

# **Independent Auditor's Report**

**To the Members of Trade Wings Hotels Limited**

## **Report on the Financial Statements**

We have audited the accompanying standalone financial statements of **Trade wings Hotels Limited ('the Company')**, which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 controls, 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 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 thereunder.

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 misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 31 March 2015 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid 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 the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (g) the Company has disclosed the impact of pending litigations on its financial position in its financial statements Attention is drawn to Note 31 of the Notes to the Financial Statements which describe the uncertainty related to the outcome of the lawsuit filed by the Company against Tulip Hotels Private Limited. Our opinion is not qualified in respect of this matter.
- (i) the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.

For  
Chartered Accountants

Firm's registration number:

*S. D. Damle*



Membership number : 040783  
20 May, 2015

(vii)

- (a) According to the information and explanations 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, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable except for
- Luxury Tax = Rs.1,60,55,800/-,
  - Service Tax = Rs.11,67,062/-

- (b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company have accumulated losses at the end of the financial year which is more than the fifty percent of net worth of the company and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions..

(xi) The Company did not have any term loans outstanding during the year.

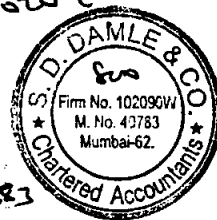
(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For

Chartered Accountants

Firm's registration number: 102090W

*S. D. Damle*



Membership Number : 040783

20 May, 2015

## **Annexure to the Independent Auditors' Report**

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

(i)

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(ii)

- (a) The Company has conducted physical verification of inventory at reasonable intervals.
- (b) The procedure of physical verification of inventory followed by the company reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) The Company is maintaining proper records of inventory and there are no material discrepancies were noticed on physical verification.

(iii)

- (a) The Company has not granted loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act') hence this clause is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of goods, fixed assets and sale of services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

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

PARTICULARS		NOTE NO.	AS AT 31ST MARCH, 2015 Rs.	AS AT 31ST MARCH, 2014 Rs.
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' funds</b>				
	(a) Share capital	2.1	9,900,200	9,900,200
	(b) Reserves and surplus	2.2	(149,318,956)	(148,674,013)
			<b>(139,418,756)</b>	<b>(138,773,813)</b>
<b>(2) Non-current liabilities</b>				
	(a) Long term borrowings	2.3	29,938,049	25,553,989
	(b) Deferred tax liabilities (net)	2.4	13,215,972	12,388,086
	(c) Long term provisions	2.5	19,028,878	16,287,882
			<b>62,182,899</b>	<b>54,229,957</b>
<b>(3) Current liabilities</b>				
	(a) Short term borrowings	2.6	17,241,406	18,813,446
	(b) Trade payables	2.7	59,634,916	64,582,042
	(c) Other current liabilities	2.8	210,306,300	217,222,805
	(d) Short-term provisions	2.9	1,967,114	3,229,710
			<b>289,149,736</b>	<b>303,848,003</b>
<b>TOTAL</b>			<b>211,913,879</b>	<b>219,304,147</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>(1) (a) Fixed assets</b>				
	(i) Tangible assets	2.10	156,041,264	149,826,186
	(ii) Intangible assets	2.10	-	-
	(b) Non-current investments	2.11	650,100	650,100
	(c) Long-term loans and advances	2.12	3,870,688	3,852,000
	(d) Other non-current assets	2.13	2,543,813	2,407,800
			<b>163,105,865</b>	<b>156,736,086</b>
<b>(2) Current Assets</b>				
	(a) Inventories	2.14	6,053,870	4,591,290
	(b) Trade receivables	2.15	14,568,566	29,180,153
	(c) Cash and cash equivalents	2.16	5,462,672	3,019,802
	(d) Short term loans and advances	2.17	10,561,168	10,793,169
	(e) Other current assets	2.18	12,161,736	14,983,134
			<b>48,808,013</b>	<b>62,567,547</b>
<b>TOTAL</b>			<b>211,913,879</b>	<b>219,304,147</b>

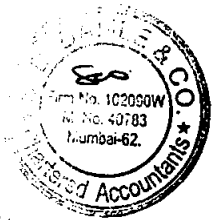
**Significant Accounting Policies**

The accompanying notes are an integral part of the financial statements

1

As per our Report of even date  
 For S D Damle & co  
 Chartered Accountants  
 (Registration No.102090W)

CA S D Damle  
 Proprietor  
 Membership No. 040783  
 Place: Mumbai  
 Date: 20 May 2015



For and on behalf of the Board  
 Trade Wings Hotel Limited

Dr. Shailendra Mittal  
 Managing Director  
 DIN: 00221661  
 Place: Mumbai  
 Date: 20<sup>th</sup> May 2015

Rajesh Dani  
 Director  
 DIN: 00221927

**TRADE WINGS HOTELS LIMITED**  
**PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31ST MARCH, 2015	FOR THE YEAR ENDED 31ST MARCH, 2014
		Rs.	Rs.
I. Revenue from Operations	2.19	208,970,828	204,002,880
II. Other Income	2.20	990,267	630,505
<b>TOTAL REVENUE (I+II)</b>		<b>209,961,095</b>	<b>204,633,385</b>
III. <u>Expenses</u>			
(i) Cost of Food & Beverage consumed	2.21	19,240,115	16,756,234
(ii) Employee benefits expense	2.22	57,236,744	48,411,853
(iii) Finance Costs	2.23	7,941,850	9,041,089
(iv) Depreciation and amortisation expense ( Refer Note 2.10 )	2.10	12,846,210	8,852,066
(v) Other expenses	2.24	112,513,232	118,284,189
<b>TOTAL EXPENSES</b>		<b>209,778,151</b>	<b>201,345,431</b>
<b>Profit before tax</b>		<b>182,944</b>	<b>3,287,954</b>
Add/(Less): Tax expense			
a) Current Tax			
b) Deferred Tax		(827,888)	(2,681,829)
<b>Loss after tax</b>		<b>(644,944)</b>	<b>606,125</b>
Add: Transferred from Capital Investment Subsidy			1,500,000
<b>Profit after tax</b>		<b>(644,944)</b>	<b>2,106,125</b>
Balance of (Loss) brought forward from previous year		(148,674,013)	✓ (150,780,138)
(Loss) carried to Reserves & Surplus		(149,318,956)	(148,674,013)
<b>Earnings per equity share:</b>			
(1) Basic		(7)	6
(2) Diluted			

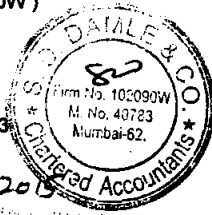
**Significant Accounting Policies**

The accompanying notes are an integral part of the financial statements

1

As per our Report of even date  
 For S D Damle & co  
 Chartered Accountants  
 (Registration No.102090W)

CA S D Damle  
 Proprietor  
 Membership No. 040783  
 Place: Mumbai  
 Date: 20 May 2015



For and on behalf of the Board  
 Trade Wings Hotel Limited

Dr. Shailendra Mittal Managing Director  
 DIN: 00221661  
 Rajan Dani Director  
 DIN: 00221927  
 Place: Mumbai  
 Date: 20th May, 2015

**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015**

**EQUITY AND LIABILITIES**

**SHAREHOLDERS' FUNDS**

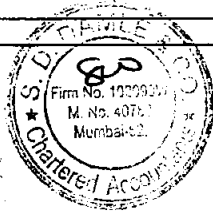
**Note. 2.1**

<b>SHARE CAPITAL</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
<b>AUTHORISED</b>		
1,00,000 Equity shares of Rs. 100/-each (P.Y Equity Shares 1,00,000)	10,000,000	10,000,000
1,000 13.5 % Redeemable Cumulative Preference Shares of Rs. 100/- each (P.Y. Preference Shares 1,000) (Redeemable at the option of the Board of Directors of the Company within the provision of the Companies Act, 1956)	100,000	100,000
3,50,000 9 % Redeemable Non-Cumulative Preference Shares of Rs. 100/-each (P.Y. Preference Shares 3,50,000) (Redeemable at the option of the Board of Directors of the Company within the provision of the Companies Act, 1956)	35,000,000	35,000,000
<b>TOTAL</b>	<b>45,100,000</b>	<b>45,100,000</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>		
99,002 Equity shares of Rs. 100/-each (P.Y. Equity Shares 99,002) (Refer Note below)	9,900,200	9,900,200
<b>TOTAL</b>	<b>9,900,200</b>	<b>9,900,200</b>

1. All the shares are held by Trade Wings Limited, the holding company and its nominees
2. Of the above, 99,000 Equity Shares of Rs. 100/- each have been issued as fully paid Shares on acquisition of the Hotel Division of Trade Wings Limited

**Note 2.2**

<b>RESERVES AND SURPLUS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
<b>Reserves</b>		
<b>Capital Reserve :</b>		
Central investment subsidy	-	1,500,000
Less: Transferred to Profit and Loss Account	-	1,500,000
	-	0
<b>Surplus/(Deficit)</b>		
Debit balance in the Statement of Profit & Loss	(149,318,956)	(148,674,013)
<b>TOTAL</b>	<b>(149,318,956)</b>	<b>(148,674,013)</b>





**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015**

**NON-CURRENT LIABILITIES**

**Note 2.3**

<b>LONG TERM BORROWINGS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
<b><u>Term loans from Banks - Secured</u></b>		
From National Cooperative Bank - Term Loan (1158) #	-	3,306,877
From National Cooperative Bank - Term Loan (1166) #	18,386,005	-
From National Cooperative Bank - Term Loan (1151) #	-	4,133,695
From National Cooperative Bank - Term Loan (1154) #	-	2,628,052
From National Cooperative Bank - Term Loan (1156) #	-	3,187,509
From National Cooperative Bank - Term Loan (1164) #	11,552,044	12,297,856
<b>TOTAL</b>	<b>29,938,049</b>	<b>25,553,989</b>

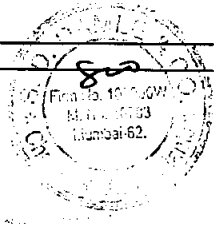
# Term Loans are secured against immovable property of holding company Trade Wings Ltd.

**Note 2.4**

<b>DEFERRED TAX</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
<b>Major components of deferred tax are:</b>		
<b>a) Deferred tax liability:</b>		
Excess of WDV as per Companies Act over the WDV as per the Income Tax Act	52,876,715	54,905,721
<b>Total deferred tax liability (A)</b>	<b>17,972,796</b>	<b>18,662,454</b>
<b>b) Deferred tax asset:</b>		
Disallowed for Income Tax Purpose (U/s 43B)	13,994,772	18,459,455
<b>Total deferred tax asset (B)</b>	<b>4,756,823</b>	<b>6,274,369</b>
<b>DEFERRED TAX LIABILITY (NET) (A-B)</b>	<b>13,215,972</b>	<b>12,388,085</b>

**Note 2.5**

<b>LONG TERM PROVISIONS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
<b><u>Provision for employee benefits</u></b>		
Provision for leave encashment	3,674,926	3,400,276
Provision for gratuity	15,353,952	12,887,606
<b>TOTAL</b>	<b>19,028,878</b>	<b>16,287,882</b>



**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015**

**CURRENT LIABILITIES**

**Note 2.6**

<b>SHORT TERM BORROWINGS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>
a) Loans repayable on demand - from banks	3,744,696	8,896,752
b) Loans and advances from related parties	13,496,710	9,916,694
<b>TOTAL</b>	<b>17,241,406</b>	<b>18,813,446</b>

**Note 2.7**

<b>TRADE PAYABLES</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Trade payables	59,634,916	64,582,042
<b>TOTAL</b>	<b>59,634,916</b>	<b>64,582,042</b>

**Note 2.8**

<b>OTHER CURRENT LIABILITIES</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Deposits	4,600,000	4,600,000
Money received pending appropriate treatment (Refer Note 2.31)	162,960,237	162,960,237
Other payables	42,746,063	49,662,568
<b>TOTAL</b>	<b>210,306,300</b>	<b>217,222,805</b>

**Note 2.9**

<b>SHORT TERM PROVISIONS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
<b>Provision for employee benefits:</b>		
Provision for leave encashment	579,875	854,525
Provision for gratuity	1,387,239	2,375,185
<b>TOTAL</b>	<b>1,967,114</b>	<b>3,229,710</b>



TRADE WINGS HOTELS LIMITED  
NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015

NON-CURRENT ASSETS  
NOTE 2.10  
FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	AS AT 01ST APRIL, 2014	ADDITION	DEDUCTION	AS AT 31ST MARCH, 2015	AS AT 01ST APRIL, 2014	DEPRECIATION ON OPPIING ASSETS	FOR THE YEAR	DEDUCTION	AS AT 31ST MARCH, 2015	AS AT 31ST MARCH, 2015	AS AT 31ST MARCH, 2014
<b>A. Tangible Assets</b>											
1 LAND ( Freehold)	22,175,683	-	-	22,175,683	-	-	-	-	-	22,175,683	22,175,683
2 BUILDING	112,008,204	1,277,168	-	113,285,372	29,688,062	731,722	1,848,955	-	32,288,739	81,016,633	82,320,143
3 PLANT & MACHINERY	92,529,393	14,405,897	-	106,935,290	59,419,138	-8,062,570.00	4,147,476	-	57,504,044	49,431,245	33,110,255
4 FURNITURE, FIXTURE & EQUIPMENT	71,488,111	3,378,223	-	74,866,334	60,379,982	9,807,870	2,372,756	-	72,580,808	2,305,726	11,108,129
5 VEHICLES	478,702	-	-	478,702	478,702	-	-	-	478,702	(0.33)	-
6 SQUASH COURT	2,711,954	-	-	2,711,954	2,711,954	-	-	-	2,711,954	0	-
7 COMPUTERS (Hardware)	3,900,276	-	-	3,900,276	2,788,299	-	-	-	2,788,299	1,111,977	1,111,977
<b>Sub-Total (A)</b>	<b>305,292,323</b>	<b>19,061,288</b>	<b>-</b>	<b>324,353,611</b>	<b>155,486,137</b>	<b>4,477,022</b>	<b>8,369,188</b>	<b>-</b>	<b>168,312,347</b>	<b>156,041,284</b>	<b>149,826,187</b>
<b>B. Intangible Assets</b>											
1 h	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Capital work-in- Progress</b>											
<b>TOTAL (A) + (B) + ( C )</b>	<b>305,292,323</b>	<b>19,061,288</b>	<b>-</b>	<b>324,353,611</b>	<b>155,486,137</b>	<b>-</b>	<b>8,369,188</b>	<b>-</b>	<b>168,312,347</b>	<b>156,041,284</b>	<b>149,826,187</b>
<b>PREVIOUS YEAR</b>	<b>279,832,965</b>	<b>3,120,600</b>	<b>1,059,871</b>	<b>281,893,694</b>	<b>137,771,179</b>	<b>-</b>	<b>9,711,984</b>	<b>869,095</b>	<b>146,814,068</b>	<b>135,078,624</b>	<b>141,861,786</b>

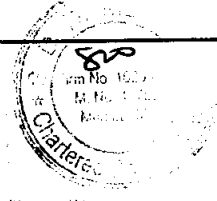
Note:- The useful lives of certain assets required a change from previous estimate, during the year mangement provided depreciation as per schedule II of the company Act 2013

The Existing and revised useful lives are as follows:

Category of assets	Earlier useful life	Current useful life
Building	60	60
Plant and Machinery	9.67	15
Furniture	10.53	8
Computer	6.17	3

Had the company continued with the previous assessed useful lives,charge for depreciation for the year ended march 31,2015 would have been higher by Rs.12,73,351/-.

The net impact on accumulated depreciation on account of revision in the useful life of assets is Rs 44,77,023/- Dr. (net) is charges off as depreciation during the year



**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015**

**NON-CURRENT ASSETS**

**Note 2.11**

<b>NON CURRENT INVESTMENTS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
65010 Shares of Rs. 10/- each of National Cooperative Bank Limited (P.Y 65010 shares of Rs. 10/- each)	650,100	650,100
<b>TOTAL</b>	<b>650,100</b>	<b>650,100</b>

**Note 2.12**

<b>LONG-TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Misc. Deposit	3,870,688	3,852,688
<b>TOTAL</b>	<b>3,870,688</b>	<b>3,852,688</b>

**Note 2.13**

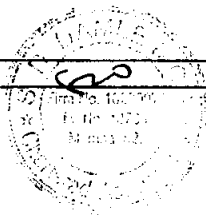
<b>OTHER NON-CURRENT ASSETS</b>	<b>AS AT 31ST MARCH, 2014 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Bank deposits with more than 12 months maturity (Including accrued interest Rs. 10,98,280/- (P.Y. Rs. 9,20,409/-)	2,543,813	2,407,624
<b>TOTAL</b>	<b>2,543,813</b>	<b>2,407,624</b>

**Note 2.14**

<b>INVENTORIES</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
<b>As Certified by Management</b>		
- Stores and operative supplies (at Cost)	4,542,065	3,304,368
- Food and beverages (at Cost)	1,511,805	1,286,922
<b>TOTAL</b>	<b>6,053,870</b>	<b>4,591,290</b>

**Note 2.15**

<b>TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated)</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
<b>TRADE RECEIVABLES</b>		
- Exceeding six months	1,569,706	2,151,690
- Others	12,998,860	27,028,463
<b>TOTAL</b>	<b>14,568,566</b>	<b>29,180,153</b>



**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2015**

**Note 2.16**

<b>CASH AND CASH EQUIVALENTS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
<b>Cash and cash equivalents</b>		
a) Balances with scheduled banks	3,651,313	1,706,954
b) Cash on hand	1,811,359	1,312,848
<b>TOTAL</b>	<b>5,462,672</b>	<b>3,019,802</b>

**Note 2.17**

<b>SHORT TERM LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Supplier advances	10,281,630	10,547,945
Staff advances	279,538	245,224
Other advances	-	-
<b>TOTAL</b>	<b>10,561,168</b>	<b>10,793,169</b>

**Note 2.18**

<b>OTHER CURRENT ASSETS</b>	<b>AS AT 31ST MARCH, 2015 Rs.</b>	<b>AS AT '31ST MARCH, 2014 Rs.</b>
Prepaid expenses	1,982,634	2,888,234
Luxury tax receivables	46,070	46,070
Service tax receivables	336,029	1,600,698
VAT receivables	243,313	437,240
Tax deducted at source	9,553,690	10,010,893
<b>TOTAL</b>	<b>12,161,736</b>	<b>14,983,134</b>



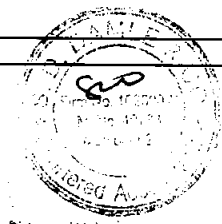
**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

**Note 2.19**

REVENUE FROM OPERATIONS	FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.	FOR THE YEAR ENDED '31ST MARCH, 2014 Rs.
a) Sale of services		
Room sales	137,615,584	133,671,927
Food and beverage sales	52,586,090	46,692,465
b) Other operating revenues	18,769,153	23,638,488
<b>TOTAL</b>	<b>208,970,828</b>	<b>204,002,880</b>

**Note 2.20**

OTHER INCOME	FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.	FOR THE YEAR ENDED '31ST MARCH, 2014 Rs.
Interest income	463,899	601,678
Other non-operating income	526,368	28,827
<b>TOTAL</b>	<b>990,267</b>	<b>630,505</b>



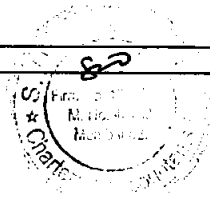
**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

**Note 2.21**

<b>COST OF FOOD AND BEVERAGES CONSUMED</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.</b>	<b>FOR THE YEAR ENDED '31ST MARCH, 2014 Rs.</b>
Opening stock	1,286,922	1,070,678
Add : Purchases	19,464,998	16,972,478
	<b>20,751,920</b>	<b>18,043,156</b>
Less : Closing stock	1,511,805	1,286,922
<b>TOTAL</b>	<b>19,240,115</b>	<b>16,756,234</b>

**Note 2.22**

<b>EMPLOYEE BENEFITS EXPENSE</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.</b>	<b>FOR THE YEAR ENDED '31ST MARCH, 2014 Rs.</b>
Salaries and wages	45,084,837	37,064,866
Contribution to provident and other funds	2,555,834	2,355,650
Provision for gratuity	3,178,631	1,789,214
Provision for leave encashment	874,825	1,487,552
Staff welfare expenses	5,542,617	5,714,571
<b>TOTAL</b>	<b>57,236,744</b>	<b>48,411,853</b>



**TRADE WINGS HOTELS LIMITED**  
**NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2015**

**Note 2.23**

<b>FINANCE COSTS</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2014 Rs.</b>
Interest expense	4,431,420	3,905,088
Other borrowings costs	3,510,430	5,136,001
<b>TOTAL</b>	<b>7,941,850</b>	<b>9,041,089</b>

**Note 2.24**

<b>OTHER EXPENSES</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2015 Rs.</b>	<b>FOR THE YEAR ENDED 31ST MARCH, 2014 Rs.</b>
<b>a) Other operating expenses</b>		
Consumption of stores & operating supplies	6,843,377	6,984,931
Power and fuel	20,762,907	21,069,592
Water charges	2,124,183	2,735,340
Security expenses	1,744,421	1,664,078
Repairs :		
- Building	17,605,578	20,470,634
- Machinery	12,598,847	7,324,010
- Others	4,443,906	3,073,475
Commission	2,350,090	3,662,475
Laundry expenses	2,487,600	2,301,857
Beauty parlour expenses	3,221	-
Health club expenses	661,991	151,855
Internet expenses	418,867	280,324
<b>b) Selling and administrative expenses</b>		
Donation	210,000	40,000
Rent	376,200	359,500
Rates & taxes	1,668,639	1,254,484
Insurance	1,334,695	666,472
Postage and telephone	878,784	862,430
Music and entertainment	1,865,585	4,941,356
Advertising and publicity	3,048,216	2,442,891
Printing and stationery	712,233	734,191
Travelling expenses	8,147,324	4,980,937
Conveyance	1,562,964	2,829,930
Guest transport	5,012,398	4,359,346
Legal fees and expenses	5,251,665	2,924,090
Professional fees	5,790,355	6,698,012
Management fees	-	8,108,948
Statutory auditor's remuneration		
- Audit fees	200,000	220,000
- Tax audit fees	50,000	75,000
- VAT audit fees	-	20,000
- LT audit fees	-	15,000
- Taxation matters	-	45,000
Freight charges	637,801	556,761
Bad debts	-	-
General expenses	3,721,385	6,409,263
<b>TOTAL</b>	<b>112,513,232</b>	<b>118,284,189</b>





# **TRADE WINGS HOTELS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. CORPORATE INFORMATION**

The Company is engaged in hoteliering business.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **i. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The accompanying financial statements have been prepared under the historical cost convention on accrual basis and are in accordance with generally accepted accounting principles, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 2013.

##### **ii. USE OF ESTIMATES**

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

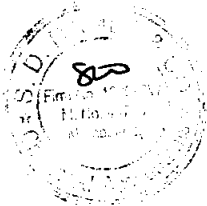
##### **iii. REVENUE RECOGNITION**

Revenue is derived from hotel service including rental of rooms and Sales of food and beverages and other allied services. Revenue is recognised when the rooms are occupied and the services have been rendered.

Interest income is recognised on a time proportion basis by reference to the principle outstanding and at the rate applicable.

##### **iv. FIXED ASSETS**

Fixed assets are stated at cost of acquisition or construction including incidental expenses. They are stated at historical cost less accumulated depreciation.



## **TRADE WINGS HOTELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **v. INVESTMENTS**

Investments classified as Long Term Investments are stated at cost. Provision is made for diminution in value, other than temporary, in the value of investments.

Profit or Loss on sale of long-term investments is arrived at after deducting the average carrying amount of the total holding of investments on the date of sale.

##### **vi. DEPRECIATION**

Depreciation on tangible assets is provided on the straight line method over the useful life of assets estimated by the management. Depreciation for assets purchased/sold during the period is proportionately charged.

For this class of assets, based on internal assessment and independent technical evaluation carried on by the external valuer, the management believes that the useful lives as given above best represents the period over which management expected to use these assets.

	Useful life
Building	60 Years
Plant & Machinery	15 Years
Computer	3 Years

##### **vii. IMPAIRMENT OF ASSETS**

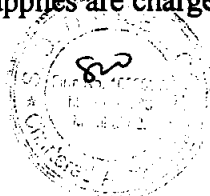
At each Balance Sheet date, the Company reviews the carrying value of tangible and intangible assets for any possible impairment. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

##### **viii. BORROWING COST**

Borrowing cost that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss account.

##### **ix. INVENTORIES**

Inventories are valued at cost on First-In-First-Out basis. Requisite adjustment for spoilage, obsolescence or damage is made wherever necessary. Cost of operation and other supplies are charged to expenses at the time of issue



## **TRADE WINGS HOTELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **x. CASH FLOW STATEMENT**

The Cash Flow Statement is prepared using the "Indirect Method". The Cash Flow from operating, investing and financing activities of the Company are segregated based on the available information

##### **xi. EMPLOYEE BENEFITS**

###### **a) Short term**

Short term benefits include salaries and performance incentives. The undiscounted amount of short term employees benefits expected to be paid in exchange of service rendered by the employees are recognized as an expense in the statement of profit and loss during the year when the employees render the service to the company.

###### **b) Long term**

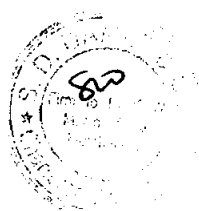
The company has defined contribution and defined benefits plan. The plans are financed by the company and in case of some defined contribution plans by company along with employees.

- **Defined contribution plans**

The company's contribution to provident fund and family pension fund made to regular authorities and where company has no further obligation are considered as define contribution plans and are charged as expenses in the statement of profit and loss as they fall due based on amount of contribution required to be made.

- **Defined benefits plans**

Expenses for defined benefits gratuity are calculated as at the balance sheet date by independent actuaries (using the projected unit credit method) in a manner that distributes expenses over the employees working life .These commitment are valued at the present value of the expected future payment with consideration for calculated future salary increase , using discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with remaining term that is almost equivalent to the average balance working period of employees. Actuarial gain/ losses are recognized in the statement of profit and loss in the year in which they arise.



## **TRADE WINGS HOTELS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **c) Other employee benefits**

The Company has a scheme for compensated absences (Leave Encashment) for employees, the liability for which is determined on the basis of an actuarial valuation, carried out at the Balance Sheet date.

##### **xii. FOREIGN EXCHANGE TRANSACTIONS**

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time transactions are effected. Exchange difference arising on repayment of liabilities incurred on acquisition of fixed assets is adjusted in the carrying amount of the respective fixed asset. Exchange differences arising on settlement of other transactions are recognized in the Profit & Loss Account. Monetary items other than those related to acquisition of fixed assets denominated in foreign currency are rested using the exchange rates prevailing at the date of balance sheet and the resulting net exchange difference is recognized in the profit & loss account.

##### **xiii. LEASES**

The Company's significant leasing arrangements are in respect of leases for residential and office premises. The leasing arrangements, which are non-cancellable, are in the range of eleven months and usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

##### **xiv. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

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

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.



**TRADE WINGS HOTELS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH,  
2015 (Continued)**

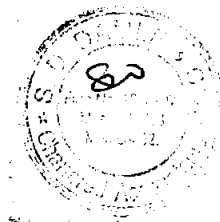
**1. SIGNIFICANT ACCOUNTING POLICIES**

**xv. INCOME TAXES**

Income taxes are accounted for in accordance with Accounting Standard on "Accounting for taxes on Income", (AS 22) issued by ICAI. Tax expenses comprise both current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that originates in one accounting period and that are capable of reversing in one or more subsequent periods and are measured at relevant enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

**xvi. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit/(loss) after tax attributable to equity shareholders by the number of the equity shares



## TRADE WINGS HOTELS LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

25. In the opinion of the Management of the Company, carrying amount of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.
26. Sundry Debtors and Sundry Creditors subject to confirmation.
27. The Company's business activity falls within a single primary business segment i.e. hotel operations, hence the disclosure requirements of Accounting Standards (AS-17) "Segment reporting", issued by the Institute of Chartered Accountants of India are not applicable.
28. Earnings in Foreign Exchange (As Certified by the Management.)

	Current Year	Previous Year
	-----	-----
I) Rooms and F&B Revenue	Rs 40,143,722	Rs. 5,71,45,581

29.

- i. During the year, the Company has accounted for deferred Tax in accordance with the Accounting Standard 22 "Accounting for taxes on income" issued by the Council of the Institute of Chartered Accountants of India. Deferred Tax assets and Liabilities arising on account of timing difference are as under:

**Deferred Tax Liability consists of following components**

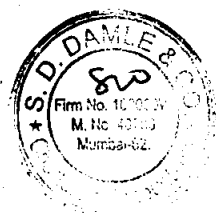
Written Down Value under the Companies Act	1,33,865,581
Written Down Value under the Income Tax Act	80,988,866
Difference	52,876,715
<b>Tax @ 33.99% (A)</b>	<b>17,972,796</b>

**Deferred Tax Asset consists of following components**

Disallowed for Income Tax Purpose (U/s 43B)	1,3,994,772
<b>Tax @ 33.99% (B)</b>	<b>4,756,823</b>

**Deferred Tax Liability (Net) (A)-(B) 13,215,973**

- ii. No provision for Current Taxation is made during the year in view of the brought forward unabsorbed depreciation.



**TRADE WINGS HOTELS LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)**

30. As per Accounting Standard AS-18 "Related Party Disclosures" issued by the ICAI, company's related parties disclosed as below:

- a. Names of related parties and description of relationship  
(as of the Balance Sheet date i.e. 31<sup>st</sup> March 2015)

Associate/Group Concerns:

1. Trade Wings Limited
2. Narayani Associates
3. Narayani Hospitality & Academic Institution Private Limited

Key Management Personnel:

1. Dr. Shailendra P. Mittal
2. Mr. Ajay Vageria
3. Mr. Rajan Dani

- b. Nature of transaction with key management person & Associates.

Nature of Transactions	Associate	Key Management Personnel
<b>Reimbursement of Expenses</b>		
• Travelling & Conveyance	Rs. 6,430,582 /- (PY Rs. Nil/-)	Rs. Nil/- (PY Rs. Nil/-)
Directors Sitting Fees	Rs. Nil/-	Rs. 2,40,000/- (PY Rs. 1,20,000)
Management Fees	Rs. Nil/- (PY Rs. 81,08,948/-)	Rs. Nil/- (PY Rs. Nil/-)
<b>Total (Rs.)</b>	<b>Rs. 6,430,582/-</b>	<b>Rs. 2,40,000/-</b>
<b>Previous Year</b>	<b>Rs. 81,08,948/-</b>	<b>Rs. 1,20,000/-</b>

Names of the Related Party	Nature of Relationship	Balance outstanding as at 31 <sup>st</sup> March 2015 [receivable/ (payable)]	Balance outstanding as at 31 <sup>st</sup> March 2014 [receivable/ (payable)]
Trade Wings Limited	Associate Company	(49,670,413)/-	(3,82,22,095)/-
Narayani Associates	Associate Concern	Nil	(5,60,689/-)

Note: Related party relationship is as identified by the company's management and relied upon by the Auditors.



## TRADE WINGS HOTELS LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)

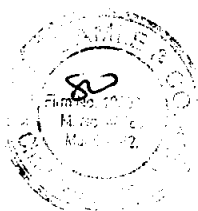
31. The MOU that was executed by and between one of the promoters of the Company with Tulip Hotels Pvt. Ltd. inter alia for management of Bogmallo Beach Resort and for executing agreement to sell 50% of the shares of the company on 26th April 2000 has been terminated by the said promoter vide its Advocate's notice dated 27th January 2007 with retrospective effect from 1st November 2006. The company along with its promoters has also initiated legal proceedings against Tulip Hotels Pvt. Ltd. and its directors and certain employees in Mumbai and Goa courts and the same are sub-judice as of the date of the signing of the balance sheet.

The company as per a legal opinion of its legal advisors and a Chartered Accountant has shown an amount has Rs. 16,29,60,237/- towards "Money Received Pending Appropriate Treatment" under Other Current Liabilities.

Notwithstanding the above, the company has sought to appropriate the said amount against the damages that have been claimed by the company against Tulip Hotels Pvt. Ltd. The company has therefore thought it fit to categorize the said amount under Other Current Liabilities till the outcome of the suit pending in the Vasco Da Gama court.

32.

- a) The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors





**TRADE WINGS HOTELS LIMITED**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 (Continued)**

b) The disclosures relating to Micro, Small and Medium Enterprises are as under:

	31 <sup>st</sup> March 2015 (Rs.)	31 <sup>st</sup> March 2014 (Rs.)
The principal amount remaining unpaid to supplier as at the end of the accounting year	2,79,427	1,66,476/-
The interest due thereon remaining unpaid to supplier as at the end of the accounting year	Nil	Nil
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making Payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	Nil	Nil
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

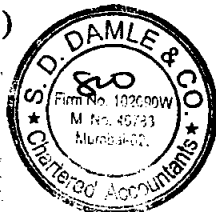
**32 EARNINGS PER SHARE**

	2014-15	2013-14
Profit after tax as per Statement of Profit & Loss	Rs. 6,39,611	Rs. 21,06,125
No. of Equity Shares outstanding	99002	99002
Earnings per Share	6	21.27

33 Previous year's figures have been regrouped or rearranged wherever necessary.

As per our report of even date attached  
For  
Chartered Accountants  
(Registration no.)

Membership No.  
Proprietor  
Place: Mumbai  
Date: 20<sup>th</sup> May, 2015



10783  
Managing

Signatures to Notes "1" to "33"

For and on behalf of  
Trade Wings Hotels Limited

*[Signature]*  
Dr. Shailendra Mittal  
DIN: 00221661  
Director

Place: Mumbai.  
Date: 20<sup>th</sup> May, 2015

*[Signature]*  
Rajesh Dani.  
DIN: 00221927  
Director