

# ISLAND HOTEL MAHARAJ LIMITED

## BOARD

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

Mr. T. K. Sibal, *Managing Director*

Mr. S. S. Mukherji

Mr. Vikram Oberoi

Mr. Sudipto Sarkar

## AUDITORS

Joseph Renji

Chartered Accountant

Panakal, 41/1337

Veekshanam Road

Cochin - 682 018

## REGISTERED OFFICE

1/24, G.S.T. Road

Meenambakkam

Chennai - 600 027



## DIRECTORS' REPORT

The Board presents the Thirty-ninth Annual Report together with Audited Statement of Accounts and Auditor's Report in respect of the year ended 31st March, 2012.

The financial highlights are set out below:

	<i>Rupees in million</i>	
	<b>2011-2012</b>	2010-2011
Total Revenue	<b>91.35</b>	77.40
Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA)	<b>(0.15)</b>	(4.64)
Interest and Finance Charges	<b>1.60</b>	10.74
Depreciation	<b>14.44</b>	14.35
Profit/(Loss) before tax	<b>(16.19)</b>	(29.73)
<i>Add:</i> Deferred Tax	<b>3.05</b>	2.80
Net Profit/(Loss)	<b>(13.14)</b>	(26.93)

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, ("the Act") the Board states that:

- (a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures;
- (b) the Directors have adopted such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Loss of the Company for the year;
- (c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the Annual accounts on a "going concern" basis.

During the Financial Year, the Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA) was ₹ (0.15) million. ₹ (4.64) million was the EBIDTA in the previous year.

The Net Loss was ₹ (13.14) million as against ₹ (26.93) million in the previous year.

In view of the loss incurred, the Board is unable to recommend a dividend.

The Company proposes its amalgamation with EIH Associated Hotels Limited, of which it is a Wholly Owned Subsidiary, to enable their businesses to be carried on more economically and efficiently. The amalgamation would be in the best interests of the Shareholders and creditors of the respective companies. The Company is in the process of filing a Scheme of Amalgamation with the Hon'ble High Court of Madras.

Energy conservation measures taken during current year include installation of energy saving lights, reuse of treated STP water for irrigation and strict operation control on equipment and lighting so as to save energy.

Measures planned include installation of energy efficient pumps and operational control on equipment and lighting so as to save power.

The Company is a foreign exchange earner. Foreign exchange earnings during the Financial Year amounted to ₹ 35.64 million as compared to ₹ 33.63 million in the previous year. Expenditure in foreign exchange was ₹ 0.51 million as against ₹ 0.61 million in the previous year.

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

The Auditor of the Company, Mr. Joseph Renji, Chartered Accountant, retires and is eligible for re-appointment.

During the Financial Year 2011-2012, none of the employees of the Company have received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

The Company is trying to appoint a suitable Company Secretary.

The Board thanks all employees for their commitment, dedication and co-operation.

For and on behalf of the Board

New Delhi  
28th May, 2012

P.R.S. OBEROI  
*Chairman*

## AUDITOR'S REPORT

To  
The Members of  
Island Hotel Maharaj Limited

1. I have audited the attached Balance Sheet of **Island Hotel Maharaj Limited**, as at 31st March, 2012 and the annexed Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Management of the Company. My responsibility is to express an opinion on these Financial Statements based on my audit.
2. I conducted my Audit in accordance with the Auditing standards generally accepted in India. Those Standards require that I 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 the Management, as well as evaluating the overall Financial Statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditors' 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, ('the Act') and on the basis of such checks as I considered appropriate and according to the information and explanations given to me, I enclose in the **Annexure** a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
  - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
  - ii) in my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
  - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts;
  - iv) in my opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement, dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v) on the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, I report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

5. In my opinion and to the best of my information and according to the explanations given to me the said accounts, read in conjunction with Schedules 1 to 38, 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.
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
  - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - c) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

Gurgaon  
28th May, 2012

JOSEPH RENJI  
*Chartered Accountant*  
Firm's Registration No. 00344S  
Membership No. 4486

**ANNEXURE TO THE AUDITOR'S REPORT OF  
ISLAND HOTEL MAHARAJ LIMITED**

(Referred to in paragraph 3 of my Report of even date )

- I (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year no substantial part of fixed assets have been disposed off by the Company. Therefore, the provisions of clause (i)(c) of paragraph 4 of the aforesaid order in my opinion are not applicable to the Company.
- II (a) The inventory has been physically verified by the Management during the year. In my opinion, the frequency of verification is reasonable.
- (b) In my opinion, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- III (a) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, which are prejudicial to the interest of the Company (Refer Note 37 to the statement of accounts of the company)
- (b) In view of my comment in paragraph III (a) above, clauses (III)(b), (III)(c) and (III)(d) of paragraph 4 of the aforesaid order are not applicable to the Company.
- IV In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of my audit, I have neither come across nor have I been informed of any continuing failure to correct major weakness in internal control system.
- V (a) On the basis of my examination of the books of Accounts and according to the information and explanations given to me, the Company has entered into the register maintained under section 301 of the Companies Act, 1956, the transaction that need to be entered therein.
- (b) According to the information and explanations given to me, any of the transactions entered in the Register maintained under Section 301 of the

Act during the year do not exceed ₹ 500,000/- and hence no comments are to be made thereon.

- VI. The Company has not accepted any deposits from the public under Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- VII. In my opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- VIII. The Central Government has not prescribed maintenance of cost records under Section 209 (l)(d) of the Companies Act, 1956, for the Company.
- IX (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to me, there are no undisputed amounts payable in respect of income-tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess, which were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable, except the demand of ₹ 203,942 issued during the financial year 2006-2007, on the turnover tax for the Assessment Year 1999-2000, the request for adjusting the same against the refund of Sales tax receivable for the Assessment Year 1999-2000 is pending to be considered by the Sales tax department.
- (c) According to the information and explanations given to me, there are no dues of Income-tax, custom duty, wealth tax, excise duty, service tax and cess which have not been deposited on account of any dispute (other than disputed sales tax), as indicated below :

Nature of disputed dues	Forum where Dispute is pending	Amount (₹)
Kerala Tax on Sales Tax Rules, 1976	Before the DC Appellate, Ernakulam	307,438

- X. Although the Company has been registered for more than five years, it commenced its renovated business operation only in May, 1999. The accumulated losses of the Company as at the end of financial year are more than 50% of its net worth. The Company has incurred cash losses during the financial year under report and in the immediately preceding year. From the information made available to me the accumulated losses do not affect the going concern as a deluxe hotel and has a long gestation period and the Company is fully supported by the promoters of the Company.
- XI. In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

- XII The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- XIII In my 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.
- XIV In my 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.
- XV The Company has not given any guarantee for the loan taken by others from banks or financial institutions during the year.
- XVI According to the information and explanations given to me, the term loans raised by the Company during the year have been applied for the purpose for which they were raised.
- XVII According to the information and explanations given to me and on an overall examination of the balance sheet of the Company, I report that no funds raised on short-term basis have been used for long-term investment. No long term funds have been used to finance short-term assets except permanent working capital.
- XVIII The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause (XVIII) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- XIX 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.
- XX The Company has not raised any money by public issue during the year. Therefore, the provisions of clause (XX) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- XXI During the course of my examination of books of accounts carried out in accordance with generally accepted auditing practices, I have neither come across any instance of fraud on or by the Company nor have I been informed of such case by the Management.

Gurgaon  
28th May, 2012

JOSEPH RENJI  
*Chartered Accountant*  
Firm's Registration No. 00344S  
Membership No. 4486

# Balance Sheet

## as at 31st March, 2012

	Note	Rupees	As at 31st March 2012 Rupees	2011 Rupees
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	319,708,800		319,708,800
b) Reserves and Surplus	3	62,640,350		76,242,257
			382,349,150	395,951,057
<b>(2) ADVANCE AGAINST ISSUE OF SHARE</b>				
			-	222
<b>(3) NON-CURRENT LIABILITIES</b>				
a) Long Term Borrowings	4	220,005		693,322
b) Other Long Term Liabilities	5	10,924,924		429,924
c) Long Term Provisions	6	824,057		1,042,316
			11,968,986	2,165,562
<b>(4) CURRENT LIABILITIES</b>				
a) Short Term Borrowings	7	13,027,107		6,990,444
b) Trade Payables	8	8,152,455		9,565,680
c) Other Current Liabilities	9	6,186,303		9,456,669
d) Short Term Provisions	10	25,000		-
			27,390,865	26,012,793
<b>TOTAL</b>			<b>421,709,001</b>	<b>424,129,634</b>
<b>II. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
a) Fixed Assets	11			
i) Tangible Assets		305,117,570		318,145,381
ii) Capital Work-in-Progress		-		150,980
		305,117,570		318,296,361
b) Deferred Tax Assets (Net)	12	69,827,934		66,771,092
c) Long Term Loans and Advances	13	3,524,085		3,335,098
			378,469,589	388,402,551
<b>(2) CURRENT ASSETS</b>				
a) Inventories	14	6,373,538		6,329,411
b) Trade Receivables	15	18,413,934		10,892,970
c) Cash and Bank Balances	16	5,499,866		1,161,997
d) Short Term Loans and Advances	17	12,192,071		16,644,174
e) Other Current Assets	18	760,003		698,531
			43,239,412	35,727,083
<b>TOTAL</b>			<b>421,709,001</b>	<b>424,129,634</b>
SIGNIFICANT ACCOUNTING POLICIES	1			

The notes are an integral part of these financial statements.

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

For JOSEPH RENJI  
Chartered Accountants  
Firm's Registration No. 000344S  
Membership Number 24486

Gurgaon  
28th May, 2012

P. R. S. OBEROI *Chairman*  
T. K. SIBAL *Managing Director*  
S. S. MUKHERJI  
VIKRAM OBEROI  
SUDIPTO SARKAR *Directors*

# Statement of Profit and Loss for the year ended 31st March, 2012

		Year ended 31st March		
		2012	2011	
		Rupees	Rupees	
I.	Revenue from Operations	19	90,200,983	76,577,018
II.	Other Income	20	1,151,014	818,113
III.	<b>Total Revenue (I + II)</b>		<b>91,351,997</b>	<b>77,395,131</b>
IV.	Expenses:			
	Cost of Materials Consumed	21	8,835,643	7,871,180
	Employee Benefits Expense	22	24,210,202	22,799,990
	Finance Costs	23	1,604,478	10,741,738
	Depreciation and Amortization Expense		14,437,927	14,349,854
	Other Expenses	24	58,459,688	51,361,059
	<b>Total Expenses</b>		<b>107,547,938</b>	<b>107,123,821</b>
V.	<b>Profit Before Taxation (III-IV)</b>		<b>(16,195,941)</b>	<b>(29,728,690)</b>
VI.	Tax Expense			
	Deferred Tax		3,056,842	2,801,875
VII.	<b>Profit for the Period (V-VI)</b>		<b>(13,139,099)</b>	<b>(26,926,815)</b>
VIII.	Earnings Per Equity Share :			
	(1) Basic		(4.11)	(9.01)
	(2) Diluted		(4.11)	(9.01)

## SIGNIFICANT ACCOUNTING POLICIES

1

The notes are an integral part of these financial statements.

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

For JOSEPH RENJI  
Chartered Accountants  
Firm's Registration No. 000344S  
Membership Number 24486

Gurgaon  
28th May, 2012

P. R. S. OBEROI *Chairman*  
T. K. SIBAL *Managing Director*  
S. S. MUKHERJI  
VIKRAM OBEROI  
SUDIPTO SARKAR } *Directors*

# Cash Flow Statement

	Year ended 31st March	
	2012 Rupees	2011 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Loss before Tax & Extraordinary items	(16,195,941)	(29,728,690)
Adjustments for:		
Depreciation	14,437,927	14,349,854
Interest Received	(13,791)	(10,773)
Loss on Sale of Assets	472,135	(175,996)
Miscellaneous exp write off	-	-
Interest Paid	1,604,478	10,741,738
Operating Profit before Working Capital Changes	<u>304,808</u>	<u>(4,823,867)</u>
Adjustments for:		
Trade & Other Receivables	(8,151,038)	1,078,516
Inventories	(44,127)	(771,510)
Trade Payables	5,638,180	2,668,343
Cash Generated from Operations	<u>(2,252,177)</u>	<u>(1,848,518)</u>
Refund/Payment of Fringe Benefit Tax		
Direct Taxes Paid	4,845,510	(996,495)
Cash Flow before Extraordinary Items	<u>2,593,333</u>	<u>(2,845,013)</u>
Net Cash From Operating Activities	<u>2,593,333</u>	<u>(2,845,013)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2,345,058)	(2,856,822)
Capital Work in Progress	150,980	(111,707)
Sale of Fixed Assets	-	405,311
Interest Received	-	-
Other Receipts (Axis Bank)	-	-
Net Cash used in Investing Activities	<u>(2,194,078)</u>	<u>(2,563,218)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest Paid	(1,501,575)	(10,692,236)
Issue of Shares	-	20,997,500
Advance	(222)	-
Share Premium Issue of Shares	-	62,992,500
Cash Credit	6,036,663	(8,803,759)
Repayment Term Loan	-	(60,000,000)
Liability for Leased Vehicles	(493,349)	872,082
Financing Charges as Leased Vehicles	(102,903)	(49,502)
Net Cash used in Financing Activities	<u>3,938,614</u>	<u>5,316,585</u>
Net Increase in Cash & Cash Equivalents (A+B+C)	4,337,869	(91,646)
Opening Balance of Cash & Cash Equivalents	<u>1,161,997</u>	<u>1,253,643</u>
Closing Balance of Cash & Cash Equivalents	<u>5,499,866</u>	<u>1,161,997</u>

## Notes :

- The Cash Flow Statement has been prepared in indirect method.
- Cash and Cash Equivalents represent Cash and Bank Balances.

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

For JOSEPH RENJI  
Chartered Accountants  
Firm's Registration No. 000344S  
Membership Number 24486

Gurgaon  
28th May, 2012

P. R. S. OBEROI	<i>Chairman</i>
T. K. SIBAL	<i>Managing Director</i>
S. S. MUKHERJI	] <i>Directors</i>
VIKRAM OBEROI	
SUDIPTO SARKAR	

# Notes to the Accounts

## 1

### SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

#### USE OF ESTIMATES

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

#### REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable.

Revenue from interest is accrued and recognised on time basis and determined by contractual rate of interest.

#### 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.

#### TANGIBLE ASSETS

Tangible Assets are stated at cost of acquisition or construction and in case of revaluation of assets at revalued amounts net of impairment loss if any, less depreciation/amortisation. 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.

Assets acquired on lease/hire purchase basis are stated at their cash values less depreciation/amortisation.

Capital Work-in-Progress comprises outstanding advances paid/payable to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

#### DEPRECIATION

Depreciation on Fixed Assets other than land and leased vehicles is provided on "Straight Line Method" at the rates, which are in conformity with the requirements of the Companies Act, 1956. Certain fixed assets including long term leasehold land and leased vehicles are amortised over the period of the respective leases or over the remaining lease period from the date of installation, whichever is shorter. Long term leasehold land is amortised over the balance period of lease, commencing from the date the land is put to use for commercial purposes. Vehicles acquired on lease are depreciated over their respective lease period or five years, whichever is earlier.

#### IMPAIRMENT OF ASSETS

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

#### 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 lease 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 under Interest and Finance charges.

#### 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, under the policies adopted by the Company from time to time.

## Notes to the Accounts – *Contd.*

### TRANSACTIONS IN FOREIGN CURRENCY

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Monetary items outstanding on 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.
- c) Marked to Market (MTM) gains/losses on derivative transactions under Currency/Interest swaps/Hedging are recognised in the books of account in line with the Accounting Standard (AS-11) on “The Effect of Changes in Foreign Exchange Rates” read with the pronouncement of The National Advisory Committee on Accounting Standards dated 26th March, 2009.

Realised/settled gains/losses arising out of Currency/Interest swaps during the year are recognised as income/expenditure in the Profit and Loss Account.

### EMPLOYEE BENEFITS

Short Term Employee Benefit is recognised as an expense in the Profit and Loss Account of the year in which related service is rendered. Post employment and other Long Term Employee Benefits are provided in the Accounts in the following manner:

- (i) Gratuity: Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per the Company’s Scheme. 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 and is treated as liability.
- (ii) Leave Encashment on Termination of Service: As per independent actuarial valuation as at the Balance Sheet date following projected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on ‘Employee Benefits’ is included in provisions.
- (iii) Provident Fund: Liability on account of Provident Fund for most of the employees is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.

### BORROWING COST

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

### TAXES ON INCOME

Income-tax is accounted for in accordance with Accounting Standard (AS-22) – ‘Accounting for Taxes on Income’ notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration.

Deferred tax assets on unabsorbed depreciation and carry forward losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

### PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

Contingent Liabilities are 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 ongoing basis and only those having a largely probable outflow of resources are provided for.

Notes to the Accounts – *Contd.*

	As at 31st March	
	2012 Rupees	2011 Rupees
<b>2</b>		
<b>SHARE CAPITAL</b>		
Authorised		
3,500,000 (2011 - 3,500,000) Equity Shares of ₹ 10 each	<b>350,000,000</b>	350,000,000
	<b><u>350,000,000</u></b>	<u>350,000,000</u>
Issued, Subscribed, Called & Paid-up		
3,197,088 (2011 - 3,197,088) Equity Shares of ₹ 100 each, fully paid up (Note (a) to (c) below)	<b>319,708,800</b>	319,708,800
	<b><u>319,708,800</u></b>	<u>319,708,800</u>

## a) Reconciliation of number of Shares :

	As at 31st March 2012		As at 31st March 2011	
	Number of Shares	Rupees	Number of Shares	Rupees
Equity Shares :				
Balance at the beginning of the year	3,197,088	319,708,800	2,987,113	298,711,300
Add: 209,975 Equity Shares of face value ₹ 100 each allotted as fully paid up shares at a premium of ₹ 300 per share during the year			209,975	20,997,500
Closing Balance	<b><u>3,197,088</u></b>	<b><u>319,708,800</u></b>	<u>3,197,088</u>	<u>319,708,800</u>

## b) Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of ₹ 100 per share having one vote per share held. During the year no shares were issued or allotted. In 2011 - 209,975 equity shares having face value of ₹ 100 each were issued and allotted at a premium of ₹ 300.

## c) All the Equity Shares are held by EIH Associated Hotels Limited, the Holding Company, except six Equity Shares jointly held for, with its respective nominees.

Notes to the Accounts – *Contd.*

	Rupees	As at 31st March	
		2012 Rupees	2011 Rupees
<b>3</b>			
<b>RESERVES AND SURPLUS</b>			
REVALUATION RESERVE			
As per last Account	7,867,769		8,330,577
<i>Less: Adjustments (Note 27b)</i>	<u>462,808</u>		<u>462,808</u>
		7,404,961	7,867,769
SECURITIES PREMIUM ACCOUNT			
As per last Account	573,626,400		510,633,900
Addition during the year	<u>–</u>		<u>62,992,500</u>
		573,626,400	573,626,400
SURPLUS IN STATEMENT OF PROFIT AND LOSS			
As per last Account	(505,251,912)		(478,325,097)
<i>Add : Profit / (Loss) during the year</i>	<u>(13,139,099)</u>		<u>(26,926,815)</u>
		(518,391,011)	(505,251,912)
		<u>62,640,350</u>	<u>76,242,257</u>

## Notes to the Accounts – *Contd.*

	As at 31st March	
	2012	2011
	Rupees	Rupees
<b>4</b>		
<b>LONG TERM BORROWINGS (Secured)</b>		
Finance Lease Obligations (Note 30)	220,005	693,322
	<u>220,005</u>	<u>693,322</u>

Nature of security:

The motor vehicles registered under the Motor Vehicles Act, 1989 with L&T Finance Limited

Terms of Repayment:

Monthly equated lease rentals over the respective period of lease of 36, 48 or 60 months

Notes to the Accounts — *Contd.*

	As at 31st March	
	2012 Rupees	2011 Rupees
<b>5</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
(i) Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	411,424	411,424
Advance from Holding Company (Note 37)	10,450,000	-
EIH Associated Hotels Limited		
(ii) Other Payables		
Security Deposits	45,000	-
Others	18,500	18,500
	<u>10,924,924</u>	<u>429,924</u>

There are no reported Micro and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 to whom the Company owes dues.

**6**  
**LONG TERM PROVISIONS**

A. Provision for Employee Benefits (Note 22b)		
(i) Leave Encashment	824,057	1,042,316
	<u>824,057</u>	<u>1,042,316</u>

**7**  
**SHORT TERM BORROWINGS (Secured)**

A. Working Capital Loans repayable on demand from Banks:		
(i) United Bank of India	13,027,107	6,990,444
	<u>13,027,107</u>	<u>6,990,444</u>

Security:

The cash credit facility from UBI is secured by first charge on all types of inventories, stores, spares, furnishing materials, all kind of wares, beverages, food materials etc and book debts. It is additionally secured by a second charge on the fixed assets of the Company.

Terms of Repayment:

Repayable on demand.

Notes to the Accounts — *Contd.*

	As at 31st March	
	2012 Rupees	2011 Rupees
<b>8</b>		
<b>TRADE PAYABLES</b>		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	8,152,455	9,565,680
	<u>8,152,455</u>	<u>9,565,680</u>

There are no reported Micro and Small Enterprises as defined under Micro, Small & Medium Enterprises Development Act, 2006 to whom the Company owes dues.

<b>9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
A. Current Maturities of Finance Lease Obligations (Note 30)	158,728	178,760
B. Other Payables		
(i) Security Deposits from Shops	-	25,500
(ii) Other Deposits	21,000	66,000
(iii) Statutory Liabilities	1,430,130	1,457,137
(iv) Advance from Customers	922,216	2,680,979
(v) Other Liabilities	<u>3,654,229</u>	<u>5,048,293</u>
	<u>6,027,575</u>	<u>9,277,909</u>
	<u>6,186,303</u>	<u>9,456,669</u>

<b>10</b>		
<b>SHORT TERM PROVISIONS</b>		
A. Provision for Employee Benefits (Note 22b)		
(i) Leave Encashment	25,000	-
	<u>25,000</u>	<u>-</u>

## Notes to the Accounts — Contd.

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 31st March, 2011	Additions	Sales/ Adjustments	Cost as at 31st March, 2012	Up to 1st April, 2011	For the year	Sales/ Adjustments	Upto 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Leasehold Land	41,970,435	-	-	41,970,435	20,349,304	1,271,832	-	21,621,136	20,349,299	21,621,131
Buildings	243,068,901	-	-	243,068,901	46,613,652	3,961,921	-	50,575,573	192,493,328	196,455,249
Sanitary Installation	19,404,001	-	-	19,404,001	3,741,299	316,285	-	4,057,584	15,346,417	15,662,702
Plant & Machinery	167,263,110	1,750,935	-	169,014,045	89,984,035	8,058,222	-	98,042,257	70,971,788	77,279,075
Office Equipment	130,438	-	-	130,438	26,879	6,196	-	33,075	97,363	103,559
Computers	11,428,877	267,859	-	11,696,736	9,546,638	493,908	-	10,040,546	1,656,190	1,882,239
Furniture & Fittings	33,147,217	136,264	-	33,283,481	29,354,703	489,069	-	29,843,772	3,439,709	3,792,514
Vehicles	697,344	-	-	697,344	203,333	78,870	-	282,203	415,141	494,011
Tangible Assets (Own)	517,110,323	2,155,058	-	519,263,381	199,819,843	14,676,303	-	214,496,146	304,769,235	317,290,480
Leased Vehicles	946,562	190,000	566,562	570,000	91,661	224,432	94,427	221,666	348,334	854,901
Tangible Assets on Finance Lease (B)	946,562	190,000	566,562	570,000	91,661	224,432	94,427	221,666	348,334	854,901
Grand Total (A+B)	518,056,885	2,345,058	566,562	519,835,381	199,911,504	14,900,735	94,427	214,717,812	305,117,569	318,145,381
Capital Work-in-Progress	150,980	409,743	560,723	-	-	-	-	-	-	-
	518,207,865	2,754,801	1,127,285	519,835,381	199,911,504	14,900,735	94,427	214,717,812	305,117,569	318,145,381
Previous Year	519,024,743	3,981,152	4,798,030	518,207,865	188,654,934	14,812,663	3,556,093	199,911,504	318,296,361	

Note:

Land &amp; Buildings were revalued in 1994-1995

Notes to the Accounts — *Contd.*

	Rupees	As at 31st March	
		2012 Rupees	2011 Rupees
<b>12</b>			
<b>DEFERRED TAX ASSET (NET)</b>			
A. Deferred Tax Assets			
(i) Unabsorbed Depreciation	122,641,184		120,488,625
(ii) Depreciation for the period	4,392,116		5,017,131
(iii) Provision for Leave Encashment	241,686		311,621
		127,274,986	125,817,377
B. Deferred Tax Liabilities			
(i) Depreciation		57,447,052	59,046,285
Deferred Tax Asset (Net)		69,827,934	66,771,092

As a matter of prudence, the Company has not recognised deferred tax assets of ₹ 72,319,467 (2011 - ₹ 81,872,108) relating to carried forward business losses.

**13**  
**LONG TERM LOANS AND ADVANCES**

Unsecured, considered good (unless otherwise stated)

(i) Security Deposits		2,633,605	2,615,980
(ii) Prepaid Expenses		190,000	18,638
(iii) Other Loans and Advances		700,480	700,480
		3,524,085	3,335,098

Security Deposits include 5 year National Savings Certificate amounting to ₹ 10,000 (2011 - ₹ 10,000) which have been assigned in favour of Kerala Sales Tax Authorities as Security Deposits

**14**  
**INVENTORIES**

(i) Provisions, Wines & Smokes		1,130,010	907,683
(ii) Stores & Operational supplies		5,243,528	5,421,728
		6,373,538	6,329,411

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 are charged to the Profit and Loss Account.

**15**  
**TRADE RECEIVABLES (Unsecured)**

A. Considered good			
(i) Outstanding for period exceeding 6 months from the date they are due for payment		–	52,791
(ii) Others	18,413,934		10,840,179
		18,413,934	10,892,970
		18,413,934	10,892,970

Notes to the Accounts — *Contd.*

		As at 31st March	
	Rupees	2012 Rupees	2011 Rupees
<b>16</b>			
<b>CASH AND BANK BALANCES</b>			
(i) Cash on hand		326,415	296,866
(ii) Bank Balances			
Current Accounts		5,021,951	713,631
(iii) Other Bank Balances			
Fixed Deposits - Maturity more than 3 months but less than 12 months		<u>151,500</u>	<u>151,500</u>
		<u>5,499,866</u>	<u>1,161,997</u>
Fixed Deposits of ₹ 151,500 have been lodged with Banks/Government authorities for obtaining Guarantees or as Security Deposits with Sales Tax Department			
<b>17</b>			
<b>SHORT TERM LOANS AND ADVANCES</b>			
Unsecured, considered good (unless otherwise stated)			
A. Advances recoverable in cash or in kind or value to be received		275,058	308,227
B. Other Loans and Advances			
(i) Security Deposits	118,000		96,000
(ii) Prepaid Expenses	3,627,493		3,222,917
(iii) Income - Tax Payment/Refund	<u>8,171,520</u>		<u>13,017,030</u>
		<u>11,917,013</u>	<u>16,335,947</u>
		<u>12,192,071</u>	<u>16,644,174</u>
<b>18</b>			
<b>OTHER CURRENT ASSETS</b>			
Unsecured, considered good (unless otherwise stated)			
(i) Interest Accrued		42,048	28,257
(ii) Insurance Claim		130,099	165,971
(iii) Unbilled Revenue		-	-
(iv) Other Receivables/Recoverable		<u>587,856</u>	<u>504,303</u>
		<u>760,003</u>	<u>698,531</u>

Notes to the Accounts — *Contd.*

	Year ended 31st March	
	2012	2011
	Rupees	Rupees
<b>19</b>		
<b>REVENUE FROM OPERATIONS</b>		
Income from Guest Accommodation, Restaurants, Bars & Banquets, etc.		
Rooms	60,351,826	50,617,855
Food and Beverage	26,465,694	23,329,447
Other Services	3,383,463	2,629,716
	<u>90,200,983</u>	<u>76,577,018</u>
<b>20</b>		
<b>OTHER INCOME</b>		
Interest (Gross)	13,791	10,773
Profit on Sale of Fixed Assets	-	175,996
Provision for Leave Encashment no longer required, written back (Note 22b)	193,257	-
Others including Lease Rent of ₹ 244,000 (2011 - ₹ 240,000) (Note 30b)	943,966	631,344
	<u>1,151,014</u>	<u>818,113</u>
<b>21</b>		
<b>COST OF MATERIALS CONSUMED</b>		
Opening Stock	907,683	653,587
Add : Purchases	9,057,970	8,125,276
	9,965,653	8,778,863
Less : Closing Stock	1,130,010	907,683
	<u>8,835,643</u>	<u>7,871,180</u>
<b>22</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages & Bonus	21,765,405	19,652,344
Company's Contribution to Provident Fund and Other Funds (Note 22a)	989,719	1,040,578
Contribution to Gratuity Fund	195,265	197,742
Provision for Leave Encashment (Note 22b)	-	545,503
Staff Welfare Expenses	1,259,813	1,363,823
	<u>24,210,202</u>	<u>22,799,990</u>
<b>22a</b>		
Amount recognised in the Statement of Profit and Loss		
Company's Contribution to:		
Provident Fund	790,782	778,050
Deposit Link Insurance	15,425	23,060
Employee State Link Insurance	183,512	239,468

## Notes to the Accounts — Contd.

## 22b LEAVE ENCASHMENT &amp; GRATUITY

	Year ended 31st March, 2012				Year ended 31st March, 2011			
	Gratuity		Leave Encashment		Gratuity		Leave Encashment	
	Funded	(Unfunded)	(Funded)	(Unfunded)	(Funded)	(Unfunded)	(Funded)	(Unfunded)
<b>I Components of Employer Expense</b>	₹	₹	₹	₹				
1 Current Service Cost	108,774	39,351	84,826	170,705				
2 Interest Cost	65,317	53,527	53,459	176,795				
3 Expected Return on Plan Assets	80,887	–	69,378	–				
4 Curtailment Cost/(Credit)	–	–	–	–				
5 Settlement Cost/(Credit)	–	–	–	–				
6 Past Service Cost	–	–	–	–				
7 Actuarial Losses/(Gains)	102,061	(286,135)	128,835	198,003				
<b>8 Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>195,265</b>	<b>(193,257)</b>	<b>197,742</b>	<b>545,503</b>				
The Gratuity Expenses have been recognised in “Contribution to Gratuity Funds” and Leave Encashment in “Salaries/ Wages and Bonus” under Schedule 17.								
<b>II Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2012</b>								
1 Present Value of Defined Benefit Obligations	958,189	849,058	878,549	1,042,315				
2 Fair Value of Plan Assets	879,192	–	769,688	–				
3 Status [Surplus/(Deficit)]	(78,997)	(849,058)	(108,861)	(1,042,315)				
4 Unrecognised Past Service Cost	–	–	–	–				
<b>5 Net Asset / (Liability) recognised in Balance Sheet</b>	<b>(78,997)</b>	<b>(849,058)</b>	<b>(108,861)</b>	<b>(1,042,315)</b>				
<b>III Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2012</b>								
1 Present value of DBO as at beginning of the year	878,549	1,042,315	741,020	496,812				
2 Current Service Cost	108,774	39,351	84,826	170,705				
3 Interest Cost	65,317	53,527	53,459	176,795				
4 Curtailment Cost/(Credit)	–	–	–	–				
5 Settlement Cost/(Credit)	–	–	–	–				
6 Plan Amendments	–	–	–	–				
7 Acquisitions	–	–	–	–				
8 Actuarial (Gains)/Losses	102,061	(286,135)	128,835	198,003				
9 Benefits Paid	196,512	–	129,591	–				
<b>10 Present Value of DBO at the end of year</b>	<b>958,189</b>	<b>849,058</b>	<b>878,549</b>	<b>1,042,315</b>				
<b>IV Changes in Fair Value of Assets during the year ended 31st March 2012</b>								
1 Plan Assets at the Beginning of the year	769,688	–	701,848	–				
2 Acquisition Adjustment	–	–	–	–				
3 Actuarial Return on Plan Assets	80,887	–	69,378	–				
4 Actuarial Gain/(Losses)	–	–	–	–				
5 Actual Company Contribution	225,129	–	128,053	–				
6 Benefits Paid	196,512	–	129,591	–				
<b>7 Plan Assets at the end of the year</b>	<b>879,192</b>	<b>–</b>	<b>769,688</b>	<b>–</b>				
<b>V Investments Details</b>								
Invested with LIC Group Gratuity Scheme	–	–	–	–				
<b>VI Actuarial Assumptions</b>								
1 Discounting Rate (%)	8.00%	8.00%	8.00%	8.00%				
2 Expected rate of return	0.00%	–	9.40%	–				
3 Salary Escalation (%)	3.00%	3.00%	3.00%	3.00%				
4 Mortality	Indian assured lives mortality (modified) Ultimate			Indian assured lives mortality (modified) Ultimate				
	Year ended 31st March 2012		Year ended 31st March 2011		Year ended 31st March 2010		Year ended 31st March 2019	
<b>VII Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>	<b>Gratuity</b>	<b>Leave Encashment</b>
1 Present Value of Defined Benefit Obligation	952,346	676,590	872,707	754,352	741,020	521,274	630,387	498,457
2 Fair Value of Plan Assets	873,349	–	763,846	–	701,848	–	626,790	–
3 Status [Surplus/(Deficit)]	(78,997)	(676,590)	(108,861)	(754,352)	(39,172)	521,274	(3,597)	(498,457)
4 Experience Adjustment of Plan Liabilities [Gain/(Loss)]	–	(85,735)	–	198,003	–	(17,339)	–	237,983
5 Experience Adjustment of Plan Assets [Gain/(Loss)]	–	–	–	–	–	–	–	–

The estimates of future salary increases, considered in actuarial valuations taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Notes to the Accounts — *Contd.*

		Year ended 31st March	
	Rupees	2012	2011
		Rupees	Rupees
<b>23</b>			
<b>FINANCE COSTS</b>			
Interest on borrowing		1,501,575	5,395,771
Interest on other loan	102,903		49,502
Other Borrowing Costs			
Adjustment for currency/interest swap including MTM losses	—		5,296,465
		<u>102,903</u>	
		<u>1,604,478</u>	<u>10,741,738</u>
<b>24</b>			
<b>OTHER EXPENSES</b>			
<b>A. UPKEEP AND SERVICE COST</b>			
Linen, Uniform Washing & Laundry Expenses		427,257	412,164
Expenses on Apartment & Board		2,058,928	2,430,465
Power & Fuel		16,222,692	15,776,509
Renewals & Replacement		1,511,405	1,392,932
Repairs :			
Buildings	1,547,935		1,835,664
Plant & Machinery	5,257,590		4,070,525
Others	846,697		173,127
		<u>7,652,222</u>	
		<u>27,872,504</u>	<u>26,091,386</u>
<b>B. ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>			
Expenses for contractual services		3,170,264	2,684,127
Lease Rent		2,545,940	2,280,186
Royalty		909,839	772,191
Advertisement, Publicity & Other Promotional Expenses		2,694,568	2,701,632
Commission to Travel Agents & others		2,534,025	2,678,029
Rates & Taxes		7,092,844	5,882,567
Insurance		314,606	366,655
Passage & Travelling		6,701,080	3,821,485
Postage, Telephone & Telex		811,099	724,567
Printing & Stationery		511,443	544,031
Musical, Banquet & Kitchen Expenses		1,002,594	981,362
Auditors' Remuneration			
As Auditor:			
Audit Fees	90,000		79,000
Tax Audit Fee	12,000		10,000
Taxation Matters	13,000		11,000
		<u>115,000</u>	<u>100,000</u>
Other Expenses		<u>2,183,882</u>	<u>1,732,841</u>
		<u>30,587,184</u>	<u>25,269,673</u>
<b>TOTAL (A + B)</b>		<u>58,459,688</u>	<u>51,361,059</u>

Notes to the Accounts — *Contd.*

25. The estimated amount of contracts remaining to be executed on capital account and not provided for net of advances ₹ Nil (2011 - ₹ Nil).

26. Contingent Liabilities not provided for in respect of:

a) Counter Guarantees given by the Company to Banks for Guarantees given to various parties ₹ Nil (2011 - ₹ Nil)

b) The Sales Tax Department had during the year 2007 raised a demand of ₹ 203,942 towards the sales tax dues for the Assessment Year 1999-2000, and an appeal was filed against the said demand and Order. There was also an excess payment of ₹ 259, 156 made for the Assessment Year 1999-2000, as reflected in the Statement of Accounts. The Company had also requested the department to adjust the above said payment towards the demanded liability for Sales Tax, for which no actions were taken by the department.

The Appellate Tribunal vide its Order dated 6th December, 2005, in Appeal No. 248/05 had nullified the above said demand and a favorable order was issued. Based on the said Appellate Order the Sales Tax Department has not yet issued the revised Assessment Order nor have issued the Orders for the refund of the excess Amount remitted by the Company. The above said excess remitted amount is reflected in the Statement of Accounts since 2007 as recoverable from the department.

c) The following demands towards Sales Tax, delivered to the Company on various dates, as under, are disputed in appeal and the decision of the appropriate authorities is pending:

Assessment No.	Date	Demand (₹)	Disputed Amount (₹)
24122207/2004-05	31.03.2011	255,870	165,895
24122207/2003-04	31.03.2011	627,704	403,759
24122207/2002-03	31.03.2011	264,727	258,144
24122207/2001-02	31.03.2011	519,899	439,371
Total		<u>1,668,200</u>	<u>1,267,169</u>

However ₹ 922,313 was remitted under the amnesty scheme.

27. (a) Depreciation has been provided for in the Accounts on "Straight Line Method" at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for specified assets as stated below which are depreciated as follows :

(i) Leased Vehicles over their respective lease period or sixty months, whichever is earlier.

(ii) Long term Leasehold Lands other than perpetual leases are depreciated over the balance period of the leases commencing from the date the land is put to use for commercial purposes.

(b) Depreciation for the year includes amortization of revalued leasehold land amounting to ₹ 1,271,832 (2011 - ₹ 1,271,832). Of the same, ₹ 462,808 (2011 - ₹ 462,808) pertaining to depreciation on revalued portion has been adjusted from Revaluation Reserve.

28. As the Company's activity is limited to only Hotels, there is no separate reportable segment as per the Accounting Standard, (AS-17) on "Segment Reporting" issued by the Institute of Chartered Accounts of India.

Notes to the Accounts — *Contd.*

		As at 31st March	
		2012	2011
		Rupees	Rupees
29.	Earnings per share:		
	Profit computation for both Basic and Diluted Earnings per share of ₹ 100 each		
	Profit/(Loss) as per Profit and Loss Account	(13,139,099)	(26,926,815)
	Weighted average number of Equity Shares outstanding	3,197,088	2,987,688
	Basic and diluted earnings per share In Rupees of face value - ₹ 100 each	(4.11)	(9.01)

**Weighted Average Computation**

Particulars of Equity Shares	Number of days outstanding	Number of Equity Shares	Weighted Average
Number of Shares outstanding throughout the year	365	3,197,088	3,197,088
Number of shares issued, allotted and called on 31.03.2012	Nil	Nil	Nil
Total		<u>3,197,088</u>	<u>3,197,088</u>

30. Fixed Assets acquired under finance lease amounted to ₹ 5,70,000 (2011 - ₹ 9,46,562) being the Assets acquired between 1st April, 2001 and 31st March, 2012. This includes an amount of ₹ 1,90,000 being the Assets acquired during the year (2011 - ₹ 9,46,562) under finance lease and capitalised in line with the requirement of Accounting Standard, (AS-19) on "Accounting for Leases" issued by ICAI. During the year, the cost of lease arrangements for Motor Vehicles amounting to ₹ 566,562 (2011 - ₹ Nil) was terminated due to Normal closure. Depreciation for the year includes an amount of ₹ 224,432 (2011 - ₹ 91,661) on account of these Assets.

The year wise breakup of the outstanding lease obligations as on 31st March, 2012 in respect of these assets is as under:

	Year ended 2012 (Rupees)	Year ended 2011 (Rupees)
<b>Vehicles taken on lease</b>		
Total Minimum Lease Payments at the year end	456,184	1,168,032
Present value of Minimum Lease Payments	378,732	872,082
<b>Not later than one year</b>		
Minimum Lease Payments	205,332	285,074
Present value	158,728	178,761
<b>Later than one year but not later than five years</b>		
Minimum Lease Payments	250,852	882,959
Present value	220,005	693,322
<b>Later than five years</b>		
Minimum Lease Payments	Nil	Nil
Present value	Nil	Nil
<b>Present value as on 31st March, 2012</b>	<b>378,733</b>	<b>872,082</b>
(a) Contingent rents have been recognised as an expense in the Statement of Profit and Loss for the year	Nil	Nil
(b) The Company has given on operating lease shops located as its hotel premises to various persons. Future minimum lease payments recoverable by the Company in respect of operating leases relating thereto are as follows:		
	<b>Non Cancellable</b>	<b>Cancellable</b>
i. Not Later than one year	77,100 (131,615)	440,000 (354,000)
ii. Later than one year but not later than five years	77,100 (131,615)	440,000 (354,000)
iii. Later than five years	Nil	Nil

Figures in brackets indicate previous year

Notes to the Accounts — *Contd.*

31. The Company is not required to give quantitative and value wise information in respect of purchase, consumption, turnover, stock, etc. as the same is exempted vide Circular No. SO 301(E) dated 08.02.2011 issued by Ministry of Corporate Affairs, Government of India.
32. No provision for Income-tax is required to be made in view of carried forward business losses and unabsorbed depreciation of earlier years and absence of book profit under Section 115JB of the Income-tax Act, 1961.

	Year ended 31st March	
	2012	2011
	₹	₹
33. Expenditure in Foreign Currencies on account of Franchise fees, reimbursement of market expenses and others	508,977	605,930
34. Value of Imports calculated on C.I.F basis in respect of: Capital Goods	-	-
35. Earnings in foreign currencies on Sales <i>(As reported by the Company to the Department of Tourism, Government of India)</i>	35,635,624	33,636,654

36. Related party transactions:

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

a	<b>Name of the Party</b>	<b>Nature of relationship</b>
	Holding Company	EIH Associated Hotels Limited
	Enterprise exercising significant influence	EIH Limited

- b Transaction with Related Parties during the Financial Year and Outstanding Balances as on 31st March, 2012

<b>Transaction</b>	<b>Holding Company</b>	<b>Enterprise exercising significant influence</b>
	<b>(Figures in Rupees)</b>	<b>(Figures in Rupees)</b>
<b>Purchases</b>		
Goods and services	204,749	4,538,614
<b>Sales</b>		
Goods and services	22,634	1,554,559
<b>Outstanding balances</b>		
<b>Payables</b>		
For Goods and services	65,413	1,137,762
<b>Receivables</b>		
For Goods and services	-	2,364,697
<b>Others</b>		
Funds from holding Company	10,450,000	-

## Notes to the Accounts — *Contd.*

**37. Proposed amalgamation with EIH Associated Hotels Limited, the holding company**

The Board has approved a Scheme of Amalgamation in the nature of merger with the holding Company, EIH Associated Hotels Limited with effect from the appointed date being 1st April, 2011.

The Scheme is subject to and will come into effect upon receipt of necessary approvals and completion of requisite formalities for which steps and proceedings have already been initiated by the companies concerned. Pending the same, all advances received by the Company from EIH Associated Hotels Limited have been disclosed under 'other long term liabilities'.

**38. The figures for the previous year have been regrouped / recast as far as practicable**

- a) To make them comparable to those of the current year,
- b) To comply with the disclosure requirements of Revised Schedule VI to the companies Act 1956.

For JOSEPH RENJI  
*Chartered Accountants*  
Firm's Registration No. 000344S  
Membership Number 24486

Gurgaon  
28th May, 2012

P. R. S. OBEROI	<i>Chairman</i>
T. K. SIBAL	<i>Managing Director</i>
S. S. MUKHERJI	] <i>Directors</i>
VIKRAM OBEROI	
SUDIPTO SARKAR	