

EASTERN INTERNATIONAL HOTELS LIMITED

44th Annual Report

31st March, 2014

BOARD OF DIRECTORS	<ol style="list-style-type: none">1. Rajesh Khanna – Executive Director2. Dinesh Khanna – Executive Director3. Ravish Khanna – Executive Director4. Jagdish Khanna – Executive Director5. Manish Khanna – Executive Director6. Aditya Dhawan – Executive Director
AUDITORS	Messrs. J. G. Verma & Co., Chartered Accountants 301-B, Niranjana, 99, Marine Drive, Mumbai 400 002
BANKERS	The Saraswat Co-Op. Bank Limited State Bank Of India
CIN	U99999MH1969PLC014275
REGISTERED OFFICE	Balraj Sahani Marg, Juhu, Mumbai 400 049.
LOCATION OF HOTELS	<ol style="list-style-type: none">1. Novotel Mumbai Juhu Beach2. Majorda Beach Resort, Goa

Eastern International Hotels Limited

44th Annual Report

31st March, 2014

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EASTERN INTERNATIONAL HOTELS LIMITED
Regd. Office: Balraj Sahani Marg, Juhu, Mumbai – 400 049.
CIN:U99999MH1969PLC014275

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the members of EASTERN INTERNATIONAL HOTELS LIMITED will be on Tuesday, 30th September, 2014 at 11.00 A.M. at the Registered Office of the Company at Balraj Sahani Marg, Juhu, Mumbai 400 049 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended on 31st March, 2014 and Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jagdish Khanna (DIN 00140783) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajesh Khanna (DIN 01492101) who retires by rotation and being eligible offers himself for re-appointment.
4. To pass the following Resolution to appoint Auditors and fix 'their' remuneration.

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Messrs J.G. Verma & Co., Chartered Accountants (Firm Registration No. 111381W) be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company, at such remuneration plus service tax, out-of-pocket, travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

**For and on behalf of the Board of Directors
Eastern International Hotels Limited**

Sd/- Rajesh Khanna (DIN01492101)	Sd/- Dinesh Khanna (DIN00990121)
Sd/- Manish Khanna (DIN00703416)	Sd/- Aditya Dhawan (DIN03584113)

Sd/-
Ravish Khanna
(DIN01751438)

Executive Directors

Registered Office:
Balraj Sahani Marg, Juhu,
Mumbai 400 049.

Place: Mumbai
Date: 5th September, 2014

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten per cent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy should be deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, must be supported by appropriate resolution/authority, as applicable.
2. Members are requested to notify changes, if any, in their address to the Company immediately.
3. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Registered Office enclosing their Share Certificates to enable the Company to consolidate their holding in one folio.
4. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the Company.
5. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.

For and on behalf of the Board of Directors
Eastern International Hotels Limited

Sd/-
Rajesh Khanna
(DIN01492101)

Sd/-
Dinesh Khanna
(DIN00990121)

Sd/-
Manish Khanna
(DIN00703416)

Sd/-
Aditya Dhawan
(DIN03584113)

Sd/-
Ravish Khanna
(DIN01751438)

Executive Directors

Registered Office:
Balraj Sahani Marg, Juhu,
Mumbai 400 049.

Place: Mumbai
Date: 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED

Registered Office: Balraj Sahani Marg, Juhu, Mumbai 400 049.

CIN:U99999MH1969PLC014275

DIRECTORS' REPORT

TO THE MEMBERS

The Directors hereby present the 44th ANNUAL REPORT of the Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2014.

1. FINANCIAL RESULTS

The financial performance during the year under report is summarized below:

Particulars	Current year Rupees (In Lacs)	Previous year Rupees (In Lacs)
Revenue from hotel operations and other income	10,359.56	10,370.62
Less: Operating and other expenses	7,464.56	7,264.64
Profit before interest, depreciation and tax (EBIDTA)	2,895.00	3123.98
Add: Exceptional items (net)	81.01	--
Less : Interest	(292.29)	(516.66)
Less : Depreciation	(881.97)	(982.83)
Profit for the Year before Tax	1,801.75	1,624.49
Less: Provision for Taxation including deferred tax	(695.18)	(586.84)
Balance Being Net Profit for the year after Tax	1,106.57	1,057.65
Add : Balance Brought Forward	2,046.20	988.55
Balance in Statement of Profit and Loss	3,152.77	2,046.20
Earnings per Share – Basic and diluted (In Rupees)	62.75	59.98

2. DIVIDEND:

The Directors in their prudence have not recommended payment of any dividend for the year under report.

3. BUSINESS OVERVIEW:

The Company continued to face the challenges at the macro level, like low GDP growth, high inflation, slowdown in the investment cycle, current account deficit and volatile foreign exchange market during the year. A surfeit of hotel rooms added over the years which coincided with the slowdown in the economy affected occupancy and average room rates.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth in the economy. Tourism is the highest employment generator at 53 million and significant source of foreign exchange for the country at US\$ 20 billion.

The Indian economy is expected to continue to see challenges in the immediate future, but is expected to grow substantially in the medium to long term. With the revival of business sentiment and the active support of the Government to boost Travel & Tourism, a significant increase is expected in the arrival of foreign tourists and also a greater number of Indians are expected to be travelling to domestic destinations than before. The foreign tourist arrivals are projected by the Government of India and the Planning Commission to be doubled from 6.5 million to 13 million in the 12th Five Year Plan (2012 to 2017). The Government of India has announced positive steps for the Hospitality Industry including Hotels in the Infrastructure Funding list of the RBI, identifying 31 new tourism circuits in the country and funds for infrastructure improvement, issue of e-visas, etc. This will have a positive impact on the occupancies and rates and hence the business over the next few years.

4. YEAR IN RETROSPECT:

- (a) This is the 5th year of Operations for **Novotel Mumbai Juhu Beach (NMJB)**. The Turnover of NMJB for the year ended 31st March 2014 amounted to Rs. 8,262.08 lacs as against Rs. 8,274.45 lacs in the previous year. The hotel has made a cash profit of Rs. 3,318.02 lacs as against Rs. 3,334.56 lacs in the previous year.

During the year, 2 new Meeting Rooms 'Prouence' & 'Alsance' were opened on the ground floor and a Deli 'Pêche Mignon' cake shop was completed in NMJB at a cost of Rs. 66.17 lacs. The Company has also placed order for installing new guest elevators at the NMJB in the current year at a cost of Rs. 75.00 lacs.

- (b) The performance of **Majorda Beach Resort Goa Hotel (MBR)** showed growth of 3.74%. The Turnover of MBR for the year ended 31st March 2014 is Rs. 2,057.04 lacs as against Rs. 1,980.12 lacs in the previous year. The hotel has made a lower cash profit of Rs. 319.71 lacs as against Rs. 436.41 lacs in the previous year due to increase in payroll cost, power and fuel and legal and professional fees.

The Directors propose to start major renovation for MBR in the near future and bring that hotel also to the level of International Standards.

- (c) The total income of the Company as a whole for the year under report marginally decreased to Rs. 10,359.56 lacs from Rs. 10,370.62 lacs in the previous year. Despite decrease in income, the year resulted into a higher net profit before tax of Rs. 1,122.19 lacs as compared to net profit before tax of Rs. 1,057.65 lacs in the previous year. After adding exceptional items (net) of Rs. 81.01 lacs and deducting provision for tax and deferred tax of Rs. 695.18 lacs, the year resulted into a net profit of Rs. 1,106.58 lacs as compared to Rs. 1,057.65 lacs in the previous year.

5. FIXED DEPOSITS AND LOANS:

During the year under Report, all the fixed deposits were repaid on maturity. No new deposits have been accepted. The Company also repaid its bank borrowings on due dates which aggregated to Rs.1,880.95 lacs. The Company also refunded Rs.150.00 lacs out of interest free deposits received for its Mumbai Hotel.

6. AUDITORS AND AUDITORS' REMARKS:

M/s. J. G. Verma & Co, Chartered Accountants, Auditors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made would be within the limits prescribed under Section 139 of the Companies Act, 2013. (As regards the remarks of the Auditors under the caption "Emphasis of Matters" in their Report, the same are self explanatory in terms of Note 45 of Notes to Financial Statements.) As regards their remarks in the Annexure to their report, the Directors have taken necessary steps to update the Fixed Assets register and will take appropriate steps to strengthen the Internal Audit of the Company.

7. PENDING LITIGATIONS :

a. In respect of Company's hotel at Goa:

- i. The Company has filed a Special Leave Petition in the Supreme Court against the order of the High Court of Bombay dated 13th July, 2000 in connection with alleged illegal expansion of rooms and disconnection of water and electrical connection for the additional rooms, which is pending. Pending disposal of the SLP, the Supreme Court has stayed the operation of the order of the High Court vide Interim Order dated 27th April, 2001. The SLP has been fully heard on the 23rd and 24th of July, 2014 in the Supreme Court and the Order thereof has been reserved and is awaited in the near future. The Directors are hopeful of a favourable order.
- ii. The ownership of the additional adjoining plots of land purchased by the Unit for an aggregate consideration of Rs. 2,560,428/- and taken possession of in earlier year and included in the cost of Land – Free Hold in Schedule "E", which is used for landscaping, has been wrongly claimed by two parties against which the Unit had filed Special Civil Suit in the Court of the Add Civil Judge, Goa. The Hon. Civil Court vide Order dated 28th March, 2001 has granted temporary injunctions during pendency of the suit and restrained the wrongful claimants from interfering in the suit property. The Hon. Civil Court vide case No. SCS/73/00/1st on 9th October, 2009 passed a decree in favour of the company. This has been appealed in the higher court by one party and is pending for disposal.

b. Petition filed by the Licensee of the shop in the hotel at Mumbai:

The Company is defending the suit filed by one licensee on the 1st floor of Novotel Mumbai Juhu Beach. The Company has also filed eviction suit and an application for *mesne* profits from this party, which is pending disposal.

c. Litigation by certain ex-employees of the Company:

Seven ex-employees of the Company had challenged their termination of their services and prayed reinstatement and continuity of service in the Labour Court in earlier year. The Hon. Labour Court vide order dated 25th February, 2011 has dismissed their appeal

against which the said ex-employees have filed an application for remand, which is pending. The Company is defending the same.

d. Complaint against increase in property tax of Mumbai Hotel:

As reported last year the Municipal Corporation of Greater Mumbai (MCGB) has revised the basis of levying property tax from rateable value to capital value from the year 2010-11 and raised additional property tax of Rs.198.00 lacs from the year 2010-11 to 2012-13 in respect of Mumbai Hotel. The company has disputed the same and lodged a complaint to the MCGB for such excessive assessment, which is pending consideration. The Company has accounted and the increased tax in this year. The constitutional validity of the provisions for increasing the tax liability based on capital valuation has been challenged by many tax payers and the final verdict is pending.

8. DIRECTORS :

Under Section 152 of the Companies Act, 2013, Mr. Jagdish Khanna and Mr. Rajesh Khanna will retire by rotation at the ensuing Annual General Meeting of the Company, and have filed their consents to act as Directors of the Company, if re-appointed. Your Board recommends their re-appointment.

9. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm the following: -

- a. that in the preparation of the Annual Accounts, applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- b. that the Directors have selected and applied sound accounting policies 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 at the end of the Financial Year and of the Profit of the Company for that period;
- c. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors have prepared the Annual Accounts on a "Going Concern" basis.

10. PARTICULARS OF EMPLOYEES:

Particulars of employees drawing remuneration in excess of limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, amended upto date during the year under report are annexed hereto and forms part of this report.

11. ENERGY CONSERVATION, TECHNOLOGY TRANSFER AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is furnished hereunder:

- (a) The Company has installed energy conservation control panel in all the rooms at the Company's Hotel at Mumbai. Electricity, furnace oil, petrol and cooking gas are purchased at the prescribed rate from the Government agencies/authorised dealers at Mumbai and Goa. Generation of electricity is resorted to supplement the power supply from BSES. The activity of the Company is not covered under the list of specified industries in the schedule to the Rules as stated above. Installation of Solar energy system at Majorda Beach Resort, Goa reduces the electricity consumption which helps in energy conservation.
- (b) Hotel being service industry, technology absorption, transfer of research & development and the like are not applicable.
- (c) During the year under review the foreign exchange earning of the Company was Rs. 3,459.93 lacs. The foreign exchange outgo during the year was Rs. 156.22 lacs.

12. LISTING:

As reported earlier, the equity shares of the Company have been de-listed from the Stock Exchange at Mumbai with effect from 24th July 2004. The shares were also listed on Delhi Stock Exchange (DSE). The trading in securities of the Company was suspended with effect from 9th January, 2002 by the DSE due to non-compliance of listing agreement including non-payment of listing fees. The trading platform of DSE has not been functional during the last 8 years as intimated by DSE in their correspondence with the Company. DSE has started the process of delisting the company in view of no trading of shares for the past many years. There appears to be no justification for continuation of listing of shares at DSE. In view thereof, the applicable provisions of the listing agreement have not been complied with by the Company.

13. COMPLIANCE CERTIFICATE:

As required under Section 383A of the Companies Act, 1956, the Directors have obtained a Compliance Certificate from a secretary in whole time practice in the prescribed form, which is attached with this report.

14. INDUSTRIAL RELATIONS:

The Industrial relations at Novotel Mumbai and Majorda Beach Resort, Goa during the period were cordial and peaceful. The Company received full co-operation and support from all its employees and the union.

15. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sense of appreciation for their continued support and co-operation by the Company's Bankers, Government Authorities and suppliers. Your Directors also acknowledge the support extended by all the Executives, Staff and workers of the Company for their dedicated service for Company's successful operations. Your Directors also place on record their sense of appreciation for management services rendered by ACCOR and look forward to gainful long association with them.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Rajesh Khanna

Sd/-
Dinesh Khanna

Sd/-
Manish Khanna

Sd/-
Aditya Dhawan

Sd/-
Ravish Khanna

EXECUTIVE DIRECTORS

Registered Office:
Eastern International Hotels Limited
Balraj Sahani Marg, Juhu,
Mumbai 400 049.

Mumbai: 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED

ANNEXURE TO DIRECTORS' REPORT

**INFORMATION AS PER SECTION 217 (2A) READ WITH COMPANIES (PARTICULAR OF EMPLOYEES) RULES 1975
AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2014**

SR.NO	NAME OF EMPLOYEE	GROSS REMUNERATION	QUALIFICATION	EXPERIENCE YEARS	DATE OF COMMENCEMENT	DATE OF LEAVING	AGE	NAME OF THE COMPANY	DESIGNATION	PERIOD(YRS)
1	Jean Philippe Lagarde (Note 4) General Manager Novotel, Juhu	Rs 13,990,381/-	Degree in Hotel & Catering Management	28	10th December, 2012	N.A	48	Novotel, Madrid, Spain	General Manager	6

NOTES

- 1 Remuneration shown above is gross and Comprises of Salary, Perquisites allowances and leave encashment.
- 2 The above employee has adequate experience to discharge his duties
- 3 The above employee is not related to any Director of the Company
- 4 The employment of Mr. Jean Philippe Lagarde is based on signing the acceptance of Secondment by the Company on the agreement between him and ACCOR.

Regd. Office
Bairaj Sahani Marg, Juhu,
Mumbai 400 049
Dated : 5th September 2014

For and on behalf of the Board of Directors

Sd/-
Rajesh Khanna

Sd/-
Manish Khanna

Sd/-
Dinesh Khanna

Sd/-
Aditya Dhawan

Sd/-
Ravish Khanna
Executive Directors

AJAY KUMAR & CO.

PRACTISING COMPANY SECRETARIES

Off: 103, A.S. Dias Building, 1st floor, 268/272, Dr. Cawasji Hormasji Street, Marine Lines, Mumbai - 400 002
Tel. (O) 22078438 • Fax: 22076151 • (R) 24171151 • Mobile: 9821227358 • E-mail: ajay_199@yahoo.com • Website: www.csajayk

COMPLIANCE CERTIFICATE

EASTERN INTERNATIONAL HOTELS LIMITED

CIN: U99999MH1969PLC014275
Nominal Capital: Rs. 2,50,00,000/-
Paid up Capital: Rs. 1,76,33,400/-

To,
The Members,
EASTERN INTERNATIONAL HOTELS LIMITED
Balraj Sahani Marg,
Juhu Beach,
Mumbai - 400 049

I have examined the registers, records, books and papers of EASTERN INTERNATIONAL HOTELS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and the Articles of Association of the company for the financial year ended on 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

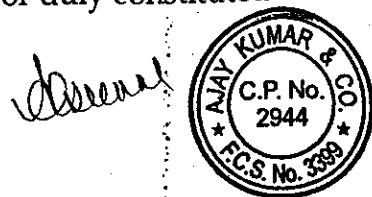
1. the company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.

10

Ajay Kumar



3. the company , being a public limited company , comments are not required.
4. the Board of Directors duly met 6 (Six) times on 29.04.2013 adjourned and held on 30.04.2013, 11.07.2013, 29.07.2013 adjourned and held on 30.07.2013, 07.10.2013, 02.12.2013, 05.02.2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed on 28.10.2013 and 06.01.2014 in the Minutes Book maintained for the purpose.
5. the company did not close its Register of Members and/or Debenture holders during the Financial Year and hence the question of compliance of Section 154 of the Act does not arise.
6. the Annual General Meeting for the Financial Year ended on 31st March 2013 was held on 23/09/2013 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the Financial Year.
8. No loan was given to any Director and/or persons or firms or companies referred to in Section 295 of the Act and hence the question of compliance of Section 295 of the Act does not arise.
9. the company has not entered into any contracts in which Directors are interested and to which the provisions of Section 297 of the Act apply and hence the question of compliance of the said Section does not arise.
10. the company has made the necessary entries in the Register maintained under Section 301 of the Act.
11. no appointments were made to which the provisions of Section 314 are applicable and hence the question of obtaining necessary approvals from the Board of Directors, Members, and previous approval of the Central Government pursuant to Section 314 of the Act wherever applicable does not arise.
12. no duplicate share certificates were issued during the year and hence the question of approval of the same by the Board of Directors or duly constituted Committee of Directors does not arise.



20. the company has not bought back any shares during the Financial Year ending 31st March 2014 and hence the question of compliance of applicable provisions of the Act does not arise.
21. the company has not redeemed any preference shares/debentures during the year and hence the question of complying with the provisions of the Act does not arise.
22. there was no transaction necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending the registration of transfer of shares in compliance with provisions of the Act.
23. the company has not invited / accepted any deposits during the period under review and hence the question of complying with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/the applicable directions issued by the Reserve Bank of India/any other authority in respect of deposits accepted including unsecured loans taken, does not arise.
24. The company has not made any borrowings as per section 293(1) (d) of the Act during the Financial Year ending 31st March 2014.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of Section 372A of the Act and consequently no entries have been made in the register kept for the purpose.
26. the company has not altered the provisions of the Memorandum of Association with respect to situation of company's Registered Office from one State to another during the year under scrutiny hence the question of complying with the provisions of the Act does not arise.
27. the company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny and hence the question of complying with the relevant provisions of the Act does not arise.
28. the company has not altered the provisions of the Memorandum of Association with respect to the name of the company during the year under

13. the company has:

- (i) not allotted/transferred/transmitted any securities during the Financial Year, hence the question of delivering the certificates on allotment of securities and on lodgement thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act does not arise;
- (ii) not declared any dividend including interim dividend and hence the question of depositing the same in a separate bank account does not arise.
- (iii) not declared any dividend during the financial year. Hence, it was not required to post any warrants to any member of the company.
- (iv) not transferred any amount to Investor Education and Protection Fund as there are no amounts under the heads 'Unpaid Dividend Account', 'application money due for refund', 'matured deposits', 'matured debentures' and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years.
- (v) duly complied with the requirements of Section 217 of the Act.

14. the Board of Directors of the company is duly constituted and the appointment of Directors and Additional Directors have been duly made.

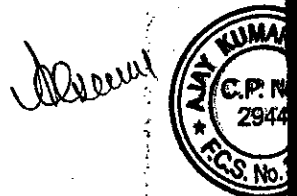
15. appointment of Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act.

16. no appointment of Sole-Selling Agents was made and hence the question of compliance of the relevant provisions of the Act does not arise.

17. there was no transaction during the Financial Year for which approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies, or such other authorities as may be prescribed under the various provisions of the Act was required.

18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. the company has not issued any shares/debentures/other securities during the Financial Year and hence the question of compliance of relevant provisions of the Act does not arise.




scrutiny and hence the question of complying with the relevant provisions of the Act does not arise.

29. the company has not altered the provisions of the Memorandum of Association with respect to the Share Capital of the company during the year under scrutiny and hence the question of complying with the relevant provisions of the Act does not arise.
30. the company has not altered its Articles of Association during the financial year.
31. no prosecution was initiated against or show cause notices received by the company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the company.
32. the company has not received any amount as security from its employees during the year under certification and hence the question of depositing them as per the provisions of Section 417(1) of the Act does not arise.
33. the company has deposited both the employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

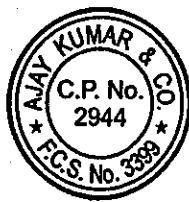
Place: Mumbai.

Date: 2-9-2014

Signature:



(Ajay Kumar)
C. P. No. 2944



AJAY KUMAR & CO.
Practising Company Secretaries
103, A.S. Dias Building, 1st Floor,
268/272, Dr. C.H. Street,
Marine Lines, Mumbai-400 002.
Tel.: 2207 8438

Annexure 'A'

Statutory Registers as maintained by the company:

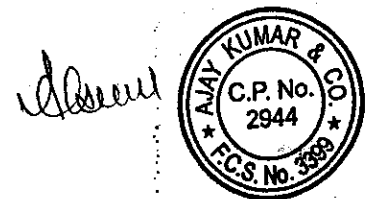
1. Register of charges u/s 143(1).
2. Register of Members u/s 150(1).
3. Minutes Books of Board of Directors u/s 193(1).
4. Minutes Books of Proceedings of General Meeting u/s 193(1), & 196(1).
5. Books of accounts u/s 209.
6. Register of Contracts, with Directors, Companies and Firms in which Directors are interested u/s 301(1), (3).
7. Register of Managing Directors, Manager, Secretary and Directors, u/s 303(1) & 304(1).
8. Register of Director's shareholdings u/s 307(1), (5).

Statutory Registers not maintained by the company since there were no entries/transactions to be recorded therein.

1. Register of investment in shares or securities not held in the name of company u/s 49(7) & 49(8).
2. Register of destruction of Records/Documents pursuant to Rule 4 of Companies (Preservation & Destruction of Records) Rules, 1966.
3. Register of Debenture-holders u/s 152(1).
4. Foreign Register of Members and Debenture-holders u/s 157(1).
5. Register of Buy-back of shares u/s 77A (9).
6. Register of investment or loans made u/s 372 A.
7. Register of Renewed and Duplicate Certificates under Rule 7 of the Companies (Issue of Share Certificates) Rules, 1960.
8. Register of Deposits under Rule 7 of Companies (Acceptance of deposits) Rules 1975.

Non-Statutory Registers maintained by the Company:

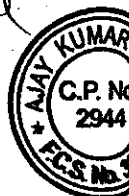
1. Register of Fixed Assets.



Annexure 'B'

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government, or other authorities during the Financial Year ending 31st March 2014.

1. Compliance Certificate for the year ended 31.03.2013 filed on 08/10/2013 u/s 383A.
2. Balance Sheet as at 31.03.2013 filed on 22/10/2013 u/s 220.
3. Annual Return made upto 23.09.2013 filed on 21/10/2013 u/s 159.
4. Compliance Certificate for the year ended 31.03.2012 filed on 26/08/2013 u/s 383A.
5. Balance Sheet as at 31.03.2012 filed on 26/08/2013 u/s 220.
6. Form 25C for appointment of whole-time director filed on 28.10.2013.
7. Form 25C for appointment of whole-time director filed on 10.10.2013.
8. Form 32 for resignation of director filed on 08.10.2013 u/s 303(2).
9. Form 23 filed on 08.10.2013.
10. Form 32 for appointment of director filed on 05.09.2013 u/s 303(2).
11. Form No. 62 for Statement in lieu of Advertisement for F.Y. 2012-13 filed on 01.07.2013.
12. Form No. 62 for FD Returns for F.Y. 2012-13 filed on 29.06.2013.
13. Form 17 filed on 24.09.2013.



J.G. VERMA
A.G.VERMA

PHONE : 2281 3868
 : 2281 4743
FAX : 2283 8867

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EASTERN INTERNATIONAL HOTELS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **EASTERN INTERNATIONAL HOTELS LIMITED**, ("the Company") which comprise of Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2014;

- (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to Note 45 to the Financial Statements regarding present financial statements having been approved by five Executive Directors of the Company in accordance with the provisions of Section 215 of the Companies Act, 1956 read with the General Circular 08/2014 dated 4th April, 2014 of the Ministry of Corporate Affairs vis-à-vis the Final Award dated 13th March, 2008 and the Shareholders Agreement dated 12th March, 2008 between the two major shareholders groups of the Company.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order
2. As required by section 227 (3) of the Act, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - (e) On the basis of written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2014 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Act.

For J.G.VERMA & CO.
Chartered Accountants
(Registration No.111381W)

Sd/-
J.G.VERMA
Partner
Membership No. 5005

Mumbai: 5th September, 2014

J.G. VERMA
A.G.VERMA

PHONE : 2281 3868
 : 2281 4743
FAX : 2283 8867

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report of even date to the members of EASTERN INTERNATIONAL HOTELS LIMITED for the year ended 31st March, 2014. We report that:

1. a) *The preparation of proper records showing full particulars including quantitative details and situation of fixed assets of the Company is in progress and substantially completed.*
- b) *The Management has certified that it had physically verified a major portion of fixed assets other than furniture, fixtures and fittings during the year. Discrepancies if any on such verification with book records will be determined and dealt with on completion of fixed assets records.*
- c) There has not been any significant disposal of fixed assets during the year affecting going concern.
2. a) In our opinion, physical verification of inventories has been conducted by the management at reasonable intervals;
- b) 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 inventories and no material discrepancies were noticed on physical verification.
3. a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 ("the Act").
- b) In view of our comments in (3) (a) above, clauses (iii) (b), (c) and (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.
- c) The Company has taken unsecured loans from three companies, firms or other parties covered in the Register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 3,600,000/- and yearend balance of such loans was Rs. Nil.
- d) The rate of interest and other terms and conditions of above loans taken are *prima facie* not prejudicial to the interest of the Company.
- e) The Company was regular in payment of principal amount and interest on the above loans taken during the year.

4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, during the course of our audit, we have neither come across nor we have been informed of any continuing failure to correct major weaknesses in internal control system.
5. On the basis of our examination of the books of account and according to the information and explanations given to us, there were no contracts or arrangement (excluding item 3 (c) reported above) that needed to be entered in the Register maintained under section 301 of the Act.
6. In our opinion and according to the information and explanations given to us, the Company has *generally* complied with the provisions of Section 58A and 58AA of the Act and the Rules framed thereunder, where applicable, with regard to the deposits which were accepted mainly from the directors, shareholders and their relatives in earlier years, and which have been fully repaid during the year. We are informed that the Company Law Board has not passed any order.
7. In our opinion, the Company has an internal audit system which needs to be *strengthened to make it commensurate with the size of the Company and nature of its business.*
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Act.
9. a) According to the information and explanations given to us and on the basis of our examination, the Company has been *generally* regular in depositing undisputed statutory dues, including provident fund, investor education & protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues with the appropriate authorities, where applicable. There are no outstanding statutory dues as at 31st March, 2014 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 cases of non-deposit with appropriate authorities of any disputed dues of sales-tax, service tax, customs duty, wealth tax, excise duty and cess during the year. The details of disputed income-tax that has not been deposited with the appropriate authorities are as follows:

Nature of dues	Amount	Forum where dispute is pending
Income-tax demand for the Assessment Year 2009-10	Rs. 89,350/-	Commissioner of Income-tax (Appeals)
10. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash loss during the year covered by our Report and in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company had not defaulted in repayment of dues to bank during the year. The Company has not taken any loan from financial institution or by way of debentures.

- 12 According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- 14 Based on our examination of records and the information and explanations given to us, the Company has not dealt/traded in shares, securities, debentures, and other investments.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 In our opinion, and according to the information and explanations given to us and on the basis of our examination, the term loans have been applied for the purpose for which they were raised.
- 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 funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- 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.
- 19 The Company has not issued any debentures hence question of creating securities in respect thereof does not arise.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief, and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

For J.G.VERMA & CO.
Chartered Accountants
Registration No. 111381W

Sd/-
J.G.VERMA
Partner
Membership No. 5005

Mumbai: 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

	NOTE	31-Mar-14 Rupees	31-Mar-13 Rupees
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	17,633,400	17,633,400
Reserves and Surplus	4	<u>717,463,861</u>	<u>606,805,953</u>
		<u>735,097,261</u>	<u>624,439,353</u>
NON-CURRENT LIABILITIES			
Long-term Borrowings	5	77,539,412	239,350,965
Deferred Tax Liabilities (Net)	6	25,740,757	23,163,415
Other Long-term Liabilities	7	2,849,903	4,421,962
Long-term Provisions	8	<u>6,233,944</u>	<u>4,796,614</u>
		<u>112,364,016</u>	<u>271,732,956</u>
CURRENT LIABILITIES			
Short-term Borrowings	9	10,425,966	3,600,000
Trade Payables	10	48,589,059	69,262,616
Other Current Liabilities	11	175,064,544	219,048,685
Short-term Provisions	12	<u>6,950,362</u>	<u>6,184,101</u>
		<u>241,029,931</u>	<u>298,095,402</u>
		TOTAL	TOTAL
		<u>1,088,491,208</u>	<u>1,194,267,711</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets:	13		
Tangible Assets		870,766,086	939,157,812
Intangible Assets		<u>1,165,607</u>	<u>1,431,064</u>
Capital Work-In-Progress		-	563,450
		<u>871,931,693</u>	<u>941,152,326</u>
Non Current Investments	14	164,003	164,003
Long-term Loans and Advances	15	<u>36,306,130</u>	<u>64,669,748</u>
		<u>908,401,826</u>	<u>1,005,986,077</u>
CURRENT ASSETS			
Inventories	16	32,476,232	33,072,656
Trade Receivables	17	46,366,625	34,341,158
Cash and Bank Balances	18	58,102,329	88,964,933
Short-term Loans and Advances	19	42,958,906	29,424,896
Other Current Assets	20	<u>185,290</u>	<u>2,477,991</u>
		<u>180,089,382</u>	<u>188,281,634</u>
		TOTAL	TOTAL
		<u>1,088,491,208</u>	<u>1,194,267,711</u>
SIGNIFICANT ACCOUNTING POLICIES	2		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 TO 46		

As per our report of even date
For J. G. VERMA & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
RAJESH KHANNA

Sd/-
DINESH KHANNA

Sd/-
J. G. VERMA
PARTNER

Sd/-
MANISH KHANNA

Sd/-
ADITYA DHAWAN

Sd/-
RAVISH KHANNA

EXECUTIVE DIRECTORS

Sd/-
MEENA VASWANI
CORPORATE FINANCIAL CONTROLLER

Mumbai : 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	NOTE	2013-14 Rupees	2012-13 Rupees
INCOME			
Revenue from Hotel Operations	21	1,028,589,870	1,024,315,259
Other Income	22	7,366,063	12,746,279
TOTAL		1,035,955,933	1,037,061,538
EXPENDITURE			
Cost of Food, Beverages, Wine and Liquor consumed	23	128,763,347	118,621,040
Employee Benefits Expense	24	239,320,032	211,696,119
Finance Costs	25	29,228,812	51,666,041
Depreciation and Amortisation Expense	13	88,197,165	98,283,474
Other Expenses	26	378,372,190	394,345,724
TOTAL		863,881,346	874,612,398
Profit before Exceptional and Extra-ordinary Items and Tax		172,074,587	162,449,140
Exceptional Items (Net)	27	8,101,214	-
Profit after Exceptional Items		180,175,801	162,449,140
Tax Expense:			
(1) Current Tax		61,000,000	33,300,000
(2) Deferred Tax (Refer Note 6)		2,577,342	44,883,988
(3) Prior periods tax adjustments		63,577,342	78,183,988
(4) MAT Credit entitlement		312,691	-
(5) Excess MAT Credit of earlier years, reversed		63,890,033	78,183,988
		-	(21,500,000)
		63,890,033	56,683,988
		5,627,860	-
		69,517,893	56,683,988
Profit after tax for the year		110,657,908	105,765,152
Earnings per Equity Share of face value of Rs. 10 each	39	62.75	59.98
(1) Basic		62.75	59.98
(2) Diluted			
SIGNIFICANT ACCOUNTING POLICIES			
2			
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS			
1 TO 46			

As per our report of even date
For J. G. VERMA & CO.,
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
RAJESH KHANNA

Sd/-
DINESH KHANNA

Sd/-
J. G. VERMA
PARTNER

Sd/-
MANISH KHANNA

Sd/-
ADITYA DHAWAN

Sd/-
RAVISH KHANNA
EXECUTIVE DIRECTORS

Sd/-
MEENA VASWANI
CORPORATE FINANCIAL CONTROLLER

Mumbai : 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED	31-3-2014 Rupees	31-3-2013 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax :	180,175,801	162,449,140
Adjustment for:		
Depreciation	88,197,165	98,283,474
(Profit)/ Loss on sale or disposal of fixed assets (net)	732,007	432,682
Interest paid	29,228,612	51,666,041
Interest Income	(3,489,013)	(3,559,558)
Dividend Income	(248,659)	(219,229)
Provision for Doubtful debts written back	(199,359)	-
Provision for Employees Benefits	5,489,212	1,663,389
Operating Profit before working capital changes:	299,885,766	310,715,939
Adjustment for:		
Trade and other receivables	(23,102,168)	(5,204,951)
Inventories	596,424	2,936,863
Trade payables	(26,067,620)	3,138,566
Cash generated from operations:	251,312,402	311,586,417
Direct Taxes paid (Net of refund received)	(40,783,966)	(33,347,045)
NET CASH FROM OPERATING ACTIVITIES:	210,528,436	278,239,372
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (Incl. Work in Progress)	(19,829,398)	(11,183,498)
Sale of fixed assets	120,859	86,034
Interest received	5,781,714	3,559,558
Dividend received	248,659	219,229
NET CASH USED IN INVESTING ACTIVITIES:	(13,678,166)	(7,318,677)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long-term Borrowings	(203,095,441)	(160,887,994)
Repayment of Short-term Borrowings	(3,600,000)	(49,398,213)
Proceeds from Short-term Borrowings	10,425,966	-
Interest paid	(31,443,399)	(53,759,738)
NET CASH USED IN FINANCING ACTIVITIES:	(227,712,874)	(264,045,945)
NET CHANGES IN CASH AND CASH EQUIVALENTS: (A+B+C)	(30,862,604)	6,874,750
CASH AND CASH EQUIVALENTS AT START OF THE YEAR (Refer Note 18)	88,964,933	82,090,183
CASH AND CASH EQUIVALENTS AT CLOSE OF THE YEAR (Refer Note 18)	58,102,329	88,964,933

SIGNIFICANT ACCOUNTING POLICIES (Refer Note 2)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS (Refer Note 1 to 46)

As per our report of even date

For J. G. VERMA & CO.,
Chartered Accountants,

Sd/-
J. G. VERMA
PARTNER

Mumbai: 5th September, 2014

For and on behalf of the Board
Sd/- Sd/-
(RAJESH KHANNA) (DINESH KHANNA)
Sd/- Sd/-
(MANISH KHANNA) (ADITYA DHAWAN)
Sd/-
(RAVISH KHANNA)

EXECUTIVE DIRECTORS

Sd/-
MEENA VASWANI
CORPORATE FINANCIAL CONTROLLER

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31-Mar-14 Rupees	31-Mar-13 Rupees
3 Share Capital		
Authorised Share Capital:		
2,250,000 Equity Shares of Rs. 10 each	22,500,000	22,500,000
10,000 Preference Shares of Rs.100 each	1,000,000	1,000,000
150,000 Unclassified Shares of Rs.10 each	1,500,000	1,500,000
TOTAL	25,000,000	25,000,000
Issued, Subscribed & Paid-up:		
1,763,340 (Previous year 1,763,340) Equity Shares of Rs.10 each, fully paid up	17,633,400	17,633,400
TOTAL	17,633,400	17,633,400
3.1 The Company has issued one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder is entitled to one vote per share.		
3.2 The Company declares and pays dividends in Indian Rupees. The payment of interim dividend is approved by the Board of Directors and ratified by the Shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.		
3.3 Reconciliation of the number of shares outstanding:		
Particulars	31-Mar-14	31-Mar-13
Number of Equity Shares at the beginning	1,763,340	1,763,340
Add/(Less) : Movement during the year		
TOTAL	1,763,340	1,763,340
3.4 In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.		
3.5 Particulars of shareholders holding more than 5% shares		
	31-Mar-14	31-Mar-13
Names of the first holder	Number of shares	% held
Mahadev Prasad Khanna	271,575	15.40
Oinesh Khanna	199,937	11.34
IDBI Trusteeship-Trust	190,300	10.79
Jagdish Khanna	176,334	10.00
Naresh Khanna	148,559	8.42
Rajesh Khanna	131,426	7.45
3.6 The Company has not issued any security which is convertible into equity / preference shares.		
4 Reserves and Surplus	31-Mar-14 Rupees	31-Mar-13 Rupees
Capital Reserve:		
As per last accounts	3,008,125	3,008,125
General Reserve:		
As per last accounts	399,178,259	399,178,259
Surplus in Statement of Profit and Loss		
As per last account	204,619,569	98,854,417
Add: Net profit for the current year	110,657,908	105,765,152
TOTAL	717,463,861	606,805,953

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31-Mar-14 Rupees	31-Mar-13 Rupees																																					
5 Long-term Borrowings		Non-current portion																																					
A. Secured																																							
Term Loans from a Bank (Refer Note 5.1)	106,001,604	291,882,683																																					
Vehicle Loans from Banks (Refer Note 5.2)	1,035,898	3,250,260																																					
	107,037,502	295,132,943																																					
Less: Current Maturities (Refer Note 11)	104,498,090	145,781,978																																					
	2,539,412	149,350,965																																					
B. Unsecured																																							
Deposit from Others (Refer Note 5.4)	90,000,000	105,000,000																																					
Less: Current Maturities (Refer Note 11)	15,000,000	15,000,000																																					
	75,000,000	90,000,000																																					
TOTAL	77,539,412	239,350,965																																					
<p>5.1 Term loans and Cash Credit Facility from banks are secured by Equitable mortgage of Company's land and hotel building at Balraj Sahani Marg, Juhu, Mumbai, Company's office premises at Mittal Tower, Nariman Point, Mumbai, Company's office premises at 218 Naurang House Delhi, hypothecation of movable assets, book debts and stock, etc. and further charge on fixed and current assets of Company's hotel at Mumbai and personal guarantee of all the Executive Directors of the Company.</p> <p>5.2 Secured by hypothecation of certain vehicles.</p> <p>5.3 Particulars of Term Loans from Banks- Secured- Guaranteed:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="text-align: center; width: 15%;">31-Mar-14 Rupees</th> <th style="text-align: center; width: 15%;">31-Mar-13 Rupees</th> </tr> </thead> <tbody> <tr> <td>By Directors</td> <td style="text-align: right;">107,037,502</td> <td style="text-align: right;">295,132,943</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">107,037,502</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">295,132,943</td> </tr> </tbody> </table> <p>5.4 This represents balance of the amount originally received Rs.150,000,000/- as interest free deposit from AAPC Hotel Management Pvt Ltd. on 16th May 2008 vide the Deposit Agreement dated 23rd April, 2008. The same is repayable in 10 equal yearly installments.</p> <p>5.5 Particulars of terms of repayment of loans:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 35%;">Particulars</th> <th rowspan="2" style="width: 15%;">Rate of Interest (Per annum)</th> <th colspan="4" style="text-align: center;">Maturity Profile in Rupees</th> </tr> <tr> <th style="width: 10%;">1 Year</th> <th style="width: 10%;">2-3 Years</th> <th style="width: 10%;">3-4 Years</th> <th style="width: 10%;">Above 4 Years</th> </tr> </thead> <tbody> <tr> <td>Term Loan from Banks</td> <td style="text-align: center;">11.00% to 12.75%</td> <td style="text-align: right;">103,462,192</td> <td style="text-align: right;">2,539,412</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Vehicle Loans</td> <td style="text-align: center;">10.50%</td> <td style="text-align: right;">1,035,898</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Deposit from Others</td> <td style="text-align: center;">Nil</td> <td style="text-align: right;">15,000,000</td> <td style="text-align: right;">15,000,000</td> <td style="text-align: right;">15,000,000</td> <td style="text-align: right;">45,000,000</td> </tr> </tbody> </table>				31-Mar-14 Rupees	31-Mar-13 Rupees	By Directors	107,037,502	295,132,943	TOTAL	107,037,502	295,132,943	Particulars	Rate of Interest (Per annum)	Maturity Profile in Rupees				1 Year	2-3 Years	3-4 Years	Above 4 Years	Term Loan from Banks	11.00% to 12.75%	103,462,192	2,539,412	-	-	Vehicle Loans	10.50%	1,035,898	-	-	-	Deposit from Others	Nil	15,000,000	15,000,000	15,000,000	45,000,000
	31-Mar-14 Rupees	31-Mar-13 Rupees																																					
By Directors	107,037,502	295,132,943																																					
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Deposit from Others	Nil	15,000,000	15,000,000	15,000,000	45,000,000																																		
6 Deferred Tax Liability / Asset (net)	31-Mar-14 Rupees	31-Mar-13 Rupees																																					
Deferred Tax Liabilities																																							
Tax effect due to -																																							
Difference between the W.O.V. of Assets under the Companies Act, 1956 and the Income Tax Act, 1961.	31,254,006	27,416,085																																					
Deferred Tax Assets:																																							
Tax effect due to -																																							
Expenses allowable for tax purpose on payment basis	1,974,692	910,968																																					
Provision for Doubtful Debts	3,538,557	3,341,702																																					
	5,513,249	4,252,670																																					
Deferred Tax Liability /(Asset) (net)	25,740,757	23,163,415																																					
Deferred Tax adjustment for the year	2,577,342	44,883,988																																					

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31-Mar-14 Rupees	31-Mar-13 Rupees
7 Other Long-term Liabilities		
Creditors for Capital Expenditure	2,217,957	3,790,016
Shop Security and Other Deposits	631,946	631,946
TOTAL	2,849,903	4,421,962
8 Long-term Provisions		
Provision for employee benefits (Refer Note. 35)	6,233,944	4,796,614
TOTAL	6,233,944	4,796,614
9 Short-term Borrowings		
A. Secured :		
Cash Credit Facility from a Bank (Refer Note 5.1)	10,425,966	-
B. Unsecured :		
Fixed Deposits from Related Parties (Refer Note No 9.1)	-	3,600,000
TOTAL	10,425,966	3,600,000
9.1 Fixed Deposit from Related Parties were accepted under section 58A / 58AA of the Companies Act, 1956 which have been fully repaid during the year.		
10 Trade Payables		
Micro, small and medium enterprises (Refer Note 10.1)	48,589,059	69,262,616
Others	-	-
TOTAL	48,589,059	69,262,616
10.1 There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. This information which is required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified and on the basis of information available with the Company.		
11 Other Current Liabilities		
Current maturities of long-term borrowings (Refer Note No 5)	119,498,090	160,781,978
Interest accrued but not due on borrowings	1,209,399	3,424,186
Income received in advance	330,000	330,000
Advances received from customers	12,633,446	19,542,339
Staff dues	20,342,588	15,313,015
Statutory dues	12,766,338	13,321,817
Expenses Payable	8,284,683	6,335,350
TOTAL	175,064,544	219,048,685
12 Short-term Provisions		
Provision for Income -tax (Net of payments and utilisation of MAT credit)	4,155,753	4,104,836
Provision for employee benefits (Refer Note 35)	2,794,609	2,079,265
TOTAL	6,950,362	6,184,101

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

13	Fixed Assets	Gross Block (At Cost)				Depreciation			Net Block		
		As at 01-Apr-13	Additions	Deductions	As at 31-Mar-14	As at 01-Apr-13	For the year	Deductions	Upto 31-Mar-14	31-Mar-14 Rupees	31-Mar-13 Rupees
13.1	Tangible Assets										
	Land (free hold)	10,011,373	-	-	10,011,373	-	-	-	-	10,011,373	10,011,373
	Buildings	1,040,647,305	7,514,097	-	1,048,161,402	48,613,797	-	-	363,304,670	684,856,732	725,956,432
	Plant and Equipment	365,272,120	5,694,622	1,373,245	369,593,497	24,268,136	1,236,011	1,236,011	236,566,936	133,026,561	151,737,309
	Furniture and Fixtures	129,040,988	3,232,199	1,054,207	131,218,980	10,112,171	926,457	926,457	102,140,960	29,078,020	36,085,742
	Office Equipment & Computers	32,400,817	788,781	136,290	33,053,308	2,363,074	111,869	111,869	26,314,887	6,738,421	8,337,135
	Vehicles	28,960,048	2,266,978	-	31,227,026	2,241,820	-	-	24,172,047	7,054,979	7,029,821
	Total	1,606,332,651	19,496,677	2,563,742	1,623,265,586	87,598,998	2,274,337	2,274,337	752,499,500	870,766,086	939,157,812
	Previous Year	1,598,251,594	11,183,498	3,102,441	1,606,332,651	97,329,431	2,583,725	2,583,725	667,174,839	939,157,812	-
13.2	Intangible Assets										
	Computer Software	7,986,855	332,721	-	8,319,576	598,178	-	-	7,153,969	1,165,607	1,431,064
	Total	7,986,855	332,721	-	8,319,576	598,178	-	-	7,153,969	1,165,607	1,431,064
	Previous Year	7,986,855	-	-	7,986,855	954,043	-	-	6,555,791	1,431,064	-
	Total Fixed Assets	1,614,319,506	19,829,398	2,563,742	1,631,585,162	88,197,176	2,274,337	2,274,337	759,653,469	871,931,693	940,588,876
	Previous Year	1,606,238,449	11,183,498	3,102,441	1,614,319,506	98,183,474	2,583,725	2,583,725	673,730,630	940,588,876	-

13.3 Buildings include: Cost of shares in Co-operative Societies Rs. 772/- (Prev. Year. 772/-)

13.4 Refer Note 29.3 and 29.4 in respect of certain legal proceedings pending in respect of Company's fixed assets at Goa.

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

			31-Mar-14 Rupees	31-Mar-13 Rupees
14	Non Current Investments; (Non-Trade)			
	Equity Shares - (Quoted)(Fully paid up)	No of Shares (Note 14.3)	Face Value	
	Asian Hotels (West) Limited	35	10	333
	Asian Hotels Ltd (East) Limited	35	10	333
	Asian Hotels Ltd (North) Limited	35	10	334
	EIH Limited	1,312	2	2,128
	Graviss Hospitality Limited	500	2	763
	Housing Development Finance Corpn.Limited	10,000	2	25,000
	H. O. F. C. Bank Limited (Refer Note 14.3)	2500	2	5,000
	I.T.C. Limited	19,200	1	2,102
	Oriental Hotels Limited	4,410	1	6,685
	The Indian Hotels Company Limited	2,800	1	6,325
	Tasty Bite Eatables Limited	500	10	5,000
			<u>54,003</u>	<u>54,003</u>
	Equity Shares (Unquoted)(Fully paid up)			
	The Saraswat Co-Op. Bank Limited	2,500	10	25,000
	Bonds (Unquoted) (Fully paid up)			
	State Bank of India, Unsecured, Redeemable Bonds	25	1000	25,000
	Other Investments			
	National Saving Certificates (Deposited with Excise Authorities Rs 30,000/-)		60,000	60,000
	TOTAL		<u>164,003</u>	<u>164,003</u>
14.1	Aggregate amount of quoted investments		54,003	54,003
		Cost		
		Market Value	18,001,581	16,154,383
14.2	Aggregate amount of unquoted investments		110,000	110,000
		Cost		
14.3	There is no change in the quantity of the investments held by the Company in the Current year except in respect of HDFC Bank Limited where No. of Shares in previous year was 500 of Rs.10/- each, which have been split into 2500 shares of Rs.2/- each in the current year.			
15	Long-term Loans and Advances; (Unsecured, considered good)		31-Mar-14 Rupees	31-Mar-13 Rupees
	Capital Advances			1,475,443
	Advance to Creditors		463,179	463,179
	Security Deposits (including for telephone and electricity)		8,283,129	8,343,159
	Other Loans and Advances:			
	Prepaid Expenses		17,593	740,070
	Payment of income tax (net of provision for taxation)		1,585,870	2,147,897
	MAT Credit entitlement		25,956,359	51,500,000
	TOTAL		<u>36,306,130</u>	<u>64,669,748</u>

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31-Mar-14 Rupees	31-Mar-13 Rupees
16 Inventories (Valued at lower of cost and net realizable value)		
Operating supplies and stores	16,394,238	17,283,496
Food and beverages	16,081,994	15,789,160
TOTAL	32,476,232	33,072,656
17 Trade Receivable (Unsecured, considered good unless otherwise stated)		
- Over Six Months from the due date (Include Rs.10,100,231/- considered doubtful-(Previous year Rs. 8,960,885/-)	11,286,738	12,349,304
- Other Debts (Include Rs.Nil considered doubtful-(Previous year Rs. 1,338,705/-)	45,180,118	32,291,444
	56,466,856	44,640,748
Less: Provision for Doubtful Debts	10,100,231	10,299,590
TOTAL	46,366,625	34,341,158
18 Cash and Bank Balances		
Cash and cash equivalents:		
Balances with banks on current accounts	43,525,200	40,566,271
Cash on hand (including cheques on hand)	9,815,164	10,565,957
	53,340,364	51,132,228
Other Bank Balances :		
Balances with banks as Fixed and Margin Deposits (Refer Note 18.1)	4,761,965	37,832,705
TOTAL	58,102,329	88,964,933
18.1 Deposit account with more than 12 months maturity.	3,881,832	492,129
19 Short-term Loans and Advances (Unsecured, considered good)		
Security and other deposits	528,225	515,700
Advances recoverable in cash or kind:		
Advances to and amounts recoverable from Suppliers	26,712,190	2,234,648
Other Loans and Advances:		
Prepaid Expenses	13,751,406	13,874,152
Loans to Employees	624,100	1,027,733
Cenvat Credit available	68,708	10,366,677
Others	1,274,277	1,405,986
TOTAL	42,958,906	29,424,896
20 Other Current Assets		
Interest receivable	185,290	2,477,991
TOTAL	185,290	2,477,991

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-14 Rupees	2012-13 Rupees
24 Employee Benefits Expense		
Salaries, Wages, Bonus, etc.	174,371,215	155,995,990
Contribution to Provident and other Funds	12,344,932	9,337,548
Provision for employee benefits (Refer Note 35)	5,489,212	1,663,389
Workmen and Staff Welfare Expenses	23,269,835	21,175,515
Payment for Contracted Services	23,844,838	23,523,677
TOTAL	239,320,032	211,696,119
25 Finance Costs:		
Interest to banks on borrowings	28,926,975	48,693,760
Interest to others on borrowings	181,720	2,947,955
Other borrowing cost	119,917	24,326
TOTAL	29,228,612	51,666,041
26 Other Expenses		
Power and fuel	91,856,276	83,702,585
Rent	1,248,864	1,190,860
License, Rates and Taxes (Refer Note 44)	24,667,094	37,286,904
Repairs to Buildings	19,458,171	18,688,339
Repairs to Machinery	17,392,819	17,009,007
Repairs to Others	8,737,833	10,878,084
Replacements of Operating Supplies	12,703,909	10,113,358
Expenses on Apartment and Board	49,154,320	43,765,600
Laundry Expenses	1,849,973	1,085,838
Water Charges	8,174,976	9,761,917
Advertisement, Publicity & Sales Promotion Expenses	20,310,852	17,953,055
Management and Operating Fees	33,285,136	46,035,548
Marketing and Reservation Expenses	15,075,072	16,059,377
Travel Agents Fees & Collection Charges	23,149,075	21,202,463
Band, Orchestra and Music Expenses	1,871,591	1,699,136
Printing and Stationery	5,647,716	4,724,087
Travelling and Conveyance	18,113,601	19,212,556
Telephone Expenses	5,736,143	6,171,727
Sales Tax/VAT/Luxury Tax etc including on assessments	593,332	1,112,354
Auditors' Remuneration (Refer Note 26.1)	753,347	906,823
Legal & Professional Charges (Refer Note 26.2)	9,205,489	9,008,763
Insurance	4,361,804	4,460,204
Bad Debts / Provision for Doubtful Debts (Net)	10,992	7,989,696
Loss on Sale / Discard of Assets (Net)	732,007	432,682
Miscellaneous Expenses	4,281,798	3,894,761
TOTAL	378,372,190	394,345,724
26.1 Details of Auditors' Remuneration:		
Audit Fees	600,000	600,000
For Taxation matters	-	125,000
Fees for certification work	10,000	35,000
For Expenses	53,634	49,797
Service Tax (Inclusive of Rs.9,682/- for previous year)	89,713	97,026
TOTAL	753,347	906,823
26.2 Legal and professional Charges of Rs. 9,205,489 /- (Previous year Rs. 9,008,763/-) include Rs. 95,000/- (Previous year Rs.Nil/-) paid to a partner of Auditors' for VAT audit and expenses).		

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	2013-14	
	Rupees	R
27 Exceptional Items: (Net)		
Income:		
Excess Provision / Payment of Management Fees for earlier years (Ref Note 27.1)	10,498,664	
Less: Expenses		
Unavailed Cenvat Credit for earlier years, written off	(2,397,450)	
TOTAL	8,101,214	
<p>27.1 The Company has paid/provided Incentive fee of Rs. 18,015,003/- and Rs. 25,350,139/- to AAPC India Hotel Management Pvt. Ltd. as part of fee for the operation and management of the Mumbai Hotel for the years ended 31st March 2012 and 31st March 2013 respectively, which excessive to the extent of Rs. 3,002,500/- and Rs. 7,242,897/- for the above two financial years. The Company has raised a debit note for recovery of the aforesaid excess fee and service tax thereon, which is awaiting confirmation from the above party.</p>		
<p>28 Commitments on account of :</p>		
<p>28.1 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.5,063,209/- (Previous year Rs 3,777,239/-) of advances).</p>		
<p>28.2 Other Commitments. Nil (Previous year Nil).</p>		
<p>29 Contingent liabilities not provided for in respect of:</p>		
<p>29.1 Guarantees given by the Company's bankers which are counter guaranteed by the Company Rs. 2,700,000/- (Previous year Rs. 3,195,000/-).</p>		
<p>29.2 (a) The Company's income-tax assessments have been completed up to Assessment year 2011-12 (financial year ended 31st March, 2011), where certain additions and disallowances were made by the Assessing Officer. The appellate authorities have allowed substantial relief to the Company. The Company as well as the Assessing officer have not accepted the appellate orders and filed further appeals, which are pending before appellate authorities at various stages. Pending disposal of these appeals, no provision has been made for the possible demand of Rs. 1,752,982/- (Previous year Rs. 1,752,982/-) that may arise on disposal of such appeals. (b) Other disputed income tax demand Rs.89,350/- (Previous year Rs. Nil).</p>		
<p>29.3 The Government of Goa vide demand notice dated 01-04-2014 raised a demand of Rs.21,449,408/- (Previous year Rs.Nil) for difference of Annual Recurring Fees for 2012-13 payable for installation and operation of Electronic Amusement / Slot Machine (Casino), which was being operated by an outside operator. The Company has disputed the same by filing a Writ Petition which is pending before the Bombay High Court and accordingly no provision has been made for the aforesaid liability.</p>		
<p>29.4 Company's hotel Unit at Goa has filed a Special Leave Petition in the Supreme Court against the order of the High Court of Bombay dated 13th July 2000 in connection with alleged illegal expansion of rooms and disconnection of water and electrical connection for the additional rooms, which is pending. Pending disposal of the SLP, the Supreme Court has stayed the operation of the order of the High Court vide Interim Order dated 23rd April, 2001. The SLP has been heard by the Supreme Court in 23rd and 24th July, 2014 and the Order is reserved and awaited.</p>		
<p>29.5 The ownership of the additional adjoining plots of land purchased by the Unit at Goa for an aggregate consideration of Rs. 2,560,428/- and taken into possession in earlier year and included in the cost of Land - Free Hold in Note 13, which is used for landscaping, has been wrongly claimed by two parties against which the Unit has filed Special Civil Suit in the Court of the Addl Civil Judge, Goa. The Hon. Civil Court vide Order dated 28 March, 2001 has granted temporary injunctions during pendency of the suit and restrained the wrongful claimants from interfering in the suit property. The Hon. Civil Court vide case No. SCS/73/00/1st on 9th October, 2009 has passed a decree in favour of the Company. A Declaration and Settlement of Claims was entered into with one of the claimants of property bearing survey no.63/1 namely Mr.Nanato Gomes and Others and amount of Rs.2,200,000/- was paid as settlement. The Second Claimant of the property has filed an appeal bearing Appeal No.135/09/II on 15 December, 2009 in case no.SCS/73/00/1Ad and is pending for disposal before District Court II, Madgao.</p>		
<p>29.6 Claims against the Company not acknowledged as debt Rs. 5,923,589/- (Previous year Rs.6,350,012/-).</p>		
<p>29.7 Certain employees of erstwhile Hotel Unit at Mumbai, have filed cases in the courts/legal forums against their termination in earlier years and have sought relief including re-instatement. The Management has disputed the same. The Management estimates such liability at Rs.3,521,490/- (Previous year Rs. 2,856,570/-) for which no provision has been made pending disposal of cases. In case of Company's Hotel Unit at Goa some of the ex-employees have claimed certain dues and initiated legal proceedings against the Company. The unit has disputed the same and no dues are payable to them as demanded by them. The claim is not ascertainable.</p>		
<p>29.8 Duty saved against export obligations Rs.43,083,090/- (Previous year Rs.43,083,090/-). In case of non achieving the export obligation, the Company is liable to pay the amount of duty saved of Rs.68,963,232/- (Previous year Rs.58,951,334/-) including interest thereon.</p>		

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

30 The Amounts of Foreign currency exposures that are not hedged by a derivative instrument or otherwise, are as under:-

Particular	Currency	As at 31st March, 2014		As at 31st March, 2013	
		In Foreign Currency	In Rupees	In Foreign Currency	In Rupees
Creditors in	Euro	NIL	NIL	1,200	84,720
Creditors in	USD	2,437	147,151	1,511	83,244

31 The Company has been sanctioned certain non-funding limit of Rs.11,000,000/- for Bank Guarantees by bank (Previous year Rs.11,000,000/-) and for Letters of Credit facility of Rs.11,000,000/- (Previous Year Rs.11,000,000/-). The said limit is secured by way of charge on Current Assets of the Company's Hotels at Mumbai and Goa.

32 Provisions for Doubtful Debts: The Company has created provision for doubtful debts as follows:

	2013-14 Rupees	2012-13 Rupees
Particulars:		
Opening balance as on 1 st April, 2013	10,299,590	2,528,289
Further provision made during the year (Net)	107,246	7,771,301
Less: Deduction on account of write back or write off	306,605	NIL
Closing Balance as on 31 st March, 2014	10,100,231	10,299,590

33 Balances of some Debtors, Creditors, Advances and Deposits are subject to confirmation and consequent reconciliation and adjustment, if any.

34 In the opinion of the Board of Directors, the Current Assets, Loans and Advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of the business and the provision made for all known liabilities is adequate and not in excess of the amount reasonably considered necessary. Closing cash on hand has been accepted by the auditors as certified by the Management.

35 The Company makes annual contributions to the Employee's Group Gratuity cum Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for service, payable for each completed year of service on part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each balance sheet date.

Particulars	2013-14	2012-13
	Rupees (Funded)	Rupees (Funded)
Table showing changes in present value of obligation		
Present value of obligations as at beginning of year	16,476,114	15,003,017
Interest Cost	1,318,089	1,200,241
Current Service Cost	1,621,600	1,505,478
Benefits Paid	(871,057)	(677,903)
Actuarial (gain)/loss on obligations	795,134	(554,719)
Present value of obligations as at end of year	19,339,880	16,476,114
Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	15,134,888	12,630,331
Expected return on plan assets	1,463,584	1,313,828
Contributions	1,866,699	1,868,632
Benefits Paid	(871,057)	(677,903)
Actuarial gain/(loss) on plan assets	Nil	Nil
Fair value of plan assets at the end of year	17,594,114	15,134,888
Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	15,134,888	12,630,331
Actual return on plan assets	1,463,584	1,313,828
Contributions	1,866,699	1,868,632
Benefits Paid	(871,057)	(677,903)
Fair value of plan assets at the end of year	17,594,114	15,134,888
Funded status	(1,745,766)	(1,341,226)
Excess of Actual over estimated return on plan assets	Nil	Nil

EASTERN INTERNATIONAL HOTELS LIMITED

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Particulars	2013-14	2012-13
	Rupees	Rupees
Actuarial gain/loss recognised		
Actuarial (gain)/loss on obligations	(795,134)	55,134
Actuarial (gain)/loss for the year – plan assets	Nil	
Total (gain)/loss for the year	795,134	(55,134)
Actuarial gain/(loss) recognised in the year	795,134	(55,134)
The amounts to be recognised in the Balance Sheet		
Present value of obligations as at the end of year	19,339,880	16,47,134
Fair value of plan assets as at the end of the year	1,759,114	15,13,134
Funded status	(1,745,766)	(1,341,134)
Actuarial gain/(loss) recognised in the year	(1,745,766)	(1,341,134)
The amounts to be recognised in Statement of Profit and Loss		
Current Service Cost	1,621,600	1,50,134
Interest Cost	1,318,089	1,20,134
Expected return on plan assets	(1,463,584)	(1,31,134)
Net Actuarial (gain)/loss recognised in the year	795,134	(55,134)
Expenses recognised in Statement of Profit and Loss	2,271,239	83,134
Assumptions		
Discount rate	8.00%	8.00%
Salary escalation	5.00%	5.00%
Investment details:		
Invested with LIC in Group Gratuity Scheme - % invested as at 31-3-2014	100%	100%
Compensated Absences Liability		
	2013-14	2012-13
	Rupees	Rupees
	(Non funded)	(Non funded)
Summary of Assumption:		
Retirement age	60Years	60Years
Attrition rate	2%	
Future Salary Rise	5%	
Rate of Discounting	9.29%	8.5%
Mortality Table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Actuarial Value of Compensated Absences Liability	7,282,787	5,534,134

36 Related Party Disclosures

36.1 The Company is promoted by 2 majority groups of shareholders, viz Mahadev Prasad Khanna (MPK Group), and Bholanath Khanna (BNK Group) who collectively hold 97.79% shares in the Company. In view of this, the members of the MPK group and BNK group jointly control and share powers and govern the financial and operating policies of the Company within the meaning of Accounting Standard 18 – "Related Party Disclosures".

36.2 Name of related parties and description of relationship:

36.2.1 Individuals owning directly or indirectly an interest in the voting power that gives them control or significant influence and their relatives.

Sr.No.	Name	Sr.No.	Name
1	Mahadev Prasad Khanna	13	Uma Khanna
2	Ramesh Khanna (**)	14	Gunjan Khanna
3	Naresh Khanna (**)	15	Neera Khanna
4	Rajesh Khanna (*)	16	Vidur Khanna
5	Dinesh Khanna (*)	17	Vinti Kapur
6	Ravish Khanna (*)	18	Nishi Khanna
7	Jagdish Khanna (*)	19	Bharat Khanna
8	Aditya Dhawan (*)	20	Tushar Khanna
9	Andree Khanna	21	Shesha M. Khanna
10	Ramesh Kumar Khanna Prade	22	Geeta Dhawan
11	Manish Khanna (*)	23	Anaheeta Dhawan
12	Nishoo Khanna	24	Vijay Dhawan

(*) These persons are Key Management Personnel. (Executive Directors)

(**) These persons are Key Management Personnel. (Consultants)

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

36.2.2 Enterprises over which any person described in 36.2.1 above is able to exercise significant influence and with which the Company had transactions during the year/ previous year:

Dinesh Khanna (HUF)
Rajesh Khanna (HUF)
Ravish Khanna (HUF)
Maharani Guest House Private Limited
Eastern Estate & Investments Advisors Pvt. Ltd.
Ankay Khanna Management & Consultants Pvt. Ltd.

36.2.3 Transactions carried out with related parties referred in (36.2.1) and (36.2.2) above.

Particulars	In respect of (36.2.1) above	In respect of (36.2.1) above	In respect of (36.2.2) above	In respect of (36.2.2) above
	(Rupees)		(Rupees)	
	Current Year	Previous Year	Current Year	Previous Year
Remuneration paid to Executive Directors	13,579,999	4,932,000	--	--
Interest on loans	181,720	1,053,585	--	1,894,370
Loans repaid	3,600,000	7,316,000	--	24,084,000
YEAR END BALANCES:				
Loans taken	--	3,600,000	--	--
Interest Payable	--	181,720	--	--

36.2.4 Particulars of Material Transactions during the year with Related Parties:

Particulars	In respect of (36.2.1) above	In respect of (36.2.1) above	In respect of (36.2.2) above	In respect of (36.2.2) above
	(Rupees)		(Rupees)	
	Current Year	Previous Year	Current Year	Previous Year
EXPENSES				
Remuneration paid to :				
Manish Khanna	2,263,333	822,000	--	--
Dinesh Khanna	2,263,334	822,000	--	--
Rajesh Khanna	2,263,333	822,000	--	--
Ravish Khanna	2,263,333	822,000	--	--
Jagdish Khanna	2,263,333	822,000	--	--
Aditya Ohawan	2,263,333	822,000	--	--
Interest on loans :				
Ramesh Khanna	--	4,929	--	--
Andree Khanna	53,371	185,082	--	--
Ramesh Kumar Khanna Prade	98,729	219,699	--	--
Manish Khanna	29,620	125,316	--	--
Jagdish Khanna	--	189,939	--	--
Nikhil Khanna	--	168,989	--	--
Dinesh Khanna	--	60,138	--	--
Nishi Khanna	--	40,534	--	--
Tushar Khanna	--	58,959	--	--
Ravish Khanna (HUF)	--	--	--	246,595
Dinesh Khanna HUF	--	--	--	147,397
Rajesh Khanna HUF	--	--	--	307,101
Eastern Estate & Investments Advisors Pvt. Ltd.	--	--	--	774,176
Maharani Guest House Pvt. Ltd.	--	--	--	358,612
Ankay Khanna Management & Consultants Pvt. Ltd.	--	--	--	60,489

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	In respect of (36.2.1) above	In respect of (36.2.1) above	In respect of (36.2.2) above	In respect of (36.2.2) above
	(Rupees)		(Rupees)	
	Current Year	Previous Year	Current Year	Previous Year

36.2.4 Particulars of Material Transactions during the year with Related Parties:

Particulars	Current Year	Previous Year	Current Year	Previous Year
LIABILITIES				
Loans repaid:	2,000,000	50,000	--	--
Ramesh Kumar Khanna Prade	1,000,000	750,000	--	--
Andree Khanna	600,000	600,000	--	--
Manish Khanna	--	2,075,000	--	--
Jagdish Khanna	--	1,675,000	--	--
Nikhil Khanna	--	816,000	--	--
Oinesh Khanna	--	550,000	--	--
Nishi Khanna	--	800,000	--	2,000,000
Tushar Khanna	--	--	--	4,167,000
Ravish Khanna (HUF)	--	--	--	10,000,000
Oinesh Khanna (HUF)	--	--	--	3,750,000
Eastern Estate & Investments Advisors Pvt. Ltd.	--	--	--	4,167,000
Maharani Guest House Private Limited	--	--	--	--
Ankay Khanna Management & Consultants Pvt. Ltd.	--	--	--	--
YEAR END BALANCES:				
Loans taken:	--	1,000,000	--	--
Andree Khanna	--	2,000,000	--	--
Ramesh Kumar Khanna Prade	--	600,000	--	--
Manish Khanna	--	--	--	--
Interest Payable:	--	53,371	--	--
Andree Khanna	--	98,729	--	--
Ramesh Kumar Khanna Prade	--	29,620	--	--
Manish Khanna	--	--	--	--

37 In accordance with the Accounting Standard on Lease (AS-19), following disclosures in respect of Operating Leases are made:

37.1 Other Operating Income includes Shop License Fees of Rs 3,439,579/- (Previous year Rs 3,275,787/-) in respect of shops and certain other areas given by the Company under Leave and License Agreement under Operating arrangement. Out of the above, the future minimum license fees are as under:

Particulars	Current Year	Previous Year
	Rupees	Rupees
	2,063,747	3,439,579
Not later than one year	--	2,063,747
Later than one year but not later than five years	--	--
Later than five years	--	--

37.2 The Company's significant leasing arrangements are in respect of shop premises and certain other areas situated inside its hotels under Leave and License agreements under operating agreements. The carrying value of these shops and other areas is included in the total building cost (Refer Note 13) and thus cannot be segregated.

37.3 The Company is pursuing a legal case involving inter alia prayer for eviction in respect of one shop situated on the service floor of Company's Mumbai Hotel. The said shop was given on leave and license basis in earlier year. The licensee refused to vacate the shop on the expiry of the license period. The Company has made an application for mesne profits from the licensee pending disposal of the case. Pursuant to interim orders passed in the interlocutory proceedings, the concerned courts have directed the licensee to deposit the monthly license fee in the court with a liberty to the company to withdraw the same from time to time. The main eviction case and connected interlocutory proceedings are pending at various stages. License Fees of Rs. 765,995/- (Previous Year Rs. 3,691,233/-) include arrears of Rs. Nil (Previous Year Rs. 2,343,775/-) for earlier years and Rs. 476,700/- (Previous Year Rs. 476,700/-) for the current year as directed by the concerned court pending disposal of the legal case.

38 The Company is exclusively engaged in the business of hoteliering. This, in context of Accounting Standard 17 on Segment Reporting is considered to constitute one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

EASTERN INTERNATIONAL HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

39 Earning Per Share - Basic and Diluted:

Particulars	Current year	Previous Year
Profit after taxation (Rupees)	110,657,908	105,765,152
Weighted average number of shares outstanding	1,763,340	1,763,340
Nominal value per share (Rupees)	10	10
Earnings per share – Basic and Diluted(Rupees)	62.75	59.98

40 Value of Imports (C.I.F. Value):

Particulars	Current year Rupees	Previous Year Rupees
Capital goods (including Import Advance)	790,769	4,212,706
Stores, spares and supplies	2,571,302	2,519,778

41 Expenditure in Foreign Currencies: (On accrual basis)

Particulars	Current year Rupees	Previous Year Rupees
Payment on account of other matters	12,259,743	12,503,263

42 Earnings in Foreign Exchange (Hotel Services) :

Particulars	Current year Rupees	Previous Year Rupees
Earnings in Foreign Exchange certified by the management and relied upon by the Auditors. This earning includes direct encashment of Rs.18,215,505/- (Previous Year Rs.21,771,925/-)	345,993,242	381,062,501

- 43 During the year the Company has not declared or paid any dividend hence the question of dividend payment to Non-resident Shareholders does not arise.
- 44 License, Rates & Taxes of Rs.24,667,094/- (Previous year Rs.37,286,904/-) includes additional property tax of Rs.Nil (Previous year Rs.6,592,226/-) relating to the period 1st April 2010 to 31st March 2011 and Rs. Nil (Previous year Rs. 6,603,770/-) for the period 1st April, 2011 to 31st March, 2012 in respect of company's hotel at Mumbai raised by the Municipal Corporation of Greater Mumbai, Assessment & Collection Department vide special notice dt. 25.12.2012 on capital value basis.
- 45 In the Board Meeting held on 5th September, 2014, which was convened in terms of notice dated 28th August, 2014, the financial statements and connected matters were considered and approved by five Executive Directors present other than Mr. Jagdish Khanna, who did not attend. The authentication of financial statements as above is in accordance with the provisions of Section 215 of the Companies Act, 1956.
- 46 Previous year's figures have been reclassified / regrouped wherever necessary to make them comparable with current year's figures.

Sd/-
RAJESH KHANNA

Sd/-
DINESH KHANNA

Sd/-
MANISH KHANNA

Sd/-
ADITYA DHAWAN

Sd/-
RAVISH KHANNA

EXECUTIVE DIRECTORS

Sd/-
MEENA VASWANI
CORPORATE FINANCIAL CONTROLLER

Mumbai: 5th September, 2014

EASTERN INTERNATIONAL HOTELS LIMITED
Regd. Office: Balraj Sahani Marg, Juhu, Mumbai - 400 049.
PROXY FORM

Regd. Folio No. _____ No. of shares held _____

I / We, _____ of _____ being a member of the above named Company hereby appoint _____ of _____ or failing him /her _____ as my/our proxy to vote for me/us and on my/our behalf at the **FORTY FOURTH ANNUAL GENERAL MEETING** scheduled to be held at the registered office of the Company on **30th September, 2014 at 11.00 a.m.** and at any adjournment thereof.

Affix
Rs. 1.00
Revenue
Stamp

Signed this ____ day of _____ 2014 Signature _____

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself.
2. A proxy need not be a member of the Company.
3. This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

.....x.....

EASTERN INTERNATIONAL HOTELS LIMITED
Regd. Office: Balraj Sahani Marg, Juhu, Mumbai - 400 049.

ATTENDANCE SLIP

I hereby record my presence at the **FORTY FOURTH ANNUAL GENERAL MEETING** of the Company held at the registered office of the Company at Balraj Sahani Marg, Juhu, Mumbai - 400 049 **30th September, 2014 at 11.00 a.m.**

Full name of the Member _____
(IN BLOCK LETTERS)

Regd. Folio No. _____ No. of shares held _____

Full name of the Proxy (IN BLOCK LETTERS) _____

Member's/Proxy's Signatures _____

E – COMMUNICATION REGISTRATION FORM

Folio No. (FOR PHYSICAL SHARES) : _____
Name of 1st Registered Holder : _____
Name(s) of Joint holder(s) : _____
: _____
: _____
Registered Address : _____
: _____
: _____
: _____
: _____
Email ID (to be registered) : _____

I, Shareholder of Eastern International Hotels Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail in your records for sending communication through e-mail.

Date: _____

Signature: _____

First Holder

Notes:

1. Shareholder(s) is /are requested to keep the Company informed as and when there is any change in the e-mail address.
2. In case, shares are held in electronic form, kindly register your email particulars with your Depository Participant.