
Other comprehensive income/(loss) for the year, net of tax	(0.04)
Total comprehensive income for the year	**177.64**
Balance as at March 31, 2017	**(227.24)**
Balance as at April 1, 2017	**(227.24)**
Profit for the year	179.99
Other comprehensive income/(loss) for the year, net of tax	0.61
Total comprehensive income for the year	**180.60**
Balance as at March 31, 2018	**(46.64)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Alka Chadha
Partner
(Membership No. 93474)

Shimla
14th May, 2018

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 and Director

Notes to Financial Statements

GENERAL INFORMATION

MASHOBRA RESORT LIMITED is a Company limited by shares, incorporated consequent upon a Joint Venture Agreement between EIH Limited and Government of Himachal Pradesh and domiciled in India **having its registered office at Wildflower Hall, Chharabra, Shimla.** 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 financial statements of Mashobra Resort Limited. These policies have been consistently applied to all the periods 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 Ind AS prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended, and other accounting principles generally accepted in India, as a going concern on accrual basis.

(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

(iii) Use of estimates

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

b) **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, Goods and Service Taxes and amounts collected on behalf of third parties.

(ii) Revenue from interest is recognised 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 is recognised when loyalty points are redeemed by the customers.

c) **Foreign currency translation**

(i) Presentation Currency

The Financial Statements are 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 or translation at the year end.

Notes to Financial Statements — *Contd.*

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.

d) Income tax

Current income tax is recognised 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 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 recognised as deferred tax 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. Assets under 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. 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

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.

Notes to Financial Statements — *Contd.*

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.

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 the Statement of 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.

Notes to Financial Statements — *Contd.*

(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.

l) Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption/settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet. Finacial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

m) 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 accumulated 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 property, plant and equipment that are not yet ready for their intended use on the reporting date and materials at site.

Transition to Ind AS

Effective 1 April, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with 1 April, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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 property, plant and equipment other than land, the hotel buildings, and leased vehicles and equipment 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.

Notes to Financial Statements — *Contd.*

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).

n) 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.

o) 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.

p) 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.

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

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.

r) 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.

Notes to Financial Statements — *Contd.*

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 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.

s) Dividends

Liability is created for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity.

t) 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 number of equity shares 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 equity shares including additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares happened.

u) Government grants / Incentives

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

v) Rounding of amounts

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

Notes to Financial Statements — *Contd.*

2

New standards/amendments that are not yet effective and have not been early adopted:

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018, and have not been applied in preparing these financial statements.

Amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of Ind AS 21 and its effect on the financial statements.

Introduction of Ind AS 115, Revenue from Contracts with Customers

Ministry of Corporate Affairs has notified Ind AS 115 'Revenue from Contracts with Customers', which is effective from April 1, 2018, early adoption of which is not permitted. The new standard outlines the principle that revenue should be recognised when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. The Company is evaluating the requirements of Ind AS 115 and its effect on the financial statements.

3

Significant 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 information about 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.

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 property, plant and equipment 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 certificate 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. Based on management evaluation performed at each reporting period, there has been no change in the earlier assessed useful 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 out of 85 rooms, being operated as per the directions of the High Court, in fixed deposits and current account with a Nationalised Bank, in accordance with the 17th December, 2003 Order referred to above and such deposits have been disclosed in these financial statements under "Other bank balances" (Refer Note 12).

The High Court, by virtue of an order dated 25th February, 2016 which was made available to the Company in May 2016, decided not to interfere with the order of the Arbitrator. The Company and EIH Limited amongst others, have preferred an appeal before the Division Bench of the High Court of Himachal Pradesh. By an Order dated 27th June, 2016, Division Bench has 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. The matter is pending before the Division Bench of the High Court of Himachal Pradesh for adjudication.

Notes to Financial Statements — *Contd.*

4 (i)
Property, plant and equipment

Rupees Million

	Gross carrying amount				Accumulated Depreciation				Carrying value as at March 31, 2017
	Balance as at April 01, 2016	Additions during the year	Sales/ adjustment during the year	Balance as at March 31, 2017	As at April 1, 2016	For the year	Less: Sales/ Adjust-ments	As at March 31, 2017	
Freehold land	74.41	-	-	74.41	-	-	-	-	74.41
Buildings	378.60	1.36	-	379.96	5.91	5.91	-	11.82	368.14
Plant and equipment	67.10	4.35	0.06	71.39	28.24	3.72	0.05	31.91	39.48
Furniture and fittings	2.47	0.82	0.03	3.26	0.39	0.40	0.02	0.77	2.49
Vehicles	2.71	-	-	2.71	0.24	0.32	-	0.56	2.15
Office equipment	0.05	-	-	0.05	-	-	-	-	0.05
Leased vehicles (Refer note below)	1.57	-	0.30	1.27	0.66	0.50	0.30	0.86	0.41
Computers	2.95	0.47	-	3.42	0.86	0.70	-	1.56	1.86
Total	**529.86**	**7.00**	**0.39**	**536.47**	**36.30**	**11.55**	**0.37**	**47.48**	**488.99**

	Gross carrying amount				Accumulated Depreciation				Carrying value as at March 31, 2018
	Balance as at April 01, 2017	Additions during the year	Sales/ adjustment during the year	Balance as at March 31, 2018	As at April 1, 2017	For the year	Less: Sales/ Adjust-ments	As at March 31, 2018	
Freehold land	74.41	-	-	74.41	-	-	-	-	74.41
Buildings	379.96	-	-	379.96	11.82	5.92	-	17.74	362.22
Plant and equipment	71.39	4.27	1.70	73.96	31.91	3.51	0.96	34.46	39.50
Furniture and fittings	3.26	1.07	0.01	4.32	0.77	0.50	-	1.27	3.05
Vehicles	2.71	-	-	2.71	0.56	0.32	-	0.88	1.83
Office equipment	0.05	-	0.05	-	-	-	-	-	-
Leased vehicles (Refer note below)	1.27	0.60	-	1.87	0.86	0.35	-	1.21	0.66
Computers	3.42	1.13	-	4.55	1.56	0.78	-	2.34	2.21
Total	**536.47**	**7.07**	**1.76**	**541.78**	**47.48**	**11.38**	**0.96**	**57.90**	**483.88**

Leased vehicles

The lease term in respect of vehicles acquired under finance leases generally expire within three to five years. Under the terms of the leases, at the expiry of the lease term, the vehicle is transferred to the name of the Company without any consideration by the lessor (Refer Note 17).

4 (ii)
Contractual Obligations

Refer to Note 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment

Notes to Financial Statements — *Contd.*

5
Intangible assets

Rupees Million

	Gross carrying amount			Accumulated Amortisation				
	Balance as at April 01, 2016	**Additions during the year**	**Sales/ adjustment during the year**	**Balance as at March 31, 2017**	**As at April 1, 2016**	**For the year**	**Less: Sales/ Adjust-ments**	**As at March 31, 2017**	**Carrying value as at March 31, 2017**
Computer Software	0.55	-	-	0.55	0.05	0.11	-	0.16	0.39
Total	**0.55**	**-**	**-**	**0.55**	**0.05**	**0.11**	**-**	**0.16**	**0.39**

	Gross carrying amount				Accumulated Amortisation				
	Balance as at April 01, 2017	**Additions during the year**	**Sales/ adjustment during the year**	**Balance as at March 31, 2018**	**As at April 1, 2017**	**For the year**	**Less: Sales/ Adjust-ments**	**As at March 31, 2018**	**Carrying value as at March 31, 2018**
Computer Software	0.55	-	-	0.55	0.16	0.11	-	0.27	0.28
Total	**0.55**	**-**	**-**	**0.55**	**0.16**	**0.11**	**-**	**0.27**	**0.28**

Intangible Assets are amortised on straight line basis over a period of 3 to 5 years

Notes to Financial Statements — *Contd.*

6
Other financial assets

Other financial assets consist of the following

(i) Non-current financial assets

		Rupees Million
	As at March 31, 2018	As at March 31, 2017
Bank deposits	**-**	27.24
Security deposits	**1.09**	1.04
Total other non-current financial assets	**1.09**	28.28

(ii) Current financial assets

Interest accrued on deposits	**10.20**	2.81
Security deposits	**0.06**	0.06
Other receivables	**0.02**	0.05
Total other current financial assets	**10.28**	2.92

7
Deferred tax assets (net)

Deferred Tax Assets on account of :		
Unabsorbed depreciation	**-**	32.60
Accrued expenses deductible on payment	**1.01**	1.17
MAT credit entitlement	**146.80**	132.61
Total deferred tax assets (A)	**147.81**	**166.38**
Deferred Tax Liabilities on account of :		
Property, plant and equipment and intangible assets	**82.70**	80.67
Total deferred tax liabilities (B)	**82.70**	80.67
Deferred tax assets (net) (A-B)	**65.11**	85.71

Movement in deferred tax assets

Notes to Financial Statements — *Contd.*

Rupees Million

	Unabsorbed depreciation	Accrued expenses deductible on payment	MAT credit entitlement	Total
As at April 1, 2016	**128.15**	**1.19**	**77.32**	**206.66**
(Charged)/Credited:				
- to profit and loss	(95.55)	-	55.29	(40.26)
- to other comprehensive income		(0.02)		(0.02)
As at March 31, 2017	**32.60**	**1.17**	**132.61**	**166.38**
(Charged)/Credited:				
- to profit and loss	(32.60)	(0.41)	14.19	(18.82)
- to other comprehensive income		0.25		0.25
As at March 31, 2018	**-**	**1.01**	**146.80**	**147.81**

Movement in deferred tax liabilities

Rupees Million

	Property, plant and equipment and intangible assets	Other Temporary Differences	Total
As at April 1, 2016	**94.58**	**0.18**	**94.76**
Charged/(Credited):			
- to profit and loss	(13.91)	(0.18)	(14.09)
As at March 31, 2017	**80.67**	**-**	**80.67**
Charged/(Credited):			
- to profit and loss	2.03	-	2.03
As at March 31, 2018	**82.70**	**-**	**82.70**

8
Other non-current assets

Rupees Million

	As at March 31, 2018	As at March 31, 2017
Capital advances	**1.26**	0.12
Prepaid expenses	**0.12**	0.09
Total other non-current assets	**1.38**	0.21

9
Inventories

Provisions, wines and others	**5.62**	4.27
Stores & Operating Supplies	**12.86**	12.92
Total inventories	**18.48**	17.19

Inventories are valued at cost which is based on 'Cumulative Weighted Average Method' or net realisable value, whichever is lower.

The cost of inventories recognised as an expense during the year as consumption of provosions, wines and others was Rs. 30.01 million (for the year ended March 31, 2017: Rs. 29.42 million).

Notes to Financial Statements — *Contd.*

		Rupees Million
	As at March 31, 2018	As at March 31, 2017
10		
Trade receivables		
Unsecured, considered good		
Receivables from related parties	**0.33**	2.33
Receivable from other than related parties	**33.15**	18.49
Total trade receivables	**33.48**	20.82
11		
Cash and cash equivalents		
Balances with banks		
- Current accounts	**9.46**	2.60
Cash in hand	**1.19**	0.16
Fixed deposits with maturity within three months	**17.22**	7.11
Total cash and cash equivalents	**27.87**	9.87
12		
Other bank balances		
Current account *	**0.02**	0.02
Fixed deposits *	**667.43**	570.52
Fixed deposits maturing within 3 - 12 months	**379.58**	270.77
* Maintained as per High Court order dated 17th December, 2003 (Refer Note 3(ii))		
Total other bank balances	**1,047.03**	841.31
13		
Other current assets		
Prepaid expenses	**2.81**	2.76
Services exports incentive	**5.18**	3.06
Other advances	**2.95**	2.00
Total other current assets	**10.94**	7.82

Notes to Financial Statements — *Contd.*

14
Equity share capital

	Rupees Million	
	As at March 31, 2018	As at March 31, 2017
AUTHORISED		
50,000,000 Equity Shares of INR 10 each (2017 - 50,000,000)	**500.00**	500.00
	500.00	500.00
ISSUED, SUBSCRIBED & FULLY PAID		
33,000,000 Equity Shares of INR 10 each (2017 - 33,000,000)	**330.00**	330.00
	330.00	330.00

(i) Reconciliation of equity share capital

	Number of shares	**Equity share capital (par value)**
As at April 1, 2016	**33,000,000**	**330.00**
Change during the year	-	-
As at March 31, 2017	**33,000,000**	**330.00**
Change during the year	-	-
As at March 31, 2018	**33,000,000**	**330.00**

(ii) Rights and preferences attached to equity shares :

The Company has one class of equity shares having a par value of INR 10 per share. These shares ranks pari passu in all respects including voting rights and entitlement to dividend.

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

	As at March 31, 2018		**As at March 31, 2017**	
	Number of shares	**% holding**	**Number of shares**	**% holding**
EIH Limited	25,999,995	78.79%	25,999,995	78.79%
Government of Himachal Pradesh	7,000,000	21.21%	7,000,000	21.21%

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

	As at March 31, 2018	**As at March 31, 2017**
	Number of Shares	
EIH Limited	25,999,995	25,999,995

Notes to Financial Statements — *Contd.*

15
Other equity

Rupees Million

	As at March 31, 2018	As at March 31, 2017
Retained earnings		
Surplus / (Deficit) *	**(46.64)**	(227.24)
Total other equity	**(46.64)**	(227.24)
*** Surplus/(Deficit)**		
Opening Balance	**(227.24)**	(404.88)
Add: Profit during the year as per Statement of Profit and Loss	**179.99**	177.68
Less: Other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	**(0.61)**	0.04
Closing Balance	**(46.64)**	(227.24)

16
Advance towards equity

Advance towards equity	**1,361.93**	1,361.93
	1,361.93	1,361.93

Amounts received from EIH Limited, the holding company, amounting to INR 1,361.93 Million (2017 - INR 1,361.93 Million) 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. Refer Note 3(ii)

17
Non-current borrowings

Rupees Million

	Maturity Date	Terms of repayments	Coupon / Interest rate per annum	As at March 31, 2018	As at March 31, 2017
Secured					
Maturities of finance lease obligations - Vehicles (Refer note (i) below)	1 to 5 years	Monthly	13.25%	0.48	0.13
Unsecured					
Government of Himachal Pradesh	Refer note (ii) below	Half-Yearly	16.50%	5.00	5.00
Total				**5.48**	**5.13**

(i) Secured borrowings

The Finance lease obligations are secured by hypothecation of vehicles taken under lease. Repayments are done by equated monthly installments over 36 to 60 months.

(ii) 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 the next one year period.

Notes to Financial Statements — *Contd.*

18
Employee benefit obligations

Rupees Million

	As at March 31, 2018			As at March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Leave Encashment - Unfunded						
Present value of obligation	0.01	1.67	1.68	0.01	2.20	2.21
Gratuity - Unfunded						
Present value of obligation	-	0.52	0.52	-	0.57	0.57
Total employee benefit obligations	**0.01**	**2.19**	**2.20**	**0.01**	**2.77**	**2.78**

(i) Defined benefit plans

a) 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 Credit Method.

b) Leave Encashment

As per the policy of the Company, obligations on account of encashment of accumulated leave of an employee is settled only on termination / retirement of the employee. Such liability is recognised on the basis of actuarial valuation following Projected Unit Credit Method. It is an unfunded plan.

(ii) 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 year towards defined contribution plan is INR 2.13 Million and March 17 INR 1.88 Million.

(iii) Movement of defined benefit obligation and fair value of plan assets :

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

Rupees Million

	Gratuity			Leave Encashment
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation
April 1, 2016	**0.43**	**-**	**0.43**	**1.83**
Current service cost	0.18	-	0.18	0.32
Interest expense/(income)	0.03	-	0.03	0.14
Total amount recognised in Statement of Profit and Loss	**0.21**	**-**	**0.21**	**0.46**
Remeasurements				
Loss due to experience	(0.07)	-	(0.07)	(0.15)
(Gain)/loss from change in financial assumptions	0.07	-	0.07	0.21
Total amount recognised in Other Comprehensive Income	**-**	**-**	**-**	**0.06**
Employer contributions	-	-	-	-
Benefit payments	(0.07)	-	(0.07)	(0.14)
March 31, 2017	**0.57**	**-**	**0.57**	**2.21**

Notes to Financial Statements — *Contd.*

April 1, 2017	**0.57**	**-**	**0.57**	**2.21**
Current service cost	0.15	-	0.15	0.33
Interest expense/(income)	0.04	-	0.04	0.15
Total amount recognised in Statement of Profit and Loss	**0.19**	**-**	**0.19**	**0.48**
Remeasurements				
Experience (gains)/losses	(0.10)	-	(0.10)	(0.43)
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.05)	-	(0.05)	(0.28)
Total amount recognised in Other Comprehensive Income	**(0.15)**	**-**	**(0.15)**	**(0.71)**
Employer contributions	-			-
Benefit payments	(0.09)	-	(0.09)	(0.30)
March 31, 2018	**0.52**	**-**	**0.52**	**1.68**

(iv) Post-Employment benefits

The significant actuarial assumptions were as follows:

	March 31, 2018	March 31, 2017
Discount rate	**7.71%**	**7.34%**
Salary growth rate	**5.00%**	**5.50%**
Mortality	**Indian Assured Lives Mortality (2006-08) ultimate**	**Indian Assured Lives Mortality (2006-08) ultimate**
Withdrawal rate - Up to 40 years	4.2	4.2
Withdrawal rate - 40 - 54 years	1.8	1.8
Withdrawal rate - 55 - 57 years	2.2	2.2

(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 by 1%		Decrease by 1%	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Gratuity						
Discount rate	1%	1%	(0.11)	(0.12)	0.14	0.16
Salary Growth Rate	1%	1%	0.14	0.16	(0.11)	(0.12)
Leave encashment						
Discount rate	1%	1%	(0.26)	(0.34)	(0.26)	0.42
Salary Growth Rate	1%	1%	0.33	0.42	(0.27)	(0.35)

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 i.e., projected unit credit method has been applied as that used for calculating the defined benefit liability recognised in the balance sheet.

Notes to Financial Statements — *Contd.*

(vi) Risk exposure

The defined benefit obligations have the undermentioned risk exposures :

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 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 cost and hence the value of the liability will be higher than that estimated.

Demographic Risk: In the valuation of the liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the cost.

(vii) Defined benefit liability and employer contributions

The weighted average duration of the defined benefit obligation is 26.30 years (2017 - 26.44 years) and 19.53 years (2017- 18.87 years) for Gratuity and Leave Encashment respectively.

The expected maturity analysis of undiscounted gratuity and leave encashment is as follows:

Rupees Million

	Less than a year	**Between 1 - 2 years**	**Between 2 - 5 years**	**6 to 10 years**	**More than 10 years**	**Total**
March 31, 2018						
Gratuity	-	-	0.02	0.04	3.76	3.82
Leave encashment	0.01	0.01	0.04	0.11	7.29	7.46
Total	**0.01**	**0.01**	**0.06**	**0.15**	**11.05**	**11.28**
March 31, 2017						
Gratuity	-	-	0.02	0.04	3.89	3.95
Leave encashment	0.01	0.02	0.15	0.12	8.60	8.90
Total	**0.01**	**0.02**	**0.17**	**0.16**	**12.49**	**12.85**

Notes to Financial Statements — *Contd.*

19
Trade payables

	As at March 31, 2018	As at March 31, 2017
		Rupees Million
Trade payable to micro enterprises and small enterprises *	**0.01**	-
Trade payables to related parties	**3.18**	1.29
Trade payables - others	**25.22**	17.53
Total trade payables	**28.41**	18.82

*** Disclosure as required by MSMED Act**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(a) Amounts payable to suppliers under MSMED as at the year end		
(i) the principal amount remaining unpaid to any supplier **	**0.01**	-
(ii) interest due thereon	**Nil**	NA
(b) Payments made to suppliers beyond the appointed day during the year		
(i) the principal amount	**Nil**	Nil
(ii) interest due thereon	**Nil**	Nil
(c) Interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**Nil**	Nil
(d) Interest accrued and remaining unpaid	**Nil**	Nil
(e) Interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	**NA**	NA
(f) further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**NA**	NA

** Details of dues to Micro Enterprises and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are based on information made available to the Company.

20
Other current financial liabilities

Current maturities of finance lease obligations	**0.22**	0.37
Liability for capital expenditure	**0.03**	-
Retention money	**0.29**	0.55
Other liabilities	**0.03**	0.11
Total current financial liabilities	**0.57**	1.03

21
Current tax liabilities (net)

Provision for Income Tax (Net of tax payments)	**0.84**	2.45
Total current tax liabilities (net)	**0.84**	2.45

22
Other current liabilities

Advance from customers	**9.96**	5.57
Statutory dues	**10.38**	3.73
Total other current liabilities	**20.34**	9.30

Notes to Financial Statements — *Contd.*

23
Revenue from operations

		Rupees Million
	Year Ended March 31, 2018	Year Ended March 31, 2017
Rooms	**297.26**	296.12
Food and beverage	**113.10**	118.49
Other services	**29.51**	30.28
Total revenue from operations	**439.87**	444.89

24
Other income

Interest income on financials assets carried at amortised cost :		
Bank deposits	**61.22**	54.77
Others	**-**	0.06
Unwinding of discount on security deposits	**-**	-
Income on account of services exports incentive	**4.30**	5.49
Other gains/(losses) :		
Net foreign exchange gain	**0.14**	0.02
Provisions and liabilities no longer required, written back	**0.61**	6.31
Miscellaneous income	**0.59**	0.37
Total other income	**66.86**	67.02

25
Consumption of provisions, wines & others

Opening Stock	**4.27**	5.68
Add : Purchases	**31.36**	28.01
	35.63	33.69
Less : Closing Stock	**5.62**	4.27
Total Consumption of provisions, wines & others	**30.01**	29.42

26
Employee benefits expense

Salaries and Wages	**59.66**	52.34
Contribution to provident fund and other funds	**2.13**	1.88
Gratuity	**0.19**	0.21
Staff welfare expenses	**14.13**	12.01
Total employee benefits expense	**76.11**	66.44

Notes to Financial Statements — *Contd.*

27
Finance costs

		Rupees Million
	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest expense	**1.10**	1.03
Total finance costs for financial liabilities not recognised through FVTPL	**1.10**	1.03

28
Depreciation and amortisation expense

Depreciation of property, plant and equipment	**11.38**	11.55
Amortisation of intangible assets	**0.11**	0.11
Total depreciation and amortisation expense	**11.49**	11.66

29
Other expenses

Power and fuel	**29.56**	32.88
Rent	**2.14**	1.85
Repairs and maintenance		
- Building	**6.27**	7.08
- Plant and equipment	**9.54**	10.01
- Others	**0.63**	1.62
Insurance	**1.11**	1.15
Rates and taxes	**1.61**	4.00
Expenses on apartment and board	**9.16**	9.50
Advertisement, publicity and other promotional expenses	**6.13**	4.75
Commission to travel agents and others	**18.50**	19.79
Passage and travelling	**4.68**	4.51
Postage, telephone, etc.	**1.42**	1.54
Legal and Professional charges	**3.42**	4.51
Linen, uniform washing and laundry expenses	**0.78**	0.75
Renewals and replacements	**4.77**	4.46
Musical, banquet and kitchen expenses	**1.02**	1.61
Auditors' remuneration (Refer Note 29(a))	**0.10**	0.04
CSR expenses (refer note 29(b))	**3.79**	3.27
Expenses on contracts for service	**14.09**	13.79
Loss on Sale / Discard of property, plant and equipment (Net)	**0.73**	0.02
Water charges	**7.34**	9.61
Director's sitting fees	**1.84**	2.00
Printing and stationery	**1.09**	1.12
Subscriptions	**0.89**	0.77
Donation	**0.01**	0.01
Miscellaneous expenses	**2.00**	3.27
Total other expenses	**132.62**	143.91

Notes to Financial Statements — *Contd.*

	Year Ended March 31, 2018	Rupees Million Year Ended March 31, 2017
(a) Details of Auditors' remuneration		
As auditor:		
- Audit fee	**0.09**	0.02
- Tax Audit fee	**0.01**	0.02
	0.10	0.04
(b) Details of CSR Expenditure		
Repair work at the school for the hearing and visually impaired at Dhalli, Shimla	**0.28**	1.03
Construction of various facilities at the school for hearing and visually impaired at Dhalli, Shimla	**0.95**	-
Repair work of toilets at the school for hearing and visually impaired at Dhalli, Shimla	**0.33**	-
Repair work in the primary school at village Chharabra in the district of Shimla, Himachal Pradesh	**-**	0.15
Set up of vocational training centre including teachers and teaching aids at the school for the hearing and visually impaired	**1.45**	1.65
Expenses for Swachh Bharat Abhiyan	**0.78**	0.44
Total CSR expenditure	**3.79**	3.27
Amount required to be spent on CSR as per Section 135 of the Companies Act, 2013	**3.97**	2.90

30
Tax Expense

(a) Income tax		
Tax on profits for the year	**54.67**	55.29
Adjustments for prior periods	**0.30**	(0.04)
Total income tax	**54.97**	55.25
(b) Deferred tax		
Decrease (increase) in deferred tax assets	**18.57**	40.28
(Decrease) increase in deferred tax liabilities	**2.03**	(14.09)
	20.60	26.19
Add / (Less): Recognised in OCI	**(0.25)**	0.02
Total deferred tax expense/(benefit)	**20.35**	26.21
Total tax expense	**75.32**	81.46

Notes to Financial Statements — *Contd.*

		Rupees Million
	Year Ended March 31, 2018	Year Ended March 31, 2017
(c) Reconciliation of tax expense and the accounting profit multiplied by tax rate:		
Profit before tax expense	**255.31**	259.14
Tax at the rate of 28.84% (F.Y. 2016-17 – 34.608%)	**73.63**	89.69
Tax effect of amounts which are not deductible in calculating taxable income:		
CSR Expenses	**1.09**	1.13
Donation	**-**	-
Others	**-**	0.03
Adjustments related to property, plant and equipment:		
Depreciation on account of difference in WDV as per Companies Act and Income tax Act	**0.10**	0.18
Leased assets	**(0.11)**	(0.19)
Difference in unabsorbed depreciation set off in computation and deferred tax	**(0.48)**	-
Rate change considered for deferred tax		
Opening balance	**0.78**	5.76
Rate change on movement during the year	**0.01**	(15.15)
Other differences		
Deferred tax for earlier year	**-**	0.05
Tax for earlier year charged to P/L	**0.30**	(0.04)
MAT Credit adjustment for earlier years	**-**	-
Tax expense as per Income Tax	**75.32**	81.46

Notes to Financial Statements — *Contd.*

31
Fair Value Measurements

Financial instruments by category

	As at March 31, 2018 Amortised cost	As at March 31, 2017 Amortised cost
		Rupees Million
Financial assets		
Trade Receivables	**33.48**	20.82
Cash and cash equivalents	**27.87**	9.87
Other bank balances	**1,047.03**	841.31
Other receivables	**10.22**	2.86
Security deposits	**1.15**	1.10
Fixed deposit with more than 12 months	**-**	27.24
Total financial assets	**1,119.75**	903.20
Financial liabilities		
Borrowings	**5.00**	5.00
Finance lease obligations	**0.70**	0.50
Trade payables	**28.41**	18.82
Others	**0.35**	0.66
Total financial liabilities	**34.46**	24.98

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, security deposits included in level 3.

(ii) Assets and liabilities which are measured at amortised cost for which fair values are disclosed.

All the financial asset and financial liabilities measured at amortised cost, carrying value is an approximation of their respective fair value.

Notes to Financial Statements — *Contd.*

32
Financial risk management

The Company's activities expose it to market risk (including currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

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

The Company's risk management is carried out by a senior management team under policies approved by the Board of Directors. The senior management team identifies, evaluates and hedges financial risks in close co-operation with the Company's operating unit. The Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

(A) Market risk

(i) Foreign currency risk

Foreign currency risk arises from future commercial transactions and recognised assets or liabilities denominated in a currency that is not the Company's functional currency (INR).

The exposure of the Company to foreign currency risk is not significant. However, this is closely monitored by the Management to decide on the requirement of hedging. The position of foreign currency exposure to the Company as at the end of the year expressed in INR Million are as follows :

		Rupees Million
Currency	**Receivables**	**Payables**
March 31, 2018		
Euro	-	0.11
US Dollar (USD)	-	0.17
Singapore Dollar (SGD)	-	0.02
Net Exposure to foreign currency risk	**-**	**0.30**
March 31, 2017		
US Dollar (USD)	-	0.29
Net Exposure to foreign currency risk	**-**	**0.29**

Sensitivity

If INR is depreciated or appreciated by 5% vis-s-a-vis foreign currency, the impact thereof on the profit and loss of the Company are given below:

	Impact on profit	
	March 31, 2018	March 31, 2017
EURO sensitivity		
INR/EURO Increases by 5% (March 31, 2017 - 5%)	**(0.01)**	-
INR/EURO Decreases by 5% (March 31, 2017 - 5%)	**0.01**	-
USD sensitivity		
INR/USD Increases by 5% (31 March 2017 - 5%)	**(0.01)**	(0.01)
INR/USD Decreases by 5% (31 March 2017 - 5%)	**0.01**	0.01

(ii) Interest rate risk

The status of borrowings in terms of fixed rate and floating rate are as follows:

		Rupees Million
	March 31, 2018	March 31, 2017
Variable rate borrowings	**-**	-
Fixed rate borrowings	**5.00**	5.00
Total borrowings	**5.00**	5.00

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.

Notes to Financial Statements — *Contd.*

(iii) Price risk

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

(B) Credit risk

Credit risk arises when a counter party defaults on contractual obligations resulting in financial loss to the Company.

Trade receivables consist of large number of customers, spread across diverse industries and geographical areas. In order to mitigate the risk of financial loss from defaulters, the Company has an ongoing credit evaluation process in respect of customers who are allowed credit period. In respect of walk-in customers the Company does not allow any credit period and therefore, is not exposed to any credit risk.

For trade receivables, the Company has decided to provide loss allowance for lifetime credit loss on the basis of expected credit loss model. However, as per the Company's past collection history, credit risk (default risk and delay risk) are insignificant. As per the past practice, the 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.

(C) 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 table below analyses the Company's all non-derivative financial liabilities into relevant maturity based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities: **Rupees Million**

	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
Non-derivatives				
March 31, 2018				
Borrowings*	0.83	3.30	5.00	9.13
Obligations under finance lease	0.37	0.86	-	1.23
Liability for Capital Expenditure	0.03	-	-	0.03
Trade payables	28.41	-	-	28.41
Retention money	0.29	-	-	0.29
Other financial liabilities	0.03	-	-	0.03
Total non-derivative liabilities	**29.96**	**4.16**	**5.00**	**39.12**
March 31, 2017				
Borrowings*	0.83	3.30	5.00	9.13
Obligations under finance lease	0.47	0.15	-	0.62
Trade payables	18.82	-	-	18.82
Retention money	0.55	-	-	0.55
Other financial liabilities	0.11	-	-	0.11
Total non-derivative liabilities	**20.78**	**3.45**	**5.00**	**29.23**

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

Notes to Financial Statements — *Contd.*

33
Capital Management

Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages the share capital issued and subscribed alongwith shareholder's fund appearing in the financial statement as capital of the Company.

The Company does not have significant borrowings outstanding. Further, borrowing of INR 5 million appearing in the books of account of the Company is a loan from Government of Himachal Pradesh. There is no significant covenants to the loan. The loan is repayable at the option of the Company.

Reconciliation of borrowings arising from financing activities

The table below details the changes in Company's borrowings arising from financing activities, including both cash and non-cash

Rupees million

Particulars	**2017**	**Cash Flow**	**Non-cash Changes**	**2018**
Borrowings	5.50	5.50	-	5.70
Total	**5.50**	**0.20**	**-**	**5.70**

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. Vineet Chawdhry (w.e.f. 20.03.2018) - Chairman
Mr. Vidya Chander Pharka (upto 20.03.2018) - Chairman
Mr. Parthasarathi Mitra (upto 06.09.16) - Chairman
Ms. Manisha Nanda (w.e.f. 20.03.2018) - Director of the Company
Dr. Shrikant Baldi - Director of the Company
Mr. Dinesh Kumar Malhotra (w.e.f. 06.05.17 upto 20.03.18) - Director of the Company
Mr. Mohan Lal Chauhan (w.e.f. 06.09.16 upto 06.05.17) - 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 & Resorts Limited
EIH International Ltd.
EIH Flight Services Limited
EIH Holdings Ltd.
J&W Hong Kong Limited (Dissolved on 25.11.17)
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 (w.e.f. 11th April, 2017)
Mercury Travels Limited (w.e.f. 11th April, 2017)
Oberoi Mauritius Ltd.
Island Resort Ltd.

Enterprises in which Key Management Personnel and close member of Key management personnel have 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 Lutyens Private Limited (w.e.f. 15.02.2018)
Oberoi International LLP
Aravali Polymers LLP
Oberoi Holdings Hong Kong Limited
Vikramaditya Exports Private Limited
Oberoi Investments (BVI) Ltd.
Oberoi Services International Ltd.
Oberoi Services Pte Limited
Oberoi Holdings (Singapore) Pte. Ltd.
Komensi Pty Ltd.
Oberoi Hotels (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
B.I. Publications Private Limited
Grosvenor Enterprises LLP
Bhagat Industrial Corporation Limited
United India Periodical Private Limited
B. I. Waverly Private Limited
John Tinson and Company Private Limited
B Casuse Enterprise Private Limited
La Roseraie De L’atlas
Bhagwanti Oberoi Charitable Trust
Ishran Devi Oberoi Family Trust
Oberoi Foundation

Joint Venture Partner
Himachal Pradesh Government

Notes to Financial Statements — *Contd.*

34 (b) Transactions with Related Parties for the year ended March 31, 2018

Rupees Million

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence		Key Management Personnel	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
PURCHASES										
Purchase of goods and services										
EIH Limited	34.36	31.77	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.67	0.26	-	-	-	-
Mumtaz Hotels Limited	-	-	0.01	0.09	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.03	0.03	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.65	1.18	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.35	-	-	-	-	-
Total	**34.36**	**31.77**	**0.01**	**0.09**	**1.67**	**1.44**	**0.03**	**0.03**	**-**	**-**
EXPENSES										
Directors' sitting fees										
Mr Arjun Oberoi	-	-	-	-	-	-	-	-	0.32	0.36
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	0.32	0.24
Mr. T.K. Sibal	-	-	-	-	-	-	-	-	0.16	0.16
Mr S.N. Sridhar	-	-	-	-	-	-	-	-	0.16	0.16
Mr. Viresh S.Mathur	-	-	-	-	-	-	-	-	0.20	0.28
Mr. Shashank Bhagat	-	-	-	-	-	-	-	-	0.16	0.28
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.32**	**1.48**
SALES										
Sale of goods and services										
EIH Limited	1.24	1.99	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	1.32	4.03	-	-	-	-
Mumtaz Hotels Limited	-	-	-	0.04	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.01	0.26	-	-
Mercury Travels Limited	-	-	-	-	0.08	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.27	0.28	-	-	-	-
Total	**1.24**	**1.99**	**-**	**0.04**	**1.67**	**4.31**	**0.01**	**0.26**	**-**	**-**
INCOME										
License agreement										
Mercury Car Rentals Private Limited	-	-	-	-	0.62	0.47	-	-	-	-
Total	**-**	**-**	**-**	**-**	**0.62**	**0.47**	**-**	**-**	**-**	**-**
PAYMENTS										
Refund of collections to related party										
EIH Limited	1.90	0.01	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.55	0.44	-	-	-	-
Mumtaz Hotels Limited	-	-	0.04	0.12	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.06	0.05	-	-
Total	**1.90**	**0.01**	**0.04**	**0.12**	**0.55**	**0.44**	**0.06**	**0.05**	**-**	**-**
Expenses reimbursed to related party										
EIH Limited	1.64	0.35	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.14	0.04	-	-	-	-
Mumtaz Hotels Limited	-	-	-	-	-	-	-	-	-	-
Total	**1.64**	**0.35**	**-**	**-**	**0.14**	**0.04**	**-**	**-**	**-**	**-**
RECEIPTS										
Recovery of collections by related party										
EIH Limited	0.65	0.73	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.26	0.05	-	-	-	-
Mumtaz Hotels Limited	-	-	-	0.12	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.04	0.10	-	-
Total	**0.65**	**0.73**	**-**	**0.12**	**0.26**	**0.05**	**0.04**	**0.10**	**-**	**-**
Expenses reimbursed by related party										
EIH Limited	0.63	0.77	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.44	0.63	-	-	-	-
Mumtaz Hotels Limited	-	-	-	-	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	0.09	0.08	-	-
Mercury Car Rentals Private Limited	-	-	-	-	-	-	-	-	-	-
Total	**0.63**	**0.77**	**-**	**-**	**0.44**	**0.63**	**0.09**	**0.08**	**-**	**-**

Notes to Financial Statements — *Contd.*

34 (c) The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows :

Rupees Million

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company		Enterprises in which Key Management Personnel and close member of Key management personnel have Joint Control or Significant Influence		Key Management Personnel	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
PAYABLES										
For goods and services										
EIH Limited	2.39	0.25	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	0.01	-	-	-	-	-
Mumtaz Hotels Limited	-	-	-	0.08	-	-	-	-	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.73	0.85	-	-	-	-
Mercury Travels Limited	-	-	-	-	0.05	0.04	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	-	-	-	-
Mr. Vikram Oberoi	-	-	-	-	-	-	-	-	-	0.07
Total	**2.39**	**0.25**	**-**	**0.08**	**0.79**	**0.89**	**-**	**-**	**-**	**0.07**
Advance towards equity										
EIH Limited	1,361.93	1,361.93	-	-	-	-	-	-	-	-
Total	**1,361.93**	**1,361.93**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
RECEIVABLES										
For goods and services										
EIH Limited	0.26	2.02	-	-	-	-	-	-	-	-
EIH Associated Hotels Limited	-	-	-	-	-	0.17	-	-	-	-
Mumtaz Hotels Limited	-	-	-	-	-	-	-	-	-	-
Oberoi Hotels Private Limited	-	-	-	-	-	-	-	0.04	-	-
Mercury Car Rentals Private Limited	-	-	-	-	0.07	0.08	-	-	-	-
Mercury Travels Limited	-	-	-	-	-	0.02	-	-	-	-
Total	**0.26**	**2.02**	**-**	**-**	**0.07**	**0.27**	**-**	**0.04**	**-**	**-**

Notes to Financial Statements — *Contd.*

35 The Company had contingent liabilities at March 31, 2018 in respect of:

Claims against the Company pending appellate / judicial decisions not acknowledged as debts:

		Rupees Million
	March 31, 2018	March 31, 2017
i. Service Tax	**5.16**	5.16
ii. Luxury Tax	**10.12**	10.12

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

36 Commitments

		Rupees Million
	March 31, 2018	March 31, 2017
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment (Net of capital advances)	**1.35**	0.07

37 Leases

(i) Finance Lease

The Company acquired motor vehicles under finance lease. Generally, tenure of finance lease of vehicles varies between 3 to 5 years. After completion of the lease term, vehicles are transferred in the name of the Company.

The year wise break up of the outstanding lease obligations as on 31st March, 2018 in respect of these assets are as under :-

		Rupees Million
	March 31, 2018	March 31, 2017
Assets taken on lease		
Not later than one year		
Minimum Lease Payments	**0.37**	0.47
Present value	**0.22**	0.37
Later than one year but not later than five years		
Minimum Lease Payments	**0.86**	0.15
Present Value	**0.48**	0.13
Later than five years		
Minimum Lease Payments	**Nil**	Nil
Present Value	**Nil**	Nil
Total Minimum Lease Payments at the year end	**1.23**	0.62
Less: Future finance charges	**0.53**	0.12
Present value of Minimum Lease Payments	**0.70**	0.50

(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.

(iii) Assets given on Operating Lease-Lessor

The Company gives shops located at hotel unit on operating lease arrangements. These leases are generally not non-cancellable in nature and may generally be terminated by either party by serving notice.

38 Segment Reporting

There are no reportable segments other than hotel as per Ind AS 108, “Operating Segment”.
The Company does not have transactions of more than 10% of total revenue with any single external customer.

Notes to Financial Statements — *Contd.*

39 Earnings per equity share

		Rupees
	March 31, 2018	March 31, 2017
(a) Basic earnings per share	**5.45**	5.38
(b) Diluted earnings per share	**5.45**	5.38

		Rupees Million
(c) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to the equity holders of the Company used in calculating basic earnings per share	**179.99**	177.68
Profit attributable to the equity holders of the Company used in calculating basic and diluted earnings per share:	**179.99**	177.68

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

	March 31, 2018	March 31, 2017
	Number of shares	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

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

41 Amounts for the year ended and as at March 31, 2017 were audited by previous auditor - M/s Ray & Ray, Chartered Accountants.

42 The financial statements were approved for issue by the Board of Directors on 14th May, 2018.

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD OF DIRECTORS

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. T. K. Sibal
Mr. Teeka Ram Meena *upto 20.8.2017*
Mr. Anil Kumar Sivaraman Nair } *upto 22.3.2018*
Dr. V. Venu
Mr. K.G. Nair Mohanlal } *w.e.f 23.3.2018*
Mrs. Rani George

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

CORPORATE OFFICE

7, Sham Nath Marg
Delhi 110 054

DIRECTORS' REPORT

The Members
Oberoi Kerala Hotels and Resorts Limited

The Board presents the Twenty Fourth Annual Report with the Audited Statement of Accounts and the Auditor's Report for the Financial Year ended on 31st March, 2018.

Financials

The Company has recorded a profit of Rs. 0.33 lacs during the Financial Year 2017-18 as against a profit of Rs. 0.05 lacs during the previous year. The accumulated losses as on 31st March, 2018 amounted to Rs. 81.89 lacs. This is being carried forward. There were no material changes affecting the financial position of the Company.

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 the preparation of the annual accounts, the applicable Accounting Standards had 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 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 systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors

As on 31st March 2018, the Company had six directors on the Board.

During the year, the Kerala Government had changed its Nominee Directors on the Board of the Company viz: Mr. Teeka Ram Meena ceased to be a Director w.e.f. 5th Decmber, 2017. The Kerala Government had nominated Ms. Sharmila Mary Joseph as its nominee Director in place of Mr. Teeka Ram Meena. Ms. Sharmila Mary Joseph has informed the Company that she cannot act as Director on the Company's Board in view of the restrictions on the number of Directors as she is already on the Board of 14 Companies and she had expressed her inability to join the Board. Ms. Rani George and Mr. K.G. Mohanlal – nominees of the Kerala Government, were appointed by the Board at the Board Meeting held on 23rd March, 2018 in the casual vacancies caused due to the vacation of office by Dr. V. Venu and Mr. Anil Kumar.

In accordance with Section 161(4) of the Act, the appointment of Ms..Rani George and Mr.K.G.Mohanlal appointed by the Board in the causal vacancy is required to be approved by the Shareholders at the next Annual General Meeting of the Company. Notice under Section 160 of the Act has been received from a Shareholder proposing the appointment of Ms. Rani George and Mr. K.G.Mohanlal as regular directors on the Board, liable to retire by rotation. Ms. Rani George and Mr.K.G. Mohanlal will hold office as Directors up to the date up to which Dr. V. Venu and Mr. Anil Kumar would have held had they not vacated their office as Directors.

The Directors recommend to the Shareholders appointment of Ms. Rani George and Mr.K.G.Mohanlal as regular Directors on the Board.

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

Board Meeting

During the year, the Company held four Board Meetings on 11th May 2017, 8th August 2017, 5th December 2017 and 23rd March 2018. The attendance of the Directors in the meeting is as under:

Name of the Director	Number of Meetings Attended
Mr. P.R.S. Oberoi	01
Mr. S.S. Mukherji	Nil
Mr. T.K. Sibal	04
Mr. Anil Kumar Sivaraman Nair**	Nil
Mr. Teeka Ram Meena *	01
Dr. V. Venu **	02
Ms. Sharmila Mary Joseph #	Nil
Ms. Rani George ##	01
Mr. K.G. Mohanlal ##	Nil

* ceased to be a Director w.e.f. 05.12.2017
** ceased to be Diectors w.e.f. 23.03.2018
# appointed as a Director w.e.f 05.12.2017
appointed as Directors w.e.f 23.03.2018

Energy Conservation Measures

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.

Foreign Exchange Earnings and outgo

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

Extract of Annual Return

Extract of the Annual Return in Form MGT-9 is annexed

Employees

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.

Deposits

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

Directors' Remuneration

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

Loans, Guarantees or investments

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

Related Party Transactions

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 26 of the Financial Statement.

Subsidiaries Associates and Joint Ventures

The Company has no subsidiaries, associates or joint ventures.

Internal Financial Controls

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

Non applicability of Company's compliance under provisions of Companies Act, 2013

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.

Auditor's Report

The Auditor's observations, if any, on the accounts for the financial year ended 31st March 2018, has been explained suitably in the notes to the accounts.

Auditors

At the 23rd Annual General Meeting of the Company held in year 2017, the members had approved the appointment of M/s Ray & Ray, Chartered Accountants (FRN 301072E) as the Statutory Auditors of the Company to hold office for 5 (five) consecutive years, subject to ratification by members in every Annual General Meeting.

Proviso (1) of Sub-section (1) of Section 139 of the Act which mandates that the Company shall place the matter relating to such appointment for ratification by members at every Annual General Meeting has been omitted by the Companies (Amendment) Act, 2017 with effect from 7th May 2018. Therefore, for Financial Year 2018-19 and thereafter, ratification of Auditors appointment every year at the Annual General Meeting is no longer required.

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 of the Company's operation in future.

For and on behalf of the Board

Date : 23rd May, 2018	T.K. SIBAL	P.R.S. OBEROI
Place : Delhi	*Director*	*Director*

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2018

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	% of Share held	Applicable Section
1	EIH LIMITED 4,MANGOE LANE KOLKATA-700001	L55101WB1949PLC017981	HOLDING	80%	2(46)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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	KERALA TOURISM INFRASTRUCTURE LIMITED (KTIL) FORMERLY TOURIST RESORTS (KERALA) LIMITED	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	KTIL JT. DR.V.VENU	1	-	NIL	NIL	-	NIL	NIL
8	KTIL JT. TEEKA RAM MEENA	1	-	NIL	NIL	-	NIL	NIL
9	KTIL JT. ANIL KUMAR	1	-	NIL	NIL	-	NIL	NIL
10	KTIL JT.RANI GEORGE	NIL	-	NIL	1	-	NIL	NIL
11	KTIL JT. SHARMILA MARY JOSEPH	NIL	-	NIL	1	-	NIL	NIL
12	KTIL JT. K.G. MOHANLAL	NIL	-	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 shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2720007	100	2720007	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NO CHANGE			
	At the end of the year	2720007	100	2720007	100

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

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in 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

P.R.S. Oberoi
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members
Oberoi Kerala Hotels & Resorts Limited
Report on the Financial Statements

We have audited the accompanying financial statements of **Oberoi Kerala Hotels & Resorts Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;selection and application of appropriate accounting policies;making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the Note 4 (i) to the 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 Rs 171.80 lacs. 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 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) *in the absence of representations from Ms. Sharmila Mary Joseph as on 31st March, 2018, we are unable to comment whether she is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.* As far as other directors are concerned, on the basis of the written representations received from the directors of the Company as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, 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.

2. 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 "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

A K Sharma
Partner
Membership No.80085

Place: New Delhi
Date: 23rd May, 2018

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements section or our report to the members of Oberoi Kerala Hotels and Resorts Limited of even date).

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-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, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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. 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, 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the standard on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 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 financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, 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: 23rd May, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Oberoi Kerala Hotels and Resorts Limited of even date).

(i) In respect of the Company's fixed assets:

(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, Goods & Service 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 31.03.2018 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, Goods & Service Tax, 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 financial statements as required by the applicable accounting standards except for disclosure of related parties in respect of Ms. Sharmila Mary Joseph in Note 26.1

(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: 23rd May, 2018

Balance sheet
as at 31st March, 2018

	Note	**As at March 31, 2018**	₹ in Lacs As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	**203.31**	203.31
Total non-current assets		**203.31**	203.31
Current assets			
(a) Financial assets			
(i) Trade receivables	6	**0.19**	-
(ii) Cash and cash equivalents	7	**0.60**	1.73
(iii) Other financial assets	8	**16.64**	16.64
(b) Current tax Assets (net)	9	**0.13**	(0.05)
(c) Other current assets	10	**0.29**	1.56
Total current assets		**17.85**	19.88
Total Assets		**221.16**	223.19
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	**272.00**	272.00
(b) Other equity	12	**(81.89)**	(82.22)
Total Equity		**190.11**	189.78
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
Other Non Current Financial Liabilities	13	**9.25**	8.33
(b) Deferred Tax Liabilities (Net)	14	**0.29**	0.29
(c) Other Non Current Liabilities	15	**4.55**	5.62
Total non-current liabilities		**14.09**	14.24
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	16	**0.91**	1.59
(ii) Other Financial Liabilities	17	**14.97**	14.97
(b) Other Current Liabilities	18	**1.08**	2.61
Total current liabilities		**16.96**	19.17
Total Equity and Liabilities		**221.16**	223.19

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

P.R.S. OBEROI
Director

T.K. SIBAL
Director

Place : New Delhi
Date : 23rd May, 2018

S.N. SRIDHAR
Company Secretary

BISWAJIT MITRA
Chief Financial Officer

Statement of Profit and Loss for the Year ended 31st March, 2018

₹ in Lacs

	Note	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Other income	19	**7.90**	7.43
Total Income		**7.90**	7.43
Expenses			
Finance costs	20	**0.92**	0.83
Other expenses	21	**5.32**	5.05
Total Expenses		**6.24**	5.88
Profit before Tax		**1.66**	1.55
Tax Expense			
Current tax	22	**1.33**	1.44
Deferred tax	22	**-**	0.06
Profit for the year		**0.33**	0.05
Other Comprehensive Income		**-**	-
Total other comprehensive income/(loss) for the year, net of tax		**-**	-
Total comprehensive income for the year		**0.33**	0.05
Earnings per equity share - Basic (in Rupees)	33	**0.012**	0.001
Earnings per equity share - Diluted (in Rupees)	33	**0.012**	0.001

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

P.R.S. OBEROI
Director

T.K. SIBAL
Director

Place : New Delhi
Date : 23rd May, 2018

S.N. SRIDHAR
Company Secretary

BISWAJIT MITRA
Chief Financial Officer

Statement of changes in equity for the Year ended 31st March, 2018

	₹ in Lacs
A. Equity share capital	
Balance at April 1, 2016	272.00
Changes in equity share capital during the year	-
Balance at March 31, 2017	272.00
Changes in equity share capital during the year	-
Balance at March 31, 2018	272.00

B. Other equity

	Retained
Balance at April 1, 2016	(82.27)
Profit for the year	0.05
Other comprehensive income/(loss) for the year, net of tax	
Total comprehensive income for the year	**-**
Balance at March 31, 2017	**(82.22)**
Balance at April 1, 2017	**(82.22)**
Profit for the year	0.33
Other comprehensive income/(loss) for the year, net of tax	-
Total comprehensive income for the year	**0.33**
Balance at March 31, 2018	**(81.89)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For Ray & Ray
Chartered Accountants

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

Place : New Delhi
Date : 23rd May, 2018

For and on behalf of the Board

P.R.S. OBEROI
Director

T.K. SIBAL
Director

S.N. SRIDHAR
Company Secretary

BISWAJIT MITRA
Chief Financial Officer

Statement of cash flows

₹ In Lacs

	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Cash flows from operating activities		
Profit before Tax	**1.66**	1.55
Adjustments for		
Rent Received	**(6.83)**	(6.36)
Unwinding of discount on security deposits		
Finance costs	**0.92**	0.83
Change in operating assets and liabilities		
(Increase)/decrease in trade receivables	**(0.19)**	0.24
(Increase)/decrease in inventories	**-**	-
Increase/(decrease) in trade payables	**(0.68)**	0.30
(Increase)/decrease in other financial assets	**-**	(2.00)
(Increase)/decrease in other current assets	**1.27**	(1.33)
Increase/(decrease) in other non current liabilities	**(1.07)**	(1.07)
Increase/(decrease) in other financial liabilities	**-**	2.00
Increase/(decrease) in other current liabilities	**(1.53)**	1.52
Cash generated from operations	**(6.45)**	(4.32)
Income taxes paid (net of refund)	**(1.51)**	(1.30)
Interest received on income tax refund	**-**	-
Net cash generated by operating activities	**(7.96)**	(5.62)
Cash flows from investing activities		
Rent Received	**6.83**	6.36
Net cash used in investing activities	**6.83**	6.36
Cash flows from financing activities		
Interest paid	**-**	-
Net cash used in financing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**(1.13)**	0.74
Cash and cash equivalents at the beginning of the year	**1.73**	0.99
Cash and cash equivalents at the end of the year	**0.60**	1.73

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, 2018	As at March 31, 2017
Cash and Cash equivalent (Note 7)	**0.60**	1.73
Balance as per statement of cash flows	**0.60**	1.73

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

P.R.S. OBEROI
Director

T.K. SIBAL
Director

Place : New Delhi
Date : 23rd May, 2018

S.N. SRIDHAR
Company Secretary

BISWAJIT MITRA
Chief Financial Officer

Notes to Financial Accounts

1
GENERAL INFORMATION

Oberoi Kerala Hotels and Resorts Limited is a company limited by shares, incorporated and domiciled in India consequent upon a joint venture between EIH Limited and Kerala Tourism Infrastructure Limited [formerly known as Tourist Resorts (Kerala) Limited]. The registered office of the company is situated at C-46-452(H), Bristow Road, Willingdon Island, Cochin 682 003, Kerala. 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.

2
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 Indian Accounting Standard (Ind AS).

The financial statements have been prepared in accordance with Ind AS prescribed under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015 as amended and other accounting principles generally accepted in India, as a going concern on an accrual basis.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis

(iii) Use of estimates

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

b) 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, service taxes (Value Added Tax, Service Tax, Goods & Service Tax)

(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 recognised 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.

Notes to Financial Accounts — *Contd.*

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 recognised as an asset in the Balance Sheet.

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

Notes to Financial Accounts — *Contd.*

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 24 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 decided to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured under previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

Notes to Financial Accounts — *Contd.*

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).

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

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 rupees in lacs with two decimals as per the requirement of Schedule III, unless otherwise stated.

Notes to Financial Accounts — *Contd.*

3
NEW STANDARDS / AMENDMENTS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

As set out below, amendments to standards are effective for annual periods beginning on or after April 1, 2018 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

The amendment to Ind AS 21 applies when a company pays or receives consideration denominated or priced in foreign currency and recognizes a non- monetary prepayment asset or deferred income liability before recognising the related item at a later date.

The said amendment will not have any significant impact on the Company's financial statements. The amendment is effective for accounting periods beginning on or after April 1, 2018.

Introduction of Ind AS 115, Revenue from Contracts with Customers

The new standard explains the principle that revenue should be recognised when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

The new standard Ind AS 115 will not have any significant impact on the Company's financial statements. The new standard is effective for accounting periods beginning on or after April 1, 2018 and early adoption of the same is not permitted.

4
SIGNIFICANT ESTIMATES & 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 ₹ 171.80 lacs. 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.

Notes to Financial Accounts — *Contd.*

5
PROPERTY, PLANT AND EQUIPMENT

₹ in Lacs

	Gross carrying amount				Accumulated Depreciation				Carrying Value As at 31 March, 2018
	Balance as at 1 April 2017	Additions during the year	Sales/Adjustment during the year	Balance as as on 31 March, 2018	As at April 1, 2017	For the Year	Less: Sales/Adjustments	As at Mar 31, 2018	
Freehold Land	31.51	-	-	31.51	-	-	-	-	31.51
	(31.51)			(31.51)					(31.51)
Freehold Land	171.80	-	-	171.80	-	-	-	-	171.80
	(171.80)			(171.80)					(171.80)
	-	-	-	-	-	-	-	-	-
Total Property, plant & equipment	**203.31**	**-**	**-**	**203.31**	**-**	**-**	**-**	**-**	**203.31**
	(203.31)			(203.31)					(203.31)

Figures in bracket represents previous year figures

Note :

Contractual obligations

Contractual commitments in respect of acquisition of property, plant and equipment - ₹ Nil (2017 - ₹ Nil)

Notes to Financial Accounts — *Contd.*

6

TRADE RECEIVABLES

(Unsecured, Considered Good)

₹ in Lacs

	As at March 31, 2018	As at March 31, 2017
Receivable from related parties - [EIH Limited - The Holding Company]	**0.19**	-
	0.19	-

7

CASH AND CASH EQUIVALENTS

Balances with banks		
Current account	**0.60**	1.73
	0.60	1.73

8

OTHER FINANCIAL ASSETS

(Unsecured, Considered Good)

Security Deposits	**16.64**	16.64
	16.64	16.64

9

CURRENT TAX ASSETS (NET)

Income Tax provision (net of advance tax)		
Opening balance	**(0.05)**	(0.09)
Current tax payable for the year	**1.33**	1.44
Refund received for prior periods	**-**	0.07
Taxes paid for the current year	**1.44**	1.37
Taxes paid for the prior periods in the current year	**0.07**	-
	0.13	(0.05)

10

OTHER CURRENT ASSETS

(Unsecured, Considered Good)

Advances recoverable in cash or in kind or for value to be received	**-**	0.07
Prepaid Expenses	**-**	1.49
Goods & Service Tax Adjustable	**0.29**	-
	0.29	1.56

Notes to Financial Accounts — *Contd.*

11
EQUITY SHARE CAPITAL

	As at March 31, 2018	As at March 31, 2017
		₹ in Lacs
AUTHORISED		
10,000,000 (2017 - 10,000,000) Equity Shares of ₹10 each	**1,000.00**	1,000.00
	1,000.00	1,000.00
ISSUED, SUBSCRIBED AND FULLY PAID		
2,720,007 (2017 - 2,720,007) Equity Shares of ₹10 each fully paid	**272.00**	272.00
	272.00	272.00

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

₹ In Lacs

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	**Amount**	Number of shares	Amount
Number of shares at the beginning of the year	**2,720,007**	**272.00**	2,720,007	272.00
Add/Less: Movement during the year	**-**	**-**	-	
Number of shares at the end of the year	**2,720,007**	**272.00**	2,720,007	272.00

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	**% holding**	Number of Shares	% holding
EIH Limited - the Holding Company	**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%

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

	As at March 31, 2018	As at March 31, 2017
EIH Limited	**2,176,000**	2,176,000

Notes to Financial Accounts — *Contd.*

12
OTHER EQUITY

₹ in Lacs

	As at March 31, 2018	As at March 31, 2017
Reserves and Surplus		
Retained Earnings *	**(81.89)**	(82.22)
	(81.89)	(82.22)

* Retained Earnings

Opening Balance	**(82.22)**	(82.27)
Add: Profit for the year as per Statement of Profit & Loss	**0.33**	0.05
	(81.89)	(82.22)

Nature and purpose of Reserves

Retained Earnings in the statement of profit and loss

Retained Earnings represents net loss remaining after adjustment of all allocations / profit

13
OTHER NON CURRENT FINANCIAL LIABILITIES

Security Deposits (From EIH Limited - The Holding Company)	**9.25**	8.33
	9.25	8.33

Notes to Financial Accounts — *Contd.*

14
DEFERRED TAX LIABILITIES (NET)

₹ In Lacs

	As at March 31, 2018	As at March 31, 2017
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	0.29	0.29
Total deferred tax liabilities (B)	0.29	0.29
Deferred tax liabilities (net) (B-A)	0.29	0.29

Movement in deferred tax liabilities

	Security Deposits measured at fair value
As at 31 March, 2016	**0.23**
(Charged)/Credited:	
- to profit and loss	**0.06**
As at 31 March, 2017	**0.29**
(Charged)/Credited to profit and loss *	
As at 31 March, 2018	**0.29**

* 2018 - (₹ 0.001 lacs)

15
OTHER NON CURRENT LIABILITIES

₹ In Lacs

	As at March 31, 2018	As at March 31, 2017
Deferred Rent Income - Security Deposit Liability	4.55	5.62
	4.55	5.62

Notes to Financial Accounts — *Contd.*

16
TRADE PAYABLES

		₹ **In Lacs**
	As at March 31, 2018	As at March 31, 2017
Trade payables	**0.91**	1.59
Trade payables to related parties	**-**	-
	0.91	1.59
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	**0.91**	1.59
	0.91	1.59

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.

17
OTHER FINANCIAL LIABILITIES

Security Deposits (From EIH Limited - The Holding Company)	**14.97**	14.97
	14.97	14.97

18
OTHER CURRENT LIABILITIES

Rent received in Advance	**-**	1.49
Deferred Rent Income - Security Deposit Liability	**1.07**	1.07
Statutory Liabilities	**0.01**	0.05
	1.08	2.61

Notes to Financial Accounts — *Contd.*

19
OTHER INCOME

	Year Ended 31 March, 2018	₹ in Lacs Year Ended 31 March, 2017
Rental Income [From related party - The Holding Company]	**6.83**	6.36
Rental Income on Security Deposit	**1.07**	1.07
	7.90	7.43

20
FINANCE COSTS

Interest Expense	**0.92**	0.83
	0.92	0.83

21
OTHER EXPENSES

Electricity & Water	**0.02**	0.02
Lease Rental	**1.68**	1.54
Legal & Professional	**0.89**	1.03
Rates & Taxes	**0.20**	0.44
Expenses for contractual services	**2.20**	1.77
Passage & Travelling	**0.01**	-
Repairs and Maintenance - Other	**-**	0.05
Postage, Telephone, etc.	**0.02**	-
Auditors' Remuneration (Refer Note below)	**0.30**	0.20
	5.32	5.05

21(a)
DETAILS OF AUDITORS' REMUNERATION

As auditor:		
- Audit fees	**0.25**	0.17
- GST/Service tax on Audit Fees	**0.05**	0.03
	0.30	0.20

Notes to Financial Accounts — *Contd.*

22
TAX EXPENSE

₹ In Lacs

	Year Ended 31 March, 2018	Year Ended 31 March, 2017
(a) Tax expense		
Current tax		
Current tax on profits for the year	**1.33**	1.44
Total current tax expense	**1.33**	1.44
Deferred tax		
Decrease (increase) in deferred tax assets	**-**	-
(Decrease) increase in deferred tax liabilities	**- ***	0.06
Total deferred tax expense	**-**	0.06
Total tax expense	**1.33**	1.50

* 2018 - ₹ 0.001 lacs

	Year Ended 31 March, 2018	Year Ended 31 March, 2017
(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:		
Profit before tax expense	**1.66**	1.56
Tax at the rate of 25.75% (F.Y. 2016-17 – 29.87%)	**0.43**	0.46
Tax effect of amounts which are not deductible in calculating taxable income:		
Others (Disallowed Expenses)	**0.94**	1.05
Rate change considered for deferred tax		
Rate change on movement during the year	**(0.04)**	(0.01)
Other differences		
Tax for earlier year charged to statement of Profit & Loss	**-**	-
Tax expense as per Income Tax	**1.33**	1.50

Notes to Financial Accounts — *Contd.*

23
FAIR VALUE MEASUREMENTS
Financial instruments by category

	As at March 31, 2018	As at March 31, 2017
		₹ In Lacs
	Amortised cost	Amortised cost
Financial assets		
Trade Receivables (receivable from related parties)	**0.19**	-
Cash and cash equivalents	**0.60**	1.73
Security deposits - other financial assets	**16.64**	16.64
Total financial assets	**17.43**	18.37
Financial liabilities		
Other Non Current Financial Liabilities - Security Deposits (From EIH Ltd - The Holding Company)	**9.25**	8.33
Trade payables	**0.91**	1.59
Other Financial Liabilities - Security Deposits (From EIH Ltd - The Holding Company)	**14.97**	14.97
Total financial liabilities	**25.13**	24.89

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.*

24
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: ₹ In Lacs

	Not later than 1 year	Between 1 and 5 years	Later than 5 years	Total
31 March 2018				
Non-derivatives				
Security Deposits (from EIH Ltd - the Holding Company) - Current	14.97	Nil	Nil	14.97
Security Deposits (from EIH Ltd - the Holding Company) - Non Current	Nil	Nil	9.25	9.25
Trade payables	0.91	Nil	Nil	0.91
Total non-derivative liabilities	15.88	-	9.25	25.13
Contractual maturities of financial liabilities:				₹ In Lacs
31 March 2017				
Non-derivatives				
Security Deposits (from EIH Ltd - the Holding Company) - Current	14.97	Nil	Nil	14.97
Security Deposits (from EIH Ltd - the Holding Company) - Non Current	Nil	Nil	8.33	8.33
Trade payables	1.59	Nil	Nil	1.59
Total non-derivative liabilities	16.56	-	8.33	24.89

(C) Liquidity risk

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

25

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.*

26
OBEROI KERALA HOTELS AND RESORTS LIMITED

Related Party Transactions
26.1 List of Related Parties

Key Management Personnel of the company and its Parent Company
Ms. Sharmila Mary Joseph (w.e.f. 05.12.2017) - Director of the Company
Ms. Rani George (w.e.f. 23.03.2018) - Director of the Company
Mr. K.G. Mohanlal (w.e.f. 23.03.2018) - Director of the Company
Dr. V. Venu (w.e.f. 24.03.2017 and up to 23.03.2018) - Director of the Company
Mr. Teeka Ram Meena (w.e.f. 24.03.2017 and up to 05.12.2017) - Director of the Company
Mr. Anil Kumar (w.e.f. 27.09.2012 and up to 23.03.2018)- 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
Mr. Vikram Oberoi - Wholetime Director of the Parent Company
Mr. Arjun Oberoi - Wholetime Director of the Parent 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 (Dissolved on 25.11.2017)
EIH Investments N.V.
EIH Management Services B.V.
PT Widja Putra Karya
PT Waka Oberoi Indonesia
PT Astina Graha Ubud
EIH Corporation Limited (upto 10.06.2016)

Associate / Joint Venture of Parent Company
EIH Associated Hotels Limited
Mercury Car Rentals Private Limited
Usmart Education Limited (w.e.f. 11th April, 2017)
Mercury Travels Limited (w.e.f. 11th April, 2017)
Mercury Himalayan Explorations Limited (w.e.f 11th April, 2017)
Oberoi Mauritius Ltd., British Virgin Islands
Island Resort Ltd., Mauritius

Notes to Financial Accounts — *Contd.*

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
Oberoi Services Pte. Ltd., Singapore
Oberoi Holdings (Singapore) Pte. Ltd.
Komensi Pty Ltd.
Oberoi Hotels (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)

26.2 In respect of Ms. Sharmila Mary Joseph, who was appointed as a director w.e.f 5.12.2017, relevant disclosures in Form MBP-1 was not available

Notes to Financial Accounts — *Contd.*

26.3 The details of the related parties transactions entered into by the company during the year ended March 31, 2018 and March 31, 2017 are as follows :

₹ in Lacs

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
INCOME						
License Agreement						
EIH Limited	7.82	7.28	-	-	-	-
Total	**7.82**	**7.28**	**-**	**-**	**-**	**-**
FINANCE						
PAYMENTS						
Trident Cochin	-	-	-	-	0.28	-
RECEIPTS						
Security Deposit						
EIH Limited	-	2.00	-	-	-	-
Total	**-**	**2.00**	**-**	**-**	**0.28**	**-**
Expense Reimbursed by Related Party						
EIH Limited	-	1.77	-	-	-	-
Total	**-**	**1.77**	**-**	**-**	**-**	**-**

26.4 The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows :

₹ in Lacs

NATURE OF TRANSACTIONS	Parent Company		Fellow Subsidiaries		Associate / Joint Venture of Parent Company	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
PAYABLES						
Security Deposit						
EIH Limited	30.97	30.97	-	-	-	-
Total	**30.97**	**30.97**	**-**	**-**	**-**	**-**
RECEIVABLES						
For Goods & Services						
EIH Limited	0.19	-	-	-	-	-
Total	**0.19**	**-**	**-**	**-**	**-**	**-**

26.5 There are no other transactions with Fellow Subsidiaries, Associates / Joint Ventures and Key Management personnel

Notes to Financial Accounts — *Contd.*

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(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 ₹ 1.68 lacs during the year (2017- ₹ 1.54 lacs) 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] and a facility for Jetty on operating lease arrangements. These leasing arrangements which are not non cancellable are usually renewable on mutually agreeable terms. Lease income in respect of these are shown as Rental Income.

28

Events occurring after the reporting period

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

29

Segment Reporting

The company is yet to commence operations. There is no reportable segment as per Ind AS 108.

30

Offsetting financial assets and financial liabilities

No offsetting has been done by the company.

31

Assets pledged as security

No asset has been pledged by the company.

32

Contingent Liabilities and Commitments

There are no contingent liabilities and capital commitments.

Notes to Financial Accounts — *Contd.*

33
EARNINGS PER SHARE

		₹ In Lacs
	Year Ended 31 March, 2018	Year Ended 31 March, 2017
(a) Basic and diluted earnings per share attributable to the equity holders of the company	**0.012**	0.001
(b) Profit attributable to the equity holders of the company used in calculating basic and diluted earnings per share:	**0.33**	0.05
(c) Weighted average number of shares used as the denominator		
	31 March, 2018 Number of shares	31 March, 2017 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

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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.

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The Financial Statements were approved for issue by the Board on 23rd May, 2018.

EIH FLIGHT SERVICES LTD

BOARD OF DIRECTORS

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 2018.

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

REVIEW OF THE BUSINESS
The Company's profit for the year is **Rs. 25,308,813** (2016 - Rs. 60,977,028).
The Directors do not recommend the payment of a dividend for the year under review (2017 - Rs Nil).

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
TThe financial statements of the Company for the year ended 31 March 2018 are set out on pages **185 to 217. The independent auditor's report on these financial statements is on pages 185 to 188.**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

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

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 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

Directors Report ... *Contd.*

AUDITOR

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

	2018	2017
	Rs.	Rs.
Audit	**420,000**	360,000
Tax compliance services	**42,000**	42,000
Other services	**42,000**	42,000
	504,000	437,000

AUDITOR

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

Authorised by the Board of Directors on 24 April 2018
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

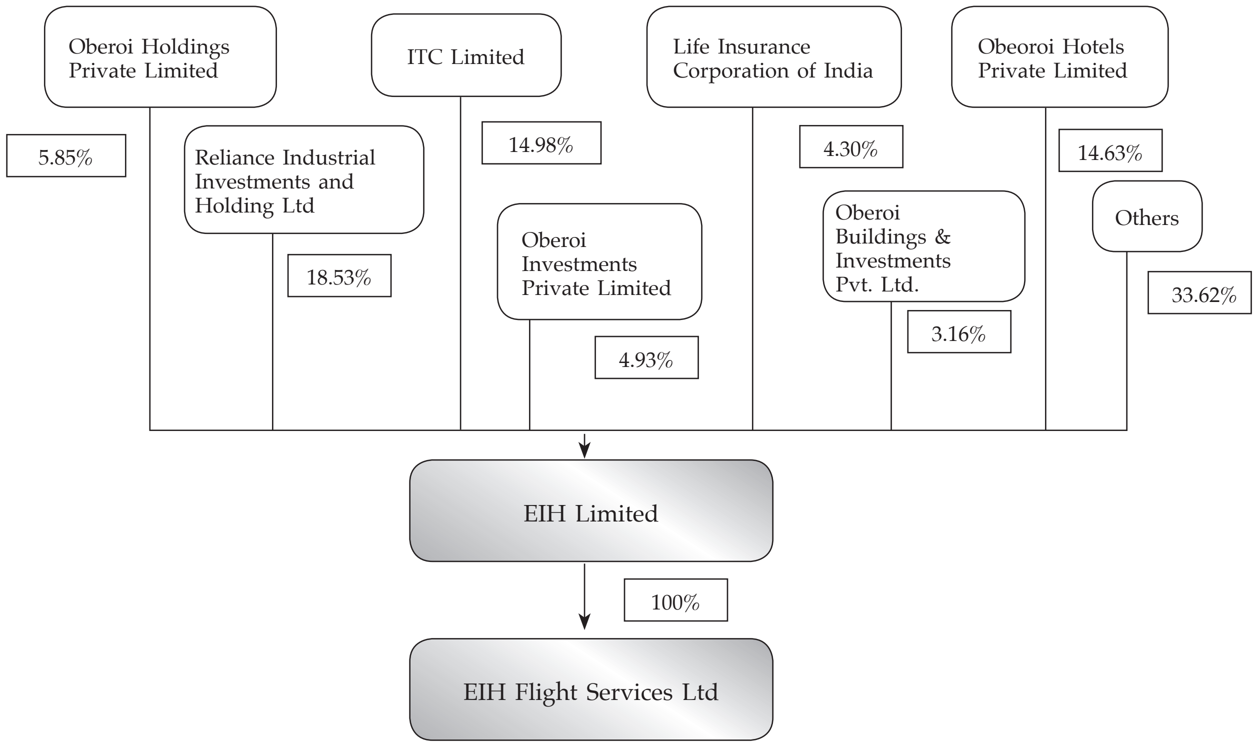
VÉRONIQUE MAGNY-ANTOINE
DIRECTOR

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 other Oberoi companies.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

EIH Limited held 100% of the Company's shares as at 31 March 2018.

Corporate Governance Report *(Continued)*

DIVIDEND POLICY

There is no formal divfdend 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 2018 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 30 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 Veronique Magny-Antoine (appointed on 03 January 2007)

Mrs Veronique Magny-Antoine is a Director - Strategy Execution & Quality Management at Abax Corporate Services 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. Veronique also serves as Director on the Board of several Global Business companies and domestic companies.

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

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

MEETINGS HELD IN 2017

The Board met four times during the year 2017.

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

Mr Prithviraj 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 Veronique Magny-Antoine who is a representative of Abax Corporate Services 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.

THE BOARD - COMPOSITION, COMMITTEES AND APPRAISAL

The new Code of Corporate Governance (the 'Code') came into force on 1 July 2017, repealing the previous one from 2003.

With the new definition of Public Interest Entities ('PIEs'), the Company is no longer classified as a PIE under the new Code.

However, the Company shall continue to follow the principles of good governance in appraising its Board and also continue to follow the principles of good governance as the Board deems appropriate.

Corporate Governance Report *(Continued)*

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 Gate 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 Auditor for ISO 9001 and also has HACCP certification.

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 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 24 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 shareholder, namely EIH Limited.

RISK MANAGEMENT

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

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

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

Corporate Governance Report *(Continued)*

Details of risk management and more details on the various types of risks faced by the Company have been disclosed in Note 4 of the financial statements.

SHARE OPTION PLAN

The Company does not have any employee share option plan.

CHARITABLE DONATIONS

The Company did not make any charitable donations during the year ended 31 March 2018 (2017 -Nil).

POLITICAL DONATIONS

The Company did not make any political donations during the year ended 31 March 2018 (2017 - Nil).

SOCIAL, ETHICAL, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Company has the following policies in place:

1. Occupational Health and Safety Policy

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

2. Food Safety Policy

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

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

3. Environment Policy

The Oberoi Group sees itself as an organisation 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.

Corporate Governance Report *(Continued)*

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

4. Health and Safety Policy

The Company ensures that 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 2019 is as follows:

	Events	Dates
1.	Quarterly Board meetings	April 2018 July 2018 October 2018 January 2019
2.	Annual Meeting	May 2018

Authorised for issue by the Board of Directors on 24 April 2018
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 2018, all such returns as are required of the Company under the Mauritius Companies Act 2001.

ISABELLE ADRIEN for

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

Date: 24 April 2018

Independent Auditor's Report

To the Shareholders of EIH Flight Services Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EIH Flight Services Ltd (the "Company") as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

The financial statements of EIH Flight Services Ltd set out on pages 16 to 50 comprise:

- the statement of financial position as at 31 March 2018;
- 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's Responsibilities for the Audit of the Financial Statements" section of our report.

We believe that the audit evidence we have 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 (IESBA 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 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.

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

Independent Auditor's Report *(Continued)*

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 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 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 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 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

Independent Auditor's Report *(Continued)*

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 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.

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

24 April 2018

Statement of Comprehensive Income for the year ended 31 March 2018

	2018 Rupees	2017 Rupees
Revenue (Note 5)	**265,749,855**	244,302,168
Cost of Sales	**(143,435,551)**	(151,530,167)
Gross Profit	**122,314,304**	92,772,001
Other income	**–**	177,174
Management expenses (Note 6)	**(9,863,321)**	(8,508,789)
Administrative expenses	**(101,853,533)**	(125,183,034)
Operating profit/(loss) (Note 7)	**10,597,450**	(40,742,648)
Finance income/(costs) - Net (Note 9)	**3,556,989**	(20,234,380)
Profit/(loss) before taxation	**14,154,439**	(60,977,028)
Taxation (Note 10)	**11,154,374**	–
Profit/(loss) for the year	**25,308,813**	(60,977,028)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefits obligations (Note 21(d))	**412,000**	(139,000)
Total other comprehensive income for the year	**412,000**	(139,000)
Total comprehensive income for the year	**25,720,813**	(61,116,028)

The notes to the financial statements on pages 20 to 50 are an integral part of these financial statements.

Statement of Financial Position as at 31 March 2018

	2018 Rupees	2017 Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment (Note 12)	**264,853,477**	276,613,504
Deferred tax (Note 11)	**11,154,374**	–
	276,007,851	276,613,504
Current Assets		
Inventories (Note 13)	**6,895,390**	5,752,092
Trade and other receivables (Note 14)	**42,631,930**	**35,313,501**
Cash in hand and at bank (Note 15)	**2,433,290**	52,147
	51,960,610	**41,117,740**
Total Assets	**327,968,461**	**317,731,244**
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 16)	**690,440,066**	690,440,066
Accumulated losses	**(755,381,242)**	(780,690,055)
Other reserves (Note 18)	**273,000**	(139,000)
Shareholder's deficit	**(64,668,176)**	(90,388,989)
Liabilities		
Non-Current Liabilities		
Borrowings (Note 20)	**205,758,585**	350,575,035
Retirement benefits obligations (Note 21)	**2,366,000**	**2,229,000**
	208,124,585	352,804,035
Current Liabilities		
Trade and other payables (Note 19)	**61,010,319**	49,140,895
Bank overdraft (Note 15)	**-**	4,369,974
Borrowings (Note 20)	**123,501,733**	1,805,329
	184,512,052	55,316,198
Total Liabilities	**392,636,637**	408,120,233
Total Equity and Liabilities	**327,968,461**	317,731,244

Authorised for issue by the Board of Directors on 24 April 2018
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine] *Directors*

The notes to the financial statements on pages 20 to 50 are an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2018

	Share Capital Rupees	Share Application Monies Rupees	Accumulated Losses Rupees	Other Reserves Rupees	Total Rupees
At 01 April 2016	353,380,066	337,060,000	(719,713,027)	–	(29,272,961)
Transaction with owners of the Company					
Conversion of share application monies monies	337,060,000	(337,060,000)	–	–	–
Total comprehensive income					
Loss for the year	–	–	(60,977,028)	–	(60,977,028)
Other comprehensive income for the year	–	–	–	(139,000)	(139,000)
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)
Total comprehensive income					
Profit for the year	–	–	25,308,813	–	25,308,813
Other comprehensive income	–	–	–	412,000	412,000
Total comprehensive income for the year year	–	–	**25,308,813**	**412,000**	**25,720,813**
At 31 March 2018	**690,440,066**	–	**(755,381,242)**	**273,000**	**(64,668,176)**

The notes to the financial statements on pages 20 to 50 are an integral part of these financial statements.

Statement of Cash Flows
for the year ended 31 March 2018

	2018 Rupees	2017 Rupees
Cash flow from operating activities		
Profit/(loss) before taxation	**14,154,439**	(60,977,028)
Adjustments for non-cash items:		
Depreciation on property, plant and equipment (Note 12)	**14,316,362**	59,955,363
Unrealised exchange (gain)/loss (Note 9)	**(20,490,907)**	2,847,486
Interest expense (Note 9)	**18,490,567**	17,168,602
Increase in retirement benefits obligations (Note 21 (c))	**549,000**	481,000
Profit from sale of property, plant and equipment	**–**	(177,174)
Operating profit before working capital changes	**27,019,461**	19,298,249
(Increase)/decrease in inventories	**(1,143,298)**	4,529,190
Increase in trade and other receivables	**(7,318,429)**	(5,161,536)
Increase/(decrease) in trade and other payables	**11,869,424**	(1,159,769)
Net cash generated from operating activities	**30,427,158**	17,506,134
Cash flow from investing activities		
Payment for purchase of property, plant and equipment (Note 12)	**(2,556,335)**	(3,581,255)
Proceeds from sale of property, plant and equipment	-	177,174
Net cash used in investing activities	**(2,556,335)**	(3,404,081)
Cash flow from financing activities		
Payment on financial lease liabilities	**(2,629,139)**	(1,361,887)
Interest on borrowings and bank overdraft (Note 9)	**(18,490,567)**	(17,168,602)
Net cash used in financing activities	**(21,119,706)**	(18,530,489)
Net increase/(decrease) in cash and cash equivalents	**6,751,117**	(4,428,436)
Cash and cash equivalents at beginning of year	**(4,317,827)**	110,609
Cash and cash equivalents at end of year (Note 15)	**2,433,290**	4,317,827

Refer to Note 27 for Notes to Statement of cash flows.

The notes to the financial statements on pages 20 to 50 are an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2018

1. GENERAL INFORMATION

EIH Flight Services Ltd (the "Company") is a private company incorporated on 03 January 2007 and domiciled in Mauritius. The address of its principal place of business is opposite Airport Police Station, Plaine Magnien, Mauritius. Under the new Code of Corporate Governance which came into force on 01 July 2017, repealing the previous one from 2003, the Company is no longer classified as a PIE.

The principal activity of the Company is the provision of catering services 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 shareholder of the Company.

2. 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.

(i) 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 Note 3.

Going concern

As at 31 March 2018, the Company was in a shareholder's deficit position of **Rs 64,668,176** (2017- Rs 90,388,989) and in a net current liability position of **Rs 132,551,442** (2017- Rs 14,198,458}. However, for the year ended 31 March 2018, the Company has realised a profit of **Rs 25,308,813** (2017 - Loss of Rs 60,977,028} and generated net cash inflows of **Rs 30,427,158** (2017 - Rs 17,506,134) from its operations. Moreover, the Company uses a bank overdraft facility to meet its day-today working capital requirements. At 31 March 2018, the overdraft balance was **Rs Nil** (2017 - Rs 4,369,974). 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.

(ii) Changes in accounting policy and disclosures

New and amended standards

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 April 2017.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

The nature and the impact of each new standard or amendment relevant to the Company are described below:

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 of 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 (such as foreign exchange gains and losses). 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 Company's liabilities arising from financing activities consist of borrowings (note 20). A reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure mentioned above, the application of these amendments had no impact on the Company's financial position or performance.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (effective for accounting periods beginning on or after 01 January 2017)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses.

The application of the above standards has no significant impact on the Company's financial statements.

Other standards, amendments and interpretations which are effective for the financial period beginning on 01 April 2017 do not have any impact on the Company.

New standards, amendments and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. 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 after 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

IAS 39 and introduces new rules for hedge accounting and a new impairment model for financial assets. The Company plans to adopt the new standard on the required effective date and will not restate comparative information. Early adoption is permitted.

Overall, the Company expects no significant impact on its statement of financial position (SOFP) except for the effect of applying the impairment requirements of IFRS 9. No changes will be made in the classification of financial instruments.

<u>Classlfication and measurement of financial assets</u>

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

<u>Classification and measurement of financial liabilities</u>

The main change for financial liabilities relates to financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in the entity's own credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

<u>Impairment</u>

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Based on an analysis of the Company's financial assets and liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist as at that date, the directors of the Company have assessed the impact of IFRS 9 to the financial statements as follows:

<u>Classification and measurement</u>

The Company does not expect a significant impact on its SOFP or equity on applying the classification and measurement requirements of IFRS 9.

Trade receivables carried at amortised cost are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, these financial assets will continue to be subsequently measured at amortised cost under IFRS 9.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

All other financial assets will continue to be measured on the same bases as is currently adopted under IAS 39.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

Impairment

The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The directors do not expect a significant provision for impairment following the preliminary assessment as there is no history of losses and the directors do not expect this to change significantly.

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 01 January 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

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 date using the full retrospective method.

Rendering of services

The Company is involved in the provision of catering services to airlines. Revenue is currently recognised upon delivery of food. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the contract prices at which the Company sells the services in separate transactions. Based on the Company's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Company does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

IFRS 16 Leases (effective for accounting periods beginning on or after 01 January 2019)

IFRS 16 was issued in January 2017 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 of 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

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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 lessors to make more extensive disclosures than under IAS 17.

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 the above standard and does not intend to adopt it before its respective effective date.

IFRIC 23 - Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019)

The interpretation clarifies the accounting for uncertainties in income taxes. It addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers whether tax treatments should be considered collectively, assumptions for taxation authorities examinations, the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and the effect of changes in facts and circumstances. Full retrospective application is permitted

The directors have not yet assessed the potential impact of these interpretations.

There are no other standards, amendments and interpretations that are not yet effective and that would be expected to have a material impact on the Company's financial statements in the current or future reporting periods and on foreseeable future transactions.

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 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

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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'.

Taxation

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. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the 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 differences 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. 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 in the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The annual rates used are:

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

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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, firstout (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 the 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 payables and borrowings. The particular recognition methods adopted are disclosed below:

(a) Financial Assets

Loans and receivables

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 net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables comprise of trade and other receivables and cash in hand and at bank.

Loans and receivables comprise of trade and other receivables and cash hand at bank.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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. If not, they are presented as non-current assets.

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

Cash and cash equivalents

Cash and cash equivalents 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 if 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 presented as current liabilities unless payment is not due within 12 months after reporting period.

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. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 separate asset or liability.

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

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.

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

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

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

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

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. If any such indication exists, the Company estimates the recoverable amount

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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.

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.

Company as lessee

The Company leases certain plant and equipment. Leases of 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 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 life or over the shorter of the asset's 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 benefits are paid.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

2. SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

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.

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

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPALLING ACCOUNTING POLICIES

The Company makes estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities within the next year. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 21.

Recognition of deferred tax asset

During the year ended 31 March 2017, the Company had unrecognised deferred tax asset of Rs 87,845,784 (Refer to Note 11 for details). The Company had incurred losses over the last financial years following the setting up of the production line. No deferred tax asset had been recognised since the directors believe that as at the balance sheet date, it was not probable that future taxable profit would be available against which the unused tax losses and unused tax credits could be utilised.

During the year ended 31 March 2018, the Company has recorded a profit before tax of Rs 14,154,439. In line with same, a five years' projections have been prepared whereby the Company is expected to have taxable profit throughout the next five financial years. The Company has thus reviewed previously unrecognised temporary differences, unused tax losses and unused tax credits and determine that it is now probable that taxable profits will be available against which part of these can be utilised. As a consequence, as at 31 March 2018, a deferred tax asset of **Rs 11,154,374** has been recognised, and the unrecognised deferred tax asset amounted to **Rs 74,096,448** (Refer to Note 11 for details).

Going concern

The directors of the Company have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis. Refer to Note 2(i) for further details.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

4 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 Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. 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 Company's exposure to the various types of risks associates to its activity and financial instruments is detailed below.

(a) Market risk

Market risk is the risk that changes 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 of 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 USO LIBOR plus 400 basis points per annum and the bank overdraft bore interest of SBM PLR plus 2.25% per annum. At 31 March 2018, the effective interest rate on the loan was **6.31%** (2017 - 5.15%) and the interest rate on the bank overdraft was **8.10%** (2017 - 8.50%). 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 3,242,825** (2017 - Rs 3,499,230).

(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, namely US dollar ("USO") 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.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

As at 31 March 2018, if the USD had weakened/strengthened by 10% against the Mauritian rupee with all other variables held constant, the profit for the year would have been higher/lower by **Rs 31,685,980** (2017 - Rs 34,132,214).

As at 31 March 2018, if EUR had weakened/strengthened by 10% against the Mauritian rupee with all other variables held constant, the profit for the year would have been lower/higher by **Rs 206,145** (2017 - Rs 173,815).

Currency profile

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

	Financial Assets 2018 Rs.	**Financial Liabilities 2018 Rs.**	Financial Assets 2017 Rs.	Financial Liabilities 2017 Rs.
US dollar	**8,477,477**	**325,337,278**	5,986,602	347,308,740
Mauritian rupee	**31,612,863**	**64,009,642**	24,131,372	57,688,177
Euro	**2,061,452**	**-**	1,738,149	-
	42,151,792	**389,346,920**	31,856,123	404,996,917

(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.

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, after performing a credit worthiness check on these customers. See Note 14 for further disclosure on credit risk.

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

(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.

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 2018				
Trade and other payables	**60,086,602**	**-**	**-**	**-**
Finance lease commitments	**2,180,685**	**1,402,125**	**1,753,762**	**89,678**
Bank loans	**140,162,093**	**171,093,474**	**41,173,005**	**-**
	202,429,380	**172,495,599**	**42,926,767**	**89,678**

	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**

The Company has trade and other receivables of **Rs 41,826,662** (2017 - Rs 34,357,628} that are expected to be received within one year and cash in hand and at bank of **Rs 2,433,290** (2017 - Rs 52,147). 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 for the year ended 31 March 2018 *(Contd.)*

Financial instruments

(a) *Categories of financial instruments*

	2018 Loans and receivables Rs.	2017 Loans and receivables Rs.
Financial assets		
Cash in hand at bank	**2,433,290**	52,147
Trade and other receivables	**39,718,502**	31,803,976
Total assets	**42,151,792**	31,856,123

Financial liabilities	**Financial liabilities At amortised cost Rs.**	Financial liabilities At amortised cost Rs.
Borrowings	**329,260,318**	352,380,364
Trade and other payables	**60,086,602**	48,246,579
Bank overdraft	**-**	4,369,974
Total Liabilities	**389,346,920**	404,996,917

(b) *Fair values of financial instruments*

The management assessed that the fair values of trade and other receivables, cash and cash equivalents and trade and other payables 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 different from its fair value.

At 31 March 2018, the Company did not have any assets or liabilities that were carried at fair value or were subject to revaluation.

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 for the year ended 31 March 2018 *(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 non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the statement of financial position plus net debt. The gearing ratios at 31 March 2018 and 2017 were as follows:

	2018 Rs.	2017 Rs.
Total borrowings	**329,260,318**	352,380,364
Less: Cash in hand and at banks	**(2,433,290)**	(52,147)
Add: Bank overdraft	**–**	4,369,974
Net debt	**326,827,028**	356,698,191
Total Equity	**(64,668,176)**	(90,388,989)
Total Capital	**262,158,852**	266,309,202
Gearing ratio	**125%**	134%

The fall in the gearing ratio is due to the decrease in borrowings from the effect of exchange rate fluctuations as the borrowings are denominated in USD and the nil balance of the bank overdraft taken by the Company. As per the agreement with the bank, the debt/equity ratio of the Company should be gradually reduced to at most 2:1.

5 REVENUE

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

6 MANAGEMENT EXPENSES

	2018 Rs.	2017 Rs.
Management fees		
Basic management fees	**7,972,496**	7,329,065
Incentive fees	**1,890,825**	1,179,724
Total	**9,863,321**	8,508,789

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 for the year ended 31 March 2018 *(Contd.)*

7. OPERATING PROFIT/ (LOSS)

	2018 Rs.	2017 Rs.
The following items have been charged in arriving at the operating profit/(loss):		
Depreciation of property, plant and equipment (Note 12):		
– Owned assets	**12,230,413**	58,317,129
– Leased assets	**2,085,949**	1,638,234
Audit fees	**420,000**	360,000
Lease rental	**7,335,089**	6,683,075
Cost of inventories expensed (Note 13)	**112,036,741**	93,831,111
Staff costs (Note 8)	**66,641,956**	57,955,914
Transportation costs	**3,800,200**	4,501,875
Utilities	**16,515,359**	15,960,213
Repairs and maintenance	**4,932,132**	4,107,740
Retirement benefits expenses (Note 21 (c))	**549,000**	**481,000**

8. STAFF COSTS

	2018 Rs.	2017 Rs.
Wages and Salaries	**63,352,312**	54,671,815
Social security costs	**3,289,644**	3,284,099
	66,641,956	57,955,914
	Number	Number
Average number of employees	**232**	193

9. FINANCE INCOME/(COSTS)

		2018 Rs.	2017 Rs.
(i)	*Gain:*		
	Unrealised foreign exchange gains	20,490,907	–
	Realised foreign exchange gains	1,556,649	–
		22,047,556	
(ii)	*Loss:*		
	Interest expense	**(18,490,567)**	(17,168,602)
	Unrealised foreign exchange losses	–	(2,847,486)
	Realised foreign exchange losses	–	(218,292)
		(18,490,567)	(20,234,380)
	Net finance income/(cost)	**3,556,989**	(20,234,380)

Notes to the Financial Statements for the year ended 31 March 2018 *(Contd.)*

10. TAXATION

The Company is liable to income tax at **15%** (2017 - 15%) and Corporate Social Responsibility tax of **2%** (2017 - 2%) on its chargeable income. At 31 March 2018, the Company had accumulated tax losses of Rs 27,310,198 (2017 - Rs 56,338,933) and was therefore not liable to income tax.

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%** (2017 - 17%) follows:

	2018	2017
	Rs.	Rs.
Profit/(loss) before income tax	**14,154,439**	(60,977,028)
Tax at 17% (2017-17%)	**2,406,255**	(10,366,095)
Impact of:		
Deferred tax asset not recognised	**2,674,535**	1,563,926
Income not subject to tax	**(3,630,878)**	–
Tax loss utilised	**(1,449,912)**	–
Tax loss expired during the year	–	8,802,169
Deferred tax asset not previously recognised	**(11,154,374)**	–
Actual tax credit	**(11,154,374)**	–

The components of income tax for the years ended 31 March 2018 and 2017 are as follows:

Recognised in profit or loss

	2018	2017
	Rs.	Rs.
Deferred tax credit (Note 11)	**(11,154,374)**	–

The tax losses are available for set off against future taxable profits as follows:

	Tax losses
Up to year ending	**Rs.**
31 March 2019	**13,660,030**
31 March 2020	**119,285**
31 March 2021	**13,530,883**
Total	**27,310,198**

Tax losses of **Rs 29,028,375** have lapsed during the year under review. For the year ended 31 March 2018, the Company has a taxable profit after tax of **Rs 8,528,894,** which has been offset against the accumulated tax losses.

11. DEFERRED TAX

	2018	2017
	Rs.	Rs.
At 01 April		
Deferred tax credit recognised in profit or loss (Note 10)x	**(11,154,374)**	–
At 31 March	**(11,154,374)**	–

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

At 31 March 2018, in accordance with the Company's accounting policy, a deferred tax asset of **Rs 11,154,374** has been recognised as there is probability that future taxable profits will be available to utilise these accumulated tax losses (2017 - Rs Nil).

The recognised deferred tax balance relates to the following:

	Statement of financial position		**Statement of comprehensive income**	
	2018	**2017**	**2018**	**2017**
Tax loss utilised	4,378,162	–	4,378,162	–
Excess of depreciation over capital allowance	6,776,212	–	6,776,212	–
Deferred tax credit			11,154,374	–
Net deferred tax assets	11,154,374	–		

A deferred tax asset of **Rs 74,096,448** has not been recognised as there is uncertainty that future taxable profits will be available to utilise these temporary differences (2017 - Rs 87,845,784).

The unrecognised deferred tax balance is attributable to the following:

	2018 Rs.	2017 Rs.
Tax loss unutilised	**–**	9,577,619
Exchange differences	**147,423**	–
Excess of depreciation over capital allowance	**73,546,805**	77,889,235
Retirement benefits costs	**402,220**	378,930
	74,096,448	87,845,784

The movement in unrecognised deferred tax assets is as follows:

	Tax loss unutilised Rs	**Exchange differences Rs**	**Excess of depreciati on over capital allowance Rs**	**Retirement benefits costs Rs**	**Total Rs**
At 1 April 2017	**9,577,619**	–	77,889,235	378,930	87,845,784
Credit to income statement	(4,378, 162)	–	(6,776,212)	–	(11,154,374)
Tax loss expired	(5,199,457)	–	–	–	(5,199,457)
Movement during the year	–	147,423	2,433,782	23,290	2,604,495
At 31 March 2018	–	147,423	73,546,805	402,220	74,096,448

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Capital work in progress Rs.	Total Rs.
Cost:						
At 01 April 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**
Additions	**2,311,947**	**49,461**	**28,572**	**–**	**166,355**	**2,556,335**
At 31 March 2018	**348,538,144**	**337,140,789**	**4,317,160**	**47,179,365**	**166,355**	**737,341,813**
Accumulated depreciation:						
At 01 April 2017	(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)
Charge for the year	**(11,550,403)**	**(574,393)**	**(39,197)**	**(2,152,369)**	**–**	**(14,316,362)**
At 31 March 2018	**(88,977,444)**	**(337,140,789)**	**(4,292,744)**	**(42,077,359)**	**–**	**(472,488,336)**
Carrying Value:						
At 31 March 2018	**259,560,700**	**–**	**24,416**	**5,102,006**	**166,355**	**264,853,477**
At 31 March 2017	268,799,156	524,932	35,041	7,254,375	–	276,613,504

The buildings on leasehold land have been secured with a fixed charge against the borrowings of **USD 9,500,000** (2017: USD 9,500,000) contracted from the State Bank of Mauritius Ltd. Details on borrowings are disclosed in Note 20.

Leased vehicles

	2018 Rs.	2017 Rs.
Cost	**10,429,743**	10,429,743
Accumulated depreciation	**(5,848,699)**	(3,495,096)
	4,848,699	6,934,647

During the year ended 31 March 2017, three vehicles were acquired for a total of Rs 4,762,412 and financed by finance leases amounting to Rs 4,113,110.

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

13. INVENTORIES

	2018	2017
	Rs.	Rs.
Food and beverage, at cost	**4,603,479**	3,762,401
Other consumables, at cost	**2,291,911**	1,989,691
	6,895,390	5,752,092

The cost of inventories recognised as expense and included in cost of sales amounted to **Rs. 112,036,741** (2016 - Rs. 93,831,111)

14. TRADE AND OTHER RECEIVABLES

	2018	2017
	Rs.	Rs.
Trade receivables	**35,267,474**	29,165,256
Prepayments	**805,268**	955,873
Taxes receivables	**2,108,160**	2,553,652
Other receivables	**4,451,028**	2,638,720
	42,631,930	35,313,501

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 2018, trade receivables of **Rs 1,131,305** (2017 - Rs 585) were past due but not impaired, and trade receivables of **Rs 34,136,169** (2017 - Rs 29,164,671) were neither past due nor impaired. As at 31 March 2018, there were no trade receivables that were past due and impaired (2017 - Rs Nil). The ageing analysis of trade receivables is as follows:

	2018	2017
	Rs.	Rs.
Up to 3 months	**34,136,169**	29,164,671
3 to 6 months	**1,131,305**	585
Over 6 months	**–**	–
	35,267,474	29,165,256

For the year ended 31 March 2018, the carrying amounts of the Company's trade and other receivables are denominated in the following currencies.

	2018	2017
	Rs.	Rs.
US dollar	**8,320,633**	5,986,602
Mauritian rupee	**32,249,845**	27,588,750
Euro	**2,061,452**	1,738,149
	42,631,930	35,313,501

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

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

15 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following balance sheet amounts:

	2018 Rs.	2017 Rs.
Cash in hand and at bank	**2,433,290**	52,147
Bank Overdraft	**–**	(4,369,974)
	2,433,290	(4,317,827)

In 2016, the Company had been granted an overdraft facility of Rs 25,000,000. The overdraft facility has been renewed until 31 May 2018, secured against the Company's assets and corporate guarantee of USD 9,500,000 given by the Company's shareholder. As at reporting date, the bank overdraft bore interest of SBM PLR plus 2.25% per annum. The effective interest rate for the year under review was 8.10%.

16 SHARE CAPITAL

	2018 Number	2017 Number	**2018 Rs.**	**2017** Rs.
Issued and fully paid:				
At 01 April	**69,044,006**	35,338,006	**690,440,066**	353,380,066
Issued during the year (Note 17)	**–**	33,706,000	**–**	337,060,000
At 31 March	**69,044,006**	69,044,006	**690,440,066**	690,440,066

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.

17 SHARE APPLICATION MONIES

	2018 Rs.	2017 Rs.
At 01 April	**–**	337,060,000
Conversion into stated capital (Note 16)	**–**	(337,060,000)
At 31 March	–	–

Share application monies represent advances received from the Company's shareholder in 2016 and converted into share capital in 2017.

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

18 OTHER PAYABLES

	2018 Rs.	2017 Rs.
At 01 April	**(139,000)**	–
Remeasurement of post-employment benefits obligations	**412,000**	–
At 31 Match	**273,000**	(139,000)

Other reserves represent actuarial losses arising from the remeasurement of post-employment benefit obligations as at 31 March 2018, as disclosed in Note 21(d).

19 TRADE AND OTHER PAYABLES

	2018 Rs.	2017 Rs.
Trade payables	**44,493,109**	35,675,679
Amount payable to related party (Note 24(b))	**9,863,321**	8,508,789
Accruals	**5,730,172**	4,062,111
Social security and other taxes	**923,717**	894,316
	61,010,319	49,140,895

20 BORROWINGS

	2018 Rs.	2017 Rs.
Non-current:		
Bank borrowings (Note 20(a))	**202,676,562**	345,553,000
Finance lease commitments (Note 20(b))	**3,082,023**	5,022,035
	205,758,585	350,575,035
Current:		
Bank borrowings (Note 20(a))	**121,605,938**	–
Finance lease commitments (Note 20(b))	**1,895,795**	1,805,329
	123,501,733	1,805,329
Total borrowings	**329,260,318**	352,380,364

(a) Bank borrowings	2018 Rs.	2017 Rs.
Less than one year	**121,605,938**	–
Later than 1 year and no later than 5 years	**202,676,562**	345,553,000
	324,282,500	345,553,000

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

At 31 March 2018, the movement in the bank borrowings from 31 March 2017 is attributable to unrealised exchange differences since the loan is denominated in USD.

The principal amount of bank borrowings of USD 9,500,000 is repayable within three years of the year end, in eight quarterly 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 **6.31%** (2017 - 5.15%). Interest is payable on a monthly basis. During the year ended 31 March 2018, the Company paid interest of **Rs 17,888,836** (2017 - Rs 16,786,743) on the bank borrowings.

The borrowings of **USD 9,500,000** as at 31 March 2018 are secured as follows:

(a) Fixed charge on the building constructed on leasehold land.
(b) Floating charge on all assets of the Company.
(c) Assignment of the leasehold rights on the leasehold land.
(d) A corporate bank guarantee of **USD 9,500,000** from EIH Limited (2017 - USD 9,500,000).

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:

	2018	2017
	Rs.	Rs.
US dollar	**324,282,500**	345,553,000

(b) Finance lease commitments

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

	2018	2017
Less than one year	**1,895,795**	1,805,329
Later than 1 year and no later than 5 years	**2,830,494**	4,588,492
Later than 5 years	**251,529**	433,543
	4,977,818	6,827,364
Current	**1,895,795**	1,805,329
Non-Current	**3,082,023**	5,022,035
	4,977,818	6,827,364

The finance lease commitments bear interest at the rates ranging from 5.24% to 8.95% and is repayable in the years from 2019 to 2023.

21 RETIREMENT BENEFITS OBLIGATIONS

	2018	2017
	Rs.	Rs.
Non-current		
Retirement benefits obligations	**2,366,000**	2,229,000

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

The Company has recognised a net benefit liability of **Rs 2,366,000** (2017 - Rs 2,229,000) in its statement of financial position as at 31 March 2018 in respect of any retirement gratuities that are expected to be paid out of the Company's cash flow to its employees under the Employment Rights Act 2008.

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

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

	2018 Rs.	2017 Rs.
At 01 April	**2,229,000**	1,609,000
Amount recognised in Profit or Loss for current year	**549,000**	481,000
Amount recognised in Other Comprehensive Income	**(412,000)**	139,000
At 31 March	**2,366,000**	2,229,000

(b) A reconciliation of present value of defined benefit obligation follows:

	2018 Rs.	2017 Rs.
At 01 April	**2,229,000**	1,609,000
Current service cost	**404,000**	368,000
Interest expense	**145,000**	113,000
Liability experience (gain)/loss	**(395,000)**	147,000
Liability gain due to change in financial assumptions	**(17,000)**	(8,000)
At 31 March	**2,366,000**	2,229,000

(c) Components of amount recognised in Profit & Loss:

	2018 Rs.	2017 Rs.
Current service cost	**404,000**	368,000
Net interest expense on net defined benefit liability	**145,000**	113,000
	549,000	**481,000**

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

(d) Components of amount recognised in Other Comprehensive income:

	2018 Rs.	2017 Rs.
Liability experience (gain)/loss	**(395,000)**	147,000
Liability gain due to change in financial assumptions	**(17,000)**	(8,000)
	(412,000)	139,000

Principal assumptions used at end of the year:

	2018	2017
Discount rate	**5.5%**	6.5%
Rate of Salary increases	**3.0%**	4.0%
Average retirement age	**65**	65

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

	2018 Rs.	2017 Rs.
Increase due to 1% decrease in discount rate	**513,000**	484,000
Decrease due to 1% increase in discount rate	**406,000**	382,000

The above sensitivity analysis has been carried out by recalculating the present value of the obligation at 31 March 2018 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.

	2018 Rs.	2017 Rs.
Expected employer contribution for the next year	**105,000**	87,000
Weighted average duration of the defined benefits obligations	**19 Years**	19 Years

22 CONTINGENT LIABILITIES

Bank guarantees

At 31 March 2018, 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 2018, Expatriate Guarantee amounted to **Rs 130,000** (2017- Rs 110,000), Custom Guarantee amounted to **Rs 6,000,000** (2017 - Rs 11,000,000), Performance Bond amounted to **Rs 360,000** (2017 - Rs 360,000) and Govt Guarantee amounted to **Rs 5,000,000** (2017 - USD Nil).

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

23 INCORPORATION, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in Mauritius under the Companies Act 2001 on 03 January 2007 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.

24 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:

	2018	2017
	Rs.	Rs.
(a) Purchases of services		
Immediate parent (management fees) (Note 6)	**9,863,321**	8,508,789
(b) Payable to immediate parent		
Amount due to immediate parent (Note 19)	**9,863,321**	8,508,789

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

(c) Remuneration of key management personnel

	2018	2017
	Rs.	Rs.
Salaries	**2,755,000**	3,404,358
Other short term employee benefits	**587,400**	489,000
	3,342,400	3,893,358

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

(d) Fees Paid to management entity of the Company

	2018	2017
	Rs.	Rs.
Abax Corporate Administrators Ltd		
Fees paid during the year	**510,945**	328,806

Notes to the Financial Statements - 31 March 2018 *(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 24(d)).

25 IMMEDIATE AND ULTIMATE PARENT

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

26 COMMITMENTS

Finance lease commitments

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

	2018 Rs.	2017 Rs.
Not later than 1 year	**2,180,685**	2,220,747
Later than 1 year and not later than 5 years	**3,245,565**	5,490,602
	5,426,250	7,711,349
Future finance charges	**(448,432)**	**(883,985)**
Present value of minimum lease payments	**4,977,818**	6,827,364

Finance lease arrangements relate to the following acquisitions required for operations in prior years:

- Two high-loaders; and
- One catering champ and two panel vans.

The carrying amount of assets on finance lease is disclosed in Note 12.

Operating lease commitments

The future aggregate minimum lease payments under non - cancellable operating leases related to the leasehold land are as follows:

	2018 Rs.	2017 Rs.
Not later than 1 year	**7,334,712**	7,334,712
Later than 1 later and not later than 5 years	**33,886,369**	32,346,080
Later than 5 years	**41,002,507**	49,877,509
	82,223,588	89,558,301

Notes to the Financial Statements - 31 March 2018 *(Contd.)*

Operating lease commitments relate to the leasing of 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 43.66 per square metre as at April 2017. The lease is non-cancellable from the standpoint of the lessee.

27 NOTES TO STATEMENT OF CASH FLOWS

(a) 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.

(b) Net debt reconciliation

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

		Cash changes		Non-cash changes		
	01 April 2017	Cash flows	Interest paid	Exchange difference	Interest expense	**31 March 2018**
Net bank overdraft/ (cash)	**4,317,827**	(6,751,117)				**(2,433,290)**
Liabilities arising from financing activities:						
Bank borrowings	**345,553,000**	-	(18,095,538)	(21,270,500)	18,095,538	**324,282,500**
Finance lease commitments	**6,827,364**	(2,629,139)	(395,029)	779,593	395,029	**4,977,818**
	356,698,191	(9,380,256)	(18,490,567)	(20,490,907)	18,490,567	**326,827,028**

28 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 2018.

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 2018, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended and report as follows:

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

P R S Oberoi

Deepak Madhok

P Selvadurai

PRINCIPAL ACTIVITY

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

RESULTS

The net profit for the year was $2,495,445 (2017: loss of $1,854,199) for the Group and a profit of $388,980 (2017: profit of $1,331,205) for the Company, after provision for income tax expense of $267,531 (2017: $379,141) for the Group and $nil (2017: $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 no dividend (2017: $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
22 May 2018	*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 2018;
- 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 2018, and their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. 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 Accounting Professional and Ethical Standards Board's APES 110 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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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

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 Australian 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 Auditing Standards 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 Auditing Standards, 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.

Adelaide
22 May 2018

ERNST & YOUNG

Statement of Comprehensive Income
For the year ended 31 March 2018

(Expressed in United States dollars)

	Note	Consolidated		Standalone	
		31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Continuing Operations					
Turnover	3	11,540,779	11,805,136	433,258	1,378,782
Cost of sales		(762,278)	(896,074)	-	-
Gross profit		**10,778,501**	**10,909,062**	**433,258**	**1,378,782**
Operating Expenses					
Other operating expenses		1,551,122	1,552,467	-	-
Payroll and related expenses		2,630,009	2,621,280	-	-
Administration and general expenses		2,395,192	2,580,457	44,116	45,747
Marketing expenses		609,039	680,739	-	-
Upkeep and service cost		1,449,595	1,480,045	-	-
Project development expenses		277,366	124,836	-	-
Provision for furniture, fixture and equipment		271,839	297,714	-	-
Other expenses		43,436	44,212	162	1,830
Depreciation and amortisation		1,285,159	1,403,045	-	-
Total Operating Expenses		**10,512,757**	**10,784,795**	**44,278**	**47,577**
Other Income/(Expense)					
Interest expense		-	-	-	-
Share of profit/(loss) of investments accounted for using the equity method		187,309	(1,055,182)	-	-
Other income/(expense)		2,309,923	(516,761)	-	-
Loss on disposal of fixed assets		-	(27,382)	-	-
Total Other Income/(Expense)		**2,497,232**	**(1,599,325)**	**-**	**-**
Profit/(loss) before taxation		**2,762,976**	**(1,475,058)**	**388,980**	**1,331,205**
Taxation	4	267,531	379,141	-	-
Profit/(loss) after taxation		**2,495,445**	**(1,854,199)**	**388,980**	**1,331,205**
Profit/(Loss) for the year is attributable to:					
Owners of the parent		2,434,275	(1,902,427)	388,980	1,331,205
Non-controlling interest		61,170	48,228	-	-
		2,495,445	**(1,854,199)**	**388,980**	**1,331,205**
Other comprehensive income/(loss)					
Profit/(loss) after taxation		**2,495,445**	**(1,854,199)**	**388,980**	**1,331,205**
Share of other comprehensive income/(loss) of Investments accounted for using the equity method		6,807	6,905	-	-
Re-measurement of employee benefits		(16,785)	(16,529)	-	-
Movement in foreign currency translation reserve		(1,729,749)	606,305	-	-
Total comprehensive income		**755,718**	**(1,257,518)**	**388,980**	**1,331,205**
Total comprehensive income/(loss) for the year is attributable to:					
Owners of the parent		783,795	(1,284,537)	388,980	1,331,205
Non-controlling interest		(28,077)	27,019	-	-
		755,718	**(1,257,518)**	**388,980**	**1,331,205**

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

Statement of Finaicial Position
As at 31 March 2018

(Expressed in United States dollars)

		Consolidated		Standalone	
	Note	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Non-Current Assets					
Property, plant and equipment	7	10,030,390	8,710,468	-	-
Intangibles assets	8	60,768,758	61,678,758	-	-
Deferred tax assets		211,391	153,910	-	-
Financial					
Amount due from related parties	9	15,145,516	14,297,506	6,460,807	6,095,101
Other assets		10,197	10,530	-	-
Non-Financial					
Investments	6	15,404,085	15,209,969	84,675,214	94,675,214
Other assets		541,205	562,421	-	-
Total Non-Current Assets		**102,111,542**	**100,623,562**	**91,136,021**	**100,770,315**
Current Assets					
Inventories		320,341	360,645	-	-
Financial					
Cash and cash equivalents	10	8,459,898	8,985,675	1,058,606	1,035,332
Receivable	11	1,026,713	801,464	-	-
Amount due from related parties	9	58,369	62,888	-	-
Non-Financial					
Other assets		438,588	636,826	-	-
Total Current Assets		**10,303,909**	**10,847,498**	**1,058,606**	**1,035,332**
Total Assets		**112,415,451**	**111,471,060**	**92,194,627**	**101,805,647**
Current Liabilities					
Financial					
Trade and other payables	12	2,851,666	2,634,132	50,000	50,000
Non-Financial					
Provision for taxation		170,826	133,511	-	-
Total Current Liabilities		**3,022,492**	**2,767,643**	**50,000**	**50,000**
Non-Current Liabilities					
Deferred tax liabilities		-	-	-	-
Employee benefits liabilities	14	986,023	904,122	-	-
Financial					
Amounts due to related parties	13	3,120,000	3,120,000	181,087	10,181,087
Total Non-Current Liabilities		**4,106,023**	**4,024,122**	**181,087**	**10,181,087**
Total Liabilities		**7,128,515**	**6,791,765**	**231,087**	**10,231,087**
Net Assets		**105,286,936**	**104,679,295**	**91,963,540**	**91,574,560**
Equity					
Share Capital	15	96,607,800	96,607,800	96,607,800	96,607,800
Retained Earnings		8,838,186	6,413,889	(4,644,260)	(5,033,240)
Translation reserve		(1,416,530)	313,219	-	-
Minority Interest	16	1,257,480	1,344,387	-	-
Total Equity		**105,286,936**	**104,679,295**	**91,963,540**	**91,574,560**

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 2018

(Expressed in United States dollars)

	Note	Consolidated				
		Share Capital $	Translation Reserve $	Retained Earnings $	Non-Controlling Interest $	Total Equity $
As at 1 April 2017	15	**96,607,800**	**313,219**	**6,413,889**	**1,344,387**	**104,679,295**
Issued during the year		-	-	-	-	-
Translation reserve		-	(1,729,749)	-	(28,077)	(1,757,826)
Profit for year		-	-	2,434,275	61,170	2,495,445
Other Comprehensive income		-	-	(9,978)	-	(9,978)
Dividend paid		-	-	-	(120,000)	(120,000)
As at 31 March 2018	15	**96,607,800**	**(1,416,530)**	**8,838,186**	**1,257,480**	**105,286,936**

	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**

Statement of Changes in Equity *(Contd...)*
For the year ended 31 March 2018

(Expressed in United States dollars)

		Standalone		
	Note	**Share Capital $**	**Retained Earnings $**	**Total Equity $**
As at 1 April 2017	**15**	**96,607,800**	**(5,033,240)**	**91,574,560**
Shares issued		-	-	-
Profit for year		-	388,980	388,980
Other Comprehensive income		-	-	-
Dividend paid		-	-	-
As at 31 March 2018	**15**	**96,607,800**	**(4,644,260)**	**91,963,540**

		Standalone		
	Note	**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**

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 2018

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Cash flows from operating activities				
Profit/(Loss) before taxation	2,762,976	(1,475,058)	388,980	1,331,205
Adjustment for:				
Depreciation	1,285,159	1,403,045	-	-
Share of associates net (profit) / loss	(187,309)	1,055,182	-	-
Interest income	(554,010)	(522,652)	(365,706)	(345,006)
Dividend received	-	-	(67,552)	(1,033,776)
Impact of foreign currency translation	(1,699,728)	757,178	-	-
(Increase)/Decrease in assets:				
Decrease/(Increase) in receivables	(284,400)	63,084	-	-
Decrease/(Increase) in inventories	28,899	(8,687)	-	-
Decrease/(Increase) in prepayments	27,046	(547,088)	-	-
(Decrease)/Increase in liabilities:				
(Decrease)/Increase in payables	54,127	134,012	-	-
(Decrease)/Increase in provision	424,103	673,091	-	-
Cash generated from/(used by) operations	**1,856,863**	**1,532,107**	**(44,278)**	**(47,577)**
Interest paid	-	-	-	-
Taxes paid	281,514	443,510	-	-
Net cash flows (used by)/from operating activities	**1,575,349**	**1,088,597**	**(44,278)**	**(47,577)**
Cash flows from investing activities				
Dividend received	-	-	67,552	1,033,776
Acquisition of fixed assets	(1,640,831)	(416,517)	-	-
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	(46,294)	(117,363)	-	-
Proceeds from sale of property, plant and equipment	-	27,381	-	-
Payment for acquisition of investments	-	-	10,000,000	(10,000,000)
Interest received	-	-		
Dividend paid	-	(1,000,000)	-	(1,000,000)
Dividend paid to minority interest	(120,000)	(60,000)	-	-
Net cash flows from/(used by) investing activities	**(1,807,125)**	**(1,566,499)**	**10,067,552**	**(9,966,224)**
Cash flows from financing activities				
Proceeds from issuance of shares	-	-		
Proceeds from related party borrowings	-	-	(10,000,000)	10,000,000
Loans to related party	(294,000)	(97,000)		
Repayment of bank loans	-	-		
Net cash flows from financing activities	**(294,000)**	**(97,000)**	**(10,000,000)**	**10,000,000**
Net increase/(decrease) in cash and cash equivalents	(525,777)	(574,902)	23,274	(13,801)
Cash and cash equivalents at beginning of year	8,985,675	9,560,577	1,035,332	1,049,133
Effect of exchange rate changes on cash balances	-	-	-	-
Cash and cash equivalents at end of year (Note 10)	**8,459,898**	**8,985,675**	**1,058,606**	**1,035,332**

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 2018

1. Corporate information

The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2018 was authorised for issue on 22 May 2018.

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. The ultimate parent of the Group is EIH Limited, a company incorporated in India.

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 2018 (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.

Notes fo the Financial Statements *(Contd.)*
For the year ended 31 March 2018

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

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

(f) Operating Segments

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

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

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

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

(g) Foreign Currencies Translation

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

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

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

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

(h) Cash and Cash Equivalents

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

(i) Receivables

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

Notes fo the Financial Statements *(Contd.)*
For the year ended 31 March 2018

(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

The Group's available-for-sale investments are recorded at cost on acquisition less any permanent diminution in value as there is no quoted market price in an active market the fair value cannot be reliably measured. Similarly, parent entity investments in subsidiaries are recorded at cost less provision for any permanent diminution in value. The group does not intend to dispose its available-for-sale investment in the near future

(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 2018

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.

Where the reporting dates of the associates are different to the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. The difference between the end of the reporting period of the associate and that of the Group is no more than three months. The associates' accounting policies to those used by the Group for like transactions and events in similar circumstances.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land - not depreciated
- Buildings - over 20 years
- Plant and equipment - over 5 to 15 years
- Leased equipment - over 8 to 10 years
- Motor vehicles - over 4 years

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

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

(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 determined to be over a 40 year useful life, to be reassessed for reasonableness each period.

(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 recognises 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.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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 recognised in other comprehensive income (OCI) and excluded permanently from profit or loss.

– Expected return on plan assets will no longer be recognised in profit or loss. Expected returns are replaced by recognising 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 recognised over the future vesting period. Instead, all past service costs will be recognised 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 recognised 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 amortised 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.

– When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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 2018

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 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Hotel revenues	9,061,266	9,924,057	-	-
Hotel management fees	1,146,598	727,466	-	-
Sales and marketing	757,700	619,123	-	-
Royalty	21,205	11,838	-	-
Dividends	-	-	67,552	1,033,776
Interest	554,010	522,652	365,706	345,006
	11,540,779	**11,805,136**	**433,258**	**1,378,782**

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 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Profit before tax	2,762,976	(1,475,058)	388,980	1,331,205
Tax at the statutory tax rate of Nil % (2017: Nil %)	-	-	-	-
Tax rate differential in foreign Countries	267,531	(379,141)	-	-
Tax expense	**267,531**	**(379,141)**	**-**	**-**

a. Taxes payable consist of the following:

	Consolidated		Standalone	
Indonesia:	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Development tax I	74,099	44,982	-	-
Income tax				
Article 4(2)	-	-	-	-
Article 21	14,398	13,844	-	-
Article 23	45,644	25,069	-	-
Article 25	18,190	23,656	-	-
Article 26	330	331	-	-
Article 29	1,145			
Value added tax	13,500	23,869	-	-
Withholding tax	-	1,760	-	-
Total	**167,306**	**133,511**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

b. A reconciliation between profit before income tax, as shown in the statement of profit or loss and other comprehensive income, and estimated tax expense follows:

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Income before income tax per statement of profit of loss and other comprehensive income	2,762,976	(1,475,058)	388,980	1,331,205
Temporary differences:				
Provision for replacement of furniture, fixtures and equipment, net	183,783	151,350	-	-
Employee benefits, net	58,170	45,950	-	-
Depreciation	(7,699)	21,426	-	-
Permanent differences:				
Interest income already subjected to Final tax	(17,309)	(17,633)	-	-
Non-deductible expenses	419,649	125,680	-	-
Unrecognised Deferred Tax Assets				
Not Subject to Tax	3,219,429	1,922,390	(388,980)	(1,331,205)
Utilisation of tax losses carryforward	(67,371)	-	-	-
Estimated taxable income for the year	**1,112,770**	**774,105**	**-**	**-**

c. Computation of estimated current income tax expense and estimated income tax payable:

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Estimated taxable income (rounded off)	1,112,770	774,105	-	-
Current income tax expense	232,812	228,886	-	-
Prepayments of			-	
Income tax article 25	(232,503)	(325,279)	-	-
Translation adjustments	836	(15,129)	-	-
Estimated income tax payable (claim for tax refund)	**1,145**	**(111,522)**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Income before income tax	2,762,976	(1,475,058)	388,980	1,331,205
Tax expense at the applicable rate	164,923	192,879	-	-
Tax effect on permanent differences:				
Interest income already subjected to final tax	(4,327)	(4,408)	-	-
Non-deductible expenses	216,434	31,420	-	-
Translation adjustments	(109,499)	(15,456)	-	-
Income tax expense				
Current year	267,531	204,435	-	-
Prior Year*	-	174,706	-	-
Total	**267,531**	**379,141**	**-**	**-**

With regards to the subsidiary company PT Widja Putra Karya (PT WPK) registered in Indonesia:

* On March 30, 2017, PT WPK decided to participate in the tax amnesty program. According to tax amnesty law, tax payers who participate in the tax amnesty program cannot claim their overpayment of prior years' corporate income tax. Thus, PT WPK cannot claim the prior year overpayment of corporate income tax amounting to Rp2,319,400,342 (US$174,706). As such, PT WPK recorded it as current tax expense in the Statement of Profit or Loss and Other Comprehensive Income.

e. Deferred income tax benefit (expense) consists of:

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Provision (payment of reserve) for replacement of furniture, fixtures and equipment – net	45,945	37,838	-	-
Provision for employee benefits - net	14,543	11,488	-	-
Depreciation and amortization - net	(1,924)	5,355	-	-
Net	**58,564**	**54,681**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

	Consolidated				
	1 April 2017 $	Profit or loss $	Other comprehensive income $	Translation Adj. $	31 March 2018 $
Deferred tax assets					
Employee benefits liability	173,867	14,543	4,970	-	193,380
Reserve for replacement of furniture, fixtures and equipment	53,356	45,945	-		
Total deferred tax assets	227,223	60,448	-	-	292,681
Deferred tax liabilities					
Depreciation and amortization - net	(64,942)	(1,924)	-	-	(66,866)
Translation adjustments	(8,371)	-	-	(6,053)	(14,424)
Net deferred tax assets	**153,910**	**58,564**	**4,970**	**(6,053)**	**211,391**

	Consolidated				
	1 Aprl 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**

	Standalone			
	1 April 2017 $	Profit or loss $	Other comprehensive income $	31 March 2018 $
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 2018

4. Taxation (continued)

	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	**-**	**-**	**-**	**-**

Tax matters relating to subsidiary company PT Widja Putra Karya registered in Indonesia are outlined below:

On March 30, 2017, PT WPK submitted a list of fixed asset items not yet registered in it's tax report up to 2015 to be administered under the tax amnesty program of the tax authority. These assets are in the form of paintings worth Rp3,019,000,000 (US$226,635) which are included as part of property, plant and equipment. As compensation, PT WPK paid to the tax authority amounting to Rp150,950,000 (US$11,362).

Since PT WPK received the approval for tax amnesty program application from the Ministry of Finance in its decision letter dated April 28, 2018, it did not record all tax amnesty assets in its statement of financial position as of March 31, 2017. These have subsequently been recorded in the statement of financial position as at 31 March 2018.

Tax matters relating to subsidiary company PT Waka Oberoi Indonesia (PT WOI) are outlined below:

PT WOI decided not to recognise the net deferred tax assets on the tax losses carry-forward and temporary differences as of March 31, 2018 and 2017 amounting to Rp14,240,495,844 and Rp777,044,286 respectively, due to the uncertainty in their recoverability in the near future.

On March 30, 2017, the PT WOI submitted a list of fixed asset items not yet registered in it's tax report up to 2015 to be administered under the tax amnesty program of the tax authority. These assets are in the form of paintings worth Rp385,000,000 (US$226,635) which are included as part of property, plant and equipment. As compensation, PT WOI paid to the tax authority amounting to Rp19,250,000.

Since PT WOI received the approval for tax amnesty program application from the Ministry of Finance in its decision letter dated April 25, 2018, PT WOI did not record all tax amnesty assets in its statement of financial position as of March 31, 2017. These have subsequently been recorded in the statement of financial position as at 31 March 2018. In connection with the tax amnesty program, all tax losses carry-forward until fiscal year 2014 amounting to Rp94,356,810,479 can no longer be claimed by PT WOI.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

5. Directors' Remuneration

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Fees	-	-	-	-
Other emoluments	-	-	-	-
	-	**-**	**-**	**-**

6. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Unlisted shares, at cost	**-**	**-**	**79,043,714**	**89,043,714**

Investments in Associates

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Oberoi Mauritius Limited	5,166,210	4,400,433	4,867,500	4,867,500
La Roseraie De L'Atlas SA	5,152,339	5,724,000	-	-
	10,318,549	**10,124,433**	**4,867,500**	**4,867,500**

Other Investments

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Tourism Investment Co. Sal Hasheesh	**5,085,536**	**5,085,536**	**764,000**	**764,000**

	Consolidated		Standalone	
	31-Mar-18 $	31-Mar-17 $	31-Mar-18 $	31-Mar-17 $
Total investments	**15,404,085**	**15,209,969**	**84,675,214**	**94,675,214**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

6. Investments *(Contd...)*

Details of the subsidiaries are as follows:

Name	Place of incorporation	Percentage of equity attributable to the Company Directly	Indirectly	Principal Activities	Directors
EIH Holdings Ltd	British Virgin Island	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	57.03	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr Deepak Madhok
EIH Investment N.V	Netherlands Antilles	-	100	Investment and management	Intertrust (Curacao) B.V.
EIH Management Services B.V.	Netherlands	-	100	Hotel management and investment	TMF Management B.V.
PT Astina Graha Ubud	Indonesia	-	60	Hotel development	I Wayan Pasek Tjokorda Raka Kerthayasa Mr Deepak Madhok

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

7. Property, Plant and Equipment

	Consolidated						
	Freehold Land $	**Freehold Buildings $**	**Plant and Equipment $**	**Furniture & Fittings $**	**Motor Vehicles $**	**Project Expenses $**	**Total $**
Cost							
At 1 April 2016	5,490,770	3,848,508	1,995,519	3,137,035	165,015	1,634,594	16,271,441
Additions	-	102,073	59,022	164,489	17,706	73,227	416,517
Reclassifications	-	-	490,200	-	-	(490,200)	-
Disposals	-	(582,925)	(129,012)	(571,683)	-	-	(1,283,620)
Foreign Exchange	(1,416)	(12,864)	(7,978)	(11,154)	(984)	(259)	(34,655)
At 31 March 2017	**5,489,354**	**3,354,792**	**2,407,751**	**2,718,687**	**181,737**	**1,217,362**	**15,369,683**
Additions	-	504,562	258,731	170,157	1,807	837,627	1,772,884
Disposals	-	-	-	-	(1,080)	-	(1,080)
Foreign Exchange	(13,212)	(110,256)	(76,966)	(88,048)	(5,768)	(4,099)	(298,349)
At 31 March 2018	**5,476,142**	**3,749,098**	**2,589,516**	**2,800,796**	**176,696**	**2,050,890**	**16,843,138**
Depreciation							
At 1 April 2016	-	(2,871,698)	(1,748,650)	(2,718,326)	(112,826)	-	(7,451,500)
Depreciation Expense	-	(181,028)	(135,286)	(157,240)	(16,665)	-	(490,219)
Foreign Exchange	-	10,188	6,051	9,607	419	-	26,265
Disposals	-	565,234	127,633	563,372	-	-	1,256,239
At 31 March 2017	**-**	**(2,477,304)**	**(1,750,252)**	**(2,302,587)**	**(129,072)**	**-**	**(6,659,215)**
Depreciation Expense	-	(71,293)	(122,111)	(160,756)	(18,213)	-	(372,373)
Foreign Exchange	-	79,643	57,585	76,072	4,460	-	217,760
Disposals	-	-	-	-	1,080	-	1,080
At 31 March 2018	**-**	**(2,468,954)**	**(1,814,778)**	**(2,387,271)**	**(141,745)**	**-**	**(6,812,748)**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Freehold Land				
At Cost	5,476,142	5,489,354	-	-
Accumulated depreciation	-	-	-	-
	5,476,142	**5,489,354**	**-**	**-**
Freehold Buildings				
At Cost	3,749,098	3,354,792	-	-
Accumulated depreciation	(2,468,954)	(2,477,304)	-	-
	1,280,144	**877,488**	**-**	**-**
Plant and Equipment				
At Cost	2,589,516	2,407,751	-	-
Accumulated depreciation	(1,814,778)	(1,750,252)	-	-
	774,738	**657,499**	**-**	**-**
Furniture & Fittings				
At Cost	2,800,796	2,718,687	-	-
Accumulated depreciation	(2,387,271)	(2,302,587)	-	-
	413,525	**416,100**	**-**	**-**
Motor Vehicles				
At Cost	176,696	181,737	-	-
Accumulated depreciation	(141,745)	(129,072)	-	-
	34,951	**52,665**	**-**	**-**
Project Expenses	**2,050,890**	**1,217,362**	**-**	**-**
Total property, plant and equipment, net	**10,030,390**	**8,710,468**	**-**	**-**
At cost	16,843,138	15,369,683	-	-
Accumulated depreciation	(6,812,748)	(6,659,215)	-	-
Written Down Value	**10,030,390**	**8,710,468**	**-**	**-**

8. Intangible Assets

	Consolidated		Standalone	
	31 March 2018 $	31 March 2017 $	31 March 2018 $	31 March 2017 $
Goodwill	30,738,758	30,738,758	-	-
Management contracts	36,400,000	36,400,000	-	-
Less: accumulated amortisation	(6,370,000)	(5,460,000)	-	-
Management contracts, net	30,030,000	30,940,000	-	-
	60,768,758	**61,678,758**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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 2018, 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 2018. 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.

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 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Cash at Bank	8,444,186	8,973,627	1,058,606	1,035,332
Cash on hand	15,712	12,048	-	-
	8,459,898	**8,985,675**	**1,058,606**	**1,035,332**

11. Receivables

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Trade receivables	743,214	533,600	-	-
Other receivables	283,499	267,864	-	-
	1,026,713	**801,464**	**-**	**-**

12. Payables

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2018 $**	**31 March 2018 $**	**31 March 2018 $**
Third parties	2,851,666	2,634,132	50,000	50,000
Related parties	-	-	-	-
	2,851,666	**2,634,132**	**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 2018

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 12, 2017 and April 7, 2017, using the "projected-unit-credit" method are as follows:

a. Details of post-employment benefits expense:

	Consolidated		**Standalone**	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Current service cost	67,743	64,452	-	-
Interest cost	67,018	63,094	-	-
Total post-employee Benefits expense	**134,761**	**127,546**	**-**	**-**

b. Details of post-employment benefits liability:

	Consolidated		**Standalone**	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Present value of defined Benefits obligation	986,023	904,122	-	-
Unrecognized past service cost - unvested	-	-	-	-
Unrecognized actuarial loss	-	-	-	-
Employee benefit liability	**986,023**	**904,122**	**-**	**-**

c. Movements in post-employment benefits liability are as follows:

	Consolidated		**Standalone**	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Beginning balance	904,122	798,467	-	-
Provision during the year	134,761	127,546	-	-
Payment during the year	(45,250)	(40,232)	-	-
Actuarial loss (gain) from Experience adjustment	(15,244)	2,351	-	-
Change in financial assumption	36,998	18,904	-	-
Translation adjustment	(29,364)	(2,914)	-	-
Employee benefit liability	**986,023**	**904,122**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

14. Long-term Employee Benefits Liability (continued)

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	:	7.32% in 2018 and 8% in 2017
Annual salary increase	:	8% in 2018 and 2017
Mortality	:	TMI III
Retirement age	:	55 years
Disability rate	:	5% of mortality table TMI III

As of March 31, 2018, 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$60,638/ US$69,358.

15. Contributed Equity

Share Capital

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Issued and fully paid: 96,607,800 (2017: 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 2016	**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 2017	**96,607,800**	**96,607,800**	**96,607,800**	**96,607,800**
Share issued	-	-	-	-
As at 31 March 2018	**96,607,800**	**96,607,800**	**96,607,800**	**96,607,800**

16. Non-controlling interest

	Consolidated		Standalone	
	31 March 2018 $	**31 March 2017 $**	**31 March 2018 $**	**31 March 2017 $**
Contributed equity	3,158,046	3,158,046	-	-
Translation reserve	(904,609)	(876,532)	-	-
Dividend paid	(120,000)	(60,000)	-	-
Retained earnings	(937,127)	(925,355)	-	-
Current year profit	61,170	48,228	-	-
	1,257,480	**1,344,387**	**-**	**-**

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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.

	Increase/ (decrease) in Rupiah rate %	**Increase/ (decrease) in profit after tax US$**	**Increase/ (decrease) in equity US$**
2018			
If the US dollar weakens against the Rupiah	5	91,152	231,218
If the US dollar strengthens against the Rupiah	(5)	(91,152)	(231,218)
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)

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.

Notes to the Financial Statements *(Contd...)*
For the year ended 31 March 2018

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:

	2018		
	On demand	**Over 1 year**	**Total**
	US$	**US$**	**US$**
Trade and other payables	2,851,666	-	2,851,666
Provision for taxation	170,826	-	170,826
Amounts due to related parties	3,120,000	-	3,120,000

	2017		
	On demand	Over 1 year	Total
	US$	US$	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**

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 2018

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 2018, the assessed tax for the years ended 30 June 2001 to 30 June 2013 is US$741,608 and penalties of US$458,179.

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 2018 is US$53,027. The company has paid $43,038 as at 31 March 2018.

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$335,843 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 pending further hearings.

If successful, the amount of US$335,843 will be refunded. If not, the liability of the Company will be the US$741,608 and US$458,179 already assessed by the MRA as at 31 March 2018, plus US$312,732 (applying the same basis of calculation for the years ended 31 March 2014 to 31 March 2018) and any applicable penalties.

The total tax liability will therefore be US$1,512,519 plus penalties on tax for the years ended 31 March 2014 to 31 March 2018, estimated at US$109,456. 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 results of the Group for the year ended 31 March 2018;

(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 2018; 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
Director

22 May 2018

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 2018, 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 $1,099,323 (2017: $464,432) after provision for income tax expense of $46,921 (2017: $21,225).

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, there is no dividend was declared and paid (2017: $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
Director

9 May, 2018

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 2018, 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 2018, 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 Auditing Standards. 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 Accounting Professional and Ethical Standards Board's APES 110 *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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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 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 Holdings Ltd and should not be distributed to parties other than the members

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.

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

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 Auditing Standards 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 Auditing Standards, 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.

ERNST & YOUNG
Adelaide
9 May 2018

DAVID SANDERS
Partner

Statement of Comprehensive Income
For the year ended 31 March 2018

(Expressed in United States dollars)

	Note	**31 March 2018**	31 March 2017
		$	$
Continuing Operations			
Turnover	3	**2,648,550**	2,073,138
Cost of sales		**-**	-
Gross profit		**2,648,550**	2,073,138
Operating Expenses			
Administration and general expenses		**1,260,856**	1,364,630
Project development expenses		**277,366**	124,836
Total Operating Expenses		**1,538,222**	1,489,466
Other Income/(Expense)			
Other income/(expense)		**35,916**	(98,015)
Total Other Income/(Expense)		**35,916**	(98,015)
Profit before taxation	4	**1,146,244**	485,657
Taxation	5	**(46,921)**	(21,225)
Profit after taxation		**1,099,323**	464,432
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive income		**1,099,323**	464,432

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

Statement of Financial Position
As at 31 March 2018

(Expressed in United States dollars)

	Note	**31 March 2018** $	31 March 2017 $
Non-Current Assets			
Investments	7	**11,672,526**	11,672,526
Amount due from related parties	8	**25,165,514**	24,604,713
		36,838,040	36,277,239
Current Assets			
Cash and cash equivalents	9	**6,277,839**	5,782,681
Receivables	10	**378,088**	281,373
Total Current Assets		**6,655,927**	6,064,054
Total Assets		**43,493,967**	42,341,293
Current Liabilities			
Payables	11	**121,401**	68,050
Total Current Liabilities		**121,401**	68,050
Non-Current Liabilities			
Amount due to related parties	12	**-**	-
Total Non-Current Liabilities		**-**	-
Total Liabilities		**121,401**	68,050
Total Net Assets		**43,372,566**	42,273,243
Equity			
Share Capital	13	**37,085,714**	37,085,714
Retained Earnings		**6,286,852**	5,187,529
Total Equity		**43,372,566**	42,273,243

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 2018

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2017	**13**	**37,085,714**	**5,187,529**	**42,273,243**
Profit for year		-	1,099,323	1,099,323
Other Comprehensive income		-	-	-
Issue of capital		-	-	-
Dividend paid		-	-	-
As at 31 March 2018	**13**	**37,085,714**	**6,286,852**	**43,372,566**

	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**

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 2018

(Expressed in United States dollars)

	31 March 2018	31 March 2017
	$	$
Cash flows from operating activities		
Profit before taxation	**1,146,244**	485,657
Adjustment for:		
Interest income	**(188,304)**	(177,646)
Dividend income	**(149,603)**	(86,047)
Other	**(35,916)**	98,015
(Increase)/Decrease in assets:		
Decrease / (increase) in receivables	**(96,715)**	241,436
(Decrease)/Increase in liabilities:		
(Decrease) / increase in payables	**53,351**	(13)
Cash generated from operations	**729,057**	561,402
Tax paid	**(46,921)**	(21,225)
Net cash flows from operating activities	**682,134**	540,177
Cash flows from investing activities		
Dividends paid	**-**	(1,000,000)
Dividend income	**149,603**	86,047
Issue of share capital	**-**	-
Purchase of investments	**-**	-
Interest received	**-**	-
Net cash flows from/(used by) investing activities	**149,603**	(913,953)
Cash flows from financing activities		
Payments on loans provided to related parties	**(372,495)**	(274,048)
Proceeds from related party borrowings	**-**	171,516
Net cash flows used by financing activities	**(372,495)**	(102,532)
Net increase (decrease) in cash and cash equivalents	**459,242**	(476,308)
Cash and cash equivalents at beginning of year	**5,782,681**	6,357,004
Effect of exchange rate changes on cash balances	**35,916**	(98,015)
Cash and cash equivalents at end of year (Note 9)	**6,277,839**	5,782,681

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 2018

(Expressed in United States dollars)

1. Corporate information

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2018 was authorised for issue on 9 May 2018.

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.

The immediate holding company is EIH International Ltd, and the ultimate parent of the Company is EIH Limited, a company incorporated in India.

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 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. 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 Company.

(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...)*

2. Summary of Significant Accounting Policies *(continued)*

(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.

(g) Investments

The Company's available-for-sale investments are recorded at cost on acquisition less any permanent diminution in value as there is no quoted market price in an active market the fair value cannot be reliably measured. The Company does not intend to dispose its available-for-sale investment in the near future.

(h) Investments in associates and joint ventures

An associate is an entity over which the Company 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 Company's investments in its associate and joint venture are accounted for at cost, less provision for any permanent diminution in value.

This is on the basis that the entity has exercised the exemption in IAS 28 to not apply equity accounting for investments in associated and joint ventures.

(i) 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.

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

2. Summary of Significant Accounting Policies *(continued)*

(j) 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.

(k) 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.

(l) 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.

(m) 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.

	31 March 2018 $	31 March 2017 $
Hotel management fees	**1,259,899**	880,770
Sales and marketing	**1,029,539**	916,837
Royalty	**21,205**	11,838
Dividends	**149,603**	86,047
Interest	**188,304**	177,646
	2,648,550	2,073,138

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting:

	31 March 2018 $	31 March 2017 $
Interest income (Note 3)	**188,304**	177,646
Auditor remuneration		
- audit of financial report	**12,750**	12,250
- accounting advice	**-**	-
	12,750	12,250

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 2018 $	31 March 2017 $
Profit before tax	**1,146,244**	485,657
Tax at the statutory tax rate of Nil% (2017: Nil%)	**-**	-
Tax rate differential in foreign countries	**46,921**	21,225
Tax expense	**46,921**	21,225

6. Directors' Remuneration

	31 March 2018 $	31 March 2017 $
Fees	**-**	-
Other emoluments	**-**	-
	-	-

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

7. Investments

Investments in Subsidiaries

	31 March 2018	31 March 2017
	$	$
Unlisted shares, at cost		
PT Astina Graha Ubud	**1,566,000**	1,566,000

Details of the subsidiaries are as follows:

Name	Place of incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
PT Widja Putra Karya	Indonesia	-	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	-	57.13	Hotel ownership	Mr I Ketut Siandana Mr I Wayan Pasek Mr Deepak Madhok
PT Astina Graha Ubud	Indonesia	60	-	Hotel development	Mr I Wayan Pasek Mr Tjokorda Raka-Kerthayasa Mr Deepak Madhok
EIH Investments 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.

Investments in Associates and Joint Ventures

	31 March 2018	31 March 2017
	$	$
La Roseraie De L'Atlas SA	**5,724,000**	5,724,000
Oberoi Mauritius Ltd	**2,507,500**	2,507,500
	8,231,500	8,231,500

Investments in associates and joint ventures and are carried at cost, less provision for any permanent diminution in value.

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

7. Investments (continued)

Other Investments

	31 March 2018 $	31 March 2017 $
Tourism Investment Co. at Sahl Hasheesh	**1,875,026**	1,875,026
EIH Investments N.V.	**6,000**	6,000
	1,881,026	1,881,026

Other investments and are carried at cost, less provision for any permanent diminution in value.

	31 March 2018 $	31 March 2017 $
Total investments	**11,672,526**	11,672,526

8. Amounts Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of $25,165,514, $3,326,709 is interest bearing, and $21,838,805 is non-interest bearing.

9. Cash and Cash Equivalents

	31 March 2018 $	31 March 2017 $
Cash at Bank	**6,277,839**	5,782,681

10. Receivables

	31 March 2018 $	31 March 2017 $
Trade receivables	**378,088**	281,373
	378,088	281,373

11. Payables

	31 March 2018 $	31 March 2017 $
Third parties	**121,401**	68,050
	121,401	68,050

12. Amounts Due to Related Parties

The amounts due to the related parties are unsecured, non-interest bearing and without predetermined repayment terms.

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

13. Share Capital

	31 March 2018	31 March 2017
	$	$
Issued and fully paid:		
37,085,714 ordinary shares	**37,085,714**	37,085,714

	Number of Shares	$
As at 31 March 2016	**37,085,714**	**37,085,714**
Shares issued	-	-
As at 31 March 2017	**37,085,714**	**37,085,714**
Shares issued	-	-
As at 31 March 2018	**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 2018, the assessed tax for the years ended 30 June 2001 to 30 June 2013 is US$741,608 and penalties of US$458,179.

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 2018 is US$53,027. The company has paid $43,038 as at 31 March 2018.

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$335,843 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 pending further hearings.

If successful, the amount of US$335,843 will be refunded. If not, the liability of the Company will be the US$741,608 and US$458,179 already assessed by the MRA as at 31 March 2018, plus US$312,732 (applying the same basis of calculation for the years ended 31 March 2014 to 31 March 2018) and any applicable penalties.

The total tax liability will therefore be US$1,512,519 plus penalties on tax for the years ended 31 March 2014 to 31 March 2018, estimated at US$109,456. 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 2018;

(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 2018; 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

9 May 2018

EIH INVESTMENT N.V.

BOARD

Intertrust (Curaco) B.V.

AUDITORS

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

REGISTERED OFFICE

Chuchubiweg 17,
Curacao
Netherlands Antilles

DIRECTOR'S REPORT

DIRECTORS

The Director presents their report on the Company for the year ended 31 March 2018.

The name of the Company's Director in office during the year and until the date of this report is as follows:

Intertrust (Curaçao) B.V.
Kaya W.F.G. (Jombi) Mensing 14, 2nd Floor
Curaçao

The Director was in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activities are to act as a holding and finance company. It is expected that the activities of the Company will remain unchanged.

OPERATING AND FINANCIAL REVIEW

The net profit/(loss) of the Company for the year was $166,807 (2017: $81,844) after providing for income tax of $4,374 (2017: $4,480).

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 $149,603 (2017: $86,047) 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	Intertrust (Curaco) BV
16 May, 2018	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 positi on as at 31 March 2018, the statement of comprehensive income, statement of changes in equity 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 2018, 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 Auditing Standards. 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 Accounting Professional and Ethical Standards Board's APES 110 *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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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.

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.

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

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 Auditing Standards 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 Auditing Standards, 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	ERNST & YOUNG
16 May 2018	Adelaide

Statement of Comprehensive Income
For the year ended 31 March 2018

(Expressed in United States dollars)

	31 March 2018	31 March 2017
	$	$
Revenue		
Royalty Income	**123,845**	164,843
Expenses		
Royalty expenses	**115,176**	153,304
Administration and general expenses	**9,972**	11,262
Total expenses	**125,148**	164,566
Other Income/(Expense)		
Dividend income	**172,484**	86,047
Total Other Income	**172,484**	86,047
Profit before taxation	**171,181**	86,324
Taxation (expense)/benefit	**(4,374)**	(4,480)
Profit after Taxation	**166,807**	81,844
Other Comprehensive Income	**-**	-
Total Comprehensive Income	**166,807**	81,844

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

Statement of Financial Position
As at 31 March 2018

(Expressed in United States Dollars)

	Note	**31 March 2018**	31 March 2017
		$	$
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		**391,076**	296,162
Total Current Assets		**391,076**	296,162
Total Assets		**16,549,053**	16,454,139
Current Liabilities			
Amount due to shareholder		**227,724**	150,014
Total Current Liabilities		**227,724**	150,014
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		**16,385,701**	16,307,991
Net Assets		**163,352**	146,148
Shareholders' Equity:			
Share capital	1	**6,000**	6,000
Retained earnings		**157,352**	140,148
		163,352	146,148

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

Statement of Changes in Equity
For the year 31 March 2018

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2017	1	6,000	140,148	146,148
Profit for year		-	166,807	166,807
Other comprehensive income		-	-	-
Dividend paid		-	(149,603)	(149,603)
As at 31 March 2018	1	6,000	157,352	163,352

	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

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 2018

(Expressed in United States Dollars)

1. Corporate information

The financial report of EIH Investment N.V. (the "Company") for the year ended 31 March 2018 was authorised for issue on May 2018.

EIH Investment N.V. is a company limited by shares and was incorporated in the (former)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. The impact of issued and effective accounting standards is not material to the Company.

(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.

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

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.

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

Investments 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.

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

(k) 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.

(l) 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.

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 BV 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 2017/18 was waived.

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 2017/18 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 2018	31 March 2017
	$	$
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	**-**	-
	-	-

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 2018;

(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 2018; and

(c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of the Director.

Curaçao
May 16, 2018

Intertrust (Curacao) B.V.
Managing 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 2018.

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 (€1,558,552) (2017: loss of €516,014) after providing for income tax of €Nil (2017: €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 €141,961 (2017: €82,383) has been declared and paid during the preceding year ended 31 March 2018.

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 2018;

(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 2018; 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, 9 May 2018

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 2018, 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 2018, 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 Auditing Standards. 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 Accounting Professional and Ethical Standards Board's APES 110 *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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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.

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.

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

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 Auditing Standards 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 Auditing Standards, 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.

Adelaide
14 May 2018

ERNST & YOUNG
Chartered Accountants

Statement of Comprehensive Income
For the year ended 31 March 2018

(Expressed in Euros)

	Note	**31 March 2018**	31 March 2017
		€	€
Turnover	3	**139,920**	198,491
Dividend income		**141,625**	82,383
Interest income		**-**	-
Unrealised foreign exchange gain		**1,431,264**	-
Total Income		**1,712,809**	280,874
Expenses			
Management fee expenses		**105,877**	150,198
Administration and other expenses		**48,380**	44,066
Unrealised foreign exchange loss		**-**	602,624
Total Expenses		**154,257**	796,888
Profit / (loss) before Taxation		**1,558,552**	(516,014)
Taxation expense		**-**	-
Profit / (loss) after Taxation		**1,558,552**	(516,014)
Other Comprehensive Income		**-**	-
Total Comprehensive Income / (Loss)		**1,558,552**	(516,014)

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

Statement of Financial Position
As at 31 March 2018

(Expressed in Euros)

	Note	**31 March 2018**	31 March 2017
		€	€
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	**3,684,306**	4,249,666
Total Non-Current Assets		**13,866,694**	14,432,054
Current Assets			
Cash and cash equivalents		**67,284**	6,333
Other receivables and prepayments		**9,584**	8,779
Total Current Assets		**76,868**	15,112
Total Assets		**13,943,562**	14,447,166
Current Liabilities			
Accruals		**7,840**	6,647
Amount due to related parties	6	**317,414**	277,264
Total Current Liabilities		**325,254**	283,911
Non-Current Liabilities			
Amount due to shareholder	6	**12,782,850**	14,744,388
Total Non-Current Liabilities`		**12,782,850**	14,744,388
Total Liabilities		**13,108,104**	15,028,299
Net Assets / (Liabilities)		**835,458**	(581,133)
Equity:			
Issued Share capital		**18,200**	18,200
Share Premium		**375,000**	375,000
Retained earnings		**442,258**	(974,333)
Total Equity		**835,458**	(581,133)

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 2018

(Expressed in Euros)

	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)**

	Share Capital €	Retained Earnings €	Total Equity €
As at 1 April 2017	**393,200**	**(974,333)**	**(581,133)**
Profit for year	-	1,558,552	1,558,552
Dividend paid	-	(141,961)	(141,961)
Other comprehensive income	-	-	-
As at 31 March 2018	**393,200**	**442,258**	**835,458**

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 2018

(Expressed in Euro)

	Note	**31 March 2018**	31 March 2017
		€	€
Cash flows from operating activities			
(Loss)/Profit before taxation		**1,558,552**	(516,014)
Adjustment for:			
Interest income			-
Unrealised foreign currency (gain)/loss		**(1,431,264)**	602,624
(Increase)/Decrease in assets:			
(Increase)/Decrease in receivables and prepayments		**(803)**	110
(Increase)/Decrease in related party receivables		**-**	-
(Decrease)/Increase in liabilities:			
Increase/(decrease) in accruals		**1,193**	(4,605)
Increase/(decrease) in related party payables		**75,236**	(6,294)
Cash generated from operations		**202,912**	75,821
Interest paid		**-**	-
Net cash flows generated / (used) in operating activities		**202,912**	75,821
Cash flows from investing activities			
Interest received		**-**	-
Dividend paid		**(141,961)**	(82,383)
Net cash flows from investing activities		**(141,961)**	(82,383)
Cash flows from financing activities		**-**	-
Net increase / (decrease) in cash and cash equivalents		**60,951**	12,895
Cash and cash equivalents at beginning of year		**6,333**	(6,562)
Cash and cash equivalents at end of year		**67,284**	6,333

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 2018

(Expressed in Euro)

1. Corporate information

The financial report of EIH Management Services B.V. (the "Company") for the year ended 31 March 2018 was authorised for issue on 14 May 2018.

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 2018, 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 408 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.

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.

(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) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. The impact of issued and effective accounting standards is not material to the Company.

(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 of an amount due from PT Waka Oberoi Indonesia of Euros 3,684,306 (US $4,539,323).

The above amount represents a loan to PT Waka Oberoi Indonesia for a nominal amount of US$26,016,500 and was non-interest bearing until amended to bear interest of 11.5% per annum starting 1 April, 2017. The terms of the loan as per the Settlement Agreement, grants the Company the right to convert the Loan into equity of PT Waka Oberoi Indonesia. The shareholders of PT Waka Oberoi Indonesia passed resolutions to convert the loan to capital of PT Waka Oberoi Indonesia in March 2018, which remains subject to approval by the Ministry of Finance, Indonesia.

6. Amount due to related party

The amount which represents loans of US$15,749,365 due to EIH Investment 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 2017/18 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-Mar-18	31-Mar-17
	€	€
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, 2018.

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, 2018 are set out in the financial statements preceded by the Independent Auditors' Report.

Statement of Directors' responsibilities in respect of the financial statements
We are responsible for the preparation and the presentation of the financial statements, and keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We are also responsible for the Company's internal control systems and safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In Preparing the financial statements of the Company, we are required to;

- select suitable accounting policies and then apply them consistently;
- prepare and present the financial statements in accordance with Indonesian Financial Accounting Standards;
- make judgments and estimates that are reasonable and prudent;

We confirm that we have complied with the above requirements in preparing the financial statements and all information contained in the financial statements are complete and correct. The financial statements do not contain on omit misleading information and/or facts.

This statement letter is made truthfully.

Bali, May 04 2018
on behalf of the Board of Directors

Drs. I Wayan Pasek
President Director

Independent Auditor's Report

Report No. RPC-6928/PSS/2018

The Stockholders, Boards of Commissioners and Directors
PT Widja Putra Karya

We have audited the accompanying financial statements of PT Widja Putra Karya, which comprise the statement of financial position as of March 31, 2018, 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, 2018 , 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, Sungkoro & Surja

Tjoa Tjek Nien, CPA

May 4, 2018

Public Accountant Registration No. AP.1175

Statement of Financial Position
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		March 31,		March 31,	
	Notes	2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2m,4,18	12,115,321,687	16,801,431,423	880,730	1,261,274
Trade receivables - third parties	2m,5,18	4,773,961,677	2,966,480,795	347,046	222,692
Other receivable - third parties	2m,18	63,045,957	14,103,011	4,583	1,059
Inventories	2c,7	3,189,487,112	3,449,661,100	231,862	258,964
Prepayments and advances	2d,8	3,043,675,520	3,197,666,778	221,262	240,047
Due from related parties	2b,2m,6,18	977,894,638	162,274,038	71,089	12,182
Other current financial assets	2m,18	65,701,619	88,135,455	4,776	6,616
TOTAL CURRENT ASSETS		**24,229,088,210**	**26,679,752,600**	**1,761,348**	**2,002,834**
NON-CURRENT ASSETS					
Due from related parties	2b,2m,6,18	8,702,169,404	8,426,984,488	632,609	632,609
Fixed assets - net	2e,2f,9	26,354,889,745	23,003,830,556	1,915,883	1,726,885
Tax amnesty assets	2k,12d	2,465,516,667	-	179,232	-
Deferred tax assets - net	2k,12f	2,907,891,101	2,050,240,405	211,391	153,910
Other non-current assets	2m,10,18	5,972,879,786	6,020,075,060	434,202	451,924
Estimated claim for tax refund	2k,2m,12c	1,485,583,996	1,485,583,996	107,996	111,522
TOTAL NON-CURRENT ASSETS		**47,888,930,699**	**40,986,714,505**	**3,481,312**	**3,076,850**
TOTAL ASSETS		**72,118,018,909**	**67,666,467,105**	**5,242,660**	**5,079,684**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Financial Position *(Contd...)*
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		March 31,		March 31,	
	Notes	**2018**	**2017**	**2018**	**2017**
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Third parties	2m,11,18	2,017,314,667	1,801,569,443	146,650	135,243
Other payables	2m,18				
Third parties		150,283,494	129,922,519	10,925	9,753
Related parties	2b,6	505,069,762	468,523,908	36,716	35,172
Taxes payable	2k,12a	2,018,217,187	1,481,446,897	146,715	111,211
Accrued expenses	2m,13,18	5,291,000,926	4,801,871,993	384,632	360,474
Due to hotel operator	2b,2m,6 14,18	351,588,742	117,128,012	25,559	8,793
Reserve for replacement of furniture, fixtures and equipment	2g,15	4,948,707,978	2,488,185,799	359,749	186,787
Other current liabilities	2m,16,8	8,298,206,811	8,085,827,344	603,238	606,998
TOTAL CURRENT LIABILITIES		**23,580,389,567**	**19,374,475,915**	**1,714,184**	**1,454,431**
NON-CURRENT LIABILITY					
Long-term employee benefits liability	2h,17	9,252,482,154	8,178,931,727	672,614	613,988
TOTAL LIABILITIES		**32,832,871,721**	**27,553,407,642**	**2,386,798**	**2,068,419**
EQUITY					
Capital stock - Rp100,000 par value per share Authorized, issued and fully paid - 11,070 shares	19	1,107,000,000	1,107,000,000	659,603	659,603
Additional paid in capital	2k,12d	3,019,000,000	-	226,635	-
Other comprehensive loss					
Re-measurement loss on long-term employee benefits liability		(1,595,383,739)	(1,390,405,449)	(119,584)	(104,683)
Translation adjustment	2l	-	-	(3,072,922)	(2,987,405)
Retained earnings		36,754,530,927	40,396,464,912	5,162,130	5,443,748
TOTAL EQUITY		**39,285,147,188**	**40,113,059,463**	**2,855,862**	**3,011,263**
TOTAL LIABILITIES AND EQUITY		**72,118,018,909**	**67,666,467,105**	**5,242,660**	**5,079,682**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Comprehensive Income
For the Year Ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

	Notes	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
		2018	**2017**	**2018**	**2017**
DEPARTMENTAL REVENUES	2i, 20				
Rooms		63,275,039,414	65,576,430,880	4,717,511	4,950,706
Food and beverages		20,204,695,588	21,436,580,134	1,506,145	1,618,020
Other operating department		5,844,859,595	5,803,444,651	435,517	437,862
Total Departmental Revenues		**89,324,594,597**	**92,816,455,665**	**6,659,173**	**7,006,588**
COST OF GOODS SOLD AND SERVICES	21	**37,628,466,636**	**36,694,930,058**	**2,802,696**	**2,767,277**
GROSS PROFIT		**51,696,127,961**	**56,121,525,607**	**3,856,477**	**4,239,311**
HOTEL OPERATING EXPENSES	2i				
Property operations, maintenance and energy expenses	22	12,984,170,403	12,146,051,384	966,696	915,334
General and administrative expenses	23	13,394,792,487	13,485,642,007	997,810	1,016,948
Marketing and sales promotion expenses	24	7,803,419,137	8,399,180,717	582,652	635,040
Total Hotel Operating Expenses		**34,182,382,027**	**34,030,874,108**	**2,547,158**	**2,567,322**
HOTEL GROSS OPERATING PROFIT		**17,513,745,934**	**22,090,651,499**	**1,309,319**	**1,671,989**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Comprehensive Income *(Contd...)*
For the Year Ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
	Notes	**2018**	**2017**	**2018**	**2017**
OWNER'S OPERATING (INCOME) EXPENSES	2i				
Depreciation and amortization		4,013,105,029	3,708,959,378	297,072	278,955
Management fee	6,25	2,189,218,242	2,761,331,438	163,665	208,999
Salaries and wages		1,953,818,303	1,721,625,802	145,334	129,740
Insurance		1,791,568,077	1,818,545,145	134,230	134,228
Professional fee		1,451,723,116	1,035,985,850	107,337	78,026
Rental		1,252,309,444	1,253,035,333	87,169	94,298
Foreign exchange gain (losses) - net		(433,231,100)	633,610,757	-	-
Tax expense		295,077,456	1,645,454,640	22,002	124,072
Finance income (expense) - net		(9,148,468)	(4,832,818)	(679)	(364)
Other operating expenses - net		724,454,920	462,965,516	58,536	35,266
Total Owner's Operating Expenses - Net		**13,228,895,019**	**15,036,681,041**	**1,014,666**	**1,083,220**
INCOME BEFORE INCOME TAX		**4,284,850,915**	**7,053,970,458**	**294,653**	**588,769**
Income tax expense - net	2k,12d	(2,424,784,901)	(4,441,947,175)	(176,271)	(333,454)
NET INCOME FOR THE YEAR		**1,860,066,014**	**2,612,023,283**	**118,382**	**255,315**
OTHER COMPREHENSIVE INCOME (LOSS)					
Item not to be reclassified to profit or loss in subsequent periods:					
Re-measurement gain (loss) on long-term employee benefits liability		(273,344,387)	(251,814,828)	(19,871)	(18,904)
Related deferred income tax		68,366,097	62,953,707	4,970	4,726
Item to be reclassified to profit or loss in subsequent periods:					
Difference in foreign currency translation		-	-	(85,517)	(70,104)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,655,087,724**	**2,423,162,162**	**17,964**	**171,033**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Changes In Equity
For the Year Ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah				
	Note	Capital Stock	Additional Paid in Capital (Note 2l)	Other Comprehensive Loss	Retained Earnings	Net Equity
Balance as of March 31, 2016		**1,107,000,000**	**-**	**(1,201,544,328)**	**40,456,641,630**	**40,362,097,302**
Net income for the year		-	-	-	2,612,023,283	2,612,023,283
Re-measurement loss on long-term employee benefits liability		-	-	(188,861,121)	-	(188,861,121)
Cash dividend		-	-	-	(2,672,200,000)	(2,672,200,000)
Balance as of March 31, 2017		**1,107,000,000**	**-**	**(1,390,405,449)**	**40,396,464,913**	**40,113,059,464**
Net income for the year		-	-	-	1,860,066,014	1,860,066,014
Additional paid-in capital - Tax amnesty (Note 12)		-	3,019,000,000	-	-	3,019,000,000
Re-measurement loss on long-term employee benefits liability		-	-	(204,978,290)	-	(204,978,290)
Cash dividend		-		-	(5,502,000,000)	(5,502,000,000)
Balance as of March 31, 2018		**1,107,000,000**	**3,019,000,000**	**(1,595,383,739)**	**36,754,530,927**	**39,285,147,188**

		Translations Into U.S. Dollar - (Note 2k)					
	Note	Capital Stock	Additional Paid-in Capital (Note 2l)	Retained Earnings	Other Comprehensive Loss	Translation Adjustment	Net Equity
Balance as of March 31, 2016		**659,603**	**-**	**5,388,433**	**(90,505)**	**(2,917,299)**	**3,040,232**
Net income for the year		-	-	255,315	-	-	255,315
Re-measurement loss on long-term employee benefits liability		-	-	-	(14,178)	-	(14,178)
Cash dividend		-	-	(200,000)	-	-	(200,000)
Translation adjustment		-	-	-	-	(70,104)	(70,104)
Balance as of March 31, 2017		**659,603**	**-**	**5,443,748**	**(104,683)**	**(2,987,403)**	**3,011,265**
Net income for the year		-	-	118,382	-	-	118,382
Re-measurement loss on long-term employee benefits liability		-	-	-	(14,901)	-	(14,901)
Additional paid-in capital - Tax amnesty (Note 12)		-	226,635	-	-	-	226,635
Cash dividend		-	-	(400,000)	-	-	(400,000)
Translation adjustment		-		-		(85,519)	(85,519)
Balance as of March 31, 2017		**659,603**	226,635	**5,162,130**	**(119,584)**	**(3,072,922)**	**2,855,862**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Cash Flows
For the Year Ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		Year Ended March 31,		Year Ended March 31,	
	Notes	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		4,284,850,915	7,053,970,458	294,653	588,769
Adjustments to reconcile income before income tax for the year to net cash flows provided by operating activities:					
Depreciation and amortization	9,10,12	4,013,105,029	3,708,959,378	297,072	278,955
Provision for replacement of furniture, fixtures and equipment	23	2,679,737,837	2,784,493,671	199,775	210,199
Land rent expense	8	1,243,909,444	9,666,666	90,426	726
Provision for employee benefits - net	17	800,206,040	609,223,198	58,170	45,950
Unrealized loss on forex - net		433,231,100	(633,610,757)	-	-
Changes in operating Assets and liabilities:					
Trade receivables		(1,805,368,546)	206,321,823	(136,668)	16,296
Other receivables - third party		(48,942,946)	(3,939,304)	(3,558)	(293)
Due from related parties		(764,922,349)	314,250,274	(59,606)	25,859
Inventories		260,173,988	(206,218,569)	18,913	(18,655)
Other current financial assets		22,433,836	94,983,788	1,631	7,173
Prepayments and advances		(1,080,251,520)	(454,612,655)	(78,529)	(41,429)
Estimate claim for tax refund	12c	-	833,816,346	-	63,184
Trade payables		215,745,224	(201,232,409)	15,684	(18,387)
Other payables		56,906,826	(981,517,538)	4,137	(89,083)
Taxes payable		(2,677,299,209)	(6,188,774,033)	(194,628)	(481,487)
Accrued expenses		497,719,531	1,167,787,743	36,182	79,908
Due to Hotel Operator		236,735,014	(716,352,544)	17,044	(66,988)
Other current liabilities		216,496,467	4,433,102,154	15,438	331,859
Net Cash Flows Provided by Operating Activities		**8,584,466,681**	**11,830,317,690**	**576,136**	**932,556**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Statement of Cash Flows *(Contd...)*
For the Year Ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

		Indonesian Rupiah		**Translations into U.S. Dollar (Note 2l)**	
		Year Ended March 31,		**Year Ended March 31,**	
	Notes	**2018**	**2017**	**2018**	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets	9	(6,773,152,277)	(4,459,294,414)	(496,992)	(334,448)
Proceeds of due from related parties		(601,068,077)	-	(43,696)	-
Utilization of reserve for replacement of furniture, fixtures and equipment	15	(219,215,658)	(778,758,516)	(15,992)	(58,849)
Total Cash Used in Investing Activities		**(7,593,436,012)**	**(5,238,052,930)**	**(556,680)**	**(393,297)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of Cash Dividends	19	(5,502,000,000)	(2,672,200,000)	(400,000)	(200,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(4,510,969,331)**	**3,920,064,760**	**(380,544)**	**339,259**
NET EFFECT OF DIFFERENCES IN FOREIGN EXCHANGE RATES		**(175,140,405)**	**640,682,423**	**-**	**-**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	**16,801,431,423**	**12,240,684,240**	**1,261,274**	**922,015**
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**12,115,321,687**	**16,801,431,423**	**880,730**	**1,261,274**

The accompanying notes to the financial statements form an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2018 and For the Year Then ended

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

1. GENERAL

PT Widja Putra Karya (the "Company") was established based on notarial deed No. 42 dated April 20, 1977 of Amir Sjarifuddin, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. Y.A.5/413/2 dated October 5, 1977. The Company subsequently changed its status to become a foreign capital investment company under the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on approval letter No. 64/V/PMA/1995 dated December 4, 1995 of the State Minister for Mobilization of Investment Fund/the Chairman of the Capital Investment Coordinating Board.

The Company's Articles of Association has been amended several times, the latest amendment was covered by notarial deed No. 2 dated August 3, 2012 of Irwan Azwir Tanjung, S.H., regarding the changes in the composition of the Company's Boards of Commissioners and Directors. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01.10-34461 dated September 24, 2012.

In accordance with to Article 3 of the Company's articles of association, the Company is engaged in activities related to the tourism industry. Currently, the Company is the owner of The Oberoi Bali (the Hotel), located at Jalan Kayu Aya, Seminyak Beach, Bali. The Hotel is managed and operated by EIH Management Services B.V. (the Operator) up to 2032 with option to extend for 10 or 20 years (Note 22).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2018 and 2017 is as follows:

Board of Commissioners		
President Commissioner	:	I Made Sutarjana
Commissioner	:	Sudarshan Rao
Commissioner	:	I.B. Yudana
Board of Directors		
President Director	:	I Wayan Pasek
Director	:	Deepak Madhok
Director	:	I Ketut Siandana

The Company has a total of 193 and 194 permanent employees as of March 31, 2018 and 2017, respectively.

The management of the Company is responsible for the preparation and presentation of the accompanying financial statements that were completed and authorized for issuance by the Board of Directors on May 04 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements have been prepared and presented in accordance with Indonesia Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") issued by the Indonesia Financial Accounting Standards Board ("DSAK") of the Indonesian Institute of Accountants.

Except for the statement of cash flows, the financial statements have been prepared on the accrual concept, using the historical cost concept of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

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

The statement of cash flows, which has been prepared using the indirect method, presents cash receipts and disbursements of cash and cash equivalents into operating, investing and financing activities.

The company's functional currency is the Indonesian rupiah, which is also the currency used in the preparation of the financial statements, with translations into United States dollar.

b. Transactions with Related Parties

The Company has transactions with certain parties which have related party relationships as defined under PSAK 7 (Revised 2010), "Related Party Disclosures".

The transactions are made based on terms agreed by the parties, whereas such terms may not be the same as those for transactions with unrelated parties.

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 determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Allowance for decline in market value and obsolescence of inventories, if any, is provided to reduce the carrying value of inventories to their net realizable values based on the review of the market value and physical condition of the inventories.

d. Prepayments

Prepayments are amortized and charged to operations over the periods benefited using the straight-line method. The portion to be amortized within one year is presented as part of current assets. Otherwise as non-current assets.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. The accumulated cost will be reclassified to the appropriate fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is credited or charged to operations in the year the asset is derecognized.

The costs incurred in order to acquire legal rights over land in 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.

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

The Company recognizes its unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Law") and PSAK 24 (Revised 2013), "Employee Benefits".

The Company applied the revised policy for recognizing actuarial gains or losses, which are directly recognized in other comprehensive income.

Pension costs under the Company's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate and annual rate of increase in compensation.

Past service costs are recognized immediately in the profit or loss.

i. **Revenue and Expense Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

Expenses are recognized when they are incurred.

Hotel room revenue is recognized based on room occupancy while other hotel revenues are recognized when the goods are delivered or services are rendered to the customers.

j. **Foreign Currency Transactions and Balances**

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average buying and selling rates of exchange published by Bank Indonesia at the last banking transaction date of the year. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2018 and 2017, the rates of exchange used were Rp13,756 and Rp13,321 respectively, to US$1.

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

k. 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 "Income tax benefit - net" in the statements of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Income tax benefit - net".

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.

Value added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services in not recoverable from the Tax Office, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transation are recognizing losses.

Referring to revised PSAK 46 as mentioned above, final tax is no longer governed by PSAK 46. Therefore, the Company has decided to present all of the final tax arising from interest income as separate line item.

Tax Amnesty

On 19 September 2016, the Indonesia Financial Accounting Standards Board (DSAK IAI) issued PSAK 70, "Accounting for tax amnesty assets and liabilities".

This PSAK 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 SAK.
- To use the specific provision in PSAK 70.

Management decided to use the specific provision in PSAK 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.) 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. dollars were made at the following rates:

Assets and liabilities	-	Middle rate as of reporting date (Rp13,756 to US$1 and Rp13,321 to US$1 as last quoted by Bank Indonesia as of March 31, 2018 and 2017, 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

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

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, 2018 and 2017, 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, 2018 and 2017, 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 other financial liabilities.

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.

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

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

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.

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:

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Indonesian rupiah. The Indonesian rupiah is the currency of the primary economic environment in which the Company operates and the currency that mainly influences revenue, costs and expenses.

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2m.

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...)*

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.

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 17.

Estimating Useful Lives of Fixed Assets

The Company estimates the useful lives of its fixed assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least at the end of each financial year and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Company's fixed assets will increase the recorded operating expenses and decrease non-current assets. Further details are disclosed in Note 8.

Estimation of Tax Liability

In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Company makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

4. CASH ON HAND AND CASH EQUIVALENTS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March, 31		March, 31	
	2018	**2017**	**2018**	**2017**
Cash on hand				
Rupiah	136,368,881	81,000,000	9,933	6,081
Cash in banks				
Rupiah				
PT Bank Negara Indonesia (Persero) Tbk.	2,636,127,146	7,597,810,510	191,635	570,363
PT Bank Mandiri (Persero) Tbk	111,472,724	416,520,051	8,104	31,268
PT Bank Maybank Indonesia Tbk	261,886,701	1,397,109	19,038	105
PT Bank Central Asia Tbk	54,353,771	1,000,000	3,951	75
U.S. dollars				
PT Bank Negara Indonesia (Persero) Tbk.	3,894,699,278	8,443,876,582	283,127	633,877
PT Bank Maybank Indonesia Tbk.	8,918,977	252,337,039	648	18,943
PT Bank Mandiri (Persero) Tbk	11,224,209	7,490,132	816	562
Time Deposit				
PT Bank Mandiri (Persero) Tbk	5,000,000,000	–	363,478	–
Total	**12,115,321,687**	**16,801,431,423**	**880,730**	**1,261,274**

As of March 31, 2018 and 2017, none of the Company's cash and cash equivalents are restricted in use or used as collateral. Interest income from cash in banks and time deposits amounting to Rp232,922,650 and Rp233,778,899 for the years ended March 31, 2018 and 2017, respectively, is presented as part of "Finance income" in the statement of profit or loss and other comprehensive income.

5. TRADE RECEIVABLES - THIRD PARTIES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March, 31		March, 31	
	2018	**2017**	**2018**	**2017**
City ledger	3,478,744,333	2,080,411,170	252,889	156,175
Guest ledger	1,295,217,344	886,069,625	94,157	66,517
Total	**4,773,961,677**	**2,966,480,795**	**347,046**	**222,692**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

5. TRADE RECEIVABLES - THIRD PARTIES *(Contd...)*

The aging of trade receivables-third parties is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March, 31		March, 31	
	2018	**2017**	**2018**	**2017**
Current	4,503,868,749	2,609,761,099	327,411	195,913
Overdue :				
1-30 days	211,813,604	341,319,696	15,398	25,623
31-60 days	43,607,636	15,400,000	3,170	1,156
Over 60 days	14,671,688	–	1,067	–
Total	**4,773,961,677**	**2,966,480,795**	**347,046**	**222,692**

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, 2018 and 2017.

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:

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March, 31		March, 31	
	2018	**2017**	**2018**	**2017**
Dues from related parties:				
Current:				
PT Waka Oberoi Indonesia	977,894,638	162,274,038	71,089	12,182
Total	**977,894,638**	**162,274,038**	**71,089**	**12,182**
Non-current:				
PT Waka Gae Selaras	4,745,820,000	4,595,745,000	345,000	345,000
EIH International Limited	2,491,032,772	2,412,259,927	181,087	181,087
EIH Management Service B.V.	1,465,316,632	1,418,979,561	106,522	106,522
Total	**8,702,169,404**	**8,426,984,488**	**632,609**	**632,609**
Other payables				
EIH Management Service B.V	505,069,762	468,523,908	36,716	35,172
Due to hotel operator				
EIH Management Service B.V. (Note 14)	351,588,742	117,128,012	25,559	8,793

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

Salaries and wages of the Company's key management personnel amounted to Rp1,305,477,201 and Rp1,198,952,616 in 2018 and 2017, respectively.

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	Advances
b.	EIH International Limited	Shareholders	Advances and operating expenses
c.	EIH Management Services B.V.	Shareholders	Advances for 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. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Materials and supplies	1,231,714,904	1,354,777,190	89,540	101,702
Beverages	1,013,567,454	1,057,144,739	73,682	79,359
Food	938,987,330	1,030,170,576	68,260	77,334
Tobacco	5,217,424	7,568,595	380	569
Total	**3,189,487,112**	**3,449,661,100**	**231,862**	**258,964**

Management believes that no allowance for losses is necessary on the inventories as of March 31, 2018 and 2017 since the inventories are fully usable.

8. PREPAYMENT AND ADVANCES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Prepaid expenses - Insurance	2,015,511,207	1,994,281,874	146,519	149,710
Prepaid expenses - Others	496,441,501	511,699,148	36,089	38,413
Advance in purchase	316,459,702	475,758,534	23,005	35,715
Prepaid expenses - Land rent	215,263,110	215,927,222	15,649	16,209
Total	**3,043,675,520**	**3,197,666,778**	**221,262**	**240,047**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

9. FIXED ASSETS

The details of fixed assets are as follows:

	Indonesian Rupiah			
	Year Ended March 31, 2018			
	Beginning Balance	**Additions**	**Deductions**	**Ending Balance**
Cost				
Land	94,854,375	-	-	94,854,375
Buildings	15,900,348,345	1,882,565,080	-	17,782,913,425
Structures and improvements	12,160,063,681	28,603,520	-	12,188,667,201
Machinery and equipment	6,730,023,360	351,939,200	-	7,081,962,560
Furniture, fixtures and equipment	25,493,228,741	1,195,264,394	-	26,688,493,135
Motor vehicles	1,198,375,280	24,550,000	(14,850,000)	1,208,075,280
Construction in progress	1,726,528,918	3,290,230,083	-	5,016,759,001
Total Cost	63,303,422,700	6,773,152,277	(14,850,000)	70,061,724,977
Accumulated Depreciation				
Buildings	6,382,019,509	669,550,057	-	7,051,569,566
Structures and improvements	6,554,285,873	700,851,369	-	7,255,137,242
Machinery and equipment	4,751,271,176	487,144,043	-	5,238,415,219
Furniture, fixtures and equipment	21,413,640,306	1,563,729,285	-	22,977,369,591
Motor vehicles	1,198,375,280	818,334	(14,850,000)	1,184,343,614
Total Accumulated Depreciation	40,299,592,144	3,422,093,088	(14,850,000)	43,706,835,232
Net Book Value	**23,003,830,556**			**26,354,889,745**

	Indonesian Rupiah			
	Year Ended March 31, 2017			
	Beginning Balance	**Additions**	**Reclassification**	**Ending Balance**
Cost				
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[1)]	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)]	1,726,528,918
Total Cost	58,844,128,286	4,459,294,414	-	63,303,422,700
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**

[1)]Reclassification from Construction in progress to structures and improvements amounting to Rp6,508,792,555.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

9. FIXED ASSETS *(Contd...)*

	Translations into U.S. Dollar - Unaudited (Note 2l)				
	Year Ended March 31, 2018				
	Beginning Balance	Additions	Deduction	Translation Adjustment	Ending Balance
Cost					
Land	7,121	-	-	(226)	6,895
Buildings	1,193,630	139,470	-	(40,361)	1,292,739
Structures and improvements	912,849	2,145	-	(28,932)	886,062
Machinery and equipment	505,219	25,948	-	(16,340)	514,827
Furniture, fixtures and equipment	1,913,762	88,437	-	(62,064)	1,940,135
Motor vehicles	89,961	1,807	(1,080)	(2,866)	87,822
Construction in progress	129,610	239,185	-	(4,099)	364,696
Total Cost	4,752,152	496,992	(1,080)	(154,888)	5,093,176
Accumulated Depreciation					
Buildings	479,095	49,713	-	(16,190)	512,618
Structures and improvements	492,027	52,037	-	(16,648)	527,416
Machinery and equipment	356,675	36,171	-	(12,037)	380,809
Furniture, fixtures and equipment	1,607,509	116,068	-	(53,224)	1,670,353
Motor vehicles	89,961	61	(1,080)	(2,845)	86,097
Total Accumulated Depreciation	3,025,267	254,050	(1,080)	(100,944)	3,177,293
Net Book Value	**1,726,885**				**1,915,883**

	Translations into U.S. Dollar - Unaudited (Note 2l)				
	Year Ended March 31, 2017				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
Cost					
Land	7,145	-	-	(24)	7,121
Building	1,128,074	69,186	-	(3,630)	1,193,630
Structure and improvements	420,125	5,487	490,200[1)]	(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)[1)]	(259)	129,610
Total Cost	**4,432,369**	**334,448**	**-**	**(14,665)**	**4,752,152**
Accumulated Depreciation					
Building	436,066	44,622	-	(1,593)	479,095
Structure 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 vehicle	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**

[1)]Reclassification from Construction in progress to structures and improvements amounting to US$490,200.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

9. FIXED ASSETS *(Contd...)*

Depreciation and amortization charged to operations amounted to Rp4,013,105,029 and Rp3,708,959,378 for the years ended March 31, 2018 and 2017, respectively. Depreciation arising from fixed assets amounted to Rp3,422,093,088 (US$254,050) and Rp3,671,430,770 (US$276,129) in 2018 and 2017, respectively. Depreciation arising from tax amnesty assets amounted to Rp553,483,333 (US$40,236) in 2018 (Note12d) while amortization arising from deferred cost of landrights amounted to Rp37,528,608 (US$2,786) and Rp37,528,608 (US$2,826) in 2018 and 2017, respectively (Note 10).

The Company's land properties are covered by landrights ownership or Hak Guna Bangunan (HGB) certificates, No. 31 which is valid up to 2019. Management believes that it will be reasonable upon expiration.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$40,150,000 equivalent to Rp552,303,400,000 as of March 31, 2018. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2018 and 2017, the Company's management believes that there is no impairment in the asset values as contemplated in PSAK No. 48.

10. OTHER NON-CURRENT ASSETS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March, 31		March, 31	
	2018	2017	2018	2017
Long-term prepaid rent	5,931,083,330	5,940,749,996	431,164	445,969
Deferred cost of landrights - net	28,146,456	65,675,064	2,046	4,930
Security deposits	13,650,000	13,650,000	992	1,025
Total	**5,972,879,786**	**6,020,075,060**	**434,202**	**451,924**

11. TRADE PAYABLES

This account consists mainly of liabilities to the Hotel's suppliers of goods and services amounting to Rp2,017,314,667 and Rp1,801,569,443 as of March 31, 2018 and 2017, respectively.

12. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Development tax I	864,678,983	603,857,409	62,858	45,331
Income tax				
Article 4(2)	-	-	-	-
Article 21	140,181,031	119,491,823	10,190	8,970
Article 23	561,692,671	303,644,760	40,832	22,794
Article 25	250,198,416	315,122,458	18,190	23,656
Article 29	15,755,546	-	1,145	-
Value added tax	185,710,540	139,330,447	13,500	10,460
Total	**2,018,217,187**	**1,481,446,897**	**146,715**	**111,211**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

12. TAXATION *(Contd...)*

b. A reconciliation between income before income tax per statement of profit or loss and other comprehensive income, and estimated taxable income follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	**2017**	**2018**	**2017**
Income before income tax per statement of profit or loss and other comprehensive income	4,284,850,915	7,053,970,458	294,653	588,769
Temporary differences:				
Provision for replacement of furniture, fixtures and equipment - net	2,460,522,179	2,005,735,155	183,783	151,350
Employee benefits - net	800,206,040	609,223,198	58,170	45,950
Depreciation	(103,589,946)	284,698,317	(7,699)	21,426
Permanent differences:				
interest income already subjected to final tax	(232,922,650)	(233,778,899)	(17,309)	(17,633)
Non-deductible expenses	5,647,212,417	1,669,995,957)	419,649	125,680
Estimated taxable income for the year	**12,856,278,955**	**11,389,844,186**	**931,247**	**915,542**

c. Computation of estimated current income tax expense and estimated income tax payable is shown below:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	**2017**	**2018**	**2017**
Estimated taxable income				
	12,856,278,000	11,389,844,000	931,247	915,542
Current income tax expense	3,214,069,500	2,847,461,000	232,812	228,886
Prepayments of income tax article 25	(3,198,313,954)	(4,333,044,996)	(232,503)	(325,279)
Transaction adjustments	-	-	836	(15,129)
Estimated income tax payable (claims for tax refund)	**15,755,546**	**(1,485,583,996)**	**1,145**	**(111,522)**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

12. TAXATION *(Contd...)*

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. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Income before income tax	4,284,850,915	7,053,970,458	294,653	588,769
Tax expense at the applicable rate	1,071,212,729	1,763,492,614	73,663	147,192
Tax effect on permanent differences:				
Interest income already subjected to final tax	(58,230,663)	(58,444,725)	(4,327)	(4,408)
Non-deductible expenses	1,411,802,835	417,498,944	216,434	31,420
Translation adjustments	-	-	(109,499)	(15,456)
Income tax expense				
Current year	2,424,784,901	2,122,546,833	176,271	158,748
Prior year	-	2,319,400,342	-	174,706
Total	**2,424,784,901**	**4,441,947,175**	**176,271**	**333,454**

On March 30, 2017, the Company decided to participate in the tax amnesty program. According to tax amnesty law, tax payers who participate in tax amnesty program can not claim their overpayment of prior years' corporate income tax. Thus, the Company can not claim the prior year overpayment of corporate income tax amounting to Rp2,319,400,342 (US$174,706). As such, the Company recorded it as current tax expense in the statement of profit or loss and other comprehensive income.

On March 30, 2017, the Company submitted a list of fixed asset items not yet registered in the Company's tax report up to 2015 to be administered under the tax amnesty program of the tax authority. These assets are in the form of paintings worth Rp3,019,000,000(US$226,635) which are separately presented as part of "Non - current assets". As compensation, the Company paid to tax authority amounting to Rp150,950,000 (US$11,362).

Since the Company received the approval for tax amnesty program application from the Ministry of Finance in its decision letter dated April 28, 2018, the Company did not record all tax amnesty assets in its statement of financial position as of March 31, 2017.

The movements of the tax amnesty assets are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Balance as approved by tax authority	3,019,000,000	-	226,635	-
Depreciation during the year	(553,483,333)	-	(40,236)	-
Translation adjustment	-	-	(7,167)	-
Net book value	**2,465,516,667**	-	**179,232**	-

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

12. TAXATION *(Contd...)*

e. Deferred tax assets (liabilities) consists of:

	Indonesian Rupiah			
		Deferred tax Benefit (Expense) Credited (Charged) to		
	April 1, 2017	**Profit or Loss**	**Other Comprehensive Income**	**March 31, 2018**
Deferred tax assets				
Employee benefits liability	2,044,732,933	200,051,510	68,366,097	2,313,150,540
Reserve for replacement of furniture, fixtures and equipment	622,046,451	615,130,545	-	1,237,176,996
Total deferred tax assets	2,666,779,384	815,182,055	68,366,097	3,550,327,536
Deferred tax liabilities				
Depreciation and amortization - net	(616,538,979)	(25,897,456)	-	(642,436,435)
Net deferred tax assets	**2,050,240,405**	**789,284,599**	**68,366,097**	**2,907,891,101**

	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**

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

12. TAXATION *(Contd...)*

e. Deferred tax assets (liabilities) consists of: *(Contd...)*

	Translations into US dollar - (Note 2l)				
	Deferred tax Benefit (Expense) Credited (Charged) to				
	April 1, 2017	**Profit or Loss**	**Other Comprehensive Income**	**Translation adjustment**	**March 31, 2018**
Deferred tax assets					
Employee benefits liability	173,867	14,543	4,970	-	193,380
Reserve for replacement of furniture, fixtures and equipment	53,356	45,945	-	-	99,301
Total deferred tax assets	227,223	60,488	4,970	-	292,681
Deferred tax liabilities					
Depreciation and amortization - net	(64,942)	(1,924)	-	-	(66,866)
Translation adjustment	(8,371)	-	-	(6,053)	(14,424)
Net deferred tax assets	**153,910**	**58,564**	**4,970**	**(6,053)**	**211,391**

	Translations into US 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**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

13. ACCRUED EXPENSES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Salaries and employee benefit	2,418,302,032	1,951,645,199	175,800	146,509
Audit and consultant fees	780,393,240	589,160,000	56,731	44,228
Heat, light and power	475,306,922	1,127,856,219	34,553	84,668
Tax consultant fees	417,455,421	349,287,261	30,347	26,221
Others	1,199,543,311	783,923,314	87,201	58,848
Total	**5,291,000,926**	**4,801,871,993**	**384,632**	**360,474**

14. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year ended March 31,		Year ended March 31,	
	2018	2017	2018	2017
Balance at beginning of year	117,128,012	833,480,557	8,793	62,780
Management fee - 12.5% of hotel Gross operating profit (Notes 25)	2,189,218,242	2,761,331,437	163,666	209,000
Payments	(1,957,031,796)	(3,477,256,513)	(146,900)	(262,987)
Unrealized loss (gain) on foreign exchange - net	2,274,284	(427,469)	-	-
Balance at the end of year	**351,588,742**	**117,128,012**	**25,559**	**8,793**

15. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Balance as of March 31, 2017	2,488,185,799	482,450,644	186,787	36,340
Provisions during the year (Note 23)	2,679,737,837	2,784,493,671	199,775	210,199
Utilization of reserve	(219,215,658)	(778,758,516)	(15,992)	(58,849)
Translation adjustment	-	-	(10,821)	(903)
Balance as of March 31, 2018	**4,948,707,978**	**2,488,185,799**	**359,749**	**186,787**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

16. OTHER CURRENT LIABILITIES

This account consists of :

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Security deposits	7,535,502,868	7,594,097,295	547,796	570,084
Service charge	689,493,960	468,981,381	50,121	35,206
Others	73,209,983	22,748,668	5,321	1,708
Balance as of March 31, 2018	**8,298,206,811**	**8,085,827,344**	**603,238**	**606,998**

17. 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 12, 2018 and April 5, 2017, using the "projected-unit-credit" method are as follows:

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	:	7.35% in 2018 and 8% in 2017
Annual salary increase	:	8% in 2018 and 2017
Mortality	:	TMI III
Retirement age	:	55 years
Disability rate	:	5% of mortality table TMI III

a. Details of post-employment benefits expense:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Current service cost	647,287,687	579,536,032	47,054	43,615
Interest cost	617,174,080	565,615,880	44,865	42,567
Total post-employee benefits expense	**1,264,461,767**	**1,145,151,912**	**91,919**	**86,182**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

b. Details of post-employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year ended March 31,		Year ended March 31,	
	2018	**2017**	**2018**	**2017**
Present value of defined Benefits obligation	9,252,482,154	8,178,931,727	672,614	613,988
Employee benefit liability	**9,252,482,154**	**8,178,931,727**	**672,614**	**613,988**

c. Movements in post-employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year ended March 31,		Year ended March 31,	
	2018	**2017**	**2018**	**2017**
Beginning balance	8,178,931,727	7,317,893,702	613,988	551,212
Provision during the year	1,264,461,767	1,145,151,912	91,919	86,182
Payments during the year	(464,255,727)	(535,928,714)	(33,749)	(40,232)
Actuarial loss (gain) from				
Experience adjustment	(29,986,140)	103,400,169	(2,180)	7,762
Change in financial assumption	303,330,527	148,414,658	22,050	11,142
Translation adjustment	-	-	(19,414)	(2,078)
Employee benefits liability	**9,252,482,154**	**8,178,931,727**	**672,614**	**613,988**

d. The expected total benefit payments in Indonesian rupiah for the subsequent years are as follows:

Within the next 12 months (the next annual reporting year)	:	2,814,355,123
Between 2 and 5 years	:	2,938,956,054
Between 5 and 10 years	:	2,847,996,758
Beyond 10 years	:	116,596,784,386

The average duration of the long-term employee benefits liability is 19 years.

e. The effect of a one-percentage point change in discount rate and salary increase rate on long-term employee benefits liability for the year ended March 31, 2018 is shown below:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Discount Rate	**Salary Rate**	**Discount Rate**	**Salary Rate**
Increase by 1%	(512,839,189)	582,707,043	(37,281)	42,360
Decrease by 1%	594,779,425	(512,174,352)	43,238	(37,233)

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

18. 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. Dollar (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Financial Assets - Loans and Receivables				
Cash and cash equivalents	12,115,321,687	16,801,431,423	880,730	1,261,274
Trade receivables – third parties	4,773,961,677	2,966,480,795	347,046	222,692
Other receivables – third party	63,045,957	14,103,011	4,583	1,059
Other current financial assets - employee loans	65,701,619	88,135,455	4,776	6,616
Due from related parties	9,680,064,042	8,589,258,526	703,698	644,791
Other non-current assets - deposits	13,650,000	13,650,000	992	1,025
Total Financial Assets	**26,711,744,982**	**28,473,059,210**	**1,941,825**	**2,137,457**
Financial Liabilities - Financial Liabilities Measured at Amortized Cost				
Trade payables – third parties	2,017,314,667	1,801,569,443	146,650	135,243
Other payables	655,353,256	598,446,427	47,641	44,925
Accrued expenses	5,291,000,926	4,801,871,993	384,632	360,474
Due to hotel operator	351,588,742	117,128,012	25,559	8,793
Other current financial liabilities - deposit from customers	7,535,502,868	7,589,425,495	547,796	569,734
Total Financial Liabilities	**15,850,760,459**	**14,908,441,370**	**1,152,278**	**1,119,169**

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 assessible 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...)*

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

19. CAPITAL STOCK

The share ownership details as of March 31, 2018 and 2017 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar (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 March 9, 2018, the shareholder approved to declare cash dividend amounting to US$400,000 (equivalent to Rp5,502,000,000) as interim dividend for financial year 2017. This cash dividend was paid in March 2018.

b. 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.

20. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Room Department				
Lanai	42,897,362,082	45,284,586,970	3,199,216	3,418,724
Villa	20,377,677,332	20,291,843,910	1,518,295	1,531,982
Total Room Department	**63,275,039,414**	**65,576,430,880**	**4,717,511**	**4,950,706**
Food and Beverages Department				
Food	14,717,859,732	15,647,215,606	1,097,292	1,180,967
Beverage	5,306,159,180	5,627,743,287	395,420	424,831
Others	180,676,676	161,621,241	13,433	12,222
Total Food and Beverages Department	**20,204,695,588**	**21,436,580,134**	**1,506,145**	**1,618,020**
Other Operating Departments				
Health spa	2,363,715,441	2,445,549,290	176,193	184,533
Boutique	1,385,178,085	2,018,067,902	103,274	152,193
Others	2,095,966,069	1,339,827,459	156,050	101,136
Total Other Operating Departments	**5,844,859,595**	**5,803,444,651**	**435,517**	**437,862**
Total Departmental Revenues	**89,324,594,597**	**92,816,455,665**	**6,659,173**	**7,006,588**

In 2018 and 2017, the average hotel room occupancy rates were 53.60% and 56.90%, respectively.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

21. COST OF GOODS SOLD AND SERVICES

The details of cost of goods sold and services are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Food and Beverages	**5,771,038,796**	**6,272,063,138**	**430,211**	**473,277**
Payroll and Related Expenses				
Salaries and wages	10,575,128,263	9,835,131,856	786,958	741,180
Employee benefits	5,354,021,089	5,535,546,725	398,937	417,269
Total Payroll and Related Expenses	**15,929,149,352**	**15,370,678,581**	**1,185,895**	**1,158,449**
Other Expenses				
Travel agents	4,057,830,450	2,795,754,075	302,166	211,066
Cleaning and guest supplies	2,089,140,704	2,193,566,256	155,652	165,405
Linens and uniforms	1,331,369,224	1,279,201,787	99,343	96,770
Security	1,281,836,622	1,165,390,172	95,402	87,829
Boutique	937,998,407	1,373,390,689	69,935	103,576
Laundry	819,079,217	852,618,466	61,046	64,243
Cultural music and shows	808,035,000	762,424,452	60,145	57,462
Decoration	593,249,819	613,735,611	44,186	46,265
Welcome drinks, fruit baskets and amenities	496,171,490	472,008,764	36,954	35,595
Transportation and travel	301,405,100	317,338,109	22,458	23,959
Printing and stationery	295,084,993	305,587,871	21,991	23,054
Kitchen fuel	265,145,257	272,966,779	19,742	20,573
Cable television and music	218,576,000	226,292,000	16,264	17,049
Consultant fees	187,905,270	273,154,523	14,013	20,611
Guest newspaper	168,619,839	194,532,274	12,562	14,656
Mineral water and ice	148,674,833	153,826,200	11,093	11,610
Other (each below Rp100 million)	1,928,156,263	1,800,400,311	143,638	135,828
Total Other Expenses	**15,928,278,488**	**15,052,188,339**	**1,186,590**	**1,135,551**
Cost of Goods Sold and Services	**37,628,466,636**	**36,694,930,058**	**2,802,696**	**2,767,277**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

22. PROPERTY OPERATIONS, MAINTENANCE AND ENERGY EXPENSES

The details of property operations, maintenance and energy expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	**2017**	**2018**	**2017**
Repairs and maintenance	5,387,965,157	4,949,145,908	400,871	372,964
Water	3,204,831,842	2,566,596,178	238,976	193,428
Electricity	2,634,670,957	2,964,919,425	196,161	223,444
Salaries and wages	1,359,684,176	1,271,636,110	101,220	95,836
Light bulbs	169,212,652	155,762,621	12,617	11,726
Gas	104,019,286	114,828,333	7,717	8,641
Uniforms	52,793,835	40,369,819	3,938	3,058
Laundry	23,894,671	26,512,538	1,779	1,996
Cleaning supplies	-	14,636,000	-	1,104
Telephone	13,416,279	12,686,749	1,000	955
Fuel	3,139,695	-	234	-
Others	30,541,853	28,957,703	2,183	2,182
Total	**12,984,170,403**	**12,146,051,384**	**966,696**	**915,334**

23. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	**2017**	**2018**	**2017**
Salaries and wages	5,425,163,199	5,290,734,190	403,832	398,714
Provision for replacement of furniture, fixtures and equipment (Note 15)	2,679,737,837	2,784,493,671	199,775	210,199
Commission on credit cards	1,757,770,789	2,005,923,847	131,037	151,227
Professional fees	1,242,282,637	1,345,960,394	92,739	101,595
Data processing	549,027,562	544,570,054	40,844	41,056
Telephone and communication	302,235,432	249,911,693	22,490	18,846
Transportation and traveling	253,015,396	265,626,753	18,855	20,018
Executive	146,307,955	72,595,508	10,968	5,484
Others	1,039,251,680	925,825,897	77,270	69,809
Total	**13,394,792,487**	**13,485,642,007**	**997,810**	**1,016,948**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

24. MARKETING AND SALES PROMOTION EXPENSES

The details of marketing and sales promotion expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
	Year Ended March 31,		**Year Ended March 31,**	
	2018	**2017**	**2018**	**2017**
Marketing and sales promotion (Note 25)	2,679,737,837	2,784,493,671	199,775	210,199
Public relations	1,116,306,288	1,688,662,554	82,923	126,981
Advertising and promotion	1,182,383,011	1,611,119,203	88,969	122,413
Sales representation	1,205,832,365	1,133,823,849	89,516	85,509
Salaries and wages	891,844,757	553,753,486	66,390	41,731
Transportations and travel	311,098,698	434,956,871	23,789	33,380
Telephone and communication	49,907,291	63,961,728	3,742	4,854
Printing and stationery	19,615,394	20,873,102	1,508	1,613
Others	346,693,496	107,536,253	26,040	8,360
Total	**7,803,419,137**	**8,399,180,717**	**582,652**	**635,040**

25. 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.

26. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Information concerning monetary assets and liabilities denominated in foreign currencies as of March 31, 2018 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 cash equivalents	US$ 284,591	3,914,842,464
Trade receivable	US$ 102,977	1,416,555,605
Due from related parties	US$ 8,198	112,775,635
Total		5,444,173,704
Liabilities		
Due to hotel operator	US$ 22,894	314,924,330
Other non current liability	US$ 36,716	505,069,762
Total		819,994,092
Net Assets		**4,624, 179,612**

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, 2018 or at any other rates of exchange.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

27. 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 1.03 and 1,38 as of March 31, 2018 and 2017, respectively.

<u>Capital Management</u>

The primary objective of the Company's capital management is to ensure that it maintains healthy cash flows in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital or issue new shares.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollar)

28. 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 but are effective only for financial statements covering the periods beginning on or after April 1, 2018:

Effective beginning on or after April 1, 2018:

a. 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.

b. 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 wheather 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.

Effective beginning on or after April 1, 2019:

c. ISAK 33: Foreign currency Transaction and Advice Consideration, with either application is permitted. These amendments clarify the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or paid advance consideration in the foreign currency.

Effective beginning on or after April 1, 2020:

d. PSAK 71: Financial Instruments, with earlier application is permitted. This accounting standard is expected to have impact to the Company's classification and measurement of financial assets and liabilities. Thus, it requires the Company's exercise of judgement, including the assessment of business model and characteristics of contractual cash flows. The standard also requires impairment model under expected credit loss model from the previous requirement under occurred loss model.

e. PSAK 72: Financial Instruments, with earlier application is permitted and can be applied using either using full retrospective approach or modified retrospective approach. This accounting standard requires the Company to apply 5-step model in recognizing revenue. The Company will be required to identify performance obligation promised in each contract with the customer, including any variable consideration, and only recognize revenue in accordance with the determined/allocated transactions price upon satisfaction of the performance obligation.

f. PSAK 73: Leases, with earlier application is permitted and can be applied using retrospective approach. This accounting standard requires lessees to account all leases under a single on balance sheet model in a similar way to finance leases under the superseded PSAK 30. The standard includes two recognition exemptions for leasses such as for leases of 'low value' assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting is substantially unchanged from the superseded PSAK 30.

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, 2018 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, 2018.

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, 2018 are set out in the financial statements on pages 341 to 346 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 30, 2018
On behalf of the Board of Directors

I Ketut Siandana
President Director

Independent Auditor's Report

Report No. RPC-6925/PSS/2018

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, 2018, 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 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, 2018, 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 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 under the Indonesian Financial Accounting Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion thereon.

Purwantono, Sungkoro & Surja

Tjoa Tjek Nien, CPA
Public Accountant Registration No. AP.1175

May 4, 2018

Statement of Financial Position
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		March, 31		March, 31	
	Notes	2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2l,2m,4, 14,24,25	2,198,545,296	11,983,879,656	159,824	899,623
Trade receivables - net	2l,2m,5, 14,24,25	684,932,023	672,195,898	49,792	50,461
Inventories	2c,6,14	1,217,115,487	1,354,487,175	88,479	101,681
Prepayments and advances	2d,7,14,29	2,989,531,392	5,290,127,496	217,326	397,127
Other current financial assets	2l,2m 14,24	3,608,640,250	3,341,052,000	262,332	250,811
TOTAL CURRENT ASSETS		**10,698,764,448**	**22,641,742,225**	**777,753**	**1,699,703**
NON-CURRENT ASSETS					
Fixed assets - net	2e,8,14	26,895,593,971	10,980,053,560	1,955,190	824,266
Tax amnesty assets	2k, 10d	335,866,667	–	24,416	–
Other non-current financial assets	2l,2m, 14,24	126,615,000	126,615,000	9,205	9,505
TOTAL NON-CURRENT ASSETS		**27,358,075,638**	**11,106,668,560**	**1,988,811**	**833,771**
TOTAL ASSETS		**38,056,840,086**	**33,748,410,785**	**2,766,564**	**2,533,474**
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2l,2m 24,29	772,397,109	677,550,176	56,150	50,863
Other payables	2l,2m,9,12, 24,25,29	1,080,877,573	1,165,500,411	78,575	87,494
Taxes payable	2k,10a,29	283,529,353	278,249,095	20,611	20,888
Accrued expenses	2l,2m 11,24,29	4,627,528,576	3,969,666,544	336,401	298,001
Due to a related party	2b,2l,2m 12,24	977,894,640	162,274,038	71,089	12,182
Reserve for replacement of furniture, fixtures and equipment	2g,15	7,614,621,742	7,056,094,487	553,549	529,697
Other current financial liabilities	2l,2m 16,24,29	2,262,634,623	3,425,844,868	164,486	257,180
Due to hotel operator	2b, 2l,2m, 12,13,24	–	117,834,467	–	8,846
Loan payable	12,14,24	–	346,565,796,500	–	26,016,500
TOTAL CURRENT LIABILITIES		**17,619,483,616**	**363,418,810,586**	**1,280,861**	**27,281,651**
NON-CURRENT LIABILITY					
Employee benefits liability	2h,17	4,311,259,199	3,864,879,603	313,409	290,134
TOTAL LIABILITY		**21,930,742,815**	**367,283,690,189**	**1,594,270**	**27,571,785**

Statements of Financial Position *(Contd...)*
As of March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		March, 31		March, 31	
	Notes	2018	2017	2018	2017
EQUITY (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
Additional paid in capital	2k,10d	385,000,000	–	28,902	–
Deposits for future stock subscription	12, 14	346,019,250,000	–	26,016,500	–
Other comprehensive loss					
Re-measurement loss on					
long-term employee					
benefits liability		(1,094,506,501)	(1,068,587,119)	(82,365)	(80,481)
Translation adjustment	2l	–	–	(6,072,695)	(6,058,259)
Deficit		(352,472,946,228)	(355,755,992,285)	(30,168,048)	(30,349,571)
NET EQUITY (CAPITAL DEFICIENCY)		**16,126,097,271**	**(333,535,279,404)**	**1,172,294**	**(25,038,311)**
TOTAL LIABILITIES AND EQUITY (NET OF CAPITAL DEFICIENCY)		**38,056,840,086**	**33,748,410,785**	**2,766,564**	**2,533,474**

The accompanying notes to the financial statement from an integral part of these Financial Statements.

Statement of Profit or Loss and other Comprehensive Income year ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
		year ended March, 31		year ended March, 31	
	Notes	2018	2017	2018	2017
DEPARTMENTAL REVENUES	2i				
Rooms	19	19,726,494,021	23,978,783,062	1,473,717	1,815,547
Food and beverages	19	9,729,425,334	11,995,270,254	726,946	908,532
Other operating departments	19	1,359,060,574	1,824,898,952	101,445	138,079
Others	19	1,361,238,556	731,090,609	99,985	55,311
Total Departmental Revenues		32,176,218,485	38,530,042,877	2,402,093	2,917,469
COSTS OF GOODS SOLD AND SERVICES	2i,20	15,617,965,378	18,265,438,759	1,164,861	1,380,786
GROSS PROFIT		**16,558,253,107**	**20,264,604,118**	**1,237,232**	**1,536,683**
HOTEL OPERATING EXPENSES	2i				
Property operations, maintenance and energy expenses	21	6,484,685,127	7,476,784,222	482,899	564,711
General and administrative expenses	22	7,177,825,689	7,381,918,215	534,679	557,797
Marketing expenses	23,26	3,996,190,004	4,533,649,979	298,226	343,413
Total Hotel Operating Expenses		17,658,700,820	19,392,352,416	1,315,804	1,465,921
HOTEL GROSS OPERATING PROFIT (LOSS)		**(1,100,447,713)**	**872,251,702**	**(78,572)**	**70,762**
OWNER'S OPERATING INCOME (EXPENSES)	2i				
Depreciation	8,10d	(1,650,649,758)	(2,844,204,456)	(121,895)	(214,090)
Insurance		(1,090,271,351)	(1,054,219,883)	(81,045)	(77,970)
Professional fees		(1,001,006,325)	(644,908,941)	(74,387)	(48,544)
Foreign exchange income (loss) - net	2j	715,509,383	(1,071,150,596)	–	–
Salaries and wages		(712,724,462)	(759,608,950)	(52,980)	(57,223)
Finance income		900,491	685,079	67	53
Management fees	26	–	(109,031,463)	–	(8,846)
Other operating income - net	8	8,121,735,792	2,591,877,721	590,335	194,421
Owner's Operating Income (Expenses) - Net		4,383,493,770	(3,890,561,489)	260,095	(212,199)
INCOME (LOSS) BEFORE INCOME TAX		**3,283,046,057**	**(3,018,309,787)**	**181,523**	**(141,437)**
Income tax expenses	2k, 10	–	–	–	–
INCOME (LOSS) FOR THE YEAR		**3,283,046,057**	**(3,018,309,787)**	**(181,523)**	**(141,437)**
OTHER COMPREHENSIVE LOSS					
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods: Re-measurement loss on long-term employment benefits liability		(25,919,382)	(31,313,443)	(1,884)	(2,351)
Other comprehensive loss to be reclassified to profit or loss in subsequent period: Translation adjustment		–	–	(14,436)	(1,060)
NET COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**3,257,126,675**	**(3,049,623,230)**	**165,203**	**(144,848)**

The accompanying notes to the financial statement from an integral part of these Financial Statements.

Statement of Changes in Equity
year ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

	Indonesian Rupiah						
	Note	Capital Stock	Additional Paid in Capital	Deposits for Future Stock Subscription	Other Comprehensive Loss	Deficit	Net Equity (Capital Deficiency)
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)
Re-measurement loss on lon-term employee benefits liability		–	–	–	(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)**
Income for the year		–	–	–	–	3,283,046,057	3,283,046,057
Deposits for future stock subscription		–	–	346,019,250,000	–	–	346,019,250,000
Additional paid in capital tax amnesty		–	385,000,000	–	–	–	385,000,000
Re-measurement loss on long-term employment benefits liability		–	–	–	(25,919,382)	–	(25,919,382)
Balance as of March 31, 2018		**23,289,300,000**	**385,000,000**	**346,019,250,000**	**(1,094,506,501)**	**(352,472,946,228)**	**(16,126,097,271)**

	Translations into U.S. Dollar - Unaudited (Note 2l)							
					Other Comprehensive Loss			
	Capital Stock (Note 18)	Additional Paid in Capital	Deposits for Future Stock Subscription	Deficit	Remeasurement Loss on Long-term Employee benefits Liability	Transaction Adjustment (Note 2l)	Total	Net Equity (Capital Deficiency)
Balance as of March 31, 2016	**11,450,000**	**–**	**–**	**(30,208,134)**	**(78,130)**	**(6,057,199)**	**(6,135,329)**	**(24,893,463)**
Loss for the year	–	–	–	(141,437)	–	–	–	(141,437)
Re-measurement loss on lon-term employee benefits liability	–	–	–	–	(2,351)	–	(2,351)	(2,351)
Translation adjustment	–	–	–	–	–	(1,060)	(1,060)	(1,060)
Balance as of March 31, 2017	**11,450,000**	**–**	**–**	**(30,349,571)**	**(80,481)**	**(6,058,259)**	**(6,138,740)**	**(25,038,311)**
Income for the year	–	–	–	181,523	–	–	–	**181,523**
Re-measurement loss on lon-term employee benefits liability	–	–	–	–	(1,884)	–	(1,884)	(1,884)
Additional paid on capital – Tax amnesty	–	28,902	–	–	–	–	–	28,902
Deposits for future stock subscription	–	–	**26,016,500**		–	–	–	26,016,500
Transaction adjustment	–	–	–	–	–	(14,436)	(14,436)	(14,436)
Balance as of March 31, 2018	**11,450,000**	**28,902**	**26,016,500**	**(30,168,048)**	**(82,365)**	**(6,072,695)**	**(6,155,060)**	**1,172,294**

The accompanying notes to the financial statement from an integral part of these Financial Statements.

Statement of Cash Flows year ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

		Indonesian Rupiah year ended March, 31		Translations into U.S. Dollar (Note 2l) year ended March, 31	
	Notes	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Income (Loss) before income tax		3,283,046,057	(3,018,309,787)	181,523	(141,437)
Adjustments to reconcile income (loss) before income tax for the year to net cash provided by (used in) operating activities:					
Depreciation	8	1,650,649,758	2,844,204,456	121,895	214,090
Provision for replacement of furniture, fixtures and equipment	15	965,286,555	1,155,770,431	72,063	87,515
Provision for employee benefits net of benefit payment	17	420,460,214	551,008,404	31,341	41,364
Unrealized loss (gain) on foreign exchange		(715,509,383)	1,071,150,595	–	–
Provision for (reversal of) allowance for impairment of trade receivables	5	(3,384,684)	556,394	(254)	66
Fire loss on fixed asset	8	–	364,752,801	–	27,382
Changes in operating asset and liabilities:					
Trade receivables		(12,428,822)	(141,489,966)	(904)	(10,510)
Inventories		137,371,688	74,664,132	9,986	5,968
Prepayments and advances		541,533,432	(3,838,710,873)	39,367	(287,802)
Other financial assets		(271,543,225)	(3,186,194,164)	(25,849)	(239,115)
Trade payables		94,846,936	(116,910,465)	6,895	(8,904)
Other payables		(88,127,532)	202,681,817	(6,406)	10,285
Accrued expenses		645,590,879	324,692,802	46,932	23,624
Tax payables		5,280,258	(17,795,357)	384	(1,410)
Due to a related party		815,620,602	(297,802,440)	58,907	(22,472)
Due to hotel operator		(117,834,467)	117,834,467	(8,846)	8,846
Other current liabilities		(1,163,210,245)	1,538,975,531	(92,691)	114,878
Net Cash Flows Provide by (Used In) Operating Activities		**6,187,648,021**	**(2,370,921,222)**	**434,343**	**(177,632)**

The accompanying notes to the financial statement from an integral part of these Financial Statements.

Statement of Cash Flows *(Contd...)* year ended March 31, 2018

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

		Indonesian Rupiah		Translations into U.S. Dollar (Note 2l)	
		year ended March, 31		year ended March, 31	
	Notes	**2018**	**2017**	**2018**	**2017**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions of fixed assets	8	(15,757,994,164)	(1,082,530,450)	(1,143,840)	(82,069)
Utilization of reserve for replacement of furniture, fixtures and equipment	15	(406,759,300)	(746,920,841)	(30,302)	(58,513)
Total Cash Used in Investing Activities		**(16,164,753,464)**	**(1,829,451,291)**	**(1,174,142)**	**(140,582)**
NET DECREASE IN CASH ON HAND AND IN BANKS		**(9,977,105,443)**	**(4,200,372,513)**	**(739,799)**	**(318,214)**
NET EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH ON HAND AND IN BANK		**191,771,083**	**16,252,587**	**-**	**-**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	11,983,879,656	16,167,999,582	899,623	1,217,837
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**2,198,545,296**	**11,983,879,656**	**159,824**	**899,623**

Information on non-cash activities are disclosed in Note 28.

The accompanying notes to the financial statement from an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2018 and for the Year Then Ended

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

1. GENERAL

PT Waka Oberoi Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on notarial deed No. 225 dated November 26, 1992 of Siti Pertiwi Henny Shidki, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. C2-1631.HT.01.01.TH.93 dated March 13, 1993 and was published in Supplement No. 2313 of State Gazette No. 42 dated May 25, 1993.

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, 2018 and 2017 was as follows:

Board of Commissioners		
President Commissioner	:	Sudarshan Rao
Commissioner	:	Ida Bagus Gede Yudana
Board of Directors		
President Director	:	I Ketut Siandana
Director	:	Deepak Madhok
Director	:	I Wayan Pasek

The Company employed a total of 115 and 124 permanent employees as of March 31, 2018 and 2017, 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 and presentation of the accompanying financial statements that were completed and authorized for issuance by the Board of Directors on May 4, 2018.

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 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.

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

The Company's functional currency is the Indonesian rupiah, which is also the currency used in the preparation of the financial statements, with translations into the United States dollar.

b. Transactions with Related Parties

The Company has transactions with certain parties which have related party relationships as defined under PSAK 7, (Revised 2010) "Related Party Disclosures".

The transactions are made based on terms agreed by the parties, whereas such terms may no be the same as those for transactions with unrelated parties.

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 determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Allowance for decline in market value and obsolescence of inventories is provided, if any, to reduce the carrying value of inventories to their net realizable values based on the review of market value and physical condition of the inventories.

d. Prepayments

Prepayments are amortized and charged to operations over the periods benefited using the straight line method. The portion to be amortized within one year is presented as part of current assets, otherwise, as non-current assets.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

The carrying amount of 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 from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is credited or charged to current operations in the period when the asset is derecognized.

f. 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 charged on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

g. Provisions and Contingencies

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

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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.

Contingent liabilities are not recognized in the financial statement but are disclosed in the notes to the financial statements unless the outflow of resource embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

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

The Company recognizes its unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the ''Law'') and PSAK 24 (Revised 2013), ''Employee Benefits''.

The Company applied the revised policy for recognizing actuarial gains or losses, which are directly recognized in other comprehensive income.

Pension costs under the Company's defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate and annual rate of increase in compensation.

Past service costs are recognized immediately in the profit or loss.

i. Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value added taxes ("VAT").

Expenses are recognized when they are incurred.

Hotel room 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.

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, 2018 and 2017, the rates of exchange used were Rp13,756 and Rp13,321, respectively, to US$1.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

k. 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 "Income tax expense" in the statements of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of "Income Tax Expense".

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.

Value added tax ("VAT")

Revenues, expenses and assets are recognized net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the Tax Office, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction are recognized losses.

Referring to revised PSAK 46 as mentioned above, final tax is no longer governed by PSAK 46. Therefore, the Company has decided to present all of the final tax arising from interest income as separate line item.

Tax amnesty

On 19 September 2016, the Indonesia Financial Accounting Standards Board (DSAK IAI) issued PSAK 70, "Accounting for tax amnesty assets and liabilities".

This PSAK 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 SAK.
- To use the specific provision in PSAK 70.

Management decided to use the specific provision in PSAK 70. According to specific provision of PSAK 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.) Dollar

The financial statements are stated in Indonesian rupiah, the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollar were made at the following rates:

Assets and liabilities	-	Middle rate as of reporting date (Rp13,756 to US$1 and Rp13,321 to US$1 as last quoted by Bank Indonesia as of March 31, 2018 and 2017, 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.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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, 2018 and 2017, the Company's financial assets include cash on hand and in banks, trade receivables - net, other current and non-current financial assets. The Company has determined that all of these financial assets are classified as loans and receivables.

<u>Subsequent measurement</u>
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 profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

ii. Financial liabilities

<u>Initial recognition</u>

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, 2018 and 2017, the Company's financial liabilities include 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.

<u>Subsequent measurement</u>

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.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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.

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Determination of Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Indonesian rupiah. The Indonesian rupiah is the currency of the primary economic environment in which the Company operates and the currency that mainly influences revenue, costs and expenses.

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55.

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2m.

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.

<u>Allowance for Impairment of Receivables</u>
The Company evaluates impairment losses of receivables based on percentages applied to an aging of total outstanding trade receivables and specific account identification when there is objective evidence that certain customers are unable to meet their financial obligations.

In the case of specific account identification, the Company uses judgement, based on the best available facts and circumstances, including but not limited to , the length of its relationship with the customer and the customer's current credit status based on third-party credit reports and known market factors, to record specific allowances for customers against amounts due to reduce the receivable amounts that the Company expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amount of the allowance for impairment of trade receivable.

<u>Estimation of Employee Benefits Liability</u>
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.

<u>Depreciation of Fixed Assets</u>
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, 2018 and 2017 amounted to Rp26,895,593,971 and Rp10,980,053,560, respectively. Further details are disclosed in Note 8.

<u>Income Tax</u>
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.

<u>Determination of Fair Values of Financial Assets and Liabilities</u>
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...)*

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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.

4. CASH ON HAND AND IN BANKS

Cash on Hand and in Banks consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	**2017**	**2018**	**2017**
Cash on hand				
Rupiah	79,500,005	79,500,003	5,779	5,967
Cash in banks				
Rupiah				
PT Bank Maybank Indonesia Tbk	535,968,133	2,556,893,249	38,962	191,945
PT Bank Mandiri (Persero) Tbk	153,156,200	1,128,482,467	11,134	84,715
PT Bank Negara Indonesia (Persero) Tbk	71,926,663	5,178,518,479	5,229	388,748
Sub-total	**761,050,996**	**8,863,894,195**	**55,325**	**665,408**
U.S. dollar				
PT Bank Negara Indonesia (Persero) Tbk	1,330,316,304	3,012,539,045	96,708	226,150
PT Bank Maybank Indonesia Tbk	27,677,991	27,946,413	2,012	2,098
Sub-total	1,357,994,295	3,040,485,458	98,720	228,248
Total	**2,198,545,296**	**11,983,879,656**	**159,824**	**899,623**

Interest income from cash in banks amounting to Rp900,941 and Rp685,079 for the year ended March 31, 2018 and 2017, respectively, is presented as part of "Finance income" in the statement of profit or loss and other comprehensive income.

5. TRADE RECEIVABLES

Trade Receivables consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	**2017**	**2018**	**2017**
City ledger	432,478,516	400,626,069	31,440	30,075
Guest ledger	252,453,507	274,954,513	18,352	20,640
Total	684,932,023	675,580,582	49,792	50,715
Less: allowance for impairment	-	3,384,684	-	254
Net	**684,932,023**	**672,195,898**	**49,792**	**50,461**

City ledger represents receivable from travel agents, bank related to credit card payments and 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, 2018 and 2017.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

The ageing analysis of these receivables is as follows:

	Translations into		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Current	675,017,079	570,106,368	49,071	42,798
Past due				
1-30 days	9,914,944	85,608,164	721	6,427
31-60 days	–	15,466,050	–	1,160
Over 60 days	–	4,400,000	–	330
Total	684,932,023	675,580,582	49,792	50,715
Less allowance for impairment	–	3,384,684	–	254
Net	**684,932,023**	**672,195,898**	**49,792**	**50,461**

Based on the review of the status of the individual trade receivable accounts at the end of the year, management believes that the outstanding balance as of March 31, 2018 are fully collectible; hence, no allowance for impiremen was recognized.

The movement of the allowance for impairment are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Balance at the beginning of year	3,384,684	2,828,290	254	213
Additional provision during the year	31,330,356	38,525,681	2,332	2,916
Reversal of allowance	(34,715,040)	(37,969,287)	(2,524)	(2,850)
Translation adjustment	-	-	(62)	(25)
Balance at end of year	**-**	**3,384,684**	**-**	**254**

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Materials and supplies	522,947,332	639,779,600	38,016	48,028
Beverages	330,161,746	355,876,495	24,002	26,715
Food	295,386,093	263,912,788	21,473	19,812
Boutique	67,189,165	93,508,994	4,884	7,020
Tobacco	1,431,151	1,409,298	104	106
Total	**1,217,115,487**	**1,354,487,175**	**88,479**	**101,681**

Total inventories recognized as part of cost of goods sold and services in 2018 and 2017 amounted to Rp5,252,740,010 and Rp6,527,132,013, respectively.

The Company's inventories as of March 31, 2018 and 2017 are stated at cost.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

7. PREPAYMENTS AND ADVANCES

Prepayment and advances consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	**2017**	**2018**	**2017**
Advance purchase	1,838,328,906	4,304,046,904	133,638	323,102
Prepaid insurance	1,046,721,618	903,312,055	76,092	67,812
Prepaid tax	24,638,947	4,638,947	1,791	348
Prepaid other	79,841,921	78,129,590	5,805	5,865
Total	**2,989,531,392**	**5,290,127,496**	**217,326**	**397,127**

8. FIXED ASSETS

The details of fixed assets are as follows:

	Year Ended March 31, 2018				
	Indonesian Rupiah				
	Beginning Balance	**Additions**	**Deductions**	**Reclassification**	**Ending Balance**
Cost					
Land	5,470,511,683	-	-	-	5,470,511,683
Buildings	28,788,844,865	5,000,825,447	-	-	33,789,670,312
Structures and improvements	5,159,738,740	-	-	-	5,159,738,740
Machinery and equipment	8,023,837,043	1,834,177,600	-	1,333,009,600(1)	11,191,024,243
Furniture, fixtures and equipment	10,722,397,313	690,803,535	-	426,053,072(1)	11,839,253,920
Motor vehicles	1,222,543,500	-	-	-	1,222,543,500
Construction in Progress	-	8,232,187,582	-	-	8,232,187,582
Total Cost	59,387,873,144	15,757,994,164	-	1,759,062,672	76,904,929,980
Accumulated Depreciation					
Buildings	26,618,147,614	293,216,724	-	-	26,911,364,338
Structures and improvements	4,892,984,564	42,929,530	-	-	4,935,914,094
Machinery and equipment	7,116,565,282	418,075,342	-	-	7,534,640,624
Furniture, fixtures and equipment	9,259,133,219	602,786,129	-	-	9,861,919,348
Motor vehicles	520,988,905	244,508,700	-	-	765,497,605
Total Accumulated Depreciation	48,407,819,584	1,601,516,425	-	-	50,009,336,009
Net Book Value	**10,980,053,560**				**26,895,993,971**

(1)Reclassification from Advance Purchases to Fixed asset accounts-Machinery and equipment and Furniture, and quipment amounting to RP1,333,009,600 and Rp426,053,072, respectively (Note 7).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

8. FIXED ASSETS *(Contd.)*

	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	32,335,547,599	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)	5,892,984,564
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	–	250,988,905
Total Accumulated Depreciation	62,297,968,838	2,7844,204,456	(16,734,353,710)	48,407,819,958
Net Book Value	**13,106,480,367**			**10,980,053,560**

	Year Ended March 31, 2018					
	Translations into U.S. Dollar - Unaudited (Note 2l)					
	Beginning Balance	Additions	Deductions	Reclassification	Translation Adjustment	Ending Balance
Cost						
Land	410,668	–	–	–	(12,986)	397,682
Buildings	2,161,162	365,092	–	–	(69,895)	2,456,359
Structures and improvements	387,338	–	–	–	(12,248)	375,090
Machinery and equipment	602,345	130,570	–	100,068[1)]	(19,446)	813,537
Furniture, fixtures and equipment	804,925	49,736	–	31,984[1)]	(25,984)	860,661
Motor vehicles	91,776	–	–	–	(2,902)	88,874
Construction in Progress	–	598,442	–	–	–	598,442
Total Cost	4,458,214	1,143,840	–	132,052	(143,461)	5,590,645
Accumulated Depreciation						
Buildings	1,998,209	21,580	–	–	(63,453)	1,956,336
Structures and improvements	367,313	3,187	–	–	(11,682)	358,818
Machinery and equipment	534,237	30,716	–	–	(17,218)	547,735
Furniture, fixtures and equipment	695,078	44,688	–	–	(22,848)	716,918
Motor vehicles	39,111	18,152	–	–	(1,615)	55,648
Total Accumulated Depreciation	3,633,948	118,323	–	–	(116,816)	3,635,455
Net Book Value	**824,266**					**1,955,190**

[1)] Reclassification from Advance purchase to Fixed asset accounts - Machinery and equipment and Furniture, fixtures, and equipment amounting to US$100,068 and US$31,984, respectively (Note 7).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

8. FIXED ASSETS *(Contd.)*

	Year Ended March 31, 2017				
	Translations into U.S. Dollar - Unaudited (Note 2l)				
	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**

The percentage of completion of construction in progress as of March 31, 2018 is 31.44% with expected completion date on June 15, 2018.

Depreciation charged to operations amounted to Rp1,650,649,758 and Rp2,844,204,456 for the years ended March 31, 2018 and 2017, respectively. The Company's fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$40,550,000 in 2018 and 2017. The management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

In August 2016 and February 2017, the back office and a portion of pavilion of the hotel of the Company were damaged by fire. All deductions to fixed assets pertain to these assets. The Company filed for insurance claims against its insurance provider in 2017.

On April 11, 2017 and February 12, 2018, the Company received the first and second approvals of claims for fire loss insurance relating to back office amounting to US$240,000 and US$260,000, respectively. The Company has received the insurance coverage amounting to US$240,000 and US$221,000 on the first and second approvals, respectively, on various dates from May 2017 to March 2018. The remaining insurance coverage was recorded as part of estimated claims for insurance under the "Other current financial assets" in the statement of financial position.

On November 8, 2017 and March 5, 2018, the Company received the first and second approvals for claims on fire loss relating to the portions of the pavilion amounting to Rp5,300,000,000 and Rp3,300,000,000, respectively. The Company has received the insurance coverage amounting to Rp5,300,000,000 and

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

Rp330,000,000 on the first and second approvals, respectively, on various dates from July 2017 to March 2018. The remaining insurance coverage was recorded as part of estimated claims for insurance under the "Other current financial assets" in the statement of financial position.

As of March 31, 2018 and 2017, the management believes that there is no impairment in the values of the Company's fixed assets.

9. OTHER PAYABLES

This account consists of payables to third parties for:

	Indonesian Rupiah		**Translations into U.S. Dollar - Unaudited (Note 2l)**	
	March 31,		**March 31,**	
	2018	**2017**	**2018**	**2017**
General reserve	543,211,949	777,181,083	39,489	58,343
Marketing and sales promotion expenses	278,628,414	156,511,903	20,255	11,749
Others	259,037,210	231,807,425	18,831	17,402
Total	**1,080,877,573**	**1,165,500,411**	**78,575**	**87,494**

10. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		**Translations into U.S. Dollar Unaudited (Note 2l)**	
	March 31,		**March 31,**	
	2018	**2017**	**2018**	**2017**
Development tax I	154,641,756	178,615,558	11,241	13,408
Income tax				
Article 21	57,882,182	64,923,644	4,208	4,874
Article 23	66,467,415	30,299,493	4,832	2,275
Article 26	4,538,000	4,410,400	330	331
Total	**283,529,353**	**278,249,095**	**20,611**	**20,888**

b. A reconciliation between income (loss) before income tax, as shown in the statement of profit or loss and other comprehensive income, and estimated taxable income (loss) follows:

	Year Ended March 31,	
	2018	**2017**
Income (loss) before income tax per statement of profit or loss and other comprehensive income	3,283,046,057	(3,018,309,787)
Temporary differences:		
Provision for replacement of furniture, fixtures and equipment – net	558,527,255	408,849,592
Provision for employee benefits	574,174,304	551,008,404
Employee benefit payments	(153,714,090)	-
Provision for (reversal of) allowance for impairment of trade receivables - net	(3,384,684)	556,394
Depreciation	115,832,633	568,698,612

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

10. TAXATION *(Contd.)*

Permanent differences:		
Interest income already subjected to final tax	(900,491)	(302,544,367)
Depreciation	49,989,583	-
Disposal of assets due to fire	-	(267,723,313)
Others	69,479,693	212,677,009
Estimated taxable income (loss) for the year	4,493,050,260	(1,846,787,456)
Tax losses carry-forward at beginning of year	(6,807,665,163)	(110,914,687,290)
Reversal of tax losses carry-forward for more than 5 years (note 10d)	-	11,596,999,104
Derecognition of tax losses carry-forward due to tax amnesty	-	94,356,810,479
Tax losses carry-forward at end of year	**(2,314,614,903)**	**(6,807,665,163)**

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 is as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Profit (loss) before income tax	3,283,046,057	(3,018,309,787)	181,523	(141,437)
Estimated tax expense (benefit) based on prevailing tax rate	820,761,514	(754,577,447)	45,380	(35,359)
Net permanent difference at the applicable tax rate	29,642,196	(89,397,668)	2,155	(6,711)
Unrecognized deferred tax assets-net	272,858,854	843,975,115	19,836	42,070
Utilisation of tax losses carry forward	(1,123,262,564)	-	(67,371)	-
Deferred income	–	–	–	–

As of March 31, 2018 and 2017, deferred income tax assets have not been recognized on the following carry-forward benefits of tax losses and deductible temporary differences as management believes that it is not probable that the Company will have sufficient future taxable profits against which these items can be utilized:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	As of March 31,		As of March 31,	
	2018	2017	2018	2017
Tax losses carry-forward benefits	2,314,614,903	6,807,665,163	168,262	511,048
Reserve for replacement of FFE	7,614,621,742	7,056,094,487	553,549	529,697
Long-term employee benefit liability	4,311,259,199	3,864,879,603	313,409	290,134
Allowance for doubtful accounts	-	3,384,684	-	254

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

d. On March 30, 2017, the Company submitted a list of fixed assets items not yet registered in the Company's tax report upto 2015 to be administered under the tax amnesty program of the tax authority. These assets are in the form of antiques and paintings worth Rp385,000,000. As compensation, the Company paid taxes to tax authority amounting to RP19,250,000.

The Company received the approval for tax amnesty program application from the Ministry of Finance in its decision letter dated April 25, 2018. Hence, the Company did not record all tax amnesty assets in its statement of financial position as of March 31, 2017. In connection with the tax amnesty program, all tax losses carry-forward until fiscal year 2014 amounting to Rp94,356,810,479 can no longer be claimed by the Company.

As of March 31, 2018, tax amnesty assets as approved were recorded as a separate line items in the statement of financial position.

The movements of the tax amnesty assets are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Balance as approved by tax authority	385,000,000	-	28,902	-
Depreciation during the year	(49,133,333)	-	(3,572)	-
Translation adjustment	-	-	(914)	-
Net book value	**335,866,667**	**-**	**24,416**	**-**

11. ACCRUED EXPENSES

The details of accrued expenses due to third parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Professional fees	1,320,901,385	1,281,244,970	96,024	96,182
Salaries and allowance	734,740,398	302,139,103	53,412	22,681
Human resource	624,923,162	577,623,675	45,429	43,362
Repair and maintenance	330,108,380	339,469,963	23,997	25,484
Marketing	247,534,796	226,568,019	17,995	17,008
Utilities	239,608,580	232,069,749	17,418	17,421
Others	1,129,711,875	1,010,551,065	82,126	75,863
Total	**4,627,528,576**	**3,969,666,544**	**336,401**	**298,001**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
PT Widja Putra Karya				
Due to a related party	977,894,640	162,274,038	71,089	12,182
EIH Management Services B.V.				
Deposits for future stock				
Subscriptions (Note 18)	346,019,250,000	–	26,016,500	–
Other payable	278,628,414	156,511,903	20,255	11,749
Loan payable (Note 14)	–	346,565,796,500	–	26,016,500
Due to hotel operator (Note 13)	–	117,834,467	–	8,846
Total	**346,297,878,414**	**346,840,142,870**	**26,036,755**	**26,037,095**

Salaries and wages of the Company's key management personnel amounted to Rp705,943,921 (US$52,530) and Rp725,779,845 (US$54,666) in 2018 and 2017, respectively (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, loan payable to finance hotel operations, deposits for future stock subscription and international sales promotion

13. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Balance at beginning of year	117,834,467	–	8,846	–
Settlement of operating fees during the year	(117,834,467)	–	(8,846)	–
Unrealized gain on foreign exchange - net	–	8,803,004	–	–
Operating fees during the year - 12.5% of hotel gross operating profit (Note 26)	–	109,031,463	–	8,846
Balance at end of year (Note 12)	**–**	**117,834,467**	**–**	**8,846**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

14. LOAN PAYABLE AND DEPOSITS FOR FUTURE STOCK SUBSCRIPTION

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2L)	
	March 31,		March 31,	
	2018	2017	2018	2017
EIH Management Services B.V. ('EIH') (Note 12)	–	346,565,796,500	–	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 installment 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.

On March 20, 2018 the shareholders approved the subscription and paid-up capital by EIH through the conversion of the Company's loan payable to EIH into equity shares in the Company amounting to US$26,016,500 equivalent to Rp346,019,250,000 (Note 18). Since the legal process hasn't been completed, the conversion of the Company's loan payable to equity shares is recorded as ''Deposits for future stock subscription'' account in equity.

15. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movement of this account are as follow:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Balance at beginning of year	7,056,094,487	6,647,244,897	529,697	500,696
Provision during the year (Note 22)	965,286,555	1,155,770,431	72,063	87,515
Utilization of reserve	(406,759,300)	(746,920,841)	(30,302)	(56,153)
Translation adjustment	-	-	(17,909)	(2,361)
Balance at end of year	**7,614,621,742**	**7,056,094,487**	**553,549**	**529,697**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

16. OTHER CURRENT FINANCIAL LIABILITIES

This account pertains to guest deposits from customers and travel agents amounting to Rp2,262,634,623 and Rp3,425,844,868 as of March 31, 2018 and 2017, respectively.

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 profit or loss and other comprehensive income and amounts recognized in the statement of financial position as employee benefits liability as of March 31, 2018 and 2017 as determined by PT Lastika Dipa, an independent actuary, in their reports dated April 12, 2017 and April 7, 2017, respectively.

The principal assumption used in determining the employee benefits liability as of March 31, 2018 and 2017, are as follows:

Discount rate	: 7.32% in 2018= and 8.00% in 2017
Annual salary increase	: 8.00% per annum in 2018 and 2017
Mortality	: TMI III
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI III

a. The employee benefits expense recognized in the statement of profit or loss and other comprehensive income consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollar Unauditged (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Current service cost	277,281,063	277,571,343	20,689	20,837
Interest cost	296,893,241	273,437,061	22,153	20,527
Employee benefit expense	**574,174,304**	**551,008,404**	**42,842**	**41,364**

b. Details of employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Present value of defined benefits obligation	4,311,259,199	3,864,879,603	313,409	290,134
Employee benefits liability	**4,311,259,199**	**3,864,879,603**	**313,409**	**290,134**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

17. LONG-TERM EMPLOYEE BENEFITS LIABILITY *(Contd...)*

c. Movements in employment benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31	
	2018	2017	2018	2017
Beginning balance	3,864,879,603	3,282,557,756	290,134	247,255
Employee benefit expense	574,174,304	551,008,404	42,842	41,364
Benefit payments	(153,714,090)	–	(11,501)	–
Other Comprehensive Income	25,919,382	31,313,443	1,884	2,351
Translation adjustment	-	-	(9,950)	(836)
Ending balance	**4,311,259,199**	**3,864,879,603**	**313,409**	**290,134**

d. Movements in the present value employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31	
	2018	2017	2018	2017
Beginning Balance	3,864,879,603	3,282,557,756	290,134	247,255
Employee benefit expense	574,174,304	551,008,404	42,842	41,364
Benefit payments	(153,714,090)	–	(11,501)	–
Actuarial (gain) losses due from:				
Experience adjustment	(179,708,994)	(73,539,237)	(13,064)	–
Change in financial assumption	205,628,376	104,852,680	14,948	2,351
Translation adjustment	-	-	(9,950)	(836)
Ending balance	**4,311,259,199**	**3,864,879,603**	**313,409**	**290,134**

The expected total benefit payments in Indonesian rupiah for the subsequent years are as follows:

Within the next 12 months (the next annual reporting year)	:	–
Between 2 and 5 years	:	831,166,195
Between 5 and 10 years	:	7,217,092,522
Beyond 10 years	:	45,885,402,244

The average duration of the long-term employee benefits liability is 18 years.

e. The effect of a one-percentage point change in discount rate and salary increase rate on long-term employee benefits liability for the year ended March 31, 2018 is shown below:

	Indonesian Rupiah		Translation into U.S. Dollar - Unaudited (Note 2l)	
	Discount Rate	Salary Rate	Discount Rate	Salary Rate
Increase by 1%	(321,041,595)	352,373,514	(23,357)	25,616
Decrease by 1%	(359,302,329	(320,888,702)	26,120	(23,327)

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

18. CAPITAL STOCK

The share ownership details as of March 31, 2018 and 2017 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar - Unaudited (Note 2l)
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**

On March 20, 2018, the shareholders of the Company have approved the decisions of circular resolution as follows:

- To approve the increase in authorised in capital of the Company amounting to USD26,016,500 (IDR346,019,250,000). As a result, the following changes shall occur upon approval of the circular resolution by the Ministry of Finance, and as such, the authorised capital shall change as follows:

From		To	
USD	IDR equivalent	USD	IDR equvalent
11,450,000	23,289,300,000	37,466,500	369,308,550,000

- To approve the subscription and paid-up EIH based on the conversion of the Company's loan of EIH into equity shares in the Company, as follows:

From		To	
USD	IDR equivalent	USD	IDR equvalent
11,450,000	23,289,300,000	37,466,500	369,308,550,000

- To approve the creation of series A and series B shares, relating to the increase in authorised capital stock and paid up capital of the Company, as follows:

Capital	USD	IRD
Authorized Capital	37,466,500	360,308,550,000
Subscribed Capital	37,466,500	360,308,550,000
Paid Up Capital	37,466,500	360,308,550,000

- To approve the re-appointment of the members of the Board Director and Board of Commissioners as of March 31, 2018.

As of the completion date of financial statements, the legal process of such changes hasn't been completed yet.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

19. DEPARTMENTAL REVENUES

The details of departmental revenues are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Room department				
Villa	13,516,460,242	11,433,214,591	1,009,781	863,657
Pavillion	6,210,033,779	12,545,568,471	463,936	951,890
Sub-total	19,726,494,021	23,978,783,062	1,473,717	1,815,547
Food and beverages department				
Food	7,282,074,986	9,002,465,976	544,081	681,736
Beverages	2,447,350,348	2,992,804,278	182,865	226,796
Sub-total	9,729,425,334	11,995,270,254	726,946	908,532
Other operating departments				
Health spa	824,790,204	1,095,872,566	61,573	82,898
Boutique	364,444,225	525,809,704	27,186	39,788
Telephone and facsimile	79,968,785	103,149,961	5,974	7,808
Laundry	89,857,360	100,066,721	6,712	7,585
Sub-total	1,359,060,574	1,824,898,952	101,445	138,079
Other	1,361,238,556	731,090,609	99,985	55,311
Total	**32,176,218,485**	**38,530,042,877**	**2,402,093**	**2,917,469**

In 2018 and 2017, the average hotel room occupancy rates were 37.6% and 31.0%, respectively (unaudited).

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. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Food and beverage	3,052,381,274	3,460,830,011	227,984	262,004
Payroll and related expenses:				
Salaries and wages	3,844,110,695	4,135,347,663	286,116	312,168
Employee benefits	2,445,446,184	3,031,978,226	182,146	228,905
Other Expenses:				
Travel agents	1,385,000,000	1,530,700,000	103,488	115,992
Cleaning and guest supplies	836,923,393	1,115,842,594	62,480	84,358
Welcome drinks, fruit baskets and amenities	591,745,308	695,172,998	44,211	52,574
Security	581,811,094	552,488,538	43,271	41,682
Kitchen fuel	369,641,561	432,642,547	27,586	32,708

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

20. COST OF GOODS SOLD AND SERVICES *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	**2017**	**2018**	**2017**
Linens and uniforms	299,240,898	258,162,353	22,329	19,496
Boutique	266,049,336	373,860,636	19,839	28,286
Transportation and travel	198,174,692	275,704,290	14,796	20,836
Telephone and communication	163,422,299	195,587,259	12,180	14,777
Cultural music and shows	160,983,650	206,536,795	12,014	15,604
Cable television and music	119,373,844	164,782,864	8,920	12,439
Decoration	107,031,786	121,441,966	7,991	9,200
Health club	100,299,144	61,465,298	7,478	4,647
Loss and damages	87,704,890	68,005,485	6,545	5,118
Laundry	84,645,912	111,613,639	6,273	8,471
Others	923,979,418	1,473,275,597	69,214	111,521
Total	**15,617,965,378**	**18,265,438,759**	**1,164,861**	**1,380,786**

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. Dollar Unaudited (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2018	**2017**	**2018**	**2017**
Repairs and maintenance	2,138,026,166	2,267,566,195	159,232	173,061
Electricity	1,999,622,298	2,322,882,383	148,850	175,506
Fuel	865,600,378	990,958,401	64,434	74,860
Salaries and wages	731,938,805	1,005,955,493	54,555	75,939
Supplies	399,412,044	491,426,139	29,761	35,281
Water	247,211,047	309,403,439	18,401	23,412
Others	102,874,389	88,592,172	7,666	6,652
Total	**6,484,685,127**	**7,476,784,222**	**482,899**	**564,711**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

22. GENERAL AND ADMINISTRATIVE EXPENSES

The details of hotel operating expenses are as follows:

	Indonesian Rupiah		**Translations into U.S. Dollar Unaudited (Note 2l)**	
	Year Ended March 31,		**Year Ended March 31,**	
	2018	**2017**	**2018**	**2017**
Salaries and wages	2,447,733,953	2,466,651,841	182,224	186,119
Provision for replacement of furniture fixtures and equipment (Note 15)	965,286,555	1,155,770,431	72,064	87,515
Employee benefits	910,034,385	887,672,201	70,389	66,995
Commission on credit cards	483,229,227	602,222,209	35,975	45,575
Transportation and travel	199,845,989	210,988,230	14,878	15,950
Licenses and taxes	168,063,067	249,509,244	12,512	18,906
Insurance	137,729,986	161,817,349	10,253	12,227
Telephone and communication	105,942,831	132,731,607	7,887	10,028
Bank charges	100,125,598	118,187,791	7,454	8,927
Printing and stationery	92,651,250	123,965,924	6,898	9,373
Others	1,567,182,848	1,272,506,388	114,145	96,182
Total	**7,177,825,689**	**7,381,918,215**	**534,679**	**557,797**

23. MARKETING EXPENSES

The details of marketing expenses are as follows:

	Indonesian Rupiah		**Translations into U.S. Dollar Unaudited (Note 2l)**	
	Year Ended March 31,		**Year Ended March 31,**	
	2018	**2017**	**2018**	**2017**
Advertising and promotion	2,157,921,211	2,368,313,433	161,022	179,562
Sales promotion expenses (Note 26)	965,286,555	1,155,770,431	72,064	87,515
Transportation and travel	601,231,511	647,382,684	44,863	49,021
Others	271,750,727	362,183,431	20,277	27,315
Total	**3,996,190,004**	**4,533,649,979**	**298,226**	**343,413**

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 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 approximate 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 Dollar)

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Current Financial Assets				
Cash on hand and in banks	2,198,545,296	11,983,879,656	159,824	899,623
Trade receivables - net	684,932,023	672,195,898	49,792	50,461
Other current financial assets	3,608,640,250	3,341,052,000	262,332	250,811
Total current financial assets	**6,492,117,569**	**15,997,127,554**	**471,948**	**1,200,895**
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	9,205	9,505
Total Financial Assets	**6,618,732,569**	**16,123,742,554**	**481,153**	**1,210,400**
Financial Liabilities				
Trade payables	772,397,109	677,550,176	56,150	50,863
Other payables	1,080,877,573	1,165,500,411	78,575	87,494
Accrued expenses	4,627,528,576	3,969,666,544	336,401	298,001
Due to a related party	977,894,640	162,274,038	71,089	12,182
Other current financial liabilities	2,262,634,623	3,425,844,868	164,486	257,180
Due to hotel operator	–	117,834,467	–	8,846
Loan payable	–	346,565,796,500	–	26,016,500
Total Financial Liabilities	**9,721,332,521**	**356,084,467,004**	**706,701**	**26,731,066**

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.

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, 2018, 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$	98,720	1,357,994,295
Trade receivables	US$	5,091	70,037,464
Total			1,428,031,759
Liabilities			
Other payables	US$	20,255	278,628,414
Net Assets			**1,149,403,345**

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.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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:

	Indonesian Rupiah		**Translations into U.S. Dollar Unaudited (Note 2l)**	
	March 31,		**March 31,**	
	2018	**2017**	**2018**	**2017**
Current Financial Assets				
Cash in hand	2,119,045,291	11,904,379,653	154,045	893,656
Trade receivables - net	684,932,023	672,195,898	49,792	50,461
Other current financial assets	3,608,640,250	3,341,052,000	262,332	250,811
Total Financial Assets	**6,412,617,564**	**15,917,627,551**	**466,169**	**1,194,928**

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 as of March 31, 2017 which was due within a year where the Company's current liabilities exceeds its total assets by Rp329,670,399,801 and net capital deficiency amounted to Rp333,535,279,404. Subsequently on March 20, 2018, the Company's loan to EIH has been approved to be converted into equity shares in the Company (Note 14). As of March 31, 2018, the Company's current liabilities exceed its current assets by Rp6,920,719,168 (see item "d" below).

d. **Capital Management**

A letter of support, dated April 25, 2018, from EIH International Ltd. was received confirming their commitment not to withdraw their capital contribution and their willingness to provide necessary financial support tot he 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 March 31, 2019 without curtailment. Company has been making efforts to overcome its going concern problem by improving the results of its operation 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.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

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, 2018:

Effective beginning on or after April 1, 2018:

a. Amendments to PSAK 2: Statements of Cash Flows on the Disclosures Initiative, effective with earlier application is permitted. These amendments require entitles to provide disclosures that enable the financial statements users to evaluate the changes in liabilities arising from financing activities, including changes form cash flow and non-cash activities.

b. 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 utilised, estimates of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount.

Effective beginning on or after April 1, 2019:

c. ISAK 33: Foreign currency Transaction and Advance Consideration, with earlier application is permitted. These amendments clarify the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or paid advance consideration in the foreign currency.

Effective beginning on or after April 1, 2020:

d. PSAK 71 Financial Instruments, with earlier application is permitted. This accounting standard is expected to have impact to the Company's classification and measurement of financial assets and liabilities. Thus, it requires the Company's exercise of judgement, including the assessment of business model and characteristics cash flows. The standard also requires impairment model under expected credit loss model from the previous requirement under occurred loss model.

e. PSAK 72 Financial Instruments, with earlier application is permitted and can be applied using either using full retrospective approach or modified retrospective approach. This accounting standard requires the Company to apply 5-step model in recognizing revenue. The Company will be required to identify performance obligation promised in each contract with the customer, including any variable consideration, and only recognize revenue in accordance with the determined/allocated transactions price upon satisfaction of the performance obligation.

f. PSAK 73: Leases, with earlier application is permitted and can be applied using retrospective approach. This accounting standard requires lessees to account all leases under a single on-balance sheet model in a similar way to finance leases under the superseded PSAK 30. The standard includes two recognition exemptions for lessees such as for leases of 'low value' assets and short-term leases. At the commencement date of a lease, a lessees will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of use asset. Lessor accounting is substantially unchanged from the superseded PSK 30.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on the financial statements.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollar)

28. NON-CASH ACTIVITIES

Supplementary information to the statement of cash flows relating to non-cash activities are as follows:

	Indonesian Rupiah		Translations into U.S. Dollar Unaudited (Note 2l)	
	March 31,		March 31,	
	2018	2017	2018	2017
Conversion of Loan of Equity	357,882,974,000	–	26,016,500	–
Deposits for future stock subscription	346,019,250,000	–	26,016,500	–
Addition to fixed assets	1,759,062,672	–	132,052	–
Capitalization of tax amnesty assets	385,000,000	–	28,902	–

29. RECLASSIFICATION OF ACCOUNT

Below are the accounts in the statement of the financial position of the Company as of March 31, 2017 which have been reclassified to allow its comparison with the accounts in the statement of financial position of the Company as of March 31, 2018:

As previously reported	As reclassified	Amount
Taxes Payable	Prepayments and advances	4,638,947
Other payables	Trade payables	295,381,996
Other current financial liabilities	Accrued expenses	696,944,612

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 2018.

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 ACTIVITIES

The Company's principal activity during the year was investment.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was $Nil (2017: $Nil) after providing for income tax of $nil (2017: $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 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 2018.

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:

9 May 2018

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 2018, 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 2018, 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 Auditing Standards. Our responsibilities under those standards arefurther 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 Accounting Professional and Ethical Standards Board’s APES 110 *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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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

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 Auditing Standards 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 Auditing Standards, 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.

ERNST & YOUNG

Adelaide
9 May 2018

Statement of Comprehensive Income
For the year ended 31 March 2018

(Expressed in United States Dollars)

	Note	**31 March 2018**	31 March 2017
		$	$
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 2018

(Expressed in United States Dollars)

	Note	**31 March 2018**	31 March 2017
		$	$
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			
Amount due to shareholders		**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 2018

(Expressed in United States Dollars)

	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2017	**2,600,000**	**-**	**2,600,000**
Profit for year	-	-	-
Other comprehensive income	-	-	-
As at 31 March 2018	**2,600,000**	**-**	**2,600,000**

	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**

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 2018

(Expressed in United States Dollars)

1. Corporate information

The financial report of PT Astina Graha Ubud. (the "Company") for the year ended 31 March 2018 was authorised for issue on 9 May 2018.

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.

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

2. Significant Accounting Policies *(continued)*

(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.

(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 2018	31 March 2017
	$	$
Auditors' 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 2018	31 March 2017
	$	$
Fees	-	-
Other emoluments	-	-

7. Share Capital

	31 March 2018	31 March 2017
	$	$
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 2018;

(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 2018; 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.

9 May 2018 Deepak Madhok

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