

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

**TO THE MEMBERS OF LEADING HOTELS LIMITED**

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

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

### **Management's responsibility for the financial statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the financial statements.

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



## **Note 1: Significant accounting policies and notes to the accounts**

### **1. Background**

The company incorporated on December 01, 2005 and engaged in the business of hospitality services.

### **2. Significant accounting policies**

#### *(a) Basis of preparation*

Financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the mandatory accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the presentational requirements of the Companies Act, 1956.

#### *(b) Use of estimates*

The preparation of financial statements in conformity with the GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognised in the year in which the results are known or materialised. Examples of such estimates include estimates of useful life of fixed assets and provision for doubtful debts etc. Any revision to accounting estimates is recognised in accordance with the requirements of the respective accounting standards.

#### *(c) Revenue recognition*

Income from Hotel Services is recognised 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 on accrual basis.

#### *(d) Fixed assets*

Fixed assets are stated at cost of acquisition, less accumulated depreciation. Cost includes original cost of acquisition and any incidental expenses related to such acquisition and installation.

#### *(e) Depreciation*

Depreciation on fixed assets is provided on the straight-line method over the estimated useful life of assets at rates which are equal to or are higher than the rates specified in Schedule XIV to the Companies Act, 1956.

- Computers	16.21%
- Office equipment	4.75%
- Furniture and fixtures	6.33%
- Vehicles	9.50%

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

Assets, individually costing upto Rs. 5,000 are depreciated fully in the year of purchase.

(f) *Foreign exchange transactions*

Transactions in foreign currency are translated at the rate of exchange prevailing at the transaction date. Exchange differences arising on settlement during the year are recognised in the Profit and Loss Account.

Monetary items, denominated in foreign currency, are restated at the exchange rate prevailing at the year-end and the gain/ loss is recognized in the Profit and Loss Account.

(g) *Taxation*

Income tax expense comprises current tax / fringe benefit tax (that is amount for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or deferred tax assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. Where there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as 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 realised.

(h) *Provisions*

The Company recognises a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are not discounted to its present value, and are determined based on the management's best estimate of the amount of obligation required at the year end. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

(i) *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.

(j) *Earnings per share*

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

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## Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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



  
Neeraj Puri  
(Partner)  
Membership No. 89976  
Date: May 11<sup>th</sup>, 2014

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDITOR'S REPORT OF  
EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014 OF  
LEADING HOTELS LIMITED.**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of assets. No Discrepancies were noticed on such verification.  
  
(c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the company.
2. The company is not having any inventory during the year therefore this clause will not be applicable.
3. According to 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 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the company.
4. In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any Continuing failure to correct major weakness in internal control system of the Company in respect of these areas.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹500,000 have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public with in the provision of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.






8. To the best of our knowledge and according to the explanation given to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, investor education fund, employee state insurance, income tax, sales tax, wealth tax, service tax custom duty, cess and other material statutory dues applicable to it,  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they become payable.  
  
(c) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
10. The company has accumulated losses of Rs. 10,054,429/- as at March 31, 2014. The company has incurred cash losses of Rs. 7,035,851/- during the current financial year ended on that date and Rs 739,226 /- in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. As per the information and explanation given to us, the company has not given any guarantees for loan taken by others from banks or financial institutions.
16. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. *According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that short term funds raised from banks pending final sanction and disbursement of long term loans have been used for long term investment in the hospitality project of the Company.*



18. As the Company made no preferential allotment of shares to any parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. As the company has not issued any debentures so the provision of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. As the Company has not raised any money during the year by the public issue, so the provision relating to the end use thereof as per clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no 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. 89976  
New Delhi  
Date: May 11<sup>th</sup>, 2014

**LEADING HOTELS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2014**

	Note	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	208,769,290	208,769,290
Reserves and surplus	3	823,022,731	830,058,582
		<u>1,031,792,021</u>	<u>1,038,827,872</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	49,416,975	1,519,873
Long-term provisions	5	272,461	133,654
Other long-term liabilities	7	268,600,000	290,600,000
		<u>318,289,436</u>	<u>292,253,527</u>
<b>Current liabilities</b>			
Short-term borrowings	6	666,823,862	505,520,548
Other current liabilities	8	29,595,077	6,589,593
Short Term Provisions	5	-	-
		<u>696,418,939</u>	<u>512,110,141</u>
		<u>2,046,500,396</u>	<u>1,843,191,540</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	1,261,970,465	916,348,564
Pre operative expenditure	10	762,473,329	846,537,998
Long-term loans and advances	11	17,680,900	22,627,484
Other Non Current Assets	12	-	200,000
		<u>2,042,124,694</u>	<u>1,785,714,046</u>
<b>Current assets</b>			
Cash and bank balances	12	1,885,619	52,163,895
Short-term loans and advances	11	2,490,083	5,313,599
		<u>4,375,702</u>	<u>57,477,494</u>
		<u>2,046,500,396</u>	<u>1,843,191,540</u>

**Significant accounting policies and notes to accounts** I

The notes referred to above form an integral part of the financial statements

As per our report attached

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



*Neeraj Puri*  
**Neeraj Puri**  
(Partner)  
Membership No.: 089976

For and on behalf of the Board of Directors of  
**Leading Hotels Limited**

*Shiv Kumar Jatia*  
**Shiv Kumar Jatia**  
(Managing Director)

*Tapesh Bharat Kr. Goenka*  
**Tapesh Bharat Kr. Goenka**  
(Joint Managing Director)

**DIN : 00008187**

**DIN : 01592813**

Place: New Delhi  
Date: May 11th, 2014

*Dr. Lalit Bhasin*  
**Dr. Lalit Bhasin**  
Chairman of the Board &  
Audit Committee  
**DIN : 00001607**



**LEADING HOTELS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

	Note	For the year ended 31 March 2014 (Rs.)	For the year ended 31 March 2013 (Rs.)
<b>Revenue</b>			
Interest income		731,452	4,792,410
Dividend Income			-
Foreign Exchange Profit			-
		<u>731,452</u>	<u>4,792,410</u>
<b>Expenses</b>			
Employee Benefits Expenses	13	759,621	559,384
Administrative expenses	14	6,648,532	4,865,199
		<u>7,408,153</u>	<u>5,424,583</u>
<b>Profit before Prior Period Items &amp; tax</b>		<u>(6,676,701)</u>	<u>(632,173)</u>
Prior Period Items	15	359,150	-
<b>Profit before tax</b>		<u>(7,035,851)</u>	<u>(632,173)</u>
Tax expense			
- Current tax		-	(107,053)
- Deferred tax benefit		-	-
<b>Profit for the year</b>		<u>(7,035,851)</u>	<u>(739,226)</u>
<b>Earnings per equity share (face value of Rs. 10 per share)</b>			
- Basic		(0.34)	(0.04)
- Diluted		(0.34)	(0.04)

Significant accounting policies and notes to accounts 1

The notes referred to above form an integral part of the financial statements

As per our report attached to the Balance Sheet

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



*Neeraj Puri*  
**Neeraj Puri**  
(Partner)  
Membership No.: 089976

For and on behalf of the Board of Directors of  
**Leading Hotels Limited**

*Shiv Kumar Jafia*  
**Shiv Kumar Jafia**  
(Managing Director)

*Tapesh Bharat Kr. Goenka*  
**Tapesh Bharat Kr. Goenka**  
(Joint Managing Director)

**DIN : 00006187**

**DIN : 01592813**

*Dr. Lalit Bhasin*

Place: New Delhi  
Date: May 11th, 2014

**Dr. Lalit Bhasin**  
Chairman of the Board &  
Audit Committee  
**DIN : 00001607**

### 3. Capital Commitments

Estimated amount of contracts remaining to be executed and not provided for in the financial statements aggregate Rs. 393,927,148/- (Previous year Rs. 343,653,745/-).

### 4. Auditors' remuneration

	For the year ended 31.03.2014	For the year ended 31.03.2013
Statutory audit	112,360	112,360
<b>Total</b>	<b>112,360</b>	<b>112,360</b>

### 5. Earnings per share:

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

	As at 31.03.2014	As at 31.03.2013
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)	(7,035,851)	(739,226)
<b>Basic earnings per share of face value of Re. 10 Each</b>	<b>(0.34)</b>	<b>(0.04)</b>
<b>Diluted earnings per share of face value of Re. 10 Each</b>	<b>(0.34)</b>	<b>(0.04)</b>

### 6. Deferred Tax

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

7. 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.

### 8. Micro, Small and Medium Enterprises

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

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9. 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.

10. **Related Party Disclosure**

(A) Name of Related Parties and description thereof :

<b>1. Holding Company</b>	Lexon Hotel Ventures Ltd – Mauritius
	Fineline Hospitality & Consultancy Pte Ltd – Mauritius
	Asian Hotels (North) Ltd
<b>2. Subsidiaries</b>	Nil
<b>3. Fellow Subsidiaries</b>	Nil
<b>4. Associates</b>	Nil
<b>5. Key Management Personnel</b>	Mr. Shiv Kumar Jatia
	Mr. Tapeshe Bharat Kumar Goenka
<b>6. Relative of Key Management Personnel</b>	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 31.03.2013	Net Transaction during the period	Balance as on 31.03.2014	Nature of Transactions
Lexon Hotel Ventures Ltd.	Nil	15,631,705	30,36,542	Fee for architect and interior design services
Asian Hotels (North) Ltd.	126,290	1,574,472	Nil	Hotel Accommodation Services

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

Magus Estates & Hotels Ltd.	731,049	Nil	731,049	Hotel Accommodation Services
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11. 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**
**Notes to the financial statements for the year ended 31 March 2014**

	As at 31 March 2014		As at 31 March 2013	
	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</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 2014		As at 31 March 2013	
	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 31 March 2014

	As at 31 March 2014 (Rs. )	As at 31 March 2013 (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	833,077,160	833,077,160
Surplus in the Statement of Profit and Loss		
At the beginning of the year	(3,018,578)	(2,279,352)
Add: Profit for the year	(7,035,851)	(739,226)
At the end of the year	(10,054,429)	(3,018,578)
	823,022,731	830,058,582



**LEADING HOTELS LIMITED**
**Notes to the financial statements for the year ended 31 March 2014**

4	Long-term borrowings	Secured/ Unsecured	Non-current portion		Current maturities #	
			As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
	From banks					
	- Vehicle loans*	Secured				
	Axis bank		605,024	1,519,873	914,849	827,191
	Kotak Bank		8,668,348		2,227,404	
	From Corporates **	Unsecured	40,143,603		9,857,948	
			<u>49,416,975</u>	<u>1,519,873</u>	<u>13,000,201</u>	<u>827,191</u>

\* 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% is secured against hypothecation of certain vehicles. Balance repayable in monthly installments upto May 2018.

\*\* Inter Corporate Deposit carries interest rate 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 2014 (Rs.)	As at 31 March 2013 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
	Provision for Gratuity	272,461	133,654	-	-
		<u>272,461</u>	<u>133,654</u>	<u>-</u>	<u>-</u>





**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
<b>6 Short-Term Borrowings</b>		
<b>SECURED</b>		
<b>From banks</b>		
- Term loan		
ING Vysya Bank Ltd*	179,457,570	-
Axis Bank Ltd.	-	505,520,548
- Overdraft Facilities		
ING Vysya Bank Ltd**	282,289,602	-
<b>UNSECURED</b>		
<b>From Corporates ***</b>	205,076,690	-
	<u>666,823,862</u>	<u>505,520,548</u>

\* 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 15% to 17% p.a.

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

**7 Other Long Terms liabilities**

Advances & Deposits for Villa & development rights	268,600,000	290,600,000
	<u>268,600,000</u>	<u>290,600,000</u>

**8 Other current liabilities**

Current maturities of long-term debt (refer to note 4)	13,000,201	827,191
Employee related payables	600,405	-
Other payables		
- Statutory liabilities	2,484,314	926,064
- Others	13,510,157	4,836,338
	<u>29,595,077</u>	<u>6,589,593</u>



**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31 March 2014

**9 Tangible assets**

(Amount in Rs.)

Asset description	Gross block						
	As at 31 March 2012	Additions	Deletions/ adjustments	As at 31 March 2013	Additions	Deletions/ adjustments	As at 31 March 2014
Land	638,260,933	266,933,279		905,194,212	332,739,632		1,237,933,844
Buildings	-	-		-	-		-
Lease hold Improvement	-	3,744,225		3,744,225	-		3,744,225
Plant and machinery	-	-		-	-		-
Furniture and fixtures	401,792	105,417		507,209	17,600		524,809
Vehicles	4,093,486	2,018,902		6,112,388	14,784,879		20,897,267
Office equipments	1,213,343	209,338		1,422,681	176,681		1,599,362
Computer hardware	682,492	113,522		796,014	289,627		1,085,641
<b>Total</b>	<b>644,652,046</b>	<b>273,124,683</b>	<b>-</b>	<b>917,776,729</b>	<b>348,008,419</b>	<b>-</b>	<b>1,265,785,148</b>

Asset description	Depreciation						
	Upto 31 March 2012	For the year	On deletions/ adjustments	Upto 31 March 2013	For the year	On deletions/ adjustments	Upto 31 March 2014
Land	-	-		-	-		-
Buildings	-	-		-	-		-
Lease hold Improvement	-	178,296		178,296	534,889		713,186
Plant and machinery	-	-		-	-		-
Furniture and fixtures	19,980	27,977		47,957	32,283		80,241
Vehicles	350,356	549,051		899,407	1,596,580		2,495,987
Office equipments	47,434	60,854		108,288	73,046		181,334
Computer hardware	65,554	128,662		194,216	149,719		343,935
<b>Total</b>	<b>483,324</b>	<b>944,841</b>	<b>-</b>	<b>1,428,165</b>	<b>2,386,518</b>	<b>-</b>	<b>3,814,683</b>

Asset description	Net block				
	As at 31 March 2012		As at 31 March 2013		As at 31 March 2014
Land	638,260,933		905,194,212		1,237,933,844
Buildings	-		-		-
Lease hold Improvement	-		3,565,929		3,031,039
Plant and machinery	-		-		-
Furniture and fixtures	381,812		459,252		444,568
Vehicles	3,743,130		5,212,981		18,401,280
Office equipments	1,165,909		1,314,393		1,418,028
Computer hardware	616,938		601,798		741,706
<b>Total</b>	<b>644,168,722</b>		<b>916,348,564</b>		<b>1,261,970,465</b>



**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31 March 2014

	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
<b>10 Pre operative expenditure (Pending capitalization)</b>		
Opening Balance	846,537,998	306,554,928
Add : during the year		
Travelling	21,868,823	18,096,582
Interest on Loan	78,131,812	94,410,962
Loan processing fees	3,583,150	-
Project development	70,156,671	413,221,862
Communication	571,178	488,858
Entertainment	203,815	591,089
Printing & stationary	344,933	446,315
Security	2,095,523	1,645,568
Staff welfare	150,876	633,329
Repair and Maintenance		
- Office Equipments	79,327	30,525
- Others	107,507	265,507
Rent	2,977,054	1,772,830
Salary & wages	9,166,333	5,439,077
Gratuity	128,654	122,675
Project meetings	-	208,367
Site Office Running expenses	4,269,805	1,664,683
Depreciation	2,386,518	944,841
Less : during the year		
Transfer to Fixed Assets (Land Cost)	280,286,648	-
	<u>762,473,329</u>	<u>846,537,998</u>





**LEADING HOTELS LIMITED**
**Notes to the financial statements for the year ended 31 March 2014**

11 Loans and advances (Unsecured and considered good, unless stated otherwise)	Long-term		Short-term	
	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)	As at 31 March 2014 (Rs.)	As at 31 March 2013 (Rs.)
Capital advances	17,057,900	22,022,484		
Security deposits	623,000	605,000	93,000	-
Other loans and advances				
Advances to vendors			2,013,496	5,019,345
- Considered good			2,106,496	5,019,345
	17,680,900	22,627,484		
Prepaid expenses			104,495	86,689
Advance tax & Tax deducted at source			279,092	207,565
Others			-	-
	17,680,900	22,627,484	2,490,083	5,313,599
	17,680,900	22,627,484	2,490,083	5,313,599



**LEADING HOTELS LIMITED**
**Notes to the financial statements for the year ended 31 March 2014**

12 Cash and bank balances	Non-current portion		Current	
	As at 31 March 2014(Rs.)	As at 31 March 2013(Rs.)	As at 31 March 2014(Rs.)	As at 31 March 2013(Rs.)
Cash and cash equivalents				
Balances with banks				
- In current accounts			1,014,787	13,080,921
- Deposits with original maturity of less than three months			-	12,800,000
Cash in hand			870,832	20,782,974
			<u>1,885,619</u>	<u>46,663,895</u>
Other Bank Balances				
- Deposits with original maturity for more than 12 months	-	200,000		
- Deposits with original maturity for more than 3 months but less than 12 months			-	5,500,000
	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>5,500,000</u>
	<u>-</u>	<u>200,000</u>	<u>1,885,619</u>	<u>52,163,895</u>




**LEADING HOTELS LIMITED**

Notes to the financial statements for the year ended 31 March 2014

	For the year ended 31 March 2014 (Rs.)	For the year ended 31 March 2013 (Rs.)
<b>13 Employee benefits Expenses</b>		
Staff welfare	36,968	4,705
Salary & Wages	712,500	543,700
Gratuity	10,153	10,979
	<u>759,621</u>	<u>559,384</u>
<b>14 Administrative expenses</b>		
Advertisement	9,290	-
Books & periodical	23,337	10,971
Donation	400,192	934,410
Interest	1,217,638	281,215
Communication	198,246	116,340
Printing & Stationery	259,242	53,354
Computer accessories & Software upgradation charges	-	7,000
Conveyance	41,670	36,315
Foreign exchange loss (net)	144,528	214,898
Business promotion	2,226,932	867,335
Legal & Professional	145,030	1,266,810
Rates and taxes	1,082,628	25,993
Bank charges	114,938	207,664
Audit fees	112,360	112,360
Travelling Expenses	79,262	612,956
Miscellaneous expenses	50,629	117,578
Security Charges	542,610	-
	<u>6,648,532</u>	<u>4,865,199</u>
<b>15 Prior Period Expenses</b>		
Salary & Wages	72,300	-
Communication	11,233	-
Miscellaneous expenses	1,236	-
Legal & Professional	215,731	-
Business promotion	58,650	-
	<u>359,150</u>	<u>-</u>





**LEADING HOTELS LIMITED**  
Cash Flow Statement For the Year ended 31st March, 2014

	For the year Ended 31 March 2014 (Rs.)	For the year Ended 31 March 2013 (Rs.)
<b>A Cash flow from Operating Activities</b>		
Net profit before tax	(7,035,851)	(632,173)
Adjustments for :-		
Depreciation		-
Preliminary Expenses written off		-
Interest expense	1,217,638	281,215
Interest Income	(731,452)	(4,792,410)
Dividend Income		-
Profit on sale of fixed assets		-
Provisions reversed during the year	(133,654)	-
Loss on sale of Investment		-
Provision for Gratuity	272,461	133,654
Provision for Stamp Duty on Share Transfer		-
<b>Operating profit before working capital changes</b>	<b>(6,410,858)</b>	<b>(5,009,714)</b>
Adjustments for :-		
Decrease / (increase) in Other Current Assets	2,823,516	550,887,692
(Decrease) / increase in Current Liabilities	23,005,484	493,261,796
(Decrease) / increase in other Long term Liabilities	(22,000,000)	-
Decrease / (increase) in other non-current assets	200,000	(200,000)
<b>Cash generated/(used) from operations</b>	<b>(2,381,858)</b>	<b>1,038,939,774</b>
<b>Net Cash flow from Operating Activities</b>	<b>(2,381,858)</b>	<b>1,038,939,774</b>
<b>B Cash flow from Investing activities</b>		
Loans received back / (given) (net)	4,946,584	276,598,493
Purchase of fixed assets	(348,008,419)	(273,124,683)
Purchase of investment		-
Pre- Operative Expenditure	86,451,187	(539,038,229)
Interest received	731,452	4,792,410
Dividend Received		-
<b>Net Cash from Investing Activities</b>	<b>(255,879,196)</b>	<b>(530,772,009)</b>
<b>C Cash flow from Financing Activities</b>		
Proceeds from Introduction of Share capital		-
Proceeds from borrowings		-
Repayment of borrowings	209,200,416	(508,408,194)
Finance cost	(1,217,638)	(281,215)
<b>Net Cash from Financing Activities</b>	<b>207,982,778</b>	<b>(508,689,409)</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(50,278,276)</b>	<b>(521,644)</b>
<b>Cash &amp; cash equivalents as on 1st April, 2013</b>	<b>52,163,895</b>	<b>52,685,539</b>
<b>Cash &amp; cash equivalents as on 31st March, 2014</b>	<b>1,885,619</b>	<b>52,163,895</b>

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



*(Signature)*  
**Neeraj Puri**  
( Partner )  
Membership No. 089976

For and on behalf of the Board of Directors of  
Leading Hotels Limited

*(Signature)*  
**Shiv Kumar Jatia**  
(Managing Director)

*(Signature)*  
**Tapesh Bharat Kr. Goenka**  
(Joint Managing Director)

**DIN : 00006187**

**DIN : 01592813**

Place : New Delhi  
Date: May 11th, 2014

*(Signature)*  
**Dr. Lalit Bhasin**  
Chairman of the Board &  
Audit Committee  
**DIN : 00001607**

**LEADING HOTELS LIMITED**  
**DEPRECIATION AS PER INCOME TAX ACT**  
**(ASSESSMENT YEAR 2014-15)**  
**01/04/2013 to 31/03/2014**

(Amount in Rs.)										
ASSET	Rate %	OPENING W.D.V As on 01.04.13	ADDITION BEFORE SEPT.	ADDITION AFTER SEPT.	DELETION	DEP. ON COL. C	DEP. ON COL. D	DEP. ON COL. E	TOTAL DEPREC-IATION	W.D.V CLOSING BALANCE AS AT 31.03.14
A	B	C	D	E	F	G	H	I	J	K
Land	0	905,194,212	289,479,580	43,260,052	-	-	-	-	-	1,237,933,844
Lease hold Improvement	10	3,557,014	-	-	-	355,701	-	-	355,701	3,201,312
Computer	60	195,212	88,778	200,849	-	117,127	53,267	60,255	230,649	254,190
Plant & Machinery / Office Equipment	15	1,051,490	146,390	30,291	-	157,724	21,959	2,272	181,954	1,046,217
Furniture & Fixture	10	425,598	-	17,600	-	42,560	-	880	43,440	399,758
Vehicle	15	4,518,868	14,784,879	-	-	677,830	2,217,732	-	2,895,562	16,408,185
<b>Total</b>		<b>914,942,393</b>	<b>304,499,627</b>	<b>43,508,792</b>	<b>-</b>	<b>1,350,942</b>	<b>2,292,957</b>	<b>63,407</b>	<b>3,707,306</b>	<b>1,259,243,506</b>



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# LEADING HOTELS LIMITED

Calculation of Income Tax for the financial period 01/04/2013 to 31/03/2014

Business and profession		Amount (Rs.)	
		(7,035,851)	
	Impact of transactions already taken in P&L account		
	Income Tax Excess Provision W/back -Previous Years	-	
	Income Tax paid for earlier years	-	
	Interest on Income Tax, Service tax and ROC	13,398	13,398
			(7,022,453)
Add :	Book depreciation	2,386,513	
	Provision for leave encashment	-	
	Provision for Gratuity	138,807	
	Interest accrued but not paid to FIIs	-	
	Provision for Bonus	-	
	Provision for Allotment of shares ( Including Premium)	1,041,346	
	Donation	400,192	
	Wealth Tax	-	
	Expenditure against dividend income	-	
	Prior Period Items	159,150	
	Loss on sale / discard of Fixed assets	-	4,326,013
Less:	Depreciation as per Income Tax Act	3,707,306	
	Bonus paid during the year	-	
	Excess bonus provision written back	-	
	Leave Encashment paid during the year	-	
	Gratuity paid during the year	-	
	Bad debts written Off	-	
	Prov for Doubtful Debts W/B	-	
	Bad Debts not claimed earlier, now recovered	-	
	Donation	-	
	Profit on Sale of Fixed Assets	-	
	Interest Income	731,452	4,438,758
	Business Loss		(7,135,198)
Add:	Income from other Sources		
	-Interest Income		731,452
	Gross Total Income		(6,403,746)
Less:	Unabsorbed Depreciation for earlier years		-
	Net Taxable Business Income		(6,403,746)
	Rounded off		(6,403,750)
	Current Tax		-
Less:	Add: Surcharge @5%		-
	Add: Education Cess @ 3%		-
	Tax Payable on Total Income		-
	<b>TOTAL TAX ASSESSED</b>		-
Less:	Mat Credit Entitlement for the year 2013-14		-
Less:	Tax Deducted at Source	71,527	
	Balance Payable/ (refund)		(71,527)
	Total Tax Payable/ (refund)		(71,527)
Less:	Advance Tax Paid	REQUIRED PAID	
	15.06.2013- REQUIRED @ 15 %	-	
	15.09.2013- REQUIRED @ 45 %	-	
	15.12.2013- REQUIRED @ 75 %	-	
	15.03.2014- REQUIRED @ 100 %	-	
	Total Advance Tax Paid		(71,527)
Add :	Interest under Section 234A		
	Interest under Section 234B		
	Interest under Section 234C		
	Balance Payable(Refund)		(71,527)

## MAT CALCULATION FOR THE FINANCIAL PERIOD 01/04/2013 to 31/03/2014

		(Rs.)
BOOK PROFITS		(7,022,453)
Add Provision for doubtful debts		
Add Expenses Disallowed on Dividend Income		
Total		(7,022,453)
Less Dividend Income		731,452
Less IT Provision written Back		
MAT PAYABLE (RS.)		(7,753,905)
MAT @ 18 %		-
SURCHARGE @ 5%		-
EDUCATION CESS @ 3%		-
TOTAL		-

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