

## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

### **TO THE MEMBERS OF LEADING HOTELS LIMITED**

#### **Report on the financial statements**

We have audited the accompanying standalone financial statements of **Leading Hotels Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 standalone financial statements**

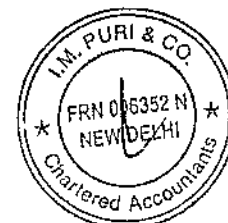
The Company's Board of Directors is responsible for the matters in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical



requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

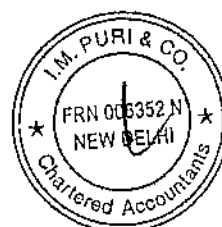
**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its Loss and its Cash Flows for the year ended on that date.

**Emphasis of Matters:**

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

- i) Note 18.09(a) to the accounts regarding the petitions filed against the grant of Environmental and costal regulation zone clearances to the Company's project at Goa;
- ii) Note 18.09(b) in respect to the pending adjudication of legal disputes, including a Public Interest Litigation which has been initiated by the owners and/or tenants of the land acquired by the Company for its project at Goa and others over the Company's rights, process of acquisition of land and compliance with the provisions of Tenancy Act.



The aforesaid matters indicate the existence of legal disputes that may impact the Company's project, the financial implication of which cannot be ascertained.

Our opinion is not modified in respect to these matters.

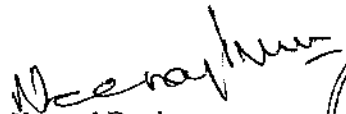
### Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor' report) order, 2015 ("the order") issued by the Central Government of India in terms of subsection (11) of section 143 of the act, we give in annexure a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
- 2) As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015 from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position, to the extent ascertainable in its financial statements. - Refer Note 18.09 to the financial statements;
    - ii. The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.



iii. There were no amounts which were required to be transferred to the Investor and Education and Protection Fund by the Company.

For I. M. Puri & Co.  
Chartered Accountants  
(Regn. No. 006352N)

  
Neeraj Puri  
(Partner)  
Membership No. 089976  
May 27, 2015  
New Delhi



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in our Independent Auditors' Report to the members of **Leading Hotels Limited** ("the Company") on the standalone financial statements for the year ended March 31, 2015, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As per the information and explanation given to us, physical verification of fixed assets has been carried out in terms of the phased program of verification adopted by the company and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. As the Company does not hold any inventory, paragraph 3(ii) of the Order is not applicable.
- iii. As per the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus paragraphs 3(iii) (a) & (b) of the Order are not applicable.
- iv. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of fixed assets. The Company has neither purchased any inventory nor sold any goods and services during the year. During the course of our audit, we have not observed any major weakness in the internal control systems.
- v. As per the information and explanation given to us, the company has not accepted any deposits. Thus paragraph 3(v) of the Order is not applicable.
- vi. To the best of our knowledge and according to the explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax,



service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no material dues of sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute as at 31<sup>st</sup> March, 2015. However, according to information and explanations given to us, the following dues of income tax have not been deposited on account of dispute and the forum where the dispute is pending is given hereunder:

S.No	Name of the Statute	Nature of the dues	Amount (Rs. in lacs)	Period to which the amount relates (F.Y.)	Forum where Dispute is pending
1	Income Tax Act, 1961	Tax deduction at source	156.43	2012-13	CIT(Appeals) New Delhi

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor and Education and Protection Fund by the Company in accordance with the provisions of Companies Act, 1956 (1 of 1956) and rules made there under.

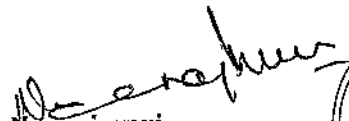
viii. The company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. The company has incurred cash losses of Rs. 9,773,016/- during the current financial year ended on March 31, 2015 and Rs. 7,035,851/- in the immediately preceding financial year.

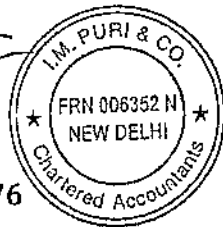
ix. Based on our audit procedures the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution and banks. There are no debenture holders of the company.



- x. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- xi. According to the information and explanations given to us, the term loans raised during the year have been applied for the purposes for which they were raised.
- xii. According to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the year.

For I.M. Puri & Co.  
Chartered Accountants  
(Regn. No. 006352N)

  
Neeraj puri  
(Partner)  
Membership No. 089976  
May 27, 2015  
New Delhi



**LEADING HOTELS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2015**

	Note	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	208,769,290	208,769,290
Reserves and Surplus	3	813,249,715	823,022,731
		<u>1,022,019,005</u>	<u>1,031,792,021</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	1,254,044,857	49,416,975
Long-term Provisions	5	293,915	272,461
Other Long-term Liabilities	6	94,300,000	268,600,000
		<u>1,348,638,772</u>	<u>318,289,436</u>
<b>Current Liabilities</b>			
Short-term Borrowings	7	69,500,000	666,823,862
Other Current Liabilities	8	119,577,885	29,595,077
Short term Provisions	5	947	-
		<u>189,078,832</u>	<u>696,418,939</u>
<b>TOTAL</b>		<u><u>2,559,736,609</u></u>	<u><u>2,046,500,396</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	1,304,421,676	1,261,970,465
Pre operative Expenditure	10	1,227,793,173	762,473,329
Long-term Loans and Advances	11	18,030,969	17,959,992
		<u>2,550,245,818</u>	<u>2,042,403,786</u>
<b>Current assets</b>			
Cash and Bank Balances	12	7,003,171	1,885,619
Short-term Loans and Advances	11	2,482,372	2,210,991
Other Assets	13	5,247	-
		<u>9,490,790</u>	<u>4,096,610</u>
<b>TOTAL</b>		<u><u>2,559,736,609</u></u>	<u><u>2,046,500,396</u></u>

**CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES** 1  
The accompanying notes 1 to 18 are an integral part of the Financial Statements

"As per our report attached"

For I.M.Puri & Co.  
Chartered Accountants  
Firm Registration No.: 006352N

**NEERAJ PURI**  
Partner  
Membership Number . 089976



ON BEHALF OF THE BOARD OF DIRECTORS  
Leading Hotels Limited

**SHIV KUMAR JATIA**  
(Managing Director)  
DIN: 00006187

**DR. LALIT BHASIN**  
(Chairman of the Board and Audit Committee)  
DIN: 00001607

Place: New Delhi  
Date: May 27th, 2015




**LEADING HOTELS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015**

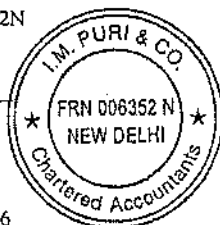
	Note	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
<b>Revenue</b>			
Interest Income		483,780	731,452
		<u>483,780</u>	<u>731,452</u>
<b>Expenses</b>			
Employee Benefits Expenses	14	1,021,107	759,621
Finance Cost	15	1,741,386	1,332,576
Other Expenses	16	7,403,686	5,315,956
		<u>10,166,179</u>	<u>7,408,153</u>
<b>Profit before prior period items and tax</b>		<u>(9,682,399)</u>	<u>(6,676,701)</u>
Prior period items	17	90,618	359,150
<b>Profit before tax</b>		<u>(9,773,016)</u>	<u>(7,035,851)</u>
Tax Expense			
Current tax		-	-
Deferred Tax		-	-
<b>Profit/(Loss) for the Year</b>		<u>(9,773,016)</u>	<u>(7,035,851)</u>
<b>Earnings per equity share (face value of Rs. 10 per share)</b>			
Basic		(0.47)	(0.34)
Diluted		(0.47)	(0.34)

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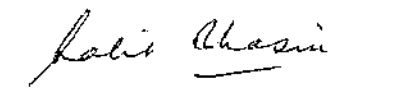
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**LEADING HOTELS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2015**

	For the year Ended 31 March 2015 (Rs.)	For the year Ended 31 March 2014 (Rs.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	(9,773,016)	(7,035,851)
Adjustments for :-		
Depreciation		
Interest expense	1,333,209	1,217,638
Interest Income	(483,780)	(731,452)
(Profit)/Loss on sale of fixed assets	177,894	-
Provisions reversed during the year	(272,461)	(133,654)
Prior period expenses/(income) (net)	90,618	359,150
Provision for Gratuity	293,916	272,461
<b>Operating profit before working capital changes</b>	<b>(8,633,622)</b>	<b>(6,051,708)</b>
Adjustments for :-		
Decrease / (increase) in Other Current Assets	(276,629)	2,823,516
(Decrease) / increase in Current Liabilities	89,983,755	23,005,484
(Decrease) / increase in other Long term Liabilities	(174,300,000)	(22,000,000)
Decrease / (increase) in other non-current assets	-	200,000
<b>Cash generated/(used) from operations</b>	<b>(93,226,496)</b>	<b>(2,022,708)</b>
Prior period (expenses)/income (net)	(90,618)	(359,150)
<b>Net Cash flow from Operating Activities</b>	<b>(93,317,114)</b>	<b>(2,381,858)</b>
<b>B Cash flow from Investing activities</b>		
Loans received back / (given) (net)	(70,977)	4,946,584
Purchase of fixed assets	(47,234,079)	(348,008,419)
Proceeds from Sale of fixed assets	100,125	-
Pre- Operative Expenditure	(460,814,995)	86,451,187
Interest received	483,780	731,452
<b>Net Cash from Investing Activities</b>	<b>(507,536,146)</b>	<b>(255,879,196)</b>
<b>C Cash flow from Financing Activities</b>		
Repayment of borrowings	-	-
Proceeds from borrowings	607,304,020	209,200,416
Finance cost	(1,333,209)	(1,217,638)
<b>Net Cash from Financing Activities</b>	<b>605,970,811</b>	<b>207,982,778</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,117,552</b>	<b>(50,278,276)</b>
<b>Cash and cash equivalents - Opening</b>	<b>1,885,619</b>	<b>52,163,895</b>
<b>Cash and cash equivalents - Closing</b>	<b>7,003,171</b>	<b>1,885,619</b>

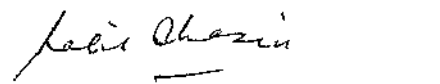
For I.M.Puri & Co.  
Chartered Accountants  
Firm Registration No.: 006352N

  
**NEERAJ PURI**  
Partner  
Membership Number : 089976



ON BEHALF OF THE BOARD OF DIRECTORS  
Leading Hotels Limited

  
**SHIV KUMAR JATIA**  
(Managing Director)  
DIN: 00006187

  
**DR. LALIT BHASIN**  
(Chairman of the Board and Audit Committee)  
DIN: 000016 DIN: 00001607

Place : New Delhi  
Date: May 27th, 2015

# LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31 March 2015

## 1 Corporate Information and Significant accounting policies

### Background

The company incorporated on December 01, 2005 and engaged in the business of hospitality services. The Company is Developing Golf Resort Complex in Goa.

### Significant accounting policies

#### (a) Basis of Preparation of Financial Statements

These Financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 ('the act') read with Rule 7 of the Companies (Accounts) Rules 2014 and the provisions of the act (to the extent notified). Accounting policies have been consistently applied except where newly-issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### (b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, provision for income taxes and the useful lives of fixed assets. Actual results could differ from those estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### (c) Revenue recognition

Income is recognized over the period in which such services are performed, provided, no significant obligations remain at the end of the period and collection of resulting receivables is reasonably certain.

The expenses are recognized as and when they accrue.

#### (d) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Direct cost are capitalized until such assets are ready for use. Capital work in progress comprises the cost of Fixed Assets that are not yet ready for their intended use at the reporting date.

#### (e) Depreciation and amortization

Depreciation on tangible fixed assets is provided on the Straight Line method over the useful lives of Assets estimated by the Management. Depreciation for assets purchased/ sold during a period is proportionately charged. The Management estimates the useful lives for the other fixed assets as follows:

	%	Useful Lives
- Furniture & Fixtures	9.50%	10 years
- Vehicles	11.88%	08 years
- Vehicles (two wheelers)	9.50%	10 years
- Office Equipments	19.00%	05 years
- Computers	31.67%	03 years

Depreciation on Leasehold Improvements is being charged equally over the period of lease.



*(Signature)*

(f) **Employee's benefits**

*Short term employee benefits*

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus, etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

*Post employment benefits*

*Defined contribution plans*

Provident fund is a defined contribution plan. The Company expenses its contributions towards provident fund, which are deposited with the Regional Provident Fund Commissioner.

*Defined benefit plans*

Gratuity is a defined benefits plan. The present value of obligations under defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

*Other long-term benefits*

Benefits under the Company's compensated absences scheme constitute other employee benefit. The liability in respect of compensated absences is provided on the basis of an actuarial valuation done by an independent actuary at the year end. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

(g) **Foreign exchange transactions**

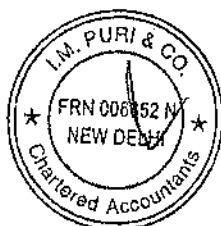
Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising on revenue transactions due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items, are taken to the Statement of Profit and Loss.

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss, if any, is taken to the Statement of Profit and Loss in the period in which they arise.

(h) **Taxation**

Income tax expenses comprise current tax (i.e. the amount of tax for the period determined in accordance with the Income tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.



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(i) **Earnings per share**

The basic earnings per share are computed by dividing the net profit / (loss) attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed using the weighted average number of equity and dilutive equivalent equity shares outstanding during the year, except where the results would be anti-dilutive.

(j) **Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expense in the period to which they relate.

(k) **Segment Reporting**

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(l) **Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

(m) **Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company does not recognize assets which are of contingent nature. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the financial statements of the period in which the change occurs.

(n) **Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.



Handwritten initials "D" in a circle and a signature "Amita" with a horizontal line underneath.

**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
<b>2 Share Capital</b>				
<b>Authorized</b>				
Equity Shares of Rs. 10 each *	25,000,000	250,000,000	25,000,000	250,000,000
	<u>25,000,000</u>	<u>250,000,000</u>	<u>25,000,000</u>	<u>250,000,000</u>
<b>Issued, subscribed and paid up capital</b>				
Equity Shares of Rs. 10 each, fully paid up *				
At the beginning and end of the year	20,876,929	208,769,290	20,876,929	208,769,290
	<u>20,876,929</u>	<u>208,769,290</u>	<u>20,876,929</u>	<u>208,769,290</u>

\* The Company has one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. In the event of liquidation, the equity shareholders are entitled to receive remaining assets of the Company (after distribution of all preferential amounts) in the proportion of equity shares held by the shareholders.

2(a) 20,826,929 (previous year 20,826,929) equity shares of Rs. 10 each fully paid up, are held by Lexon Hotel Ventures Ltd which being a subsidiary of Asian Hotels (North) Limited, the ultimate holding company.

2(b) Shareholders holding more than 5% shares of the Company:

	As at 31 March 2015		As at 31 March 2014	
	Number of shares	% holding in the shares	Number of shares	% holding in the shares
Equity shares of Rs. 10 each, fully paid up Lexon Hotel Ventures Ltd.	20,826,929	99.76%	20,826,929	99.76%



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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
<b>3 Reserves and Surplus</b>		
Share Premium		
At the beginning of the year	833,077,160	833,077,160
Add: Addition during the year	-	-
At the end of the year	<u>833,077,160</u>	<u>833,077,160</u>
Surplus (Deficit) in the Statement of Profit and Loss		
At the beginning of the year	(10,054,429)	(3,018,578)
Add: Profit / (Loss) for the year	<u>(9,773,016)</u>	<u>(7,035,851)</u>
At the end of the year	<u>(19,827,445)</u>	<u>(10,054,429)</u>
	<u>813,249,715</u>	<u>823,022,731</u>



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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

4	Long-Term Borrowings	Secured/ Unsecured	Non-Current Portion		Current Maturities #	
			As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
	<b>From Banks</b>					
	- Term Loan					
	Yes Bank Ltd*	Secured	1,199,144,495	-	-	-
	- Vehicle Loans	Secured				
	Axis Bank **		-	605,024	605,024	914,849
	Kotak Bank ***		7,843,147	8,668,348	2,865,462	2,227,404
	<b>From Corporates ****</b>	Unsecured	47,057,215	40,143,603	91,980,395	9,857,948
			<u>1,254,044,857</u>	<u>49,416,975</u>	<u>95,450,881</u>	<u>13,000,201</u>

\* 1. Term loan has been secured at the interest rate of base rate 10.75% plus 0.62% i.e. 11.37% by Mortgage of land and building of Goa Hotels Project on land admeasuring 160 acres and by Charges over moveable Fixed Assets (excluding vehicle) and

Current Assets of Goa Hotels Project. Further, secured by certain holdings of other group companies for which necessary filing and approvals are yet to be completed.

\*\* Axis bank loan for acquisition of vehicles (carried interest @ 9.91% to 10.23%) is secured against hypothecation of certain vehicles. Balance repayable in monthly installments upto March 2016.

\*\*\* Kotak Mahindra bank loan for acquisition of Vehicles carried interest @ 9.76% to 10.69% is secured against hypothecation of certain vehicles. Balance repayable in monthly installments upto May 2019.

\*\*\*\* Inter Corporate Deposit carries interest rate 13.50% to 15% p.a.

# Current maturities are considered as other current liabilities (refer to note 8)

Note: There is no continuing default as on the balance sheet date in repayment of loans and interest thereon.

5	Provisions	Long-Term		Short-Term	
		As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2015(Rs.)	As at 31 March 2014(Rs.)
	Provision for Gratuity	293,915	272,461	947	-
		<u>293,915</u>	<u>272,461</u>	<u>947</u>	<u>-</u>



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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

	As at 31 March 2015(Rs.)	As at 31 March 2014(Rs.)
<b>6 Other Long Terms Liabilities</b>		
Advances and Deposits for Villa & Development Rights*	94,300,000	268,600,000
	<u>94,300,000</u>	<u>268,600,000</u>

\* Advances & Deposits for Villa & Development rights represents deposit for development rights and advances and deposits from prospective buyer of Villas constituents forming part of an all Villa Hotel Complex of the Company.

**7 Short-Term Borrowings**

**SECURED**

**From Banks**

- Term loan\*

ING Vysya Bank Ltd

- 179,457,570

- Overdraft Facilities\*\*

ING Vysya Bank Ltd

- 282,289,602

**UNSECURED\*\*\***

**From Corporate**

69,500,000

205,076,690

69,500,000

666,823,862

\* Term loan has been secured by Mortgage of land at the interest rate of 12.05 % per annum and will be repaid in 9 equal monthly installment (4.45 Crore) starting from 31.10.2013

\*\* Overdraft limit (28.50 Crore) has been secured 100 % guarantee by Holding Company

\*\*\* Inter Corporate Deposit carries interest rate from 12.50% to 24% p.a.

Note: There is no continuing default as on the balance sheet date in repayment of loans and interest thereon.

**8 Other Current Liabilities**

Current maturities of long-term debt (refer to note 4)

95,450,881

13,000,201

Employee related payables

700,969

600,405

Interest due on borrowings

11,571,905

-

Other payables

- Statutory liabilities

3,963,005

2,484,314

- Others


7,891,125

13,510,157

119,577,885

29,595,077



  
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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

**9 Tangible Assets**

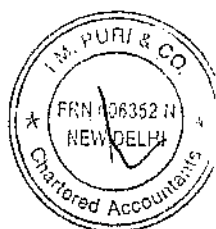
(Amount in Rs.)

Asset description	Gross block						
	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014	Additions	Deletions/ adjustments	As at 31 March 2015
Land	905,194,212	332,739,632		1,237,933,844	43,990,914		1,281,924,758
Lease hold Improvement	3,744,225	-		3,744,225	-		3,744,225
Furniture and Fixtures	507,209	17,600		524,809	43,000		567,809
Vehicles	6,112,388	14,784,879		20,897,267	2,852,596	315,000	23,434,863
Office Equipments	1,422,681	176,681		1,599,362	275,679	56,250	1,818,791
Computers	796,014	289,627		1,085,641	71,890		1,157,531
<b>Total</b>	<b>917,776,729</b>	<b>348,008,419</b>	<b>-</b>	<b>1,265,785,148</b>	<b>47,234,079</b>	<b>371,250</b>	<b>1,312,647,977</b>

Asset description	Depreciation						
	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014	For the year	On deletions/ adjustments	Upto 31 March 2015
Land	-	-		-	-		-
Lease hold Improvement	178,296	534,889		713,186	534,889		1,248,075
Furniture and Fixtures	47,957	32,283		80,241	58,019		138,260
Vehicles	899,407	1,596,580		2,495,987	2,803,570	75,965	5,223,592
Office Equipments	108,288	73,046		181,334	564,473	17,266	728,541
Computers	194,216	149,719		343,935	543,898		887,833
<b>Total</b>	<b>1,428,165</b>	<b>2,386,518</b>	<b>-</b>	<b>3,814,683</b>	<b>4,504,850</b>	<b>93,231</b>	<b>8,226,301</b>

Asset description	Net block				
	As at 31 March 2013		As at 31 March 2014		As at 31 March 2015
Land	905,194,212		1,237,933,844		1,281,924,758
Lease hold Improvement	3,565,929		3,031,039		2,496,150
Furniture and Fixtures	459,252		444,568		429,549
Vehicles	5,212,981		18,401,280		18,211,271
Office Equipments	1,314,393		1,418,028		1,090,250
Computers	601,798		741,706		269,698
<b>Total</b>	<b>916,348,564</b>		<b>1,261,970,465</b>		<b>1,304,421,676</b>

The management reassessed the remaining useful life of the Company's fixed assets with effect from 1st April, 2014, as prescribed in Schedule II to the Companies Act, 2013. Due to the said reassessment, the depreciation for the current year is excess by Rs. 15,10,541/- Further, based on transitional provision provided in Note 7(b) of the said Schedule II, an amount of Rs.63,288/- has also been included in depreciation for the year, representing the carrying amount of the said assets whose remaining useful life is nil as on 1st April, 2014."

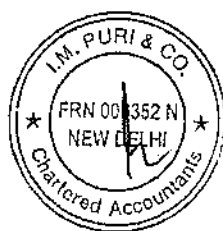


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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

	As at 31 March 2015(Rs.)	As at 31 March 2014(Rs.)
<b>10 Pre Operative Expenditure (Pending Capitalization)</b>		
Opening Balance	762,473,329	846,537,998
Add : during the year		
Travelling	13,604,629	21,868,823
Interest on Loan	127,011,521	78,131,812
Loan processing fees	224,720,000	3,583,150
Project development	78,924,831	70,156,671
Communication	476,715	571,178
Entertainment	116,165	203,815
Printing and stationary	346,235	344,933
Security	2,053,946	2,095,523
Staff welfare	249,212	150,876
Repair and Maintenance		
- Office Equipments	78,354	79,327
- Others	260,425	107,507
Rent	3,563,809	2,977,054
Salary and wages	4,839,448	9,166,333
Gratuity	22,401	128,654
Project meetings	-	-
Site Office Running expenses	4,547,304	4,269,805
Depreciation	4,504,850	2,386,518
Less : during the year		
Transfer to Fixed Assets (Land Cost)		280,286,648
	1,227,793,173	762,473,329

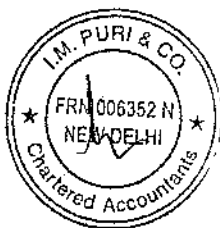


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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

11 Loans and Advances (Unsecured and considered good, unless stated otherwise)	Long-Term		Short-Term	
	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
Capital Advances	17,057,900	17,057,900		
Security Deposits	645,600	623,000	54,753	93,000
Other Loans and Advances				
Advances to Vendors			2,337,857	2,013,496
- Considered good	<u>17,703,500</u>	<u>17,680,900</u>	<u>2,392,610</u>	<u>2,106,496</u>
Prepaid Expenses			89,762	104,495
Advance tax and Tax deducted at source	<u>327,469</u>	<u>279,092</u>	<u>-</u>	<u>-</u>
	<u>18,030,969</u>	<u>17,959,992</u>	<u>2,482,372</u>	<u>2,210,991</u>
	<u>18,030,969</u>	<u>17,959,992</u>	<u>2,482,372</u>	<u>2,210,991</u>
 12 Cash and Bank Balances				
Cash and cash equivalents				
Balances with Banks			6,171,496	1,014,787
- In current accounts			831,675	870,832
Cash in hand			<u>7,003,171</u>	<u>1,885,619</u>
 13 Other Assets				
Interest Accrued but not received			5,247	-
	<u>-</u>	<u>-</u>	<u>5,247</u>	<u>-</u>

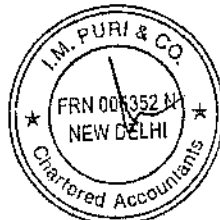


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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

	For the year ended 31 March 2015 (Rs.)	For the year ended 31 March 2014 (Rs.)
<b>14 Employee Benefits Expenses</b>		
Staff welfare	93,039	36,968
Salary and Wages	928,068	712,500
Gratuity	-	10,153
	<u>1,021,107</u>	<u>759,621</u>
<b>15 Finance Costs</b>		
Interest	1,333,209	1,217,638
Bank Charges	408,177	114,938
	<u>1,741,386</u>	<u>1,332,576</u>
<b>16 Other Expenses</b>		
<b>Operating, Administration and General Expenses</b>		
Advertisement	581,049	9,290
Books and Periodical	18,117	23,337
Donation	1,000,000	400,192
Communication	95,900	198,246
Printing and Stationery	257,435	259,242
Conveyance	322,298	41,670
Foreign Exchange Loss (net)	214,298	144,528
Business Promotion	2,399,329	2,226,932
Legal and Professional	888,043	145,030
Loss on Sale of Fixed Assets	177,894	-
Repair and Maintenance		
- Office Equipments	46,859	-
- Computers	29,787	-
Rates and Taxes	134,836	1,082,628
Audit Fees	224,720	112,360
Travelling Expenses	138,432	79,262
Miscellaneous Expenses	21,804	50,629
Security Charges	852,885	542,610
	<u>7,403,686</u>	<u>5,315,956</u>
<b>17 Prior Period Expenses(+)/ Income (-)</b>		
Salary and Wages	71,500	72,300
Communication	-	11,233
Miscellaneous Expenses	-	1,236
Legal and Professional	-	215,731
Business Promotion	-	58,650
Audit Fee	5,618	-
Conveyance	14,000	-
Interest	(500)	-
	<u>90,618</u>	<u>359,150</u>



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**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31st March, 2015

**18.01 Capital Commitments**

Estimated amount of contracts remaining to be executed and not provided for in the financial statements aggregate Rs. 441,453,252/- (Previous year Rs. 393,927,148/-).

**18.02 Auditors' remuneration**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Statutory audit	224,720	112,360
<b>Total</b>	<b>224,720</b>	<b>112,360</b>

**18.03 Earnings per share:**

The computation of basic and diluted earnings/ (loss) per share is set out below:

Particulars	As at 31.03.2015	As at 31.03.2014
Number of shares outstanding at the beginning of the year of face value of Rs. 10 each	20,876,929	20,876,929
Number of shares outstanding at the end of the year of face value of Rs. 10 each	20,876,929	20,876,929
Weighted average number of equity shares outstanding during the year (A)	20,876,929	20,876,929
<b>Profit (Loss) after tax for the year (B)</b>		<b>(7,035,851)</b>
<b>Basic earnings per share of face value of Rs. 10 Each</b>		<b>(0.34)</b>
<b>Diluted earnings per share of face value of Rs. 10 Each</b>		<b>(0.34)</b>

**18.04 Deferred Tax**

In view of the major capital expansion program and absence of foreseeable profits in the near future, deferred tax assets have not been created in the accounts.

**18.05**

In the opinion of Management, there is only one reportable segment ("Hospitality/Hotel Business") at one location, namely Goa (India) as envisaged by Accounting standard 17 "Segment reporting", prescribed by the Companies (Accounting standards) Rules, 2006. Accordingly, no separate disclosure for segment reporting is required to be made in the financial statements of the Company.

**18.06**

Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1971 and Employees State Insurance Act, 1948 are presently not applicable to the Company.

**18.07 Employee Benefits**

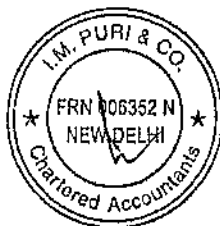
**Defined benefit plans**

Gratuity is payable to all eligible employees of the Company on resignation, retirement, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The liability for gratuity as at 31 March, 2015 is Rs. 294,862/- shown under "Provisions for Gratuity" in the balance sheet and Rs 22,401/- shown as gratuity expenses in the Pro Operative Expenditure..

In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan and a detail of the same is given below:

**(a) Economic Assumptions:-**

	2014-2015
(a) Discounting Rate	7.81 P.A.
(b) Salary Growth Rate	7.00 P.A.
(c) Expected Rate of Return on Plan Assets	0.00 P.A.



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## (b) Demographic Assumptions -

(a) Retirement Age	58 Years
(b) Mortality Table	IALM (2006-08)
(c) Employee Turnover / Attrition Rate	
18 to 30 Years	2.00%
30 to 45 Years	2.00%
Above 45 Years	1.00%

## (c) Change in present value of obligation:-

(a) Present value of obligation as at the beginning of the period (01/04/2014)	272461
(b) Acquisition adjustment	---
(c) Interest cost	21279
(d) Current service cost	103223
(e) Past service cost	---
(f) Benefits paid	---
(g) Actuarial (gain)/loss on obligation	(102,101)
(h) Present value of obligation as at the end of period	294862

(d) The amounts to be recognized in balance sheet:-	
(a) Present value of obligation as at the end of the period	294862
(b) Fair value of plan assets as at the end of the period	---
(c) Funded status / Difference	(294,862)
(d) Net asset/(liability) recognized in balance sheet	(294,862)
(e) Expense recognized in the statement of profit and loss:-	
(a) Current service cost	103223
(b) Past service cost	---
(c) Interest cost	21279
(d) Expected return on plan assets	---
(e) Net actuarial (gain)/ loss recognized in the period	(102,101)
(f) Expenses recognized in the Balance Sheet - Pre Operative expenditure	22401

## 18.08 Related Party Disclosure

(A) Name of Related Parties and description thereof:

1. Holding Company	Lexon Hotel Ventures Ltd - Mauritius Fineline Hospitality & Consultancy Pte Ltd Asian Hotels (North) Ltd
2. Subsidiaries	Nil
3. Fellow Subsidiaries	Nil
4. Associates	Nil
5. Key Management Personnel	Mr. Shiv Kumar Jatia Mr. Tapesh Bharat Kumar Goenka
6. Relative of Key Management Personnel	Nil

(B) Enterprise over which key management personnel are able to exercise significant influence and with whom transactions have taken place during the year :-

- a. Lexon Hotel Ventures Ltd  
b. Asian Hotels (North) Ltd.

(Figures in Rs.)

Related party Name	Balance as on 31.03.2014	Net Transaction during the period	Balance as on 31.03.2015	Nature of Transactions
Lexon Hotel Ventures Ltd.			Nil	Fee for architect and interior design services
	3,036,542	18,510,945		
Asian Hotels (North) Ltd.				Hotel Accommodation Services & staff insurance payment
	Nil	1,468,602	879,301	



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(C) Enterprise over which relative key management personnel are able to exercise significant influence and with whom transactions have taken place during the year:-

Related party Name	Balance as on 31.03.2014	Net Transaction during the period	Balance as on 31.03.2015	Nature of Transactions
Magus Estates & Hotels Ltd	731,049	Nil	731,049	Hotel Accommodation Services

18.09 Contingent Liabilities

(a) Petitions have been filed against the grant of Environmental and coastal regulation Zone clearances to the Company's project at Goa with the National Green Tribunal, which are being contested by the Company. The management is confident of it being able to successfully get the petitions quashed and retain its clearances which are essential for the completion of its project.

(b) Several legal disputes, including a Public Interest Litigation have been initiated by the owners and/or tenants of the land acquired by the Company for its project at Goa and others over the Company's rights, process of acquisition of land and compliance with the provisions of Tenancy Act, which are pending adjudication at various forums including at District and High courts. Based on legal advice and outcomes of similar cases in the past, the management is hopeful of favorable outcomes and does not foresee them to have any material impact on the progress of the project of the Company.

(c) Income Tax Department has raised a demand of Rs 1,56,42,887/- (including interest but excluding penalties thereon) in respect of non deduction of tax at source on amounts remitted to Foreign Companies /Non-Resident person on account of Technical services payment. The company has appealed against the said order, which is pending adjudication.

18.10 Other Information

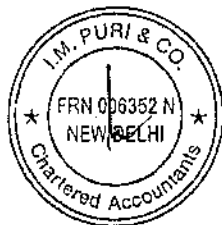
(a) Expenditure in foreign currency

Particulars	For the Year Ended 31.03.15	For the Year Ended 31.03.14
(i) Consultancy fee	Rs. 68,03,398/-	Rs. 17,40,894/-
(ii) Technical Fees (Professional and Consultancy)	Rs. 2,21,26,749/-	Rs. 1,82,45,560/-
(iii) Travelling Expenses	Rs. 13,18,927/-	Rs. 48,61,520/-

18.11 Micro, Small and Medium Enterprises

There are no amounts payable to Small scale industries as at year end as certified by the management.

18.12 Previous year figures have been re-grouped and reclassified wherever necessary to confirm to the current year classification.



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**LEADING HOTELS LIMITED**  
**DEPRECIATION AS PER INCOME TAX ACT**  
**(ASSESSMENT YEAR 2015-16)**  
**01/04/2014 to 31/03/2015**

(Amount in Rs.)										
ASSET	Rate %	OPENING W.D.V As on 01.04.14	ADDITION BEFORE SEPT.	ADDITION AFTER SEPT.	DELETION	DEP. ON COL. C	DEP. ON COL. D	DEP. ON COL. E	TOTAL DEPRECIATION	W.D.V CLOSING BALANCE AS AT 31.03.15
A	B	C	D	E	F	G	H	I	J	K
Land	0	1,237,933,844	27,967,060	16,023,854	-	-	-	-	-	1,281,924,758
Lease hold Improvement	10	3,201,312		320,131	-	320,131	-	-	320,131	2,881,181
Computers	60	254,190	54,100	17,790	-	152,514	32,460	5,337	190,311	135,769
Plant & Machinery / Office Equipment	15	1,046,217	150,985	124,694	5,125	156,933	22,648	9,352	188,932	1,127,839
Furniture & Fixture	10	399,758	43,000		-	39,976	4,300	-	44,276	398,482
Vehicle	15	16,408,185	2,852,596		95,000	2,461,228	427,889	-	2,889,117	16,276,664
<b>Total</b>		<b>1,259,243,506</b>	<b>31,067,741</b>	<b>16,166,338</b>	<b>100,125</b>	<b>3,130,781</b>	<b>487,297</b>	<b>14,689</b>	<b>3,632,768</b>	<b>1,302,744,693</b>



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