

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, 2016, 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

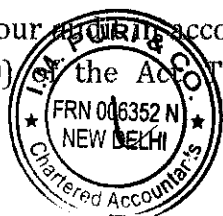
The Company's Board of Directors is responsible for the matters in section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and Cash 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. 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, 2016, 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 implications of which cannot be ascertained.

Our opinion is not modified in respect of these matters.



Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor' report) order,2016 ("the order") issued by the Central Government of India in terms of subsection (11) of section 143 of the act, we give in the annexure A, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the Internal Financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" ; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2016 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 as at March 31, 2016 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 during the year ended March 31, 2016.

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

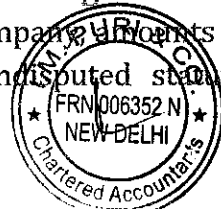


Prakash Barnwal
**Prakash Barnwal
(Partner)
Membership No. 512224
May 26th, 2016
New Delhi**

ANNEXURE - A 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, 2016, 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.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of company.
- ii. As the Company does not hold any inventory, paragraph 3(iii) 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, limited liability partnerships 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, the company has complied with the provision of section 185 and 186 of the companies Act, 2013 with respect to the loans and investments made.
- 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



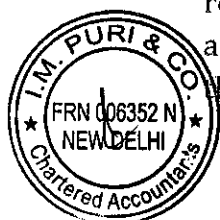
provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

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, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as on 31 March 2016 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, 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 31st March, 2016. 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

- viii. 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 loans or borrowings to any financial institution, banks and government. There are no debenture holders of the company.
- ix. According to the information and explanations given to us, the company has not raised any moneys by way of initial public offer or further public offer. The term loans raised during the year have been applied for the purposes for which they were raised.
- x. According to the information and explanation given to us, no material fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanation given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.



- xii. In our opinion and according to the information and explanation given to us, the company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii. According to the information and explanation given to us, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year.
- xv. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(XV) of the order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Prakash Barnwal



Prakash Barnwal
(Partner)
Membership No. 512224
May 26th, 2016
New Delhi

Annexure - B to the Auditors' Report

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

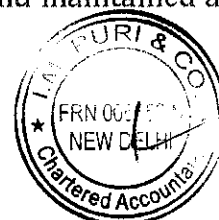
We have audited the internal financial controls over financial reporting of **Leading Hotels Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

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

Meaning of Internal Financial Controls over Financial Reporting .

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

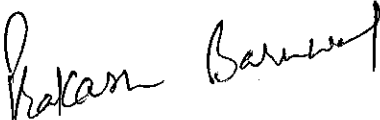


Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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




**Prakash Barnwal
(Partner)
Membership No. 512224
May 26th, 2016
New Delhi**

LEADING HOTELS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2016

	Note	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	208,769,290	208,769,290
Reserves and Surplus	3	<u>799,674,778</u>	<u>813,249,715</u>
		1,008,444,068	1,022,019,005
Non-Current Liabilities			
Long-term Borrowings	4	1,425,270,151	1,254,044,857
Other Long-term Liabilities	5	205,060,818	94,300,000
Long-term Provisions	6	<u>478,084</u>	<u>293,915</u>
		1,630,809,053	1,348,638,772
Current Liabilities			
Short-term Borrowings	7	235,935,598	69,500,000
Other Current Liabilities	8	82,577,557	119,577,885
Short term Provisions	6	<u>4,046</u>	<u>947</u>
		318,517,201	189,078,832
TOTAL		<u>2,957,770,322</u>	<u>2,559,736,609</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	1,302,986,836	1,304,421,676
Capital work-in-progress	10	1,538,833,990	1,227,793,173
Long-term Loans and Advances	11	<u>76,197,836</u>	<u>18,030,969</u>
		2,918,018,662	2,550,245,818
Current Assets			
Cash and Cash Equivalents	12	5,658,405	7,003,171
Short-term Loans and Advances	11	34,093,255	2,482,372
Other Current Assets	13	<u>-</u>	<u>5,247</u>
		39,751,660	9,490,791
TOTAL		<u>2,957,770,322</u>	<u>2,559,736,609</u>

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Prakash Barnwal

PRAKASH BARNWAL

Partner

Membership Number: 006352N



Place: New Delhi
Date: May 26th, 2016

ON BEHALF OF THE BOARD OF DIRECTORS
LEADING HOTELS LIMITED

Shiv Kumar Jatia
SHIV KUMAR JATIA
(Managing Director)
DIN: 00006187

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

Anshika Jain
ANSHIKA JAIN
(Company Secretary)
Membership No.: 34988

LEADING HOTELS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

	Note	For the year ended 31 March 2016 (Rs.)	For the year ended 31 March 2015 (Rs.)
Revenue			
Interest Income		86,843	483,780
		<u>86,843</u>	<u>483,780</u>
Expenses			
Employee Benefit Expenses	14	2,627,122	1,021,107
Finance Cost	15	1,216,043	1,741,386
Administrative and other expenses	16	9,781,412	7,403,686
		<u>13,624,577</u>	<u>10,166,179</u>
Profit Before Prior Year Items and Tax		<u>(13,537,734)</u>	<u>(9,682,399)</u>
Prior Period Items	17	37,203	90,618
Profit Before Tax		<u>(13,574,937)</u>	<u>(9,773,016)</u>
Tax Expense			
Current tax		-	-
Deferred Tax		-	-
Profit/(Loss) for the Year		<u>(13,574,937)</u>	<u>(9,773,016)</u>
Earnings Per Equity Share (face value of Rs. 10 per share)			
Basic		(0.65)	(0.47)
Diluted		(0.65)	(0.47)

CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

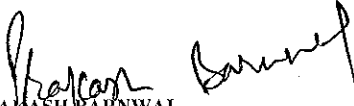
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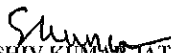
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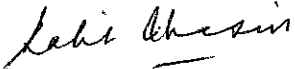
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For I.M.Puri & Co.
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Firm Registration No.: 006352N

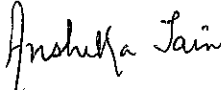
ON BEHALF OF THE BOARD OF DIRECTORS
LEADING HOTELS LIMITED


PRAKASH BARNWAL
Partner
Membership Number: 519924


SHIV KUMAR JATIA
(Managing Director)
DIN: 00006187


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


Place: New Delhi
Date: May 26th, 2016


ANSHIKA JAIN
(Company Secretary)
Membership No.: 34988

LEADING HOTELS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

	For the year Ended 31 March 2016 (Rs.)	For the year Ended 31 March 2015 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(13,574,937)	(9,773,016)
Adjustments for :-		
Depreciation	-	-
Interest expense	1,111,625	1,333,209
Interest Income	(86,843)	(483,780)
(Profit)/Loss on sale of fixed assets	35,438	177,894
Provisions reversed during the year	(293,916)	(272,461)
Prior period expenses/(income) (net)	37,203	90,618
Provision for Gratuity	478,084	293,916
Operating profit before working capital changes	(12,293,345)	(8,633,622)
Adjustments for :-		
Decrease / (increase) in Other Current Assets	(31,605,635)	(276,629)
(Decrease) / increase in Current Liabilities	(36,997,229)	89,983,755
(Decrease) / increase in other Long term Liabilities	110,760,818	(174,300,000)
Cash generated/(used) from operations	29,864,607	(93,226,496)
Prior period (expenses)/income (net)	(37,203)	(90,618)
 Net Cash flow from Operating Activities	 29,827,404	 (93,317,114)
B Cash flow from Investing activities		
Loans and advances (given) (net)	(58,166,866)	(70,977)
Purchase of fixed assets	(3,022,621)	(47,234,079)
Proceeds from Sale of fixed assets	97,000	100,125
Capital Work-In-Progress	(306,715,793)	(460,814,995)
Interest received	86,843	483,780
 Net Cash from Investing Activities	 (367,721,438)	 (507,536,146)
C Cash flow from Financing Activities		
Proceeds from borrowings	337,660,892	607,304,020
Finance cost	(1,111,625)	(1,333,209)
 Net Cash from Financing Activities	 336,549,267	 605,970,811
 Net Increase/(decrease) in cash and cash equivalents (A+B+C)	 (1,344,766)	 5,117,552
 Cash and cash equivalents - Opening	 7,003,171	 1,885,619
 Cash and cash equivalents - Closing	 5,658,405	 7,003,171

"As per our report attached"

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

Prakash Barnwal
Prakash Barnwal
Partner
Membership Number



Place: New Delhi
Date: May 26th, 2016

ON BEHALF OF THE BOARD OF DIRECTORS
Leading Hotels Limited

Shiv Kumar Jatia
Shiv Kumar Jatia
(Managing Director)
DIN: 00006187

Dr. Lalit Bhasin
Dr. Lalit Bhasin
(Chairman of the Board and Audit Committee)
DIN: 00001607

Anshika Jain
Anshika Jain
(Company Secretary)
Membership No.: 34988

LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31 March 2016

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

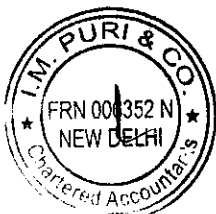
Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Direct cost are capitalized until such assets are ready for use. Capital work in progress comprises the cost of Fixed Assets that are not yet ready for their intended use at the reporting date.

(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 Leaschold Improvements is being charged equally over the period of lease.



(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.



(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**

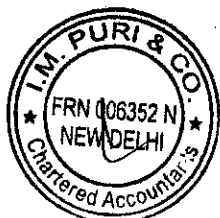
The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which 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.



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
2 Share Capital				
Authorized				
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>
Issued, subscribed and paid up capital				
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
Total	<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 2016		As at 31 March 2015	
	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%



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
3 Reserves and Surplus		
Securities Premium		
At the beginning / end of the year	833,077,160	833,077,160
Surplus (Deficit) in the Statement of Profit and Loss		
At the beginning of the year	(19,827,445)	(10,054,429)
Add: Profit / (Loss) for the year	(13,574,937)	(9,773,016)
At the end of the year	<u>(33,402,382)</u>	<u>(19,827,445)</u>
	<u>799,674,778</u>	<u>813,249,715</u>



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

4 Long-Term Borrowings	Secured/ Unsecured	Non-Current Portion		Current Maturities #	
		As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
From Banks					
- Term Loan					
Yes Bank Ltd*	Secured	1,379,935,461	1,199,144,495	-	-
- Vehicle Loans					
Axis Bank	Secured	-	-	-	605,024
Kotak Mahindra Prime Ltd **		11,044,570	7,843,147	8,766,893	2,865,462
From Corporates ***	Secured	34,290,121	47,057,215	22,323,229	91,980,395
		<u>1,425,270,151</u>	<u>1,254,044,857</u>	<u>31,090,122</u>	<u>95,450,881</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 hotel project.

** Kotak Mahindra Prime Ltd. loan for acquisition of Vehicles carried interest @ 9.76% to 15.32% is secured against hypothecation of certain vehicles. Balance repayable in monthly installments upto May 2019.

*** Inter Corporate Deposit carries interest rate 15% p.a. by Mortgage of land of admeasuring 46100 sq. mts.

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.

	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
5 Other Long-term Liabilities		
Advances and Deposits for Platinum Golf Membership (PGM) in Goa Project *	205,060,818	94,300,000
	<u>205,060,818</u>	<u>94,300,000</u>

* Advance & deposits for PGM booking amount / advance received from prospective buyer of Platinum Golf Membership in the Goa Project.

6 Provisions	Long-Term		Short-Term	
	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
Provision for Gratuity	478,084	293,915	4,046	947
	<u>478,084</u>	<u>293,915</u>	<u>4,046</u>	<u>947</u>



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
7 Short-Term Borrowings		
UNSECURED*		
From Corporate	235,935,598	69,500,000
	<u>235,935,598</u>	<u>69,500,000</u>
<p>* Inter Corporate Deposit carries interest rate from 10% to 24% p.a.</p>		
<p>Note: There is no continuing default as on the balance sheet date in repayment of loans and interest thereon.</p>		
8 Other Current Liabilities		
Current maturities of long-term debt (refer to note 4)	31,090,122	95,450,881
Employee related payables	1,363,391	700,969
Interest due on borrowings	12,718,280	11,571,905
Other payables		
- Statutory liabilities	3,869,798	3,963,005
- Expenses payable	549,548	237,748
- Others	32,986,418	7,653,377
	<u>82,577,557</u>	<u>119,577,885</u>



9 Tangible Assets

(Amount in Rs.)

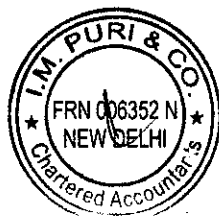
Asset description	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01 April 2015	Additions during the year	Deletions/ adjustments during the year	As at 31 March 2016	Upto 31 March 2015	For the year	On deletions/ adjustments	Upto 31 March 2016	As at 31 March 2016	As at 31 March 2015
Land	1,281,924,758	1,545,520		1,283,470,278	-			-	1,283,470,278	1,281,924,758
Lease hold Improvement	3,744,225	-		3,744,225	1,248,075	534,890		1,782,965	1,961,260	2,496,150
Furniture and Fixtures	567,809	335,530		903,339	138,260	70,844		209,104	694,235	429,549
Vehicles	23,434,863	-	202,500	23,232,363	5,223,592	2,860,870	70062	8,014,400	15,217,963	18,211,271
Office Equipments	1,818,791	680,258		2,499,049	728,541	644,040		1,372,582	1,126,467	1,090,250
Computers	1,157,531	461,313		1,618,844	887,833	214,379		1,102,212	516,632	269,698
Total	1,312,647,977	3,022,621	202,500	1,315,468,098	8,226,301	4,325,023	70,062	12,481,262	1,302,986,836	1,304,421,676



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
10 Capital Work-In-Progress		
Opening Balance	1,227,793,173	762,473,329
Add : during the year		
Travelling	12,901,220	13,604,629
Interest on Loan	183,797,071	127,011,521
Loan processing fees	93,031	224,720,000
Project development	101,934,028	78,924,831
Communication	522,418	476,715
Entertainment	214,905	116,165
Printing and stationary	776,744	346,235
Security	9,222,602	2,053,946
Staff welfare	2,262,899	249,212
Repair and Maintenance		
- Plant & Machinery	148,562	78,354
- Others	1,076,968	260,425
Rent	2,447,371	3,563,809
Salary and wages	10,968,544	4,839,448
Gratuity	187,268	22,401
Site office running expenses	5,019,815	4,547,304
Depreciation	4,325,023	4,504,850
Site infrastructure expenses	19,097,168	-
Less : during the year		
Transfer to Service Tax Cenvat Credit available A/c (Current Assets)	43,954,820	
	<u>1,538,833,990</u>	<u>1,227,793,173</u>



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

11 Loans and Advances (Unsecured and considered good, unless stated otherwise)	Long-Term		Short-Term	
	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)	As at 31 March 2016 (Rs.)	As at 31 March 2015 (Rs.)
Capital Advances	68,057,900	17,057,900	-	-
Security Deposits	6,040,189	645,600	15,398	54,753
Other Loans and Advances				
Advances to Vendors				
- Considered good	-	-	2,142,846	2,337,857
	<u>74,098,089</u>	<u>17,703,500</u>	<u>2,158,244</u>	<u>2,392,610</u>
Prepaid Expenses			645,971	89,762
Balance with Revenue Authorities			31,289,040	-
Advance tax and Tax deducted at source	2,099,747	327,469	-	-
	<u>76,197,836</u>	<u>18,030,969</u>	<u>34,093,255</u>	<u>2,482,372</u>
	<u>76,197,836</u>	<u>18,030,969</u>	<u>34,093,255</u>	<u>2,482,372</u>
12 Cash and Cash Equivalents				
Balances with Banks				
- In current accounts			5,640,289	6,171,496
Cash in hand			18,116	831,675
			<u>5,658,405</u>	<u>7,003,171</u>
13 Other Assets				
Interest Accrued but not received			-	5,247
			<u>-</u>	<u>5,247</u>



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

	For the year ended 31 March 2016 (Rs.)	For the year ended 31 March 2015 (Rs.)
14 Employee Benefits Expenses		
Staff welfare	174,628	93,039
Salary and Wages	2,452,494	928,068
	<u>2,627,122</u>	<u>1,021,107</u>
15 Finance Costs		
Interest	1,111,625	1,333,209
Bank Charges	104,418	408,177
	<u>1,216,043</u>	<u>1,741,386</u>
16 Administrative and other expenses		
Advertisement	1,947,037	581,049
Books and Periodical	16,491	18,117
Donation	1,221,000	1,000,000
Communication	169,561	95,900
Printing and Stationery	333,909	257,435
Conveyance	525,435	322,298
Foreign Exchange Loss (net)	12,200	214,298
Business Promotion	2,667,333	2,399,329
Legal and Professional	485,392	888,043
Loss on Sale of Fixed Assets	35,438	177,894
Repair and Maintenance		
- Plant & Machinery	26,669	46,859
- Others	65,541	-
- Computers	20,026	29,787
Rates and Taxes	903,356	134,836
Audit Fees	229,000	224,720
Travelling Expenses	266,697	138,432
Miscellaneous Expenses	15,134	21,804
Security Charges	841,193	852,885
	<u>9,781,412</u>	<u>7,403,686</u>
17 Prior Period Expenses(+)/ Income (-)		
Salary and Wages	-	71,500
Audit Fee	-	5,618
Conveyance	-	14,000
Interest	-	(500)
Bank Charges	37,203	
	<u>37,203</u>	<u>90,618</u>



LEADING HOTELS LIMITED

Notes to the financial statements for the year ended 31st March, 2016

18.01 Capital Commitments

Estimated amount of contracts remaining to be executed and not provided for in the financial statements aggregate Rs. 542,086,0674/- (Previous year Rs. 441,453,252/-).

18.02 Auditors' remuneration

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Statutory audit**	229,000	224,720
Total	229,000	224,720

** Inclusive of Service tax

18.03 Earnings per share:

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

Particulars	As at 31.03.2016	As at 31.03.2015
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
Profit (Loss) after tax for the year (B)	(13,574,937)	(9,773,016)
Basic earnings per share of face value of Re. 10 Each	(0.65)	(0.47)
Diluted earnings per share of face value of Re. 10 Each	(0.65)	(0.47)

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 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, 2016 is Rs. 4,82,130/- shown under "Provisions for Gratuity" in the balance sheet.

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:-

	2015-2016	2014-2015
(a) Discounting Rate	7.95 P.A.	7.81 P.A.
(b) Salary Growth Rate	7.00 P.A.	7.00 P.A.
(c) Expected Rate of Return on Plan Assets	0.00 P.A.	0.00 P.A.



(b) Demographic Assumptions:-

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

(c) Change in present value of obligation:-

(a) Present value of obligation as at the beginning of the period (01/04/2015)	294862	272461
(b) Acquisition adjustment	---	---
(c) Interest cost	23442	21279
(d) Current service cost	187358	103223
(e) Past service cost	---	---
(f) Benefits paid	---	---
(g) Actuarial (gain)/loss on obligation	(23,532)	(102,101)
(h) Present value of obligation as at the end of period	482130	294862

(d) The amounts to be recognized in balance sheet:-		
(a) Present value of obligation as at the end of the period	482130	294862
(b) Fair value of plan assets as at the end of the period	---	---
(c) Funded status / Difference	(482,130)	(294,862)
(d) Net asset/(liability) recognized in balance sheet	(482,130)	(294,862)
(e) Expense recognized in the statement of profit and loss:-		
(a) Current service cost	187358	103223
(b) Past service cost	---	---
(c) Interest cost	23442	21279
(d) Expected return on plan assets	---	---
(e) Net actuarial (gain)/ loss recognized in the period	(23,532)	(102,101)
(f) Expenses recognized in the Balance Sheet - Pre Operative expenditure	187268	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 – Mauritius 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	Mr. Amritesh Jatia

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

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

(Figures in Rs.)

Related party Name	Balance as on 31.03.2015	Net Transaction during the period	Balance as on 31.03.2016	Nature of Transactions
Asian Hotels (North) Ltd.	879,501	631,258	1,510,759	Hotel Accommodation Services & staff insurance payment
Shiv Kumar Jatia	Nil	200,000	Nil	short term advance received from Director

Transaction with Relative of Key Management Personnel during the year

Particulars	31.03.2016	31.03.2015
Director Sitting fee		
Mr. Amritesh Jatia	34,036	56,180

18.09 Contingent Liabilities

(a) Petitions have been filed against the grant of Environmental and costal 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 31.03.16	For the Year Ended 31.03.15
(i) Consultancy fee	Rs. 76,32,000/-	Rs. 68,03,398/-
(ii) Technical Fee (Professional and Consultancy)	Rs. 3,24,67,544/-	Rs. 2,21,26,749/-
(iii) Travelling Expenses	Rs. 10,45,631/-	Rs. 13,18,927/-

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.



Shruti
Lalita Vasini
Anshika Jain