

# MASHOBRA RESORT LIMITED

## BOARD

Ms. Harinder Hira  
Ms. Manisha Nanda  
Mr. Ajay Tyagi

}] *Nominees of the Government of  
Himachal Pradesh*

Mr. P.R.S. Oberoi  
*(Mr. Vikram Oberoi  
alternate to Mr. P.R.S. Oberoi)*

Mr. S.S. Mukherji  
*(Mr. Gautam Ganguli  
alternate to Mr. S.S. Mukherji)*

Mr. T.K. Sibal

Mr. Arjun Oberoi, *Managing Director*

## AUDITORS

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

## REGISTERED OFFICE

Hotel Wildflower Hall  
Chharabra  
Shimla - 171 012

## DIRECTORS' REPORT

To  
The Members  
Mashobra Resort Limited

The Board presents its Sixteenth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2011.

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

	<i>(Rupees in Million)</i>	
	2010-2011	2009-2010
Total Revenue	<b>193.55</b>	183.65
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	<b>54.15</b>	66.47
Interest	<b>17.19</b>	26.63
Depreciation	<b>26.45</b>	26.70
Profit/(Loss) before Tax	<b>10.51</b>	13.14
Miscellaneous Expenditure Amortised	<b>0.08</b>	0.08
Taxation	<b>1.75</b>	1.03
Profit/(Loss) after Tax	<b>8.68</b>	12.03
Profit/(Loss) Brought Forward from earlier year	<b>(875.18)</b>	(887.21)
Profit/(Loss) Carried Over	<b>(866.50)</b>	(875.18)

In view of the carry forward loss, no dividend is recommended for the year.

During the Financial Year under review, the Company's Total Revenue was ₹ 193.55 million as compared to ₹ 183.65 million in the previous year. This represents an increase of 5% when compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations was ₹ 54.15 million as compared to ₹ 66.47 million in the previous year.

The various disputes relating to the Company's hotel, Wildflower Hall, between the Joint Venture Partners are now pending in the High Court of Himachal Pradesh under Section 34 of the Arbitration and Conciliation Act, 1996. All rooms of Wildflower Hall are operational and the Orders of the High Court of Himachal Pradesh dated 17th December, 2003, are being complied with.

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

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

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Profit of the Company for that period;
- c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

Mr. Vikram Oberoi and Mr. Gautam Ganguli continued as Alternate Directors to Mr. P.R.S. Oberoi and Mr. S.S. Mukherji respectively during the year.

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

Energy conservation measures include the following:

- Automation of irrigation pumps and introduction of high tank level alarm.
- Reduction of non essential lighting at various areas including the replacement of conventional lighting with CFLs.
- Improvement of Hot Water System for the SPA Pavilion through installation of in-line geyser system to boost water temperature.
- Recovery of Steam Condensate and utilisation of the same.
- Constant monitoring of running machinery to ensure higher efficiency.
- Replacement of STP Blower with a more energy efficient blower.

Energy conservation measures planned include:

- Installation of energy saving lamps in Public Areas.
- Waste Heat Recovery from Boiler exhausts to be utilised by putting plate heat exchangers for the Hot Water System.
- Upgrading the Building Management System for significant energy savings and better monitoring and performance of Heating & Ventilating Air Conditioning System.

Foreign Exchange earnings during the year amounted to ₹ 30.74 million as compared to ₹ 35.39 million in the previous year. The outflow of Foreign exchange during the year was ₹ 5.33 million as compared to ₹ 3.66 million in the previous year.

The Auditor's Observations in their report have been fully explained in Note numbers 1, 13 and 22 of Schedule 22 of the Statement of Accounts and do not call for any further comments.

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

The Wildflower Hall, Shimla received the following awards during the Financial Year 2010-2011:

<b>Award</b>	<b>Awarded by</b>
India's Leading Spa Resort	World Travel Awards 2010
Best Leisure Hotels in Asia and the Indian Subcontinent (Ranked 2nd)	<i>Condé Nast Traveler</i> , UK, Readers' Travel Awards 2010
Favourite Overseas Hotel Spa: Asia & the Indian Subcontinent (Ranked 2nd)	<i>Condé Nast Traveler</i> , UK, Readers' Spa Awards 2010
Favourite Spas in the World (Ranked 6th)	<i>Condé Nast Traveler</i> , UK, Readers' Spa Awards, 2010

The Company is endeavouring to appoint a suitable Company Secretary.

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

For and on behalf of the Board

Shimla  
13th May, 2011

ARJUN OBEROI *Managing Director*

T. K. SIBAL *Director*

## AUDITOR'S REPORT

To  
The Members of  
Mashobra Resort Limited

1. We have audited the attached Balance Sheet of Mashobra Resort Limited as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *Attention is invited to Note 1 and Note 13 contained in Schedule 22 as regards the dispute between Joint Venture Partners and the Company which has been suitably explained therein.*
5. Further to our comments in the Annexure referred to in paragraphs 3 and 4 above, we report that :
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from the examination of such books of account;
  - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with Schedules 1 to 22 and *subject to Note No. 22 as regards accounts being approved by the Board & Audit Committee by majority contained in Schedule 22*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Shimla  
13th May, 2011

For RAY & RAY  
*Chartered Accountants*

ANIL P. VERMA  
*Partner*

Membership Number 90408  
Firm Registration No. 301072E

**ANNEXURE TO THE AUDITOR'S REPORT OF MASHOBRA RESORT LIMITED**  
(Referred to in paragraph 3 of our report of even date)

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of the fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
  - c) During the year no substantial part of the fixed assets have been disposed off by the Company. Therefore, the provisions of clause (i)(c) of paragraph 4 of the aforesaid Order, in our opinion, are not applicable to the Company.
2.
  - a) The inventory has been physically verified during the year by the Management at reasonable intervals.
  - b) The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The Company is maintaining proper records of inventory. Having regard to the size of operation of the Company and nature of inventory held, the discrepancies noticed on physical verification as compared to book records were not material and has been properly dealt with in the books of account.
3.
  - a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(a) to (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
  - b) The Company had taken unsecured loan from EIH Limited - the Holding Company, a company listed in the Register maintained under Section 301 of the Companies Act, 1956. All such loans have been converted to Advance towards Shares. As such stipulation as regards repayment of Loan & Interest does not arise. The outstanding loan from the Holding Company as at 31st March, 2011 amounts to ₹ Nil (maximum balance during the year ₹ 78,000,007).
  - c) In view of our comments in paragraph 3(b) above, the requirements of clause 4 (iii) (f) & (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory,

fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system which would require corrective action.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the Register maintained under Section 301 have been so entered/are being entered.
- b) According to the information and explanations given to us, the transactions of purchase of printing material, food & delicatessen items, etc. made in pursuance of contracts or arrangements entered into the Register maintained under Section 301 of the Companies Act, 1956, during the year cannot be compared in absence of market quotations for similar items. It is stated that the goods are made to order according to specification and are/or of specialised nature.
6. The Company has not accepted any deposits from the public. As such requirement of clause (vi) of paragraph 4(vi) of the aforesaid Order is not applicable.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.
9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty and Cess were outstanding as at 31.03.2010 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
10. The accumulated losses of the Company are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit. The Company incurred cash losses in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution/bank.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities. Therefore, the provisions of clause (xii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. On the basis of review of utilisation of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company were applied for the purposes for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments except permanent working capital and for financing cash losses.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
19. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
20. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.
21. During the course of our examination of the books of accounts carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

For RAY & RAY  
*Chartered Accountants*

ANIL P. VERMA  
*Partner*

Shimla  
13th May, 2011

Membership Number 90408  
Firm Registration No. 301072E

# Balance Sheet

## as at 31st March, 2011

SOURCES OF FUNDS	Schedule	Rupees	As at 31st March	
			2011 Rupees	2010 Rupees
<b>SHAREHOLDERS' FUNDS</b>				
CAPITAL	1	330,000,000		330,000,000
ADVANCE TOWARDS SHARES (NOTE 1)		<u>1,293,025,454</u>		<u>1,135,628,850</u>
			<b>1,623,025,454</b>	<b>1,465,628,850</b>
<b>LOAN FUNDS</b>				
SECURED LOANS	2	98,214,312		176,785,736
UNSECURED LOANS	3	<u>5,000,000</u>		<u>83,000,007</u>
			<b>103,214,312</b>	<b>259,785,743</b>
<b>TOTAL</b>			<b><u>1,726,239,766</u></b>	<b><u>1,725,414,593</u></b>
<b>APPLICATIONS OF FUNDS</b>				
FIXED ASSETS	4			
GROSS BLOCK		887,178,620		883,314,341
Less : DEPRECIATION		<u>257,415,268</u>		<u>231,485,587</u>
NET BLOCK		629,763,352		651,828,754
CAPITAL WORK IN PROGRESS		<u>346,007</u>		<u>346,007</u>
			<b>630,109,359</b>	<b>652,174,761</b>
DEFERRED TAX - NET (NOTE 7)			<b>75,512,574</b>	<b>77,262,978</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
INTEREST ACCRUED		27,822		16,039
INVENTORIES	5	11,688,766		13,063,320
SUNDRY DEBTORS	6	5,310,247		5,493,391
CASH AND BANK BALANCES	7	155,842,196		126,367,040
LOANS & ADVANCES	8	<u>6,189,570</u>		<u>5,600,162</u>
		<u>179,058,601</u>		<u>150,539,952</u>
Less : CURRENT LIABILITIES & PROVISIONS				
LIABILITIES	9	23,678,499		28,837,643
PROVISIONS	10	<u>1,260,756</u>		<u>985,030</u>
		<u>24,939,255</u>		<u>29,822,673</u>
NET CURRENT ASSETS			<b>154,119,346</b>	<b>120,717,279</b>
MISCELLANEOUS EXPENDITURE	11		-	79,545
PROFIT AND LOSS ACCOUNT (As per annexed account)			<b>866,498,487</b>	<b>875,180,030</b>
<b>TOTAL</b>			<b><u>1,726,239,766</u></b>	<b><u>1,725,414,593</u></b>
SIGNIFICANT ACCOUNTING POLICIES	21			
NOTES TO THE ACCOUNTS	22			

Schedules 1 to 11, 21 & 22 referred to above form an integral part of the Balance Sheet.

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

For RAY & RAY  
Chartered Accountants

ANIL P. VERMA  
Partner  
Membership Number 90408  
Shimla  
13th May, 2011

ARJUN OBEROI *Managing Director*  
VIKRAM OBEROI  
T.K. SIBAL  
GAUTAM GANGULI *Directors*

# Profit and Loss Account for the year ended 31st March, 2011

INCOME	Schedule	Year ended 31st March	
		2011	2010
		Rupees	Rupees
GUEST ACCOMMODATION, RESTAURANTS, BARS & BANQUETS, ETC.	12	183,432,104	174,126,756
OTHER INCOME	13	10,117,996	9,523,487
		<u>193,550,100</u>	<u>183,650,243</u>
<b>EXPENDITURE</b>			
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES, ETC.	14	17,385,965	15,845,664
EMPLOYEES' REMUNERATION AND WELFARE EXPENSES	15	43,031,099	30,995,129
UPKEEP & SERVICE COST	16	46,183,695	42,586,141
ADMINISTRATIVE, SELLING AND OTHER EXPENSES	17	32,795,009	27,752,619
INTEREST & FINANCE CHARGES	18	17,195,741	26,631,559
DEPRECIATION		26,447,099	26,698,562
		<u>183,038,608</u>	<u>170,509,674</u>
PROFIT/(LOSS) BEFORE TAXATION & AMORTISATION		10,511,492	13,140,569
Less: MISCELLANEOUS EXPENDITURE AMORTISED	19	(79,545)	(79,986)
PROFIT BEFORE TAXATION		10,431,947	13,060,583
TAXATION	20	(1,750,404)	(1,033,485)
PROFIT AFTER TAXATION		8,681,543	12,027,098
(LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR		(875,180,030)	(887,207,128)
(LOSS) CARRIED TO BALANCE SHEET		<u>(866,498,487)</u>	<u>(875,180,030)</u>
BASIC EARNINGS PER SHARE (IN ₹) FACE VALUE ₹ 10 (NOTE 20)		0.26	0.36
DILUTED EARNINGS PER SHARE (IN ₹) FACE VALUE ₹ 10		-	-
NUMBER OF EQUITY SHARES		33,000,000	33,000,000
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES TO THE ACCOUNTS	22		

Schedules 12 to 22 referred to above form an integral part of the Profit & Loss Account.

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

For RAY & RAY  
Chartered Accountants

ANIL P. VERMA  
Partner  
Membership Number 90408

Shimla  
13th May, 2011

ARJUN OBEROI *Managing Director*

VIKRAM OBEROI  
T.K. SIBAL  
GAUTAM GANGULI } *Directors*

# Cash Flow Statement

	Year ended 31st March	
	2011 Rupees	2010 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax	10,431,947	13,060,583
Depreciation	26,447,099	26,698,562
Liabilities and provisions written back	(211,372)	(649,063)
Loss on Sale/Discard of Fixed Assets (Net)	-	111,082
Profit on Sale of Fixed Assets (Net)	(23,367)	-
Interest Received	(9,240,125)	(8,340,114)
Preliminary Expenditure	79,545	79,986
Interest Paid	17,195,741	26,631,559
Prior Period Expenses	112,315	-
Operating Profit before Working Capital Changes	<u>44,791,783</u>	<u>57,592,595</u>
Trade & Other Receivables	(28,726)	(1,757,112)
Inventories	1,374,553	3,105,045
Trade Payables	(3,181,954)	701,026
Cash Generated from Operations	<u>42,955,656</u>	<u>59,641,554</u>
Interest Paid	(19,203,717)	(28,639,535)
Payment of Direct Taxes	(374,995)	2,096,961
Cash Flow before Extraordinary Items	<u>23,376,944</u>	<u>33,098,980</u>
Net cash from Operating Activities	<u>23,376,944</u>	<u>33,098,980</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,965,260)	(736,696)
Sale/ Adjustment of Fixed Assets	12,500	89,250
Interest Received	9,225,799	8,299,932
Net cash used in Investing Activities	<u>5,273,039</u>	<u>7,652,486</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance towards shares	79,396,597	-
Unsecured Loans (Other than Public Deposit)	-	78,000,000
Term Loans	(78,571,424)	(78,571,424)
Net Cash used in Financing Activities	<u>825,173</u>	<u>(571,424)</u>
Net Increase in Cash & Cash Equivalents (A+B+C)	<u>29,475,156</u>	<u>40,180,042</u>
Cash and Cash Equivalents at beginning of year	<u>126,367,040</u>	<u>86,186,998</u>
Cash and Cash Equivalents at end of year	<u>155,842,196</u>	<u>126,367,040</u>

## Notes :

- The Cash Flow Statement has been prepared in indirect method.
- Cash and Cash Equivalents represent Cash and Bank Balances. Cash & Bank Balances include ₹ 127,359,436 [excluding interest] (2010 - ₹ 101,258,470) deposited in a separate Bank Account in terms of Hon'ble Himachal Pradesh High Court Order.
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the period and treated as a part of the Investing Activities.

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

For RAY & RAY  
Chartered Accountants

ANIL P. VERMA  
Partner  
Membership Number 90408

Shimla  
13th May, 2011

ARJUN OBEROI                      *Managing Director*  
VIKRAM OBEROI                      }  
T.K. SIBAL                              *Directors*  
GAUTAM GANGULI                      }

## Schedules to Accounts

		As at 31st March	
	Rupees	2011 Rupees	2010 Rupees
<b>1</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
50,000,000 Equity Shares of ₹ 10 each		<u>500,000,000</u>	<u>500,000,000</u>
		<u>500,000,000</u>	<u>500,000,000</u>
ISSUED, SUBSCRIBED, CALLED & PAID UP			
33,000,000 Equity Shares of ₹ 10 each fully paid up		<u>330,000,000</u>	<u>330,000,000</u>
		<u>330,000,000</u>	<u>330,000,000</u>
<b>NOTES :</b>			
(i) 6,999,997 Equity Shares were allotted as fully paid up pursuant to a contract without payment being received in cash.			
(ii) 25,999,995 Equity Shares are held by EIH Limited - EIH Limited, the Holding Company.			
<b>2</b>			
<b>SECURED LOANS</b>			
Term Loan from Bank		<u>98,214,312</u>	<u>176,785,736</u>
		<u>98,214,312</u>	<u>176,785,736</u>
PARTICULARS OF SECURITIES			
ICICI BANK LIMITED			
Secured by the charge on its immovable properties by deposit of title deeds and hypothecation of movable properties including movable plant & machinery, both present & future, (save & except book debts) whether installed or not. Amount due within next twelve months ₹ 78,571,424 (2010 - ₹ 78,571,424).			
<b>3</b>			
<b>UNSECURED LOANS</b>			
Government of Himachal Pradesh		5,000,000	5,000,000
EIH Limited - The Holding Company		-	78,000,007
		<u>5,000,000</u>	<u>83,000,007</u>

## Schedules to Accounts — Contd.

	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost as at 31st March, 2010	Additions	Sales/ Adjustments	Cost as at 31st March, 2011	For the period	Adjustments	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>TANGIBLE ASSETS</b>										
Freehold Land	74,405,229	-	-	74,405,229	-	-	-	-	74,405,229	74,405,229
Building	449,874,150	78,921	-	449,953,071	7,332,699	-	72,534,415	-	377,418,656	384,672,434
Sanitary Installation	32,145,505	587,353	-	32,732,858	547,941	-	5,167,671	-	27,565,187	27,525,775
Plant & Machinery	257,354,651	2,074,510	108,981	259,320,180	12,177,077	92,318	119,030,652	-	140,289,528	150,408,758
Computers	10,857,450	778,628	-	11,636,078	685,597	-	9,579,754	-	2,056,324	1,963,293
Furniture, Fixtures & Fittings	51,097,163	517,774	-	51,614,937	4,613,184	-	47,795,342	-	3,819,595	7,915,005
Vehicles	4,238,806	-	-	4,238,806	387,530	-	1,294,451	-	2,944,355	3,331,885
Leased Vehicles (Note 8)	2,543,835	650,750	714,676	2,479,909	549,643	425,100	1,230,003	-	1,249,906	1,438,375
<b>INTANGIBLE ASSETS</b>										
Computer Software	797,552	-	-	797,552	153,428	-	782,980	-	14,572	168,000
Capital Work-in-Progress (at cost) Including Uninstalled Machinery	883,314,341	4,687,936	823,657	887,178,620	26,447,099	517,418	257,415,268	-	629,763,352	651,828,754
Total	346,007	-	-	346,007	-	-	-	-	346,007	346,007
Previous Year	883,660,348	4,687,936	823,657	887,524,627	26,447,099	517,418	257,415,268	-	630,109,359	652,174,761
	883,401,340	1,671,524	1,412,516	883,660,348	26,698,562	728,581	231,485,587	-	652,174,761	677,885,734

**Note:**

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

Schedules to Accounts — *Contd.*

	As at 31st March	
	2011 Rupees	2010 Rupees
<b>5</b>		
<b>INVENTORIES</b>		
AT COST		
Provisions, Stores, Wines & Smokes	3,428,411	3,211,752
Crockery, Cutlery, Chinaware, Glassware, Linen, etc.	4,934,964	6,113,945
Other Stores	3,325,391	3,737,623
	<u>11,688,766</u>	<u>13,063,320</u>
<b>6</b>		
<b>SUNDRY DEBTORS (Unsecured - Considered good)</b>		
– More than six months	–	–
– Other Debts	5,310,247	5,493,391
	<u>5,310,247</u>	<u>5,493,391</u>
<b>7</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand [Including Cheques in hand ₹ 152,840 (2010 - ₹ 43,987) with Scheduled Banks in :	326,340	102,286
– Current Accounts	752,801	620,416
– Deposit Accounts (Note 13)	154,763,055	125,644,338
	<u>155,842,196</u>	<u>126,367,040</u>
<b>8</b>		
<b>LOANS AND ADVANCES (Unsecured)</b>		
Advances recoverable in cash or in kind or for value to be received	3,033,694	2,807,830
Income Tax Payments / Refunds	2,659,518	2,281,980
Sundry Deposits - Considered Good	496,358	510,352
	<u>6,189,570</u>	<u>5,600,162</u>
<b>9</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
Total outstanding dues of Creditors other than Micro Enterprises & Small Enterprises [including amount due to EIH Limited - the Holding Company ₹ Nil (2010 - ₹ 595,640)	5,599,155	5,330,058
Book overdraft	190,808	1,245,959
Liability for leased vehicle (Note 8)	1,305,817	1,532,996
Interest Accrued but not due	2,509,971	4,517,948
Other Liabilities	9,372,125	11,510,059
Retention & Security Deposit	4,700,623	4,700,623
	<u>23,678,499</u>	<u>28,837,643</u>

Schedules to Accounts — *Contd.*

	As at 31st March	
	2011 Rupees	2010 Rupees
<b>10</b>		
<b>PROVISIONS</b>		
LEAVE ENCASHMENT ON RETIREMENT (Note 10)	661,780	433,459
GRATUITY (Note 10)	598,976	551,571
	<u>1,260,756</u>	<u>985,030</u>
<b>11</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<b>(To the extent not amortised or adjusted)</b>		
PRELIMINARY EXPENSES		
As per last Account :	79,545	159,531
<i>Less</i> : Amortised during the year	79,545	79,986
	<u>-</u>	<u>79,545</u>

Schedules to Accounts — *Contd.*

	Year ended 31st March	
	2011 Rupees	2010 Rupees
<b>12</b>		
<b>INCOME FROM GUEST ACCOMMODATION, RESTAURANTS, BARS &amp; BANQUETS, ETC.</b>		
Rooms	108,287,243	103,739,438
Food & Beverages (Note 19)	53,468,562	50,905,489
Other Services (Note 19)	21,676,299	19,481,829
	<u>183,432,104</u>	<u>174,126,756</u>
<b>13</b>		
<b>OTHER INCOME</b>		
Interest (from Banks ₹ 9,240,125 and Others ₹ Nil) (2010 - ₹ 8,084,976 and others ₹ 255,138)	9,240,125	8,340,114
Others	643,132	534,310
Profit on Sale of Fixed Assets (Net)	23,367	–
Liabilities and Provisions written back	211,372	649,063
	<u>10,117,996</u>	<u>9,523,487</u>
<b>14</b>		
<b>CONSUMPTION OF PROVISIONS, STORES, WINES &amp; SMOKES (Note 21)</b>		
Opening Stock	3,211,752	4,621,070
Add : Purchases	17,602,624	14,436,346
	<u>20,814,376</u>	<u>19,057,416</u>
Less : Closing Stock	3,428,411	3,211,752
Consumption	<u>17,385,965</u>	<u>15,845,664</u>
<b>15</b>		
<b>EMPLOYEES' REMUNERATION &amp; WELFARE EXPENSES</b>		
Salaries, Wages & Bonus	39,229,861	28,065,624
Company's Contribution towards Provident Fund	1,630,974	1,177,259
Workmen and Staff Welfare Expenses	1,096,130	1,081,423
Staff Training & Recruitment Expenses	335,233	670,823
Leave Encashment on Retirement	583,442	–
Gratuity	155,459	–
	<u>43,031,099</u>	<u>30,995,129</u>
<b>16</b>		
<b>UPKEEP &amp; SERVICE COST</b>		
Linen, Uniform Washing & Laundry Expenses	589,256	633,789
Expenses on Apartment & Board	5,189,311	5,415,418
Power & Fuel	22,384,896	21,149,278
Renewals & Replacements	2,428,806	3,008,822
Repair & Maintenance - Building	3,937,779	4,246,888
- Plant & Machinery	6,007,926	4,701,635
- Others	5,645,721	3,430,311
	<u>46,183,695</u>	<u>42,586,141</u>

Schedules to Accounts — *Contd.*

	Year ended 31st March	
	2011 Rupees	2010 Rupees
<b>17</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Rent (Note 9)	1,183,409	808,382
Advertisement, Publicity & Other Promotional Expenses	7,156,694	6,037,719
Printing & Stationery	756,867	760,261
Insurance	983,989	1,179,456
Passage & Travelling	3,873,918	3,762,222
Postage, Telephone & Telex	965,733	911,138
Subscriptions	949,743	685,951
Water Charges	5,229,015	4,978,414
Commission to Travel Agents and on Credit Card	4,849,192	4,622,416
Auditor's Remuneration (Note 11)	48,472	43,454
Loss on Exchange Fluctuation	12,277	8,042
Loss on Sale/Discard of Assets (Net)	–	111,082
Legal & Professional	3,148,721	869,128
Donation	18,000	6,500
Rates & Taxes	1,345,857	1,349,966
Musical, Banquet & Kitchen Expenses	1,386,224	1,224,842
Prior Period Expenses	112,315	–
Other Expenses	774,583	393,646
	<u>32,795,009</u>	<u>27,752,619</u>
<b>18</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
– Fixed	16,875,605	26,436,102
– Others	320,136	195,457
	<u>17,195,741</u>	<u>26,631,559</u>
<b>19</b>		
<b>MISCELLANEOUS EXPENDITURE AMORTISED</b>		
Preliminary expenses amortised	79,545	79,986
	<u>79,545</u>	<u>79,986</u>
<b>20</b>		
<b>TAXATION</b>		
Income Tax Adjustment for Earlier Years	–	(82,996)
Deferred Tax	1,750,404	1,116,481
	<u>1,750,404</u>	<u>1,033,485</u>

## Schedules to Accounts — *Contd.*

### 21

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared to comply in all material aspects with the Companies Accounting Standard Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standard and the relevant provisions of the Companies Act, 1956.

The presentation of Financial Statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognised in the period in which the results are known/materialised.

##### **ACCOUNTING CONVENTION AND REVENUE RECOGNITION**

The Financial Statements have been prepared under the Historical Cost Convention. Both income and expenditure items are recognised on accrual basis.

##### **FIXED ASSETS**

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

##### **FINANCE LEASES**

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

##### **DEPRECIATION**

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

##### **INTANGIBLE ASSETS**

Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of Thirty six months. Amortisation is done on the straight line method.

##### **INVENTORIES**

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

##### **TRANSACTIONS IN FOREIGN CURRENCY**

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the difference is recognised as income or expenses.

##### **RETIREMENT BENEFITS**

Retirement benefits are provided for in the accounts on accrual basis in the following manner:

- (i) Gratuity – As per actuarial valuation on the Projected Unit Credit method.
- (ii) Leave Encashment on Retirement – As per actuarial valuation on Projected Unit Credit method.
- (iii) Provident Fund – On payments made to the concerned authorities.

## Schedules to Accounts — *Contd.*

### **BORROWING COST**

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

### **SALES / INCOME**

Sales/Income are exclusive of taxes *viz.* Sales tax, Service tax, Luxury tax, etc.

### **TAXES ON INCOME**

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

The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to re-assess realisation/liabilities.

### **MISCELLANEOUS EXPENDITURE**

Deferred Revenue Expenditure (Pre-opening Expenses) incurred prior to the date of Accounting Standard on Intangible Assets (AS-26) issued by the Institute of Chartered Accountants of India becoming mandatory, are being amortised over a period of sixty months.

Preliminary Expenses incurred prior to the date of Accounting Standard on Intangible Assets (AS-26) issued by the Institute of Chartered Accountants of India becoming mandatory, are amortised over a period of one hundred and twenty months from the date of commencement of operations.

### **PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES**

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

### **CONTINGENT LIABILITIES**

Contingencies are disclosed. Loss/Contingencies arising from claims, litigation, assessment, etc. are recorded when it is probable that liability has been incurred and the amount can be reasonably estimated.

Schedules to Accounts — *Contd.*

22

## NOTES TO THE ACCOUNTS

- The Company is treating all funds received from EIH Limited, its holding Company, as "Advance towards Shares" pending settlement of inter se legal issues between Government of Himachal Pradesh and EIH Limited in relation to the Company. Accordingly the Company has disclosed a further sum of ₹ 157,396,604 during the year as "Advance towards Shares".
- The estimated amount of contracts remaining to be executed on Capital Account and not provided for ₹ 1,193,030 (2010 - ₹ Nil).
- Contingent Liabilities not provided for in respect of :  
Claims against the Company not acknowledged as debts ₹ Nil (2010 - ₹ Nil).
- Guarantee given by EIH Limited, the Holding Company, to ICICI Bank Limited aggregated to ₹ 550,000,000 (2010 - ₹ 550,000,000).
- Balances appearing under the head Sundry Creditors, Loans & Advances and Sundry Debtors are subject to confirmation.
- There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues.
- During the year, the Company has accounted for Deferred Tax in accordance with Accounting Standard (AS-22) "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. This has resulted in Deferred Tax Assets of ₹ 75,512,574 (2010 - ₹ 77,262,978) as at 31st March, 2011. Deferred Tax for the current period amounting to ₹ -1,750,404 (2010 - ₹ -1,116,481) has been recognised in the Profit and Loss Account under Taxation. The net Deferred Tax Assets comprise of the following:

	As at 31st March	
	2011 Rupees	2010 Rupees
<b>Deferred Tax Assets</b>		
Business Loss	—	—
Unabsorbed Depreciation	187,371,690	191,729,171
Provision for Leave Encashment on Retirement	219,827	—
Provision for Gratuity	198,965	187,479
Total A	<u>187,790,482</u>	<u>191,916,650</u>
<b>Deferred Tax Liability</b>		
Fixed Assets (Excess of Net Block over written down value as per provisions of the Income-tax Act, 1961)	112,277,908	114,626,635
Preliminary Expenses	—	27,037
Total B	<u>112,277,908</u>	<u>114,653,672</u>
Total (A-B)	<u>75,512,574</u>	<u>77,262,978</u>

The Company expects further profit in future years based on current trends and improvement in travel and tourism industry. Accordingly, the Company expects that sufficient future taxable income will be available against which deferred tax assets on account of unabsorbed depreciation amounting to ₹ 187,371,690 will be realised in future. As a matter of prudence, the Company, on the basis of conservative business estimates, has not recognised Deferred Tax Asset of ₹ 196,334,283 (2010 - ₹ 223,559,397) relating to carry forward of Business Losses incurred up to 31st March, 2011.

Schedules to Accounts — *Contd.*NOTES TO THE ACCOUNTS (*Contd.*)

## 8. Leases

Fixed Assets acquired on Finance Lease amounted to ₹ 2,479,909 (2010 - ₹ 2,543,835), being the Assets acquired between 1st April, 2001 to 31st March 2011. This includes an amount of ₹ 650,750 (2010 - ₹ 943,750) being the Assets acquired during the year under Finance Lease and capitalised in line with the requirements of Accounting Standard (AS-19). Depreciation for the year includes an amount of ₹ 549,643 (2010 - ₹ 529,437) being depreciation charged on the Assets.

The year-wise break up of outstanding lease obligations as on 31.03.2011 in respect of these Assets capitalised during the year are as under:-

	(Rupees)
<b>Vehicles taken on Lease</b>	
Total Minimum Lease Payments as at 31.03.2011	<b>1,882,991</b> (1,860,897)
Present value of Minimum Lease Payments as at 31.03.2011	<b>1,305,817</b> (1,532,996)
<b>Not later than one year</b>	
Minimum Lease Payments	<b>600,719</b> (862,873)
Present value as on 31.03.2011	<b>376,968</b> (686,570)
<b>Later than one year but not later than 5 years</b>	
Minimum Lease Payments	<b>1,282,272</b> (998,024)
Present value as on 31.03.2011	<b>928,849</b> (846,426)
<b>Later than 5 Years</b>	
Minimum Lease Payments	<b>Nil</b>
Present value as on 31.03.2011	<b>Nil</b>
Contingent Rent recognised as expenses in the Statement of Profit and Loss for the period	<b>Nil</b>
The total future minimum sublease payments expected to be received under non-cancellable sublease at the Balance Sheet	<b>Nil</b>
(Figures in brackets represent figures for 2010)	

## 9. Disclosure in respect of Company's operating lease arrangements entered on or after 1st April, 2001, under Accounting Standard (AS-19) "Leases", issued by the Institute of Chartered Accountants of India:

- a) General description of Companies operating lease arrangements:  
The Company has entered into operating lease arrangements primarily for residential premises for its employees. Some of the significant terms and conditions of the arrangements are:
- arrangements may generally be terminated by either party by serving notice;
  - the lease arrangement is generally renewable on the expiry of the lease period subject to mutual consent;
  - the Company shall not sublet, assign or part with the possession of the premises without written consent of the Lessor.
- b) The year-wise breakup of future minimum lease payments in respect of leased residential premises is as under:

	Rupees
<b>Residential premises taken on lease</b>	
Total future minimum lease payments as at 31.03.2011	<b>2,285,000</b> (3,097,767)
Not later than 1 year	<b>1,095,000</b> (1,067,767)
Later than 1 year but not later than 5 years	<b>1,190,000</b> (2,030,000)
Later than 5 years	<b>Nil</b> (Nil)

(Figures in brackets represent figures for 2010)

- c) Rent in respect of the above is charged to the Profit and Loss Account.

Schedules to Accounts — *Contd.*

10. Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2011 as per Actuarial Valuation using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		Year ended 31st March			
Leave Encashment		2011	2010	2009	2008
<b>I</b>	<b>Components of Employer Expense</b>	₹	₹	₹	₹
1	Current Service Cost	45,825	53,381	303,636	387,304
2	Interest Cost	24,119	65,408	62,948	62,745
3	Expected Return on Plan Assets	-	-	-	-
4	Curtailment Cost / (Credit)	-	-	-	-
5	Settlement Cost / (Credit)	-	-	-	-
6	Past Service Cost	-	-	-	-
7	Actuarial Losses / (Gains)	440,598	(382,901)	(30,749)	342,580
8	Total expense recognised in the Statement of Profit & Loss Account	510,542	(264,112)	335,835	792,629
The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Schedule 15.					
<b>II</b>	<b>Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2011</b>				
1	Present Value of Defined Benefit Obligation	661,780	433,459	937,634	786,852
2	Fair Value of Plan Assets	-	-	-	-
3	Status [Surplus/(Deficit)]	(661,780)	(433,459)	(937,634)	(786,852)
4	Unrecognised Past Service Cost	-	-	-	-
5	Net Asset / (Liability) recognised in Balance Sheet	(661,780)	(433,459)	(937,634)	(786,852)
<b>III</b>	<b>Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2011</b>				
1	Present value of DBO as at beginning of the year	433,459	937,634	786,852	784,318
2	Current Service Cost	45,825	53,381	303,636	387,304
3	Interest Cost	24,119	65,408	62,948	62,745
4	Curtailment Cost/(Credit)	-	-	-	-
5	Settlement Cost/(Credit)	-	-	-	-
6	Plan Amendments	-	-	-	-
7	Acquisitions	-	-	-	-
8	Actuarial (Gains)/Losses	440,598	(382,901)	(30,749)	342,580
9	Benefits Paid	(282,221)	(240,063)	(185,053)	(790,095)
10	Present Value of DBO at the end of year	661,780	433,459	937,634	786,852
<b>IV</b>	<b>Changes in Fair Value of Assets during the year ended 31st March, 2011</b>				
1	Fair value of Plan Assets at the Beginning of the year	-	-	-	-
2	Acquisition Adjustment	-	-	-	-
3	Actuarial Return on Plan Assets	-	-	-	-
4	Actuarial Gains/(Losses)	-	-	-	-
5	Actual Company Contribution	282,221	240,063	185,053	790,095
6	Benefits Paid	(282,221)	(240,063)	(185,053)	(790,095)
7	Plan Assets at the end of the year	-	-	-	-
<b>V</b>	<b>Investments Details</b>				
	Invested with LIC Group Gratuity Scheme	-	-	-	-
<b>VI</b>	<b>Actuarial Assumptions</b>				
1	Discounting Rate (%)	8.35%	8.25%	8.00%	8.00%
2	Expected rate of return	-	-	-	-
3	Salary Escalation (%)	5.5%	5.5%	5.5%	5.5%
4	Mortality	In accordance with standard table LIC (1994-96) Ultimate			

Schedules to Accounts — *Contd.*

		Year ended 31st March			
Gratuity		2011	2010	2009	2008
<b>I</b>	<b>Components of Employer Expense</b>	₹	₹	₹	₹
1	Current Service Cost	144,303	198,886	177,239	187,890
2	Interest Cost	35,866	49,871	49,182	56,291
3	Expected Return on Plan Assets	-	-	-	-
4	Curtailement Cost / (Credit)	-	-	-	-
5	Settlement Cost / (Credit)	-	-	-	-
6	Past Service Cost	-	-	-	-
7	Actuarial Losses / (Gains)	100,890	(302,570)	(153,652)	15,985
8	Total expense recognised in the Statement of Profit & Loss Account	281,059	(53,813)	72,769	260,166
The Gratuity Expenses have been recognised in "Contribution to Gratuity Funds" and Leave Encashment in "Salaries/Wages and Bonus" under Sechedule 15.					
<b>II</b>	<b>Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2011</b>				
1	Present Value of Defined Benefit Obligation at the end of the year	598,976	551,571	641,384	614,769
2	Fair Value of Plan Assets	-	-	-	-
3	Status [Surplus/(Deficit)]	(598,976)	(551,571)	(641,384)	(614,769)
4	Unrecognised Past Service Cost	-	-	-	-
5	Net Asset / (Liability) recognised in Balance Sheet	(598,976)	(551,571)	(641,384)	(614,769)
<b>III</b>	<b>Changes in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2011</b>				
1	Present value of DBO as at beginning of the year	551,571	641,384	614,769	703,641
2	Current Service Cost	144,303	198,886	177,239	187,890
3	Interest Cost	35,866	49,871	49,182	56,291
4	Curtailement Cost/(Credit)	-	-	-	-
5	Settlement Cost/(Credit)	-	-	-	-
6	Plan Amendments	-	-	-	-
7	Acquisitions	-	-	-	-
8	Actuarial (Gains)/Losses	100,890	(302,570)	(153,652)	15,985
9	Benefits Paid	233,654	36,000	46,154	349,038
10	Present Value of DBO at the end of year	598,976	551,571	641,384	614,769
<b>IV</b>	<b>Changes in Fair Value of Assets during the year ended 31st March, 2011</b>				
1	Plan Assets at the Beginning of the year	-	-	-	-
2	Acquisition Adjustment	-	-	-	-
3	Actuarial Return on Plan Assets	-	-	-	-
4	Actuarial Gains/(Losses)	-	-	-	-
5	Actual Company Contribution	233,654	36,000	46,154	349,038
6	Benefits Paid	233,654	36,000	46,154	349,038
7	Plan Assets at the end of the year	-	-	-	-
<b>V</b>	<b>Investments Details</b>				
	Invested with LIC Group Gratuity Scheme	-	-	-	-
<b>VI</b>	<b>Actuarial Assumptions</b>				
1	Discounting Rate (%)	8.35%	8.25%	8.00%	8.00%
2	Expected rate of return	8.35%	8.25%	8.00%	8.00%
3	Salary Escalation (%)	5.5%	5.5%	5.5%	5.5%
4	Mortality	In accordance with standard table LIC (1994-96) Ultimate			

## Schedules to Accounts — *Contd.*

11. Auditor's remuneration includes Statutory Audit Fees ₹ 21,000 (2010 - ₹ 21,000), Tax Audit Fees ₹ 15,000 (2010 - ₹ 15,000) and reimbursement of expenses ₹ 12,472 (2010 - ₹ 7,454).
12. Depreciation has been provided in the Accounts on "Straight Line Method" at the rate prescribed in Schedule XIV to the Companies Act, 1956 except for specific Asset stated below, where different rates are applied which are not less than those prescribed under the Companies Act, 1956:
  - Leased Vehicle over their respective lease period of 36, 48 & 60 months.
13. The Company was incorporated consequent upon a Joint Venture Agreement between EIH Limited and the Government of Himachal Pradesh. Disputes inter se between the two Joint Venture Partners as well as between the Company and the Government of Himachal Pradesh were referred by the High Court of Himachal Pradesh by an Order dated 17th December, 2003 to an Arbitral Tribunal consisting of a single Arbitrator.

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

In view of the foregoing, the effect of the Award has not been recognised in these Accounts. However, pending the final outcome of the above proceedings, the Company continues to keep 30% of the Room Revenue in respect of the balance 57 Rooms, being operated as per the directions of the High Court, deposited with a Nationalised Bank, in accordance with the 17th December, 2003 Order above referred to. Accordingly, till 31st March, 2011, the Company has deposited ₹ 127,359,436 (2010 - ₹ 101,258,470) in a separate bank account.

Appropriate intimation of such deposit has been given to the Himachal Pradesh Government. This deposit has been disclosed in these Accounts under "Cash and Bank Balances".

14. As there is no Company Secretary, the Accounts could not be authenticated under Section 215 of the Companies Act, 1956 read with Section 383A of the Companies Act, 1956. Steps are being taken to appoint a full time Company Secretary.
15. **The details of transactions entered into with Related Parties during the year are as follows:**

**A. (I) Holding Company - EIH Limited**

**(II) Fellow Subsidiary Companies**

1. Mercury Car Rentals Limited
2. Mumtaz Hotels Limited
3. EIH International Limited
4. Oberoi Kerala Hotels & Resorts Limited
5. EIH Flight Services Limited, Mauritius
6. EIH Holdings Limited
7. EIH Marrakech Limited
8. J&W Hongkong Limited
9. Oberoi Turtle Bay Limited
10. EIH Corporation Limited
11. EIH Investments NV
12. EIH Management Services BV
13. PT Widja Putra Karya
14. PT Waka Oberoi Indonesia
15. PT Astina Graha Ubud

Schedules to Accounts — *Contd.***(III) Enterprises in which Key Management Personnel have significant influence:**

1. Oberoi Hotels Private Limited
2. Oberoi Properties Private Limited
3. Oberoi Holdings Private Limited
4. Oberoi Investments Private Limited
5. Oberoi Buildings and Investments Private Limited
6. Oberoi Plaza Private Limited
7. Bombay Plaza Private Limited
8. Oberoi Leasing & Finance Company Private Limited
9. Aravali Polymers LLP

**(IV) Key Management Personnel**

1. Mr. Arjun Oberoi

**B. Transactions with Related Parties during the financial year and outstanding balances as on 31.03.2011:**

	Holding Company	Fellow Subsidiary Companies	Enterprises in Which Key Management Personnel have significant influence	Key Management Personnel
	Rupees	Rupees	Rupees	Rupees
<b>Purchases</b>				
Goods & Services	3,821,570 (3,551,183)	713,244 (3,986,920)	120,385 (3,940)	Nil (Nil)
Fixed Assets	166,350 (69,436)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Expenses</b>				
Rent & Service Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Sales</b>				
Goods & Services	848,062 (785,214)	13,590 (489,512)	13,590 (2,776)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Finance</b>				
Advance against equity shares application received (net)	157,396,604 (1,005,628,850)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan Received (Net)	Nil (78,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Paid/Provided (Net)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
<b>Outstanding balances</b>				
<b>Payables</b>				
For Goods & Services	473,100 (953,279)	629,923 (495,749)	Nil (Nil)	Nil (Nil)
<b>Receivables</b>				
For Goods & Services	973,554 (357,640)	86,514 (116,394)	Nil (Nil)	Nil (Nil)
<b>Others</b>				
Loans Payable (including interest accrued & due)	Nil (78,000,007)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advance towards Equity Shares	1,293,025,454 (1,135,628,850)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Figures in brackets represent figures for 2010)

Schedules to Accounts — *Contd.*

16.1 Expenditure in Foreign Currency:	Year ended 31st March			
	2011		2010	
	Rupees		Rupees	
Other matters	1,143,615		1,752,055	
16.2 Earnings in Foreign Currency:				
On sales as reported by the Company to the Department of Tourism, Government of India	30,746,267		35,389,263	
17. Value of Imports calculated on C.I.F. basis in respect of:				
Capital Goods	1,653,406		247,461	
Provisions, Stores & Wines	2,539,369		1,665,223	
18. Foreign currency exposure not hedged by any derivative instrument or otherwise:				
	2011		2010	
	Foreign Currency	Rupee Equivalent	Foreign Currency	Rupee Equivalent
Sundry Creditors	\$ 319	₹ 14,251	\$ 457	₹ 20,404
	£ 1,357	₹ 98,304	–	–
	€ 226	₹ 14,301	€ 1,480	₹ 88,992
19. Based on the guiding principles given in Accounting Standard (AS-17) 'Segment Reporting', the Company's primary business is hoteliering. The business incorporates related activities such as revenue from rooms, restaurants, banquets, health club, etc., which mainly have similar risks and returns. As such there is nothing to report on segment results.				
	As at 31st March			
	2011		2010	
	Rupees		Rupees	
20. Earnings per Equity Share :				
Computation of both Basic and Diluted Earnings per share of ₹ 10				
Profit/(Loss) as per the Profit and Loss Account	8,681,543		12,027,098	
No. of Equity Shares	33,000,000		33,000,000	
Basic Earnings per share	0.26		0.36	
21. Consumption of Provision, Stores, Wines & Liquor, etc. include ₹ 413,870 (2010 - ₹ 374,429) towards Hospitality Expenses.				
22. As mentioned in the earlier Accounts also, the Accounts of the Company were not approved by the Nominee Directors of the Himachal Pradesh Government – the Joint Venture Partner. As such the Accounts were approved by the Audit Committee and the Board of Directors by majority.				
23. The figures for the previous year have been regrouped/recast as far as practicable to make them comparable to those of the current year.				

Schedules to Accounts — *Contd.*

24.

**Information pursuant to Part IV of Schedule VI to the Companies Act, 1956.**

Balance Sheet Abstract and Company's General Business Profile :

<b>(I) Registration Details</b>	
Registration Number	17440
State Code	06
Balance Sheet Date	31.03.2011
<b>(II) Capital raised during the year</b> <i>(Amount in ₹ thousands)</i>	
Public Issue	Nil
Rights Issue (including Advance towards Shares)	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>(III) Position of mobilisation and deployment of funds</b> <i>(Amount in ₹ thousands)</i>	
Total Liabilities	1,751,179
Total Assets	1,751,179
<b>Sources of Funds</b>	
Paid-up Capital	330,000
Advance towards Shares	1,293,025
Reserves & Surplus	Nil
Secured Loan	98,214
Unsecured Loan	5,000
Current Liabilities	24,939
<b>Applications of Funds</b>	
Net Fixed Assets	630,109
Investments	Nil
Deferred Tax Assets	75,513
Current Assets	179,059
Miscellaneous Expenditure	Nil
Accumulated Losses	866,498
<b>(IV) Performance of the Company</b>	
Turnover (including other income)	193,550
Total Expenditure	183,118
Profit (+)/Loss (-) before Tax	10,432
Profit (+)/Loss (-) after Tax (including Deferred Tax)	8,682
Earning Per Share (in ₹)	0.26
Dividend Rate (%)	Nil
<b>(V) Generic Names of principal products/services of the Company as per monetary terms</b>	
Item Code No. (ITC Code) #	591001006
Product Description	Hotels
Item Code No. (ITC Code) #	390001002
Product Description	Restaurants

Shimla  
13th May, 2011

ARJUN OBEROI	} <i>Managing Director</i>
VIKRAM OBEROI	
T.K. SIBAL	
GAUTAM GANGULI	

*Directors*