

HOTEL LEELAVENTURE LIMITED ANNUAL REPORT

2016-17

30
Years of

The Leela Mumbai



THE LEELA
PALACES HOTELS RESORTS

Capt C. P. Krishnan Nair opened his first hotel in Mumbai, The Leela Penta in April 1987 which became The Leela Kempinski in 1988. Being the first in the group, the hotel was built with great attention to detail.

Spread across acres of lush landscaped gardens that the Captain himself took an interest in, a long driveway hemmed with palm groves, cascading waterfalls, and a lotus fountain, the hotel is an oasis of tranquility amidst a bustling metropolis. In the early years the hotel received the National Tourism Award from the Ministry of Tourism for 5 consecutive years from 1996 – 2000 along with many other awards for its environmental programmes.

The hotel has hosted a number of celebrities and dignitaries like His Holiness The Dalai Lama, Late Baroness Margaret Thatcher, Former Prime Minister of United Kingdom, Queen Sofia of Spain, Pierce Brosnan and many more.

We have completed 30 glorious years since the grand opening of The Leela Mumbai. The chain has kept alive the tradition of modern luxury and extending its warmth across its 9 luxurious hotels, palaces and resorts.





MISSION STATEMENT

To not just satisfy our guests but delight them.

To show the warmth and grace unique to Indian hospitality.

To set a new global standard of service in which wishes are not simply granted, but anticipated.

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CHAIRMAN'S STATEMENT



Dear Shareholders,

It is my privilege to present to you on behalf of the Board of Directors of Hotel Leelaventure Limited the 36th Annual Report and Financial Statements for the year ended March 31, 2017.

30 years ago in April 1987, our Founder Capt C.P. Krishnan Nair, with the help of family and well-wishers opened The Leela Mumbai, a 5-star hotel in North Mumbai, laying the foundation and vision for one of the most respected names in hospitality worldwide. The hotel since its opening has been the winner of many awards and has hosted a number of celebrities and dignitaries like His Holiness The Dalai Lama, Late Baroness Margaret Thatcher, the Former Prime Minister of United Kingdom, Princess Anne of the United Kingdom, Pierce Brosnan the actor and many others. Over the years, we have added 8 more luxurious hotels to the group and today The Leela Palaces, Hotels and Resorts is a leading player in the luxury hotels business, focusing on building and delivering superior guest experiences that bring us closer to them. Our understanding of the industry has evolved in terms of consumer trends and technological innovations and we aim to be the preferred brand.

Leela could soon become an international brand, as we have signed MOU for managing two hotels overseas. Also, in line with our asset-light strategy, we have secured several

new management contracts and expect our current portfolio of 9 hotels to grow to 15 in next 6 years.

I am pleased to inform you that our properties continue to garner accolades and recognition from leading domestic and international agencies. For the second year in a row, The Leela Palaces, Hotels and Resorts has been voted amongst the 'Top 15 Hotel Brands in the World' by the readers of Travel + Leisure USA in the 2017 World's Best Awards survey. In the same survey, The Leela Palace Udaipur has been ranked Number 7 among the 'Top 10 Best Resort Hotels of Asia' and Number 34 in the 'Top 100 Best Hotels in the World' category. The awards are a result of a worldwide Readers Poll conducted by Travel + Leisure USA, in which travellers, among other things, hand-pick and rate the world's most exceptional hotels on key parameters - quality, location, service, restaurants and value. Closer home, The Leela Palace Udaipur was awarded the 'Favourite Indian Hotel Spa' and a 'Favourite Indian Leisure Hotel' by the Condé Nast Traveller India, Readers' Travel Awards 2016.

Additionally, our Hotels also received top rankings in TripAdvisor 2016 Travellers' Choice™. Most notably, The Leela Palace New Delhi has been named among 'Top 25 Hotels in India,' 'Top 25 Luxury Hotels in India,' and 'Top 25 Hotels for Service in India.' The Leela Palace Udaipur has been named among the 'Top 25 Luxury Hotels in India.' The awards are determined based on the millions of reviews and opinions collected in a single year from travellers worldwide by TripAdvisor, the world's largest travel website. The hallmarks of Travellers' Choice winners are remarkable service, quality and value.

Outlook

Tourism in India accounts for over 9% of GDP and is the third largest foreign exchange earner in the country. The Indian hospitality industry

continues to be one of the key drivers of growth among the services sector in India and also a potentially large employment generator. Positive growth has been registered in both Domestic and Foreign Tourists visit during 2017.

There has been a growth of 55.3% in Foreign Tourist arrivals on e-Visa in 2017 over 2016. More and more tourists are availing of the e-Visa facilities as the Government has also launched several initiatives such as providing pre-loaded SIM cards to foreign tourists arriving in India on e-Visa. The initiative will help foreign tourists communicate with their acquaintances immediately after arriving in India. In order to simplify and speed up the procedure of obtaining visas for tourists coming to India on medical purposes, the Government of India has extended the facility of e-medical Visa with an extension of duration of stay for up to 6 months (to be granted on a case-to-case basis). More tourists bode for better business for hotels. We hope to continue to see a demand for hotel rooms for more reasons than one.

I would like to take this opportunity to thank the Board, Management and Staff - for their invaluable contribution and deep commitment in delivering excellent services to all our guests. I look forward to their continued support to surpass all expectations in the coming years. I also thank all our esteemed shareholders and valued partners for their loyalty and their support.



Vivek Nair
Chairman and Managing Director
Hotel Leelaventure Ltd.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Mr. V. P. Shetty	Director-Nominee of JM Financial Asset Reconstruction Company Limited
Mr. Anil R. Bhatia	Director-Nominee of JM Financial Asset Reconstruction Company Limited
Mrs. K. Hemalatha	Director - Nominee of AAI
Mr. Vijay Amritraj	Director
Mrs. Anna Malhotra	Director
Mr. Ashok G. Rajani	Director
Mr. M. Madhavan Nambiar	Director
Mr. Navnit K. Batheja	Director

CHIEF FINANCIAL OFFICER

Mr. Krishna Deshika

PRESIDENT

Mr. Rajiv Kaul

COMPANY SECRETARY

Mr. Anandghan Bohra

STATUTORY AUDITORS

Picardo & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

Cyril Amarchand Mangaldas

Registered & Corporate Office

The Leela Mumbai
Sahar
Mumbai 400 059
Website: www.theleela.com
E-mail: investor.service@theleela.com

Registrar & Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad - 500 032
Tel: + 91 40 6716 2222
Fax: + 91 40 2342 0814
Toll Free No. 1800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Corporate Identity Number (CIN) L55101MH1981PLCo24097

36th Annual General Meeting

Date | Monday, 18th September, 2017

Time | 10.30 A.M.

Venue | Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle (West), Mumbai- 400 056

Bankers / Financial Institutions

Bank of Baroda
Housing Development Finance Corporation Limited
State Bank of India

DIRECTORS' REPORT

Dear Members,

Your Directors present the 36th Annual Report on the business and operations of your Company, together with the audited accounts for the year ended March 31, 2017.

1. Financial Performance

The financial performance of the Company during the year under review is summarised below:

₹ Lakhs

Particulars	Financial Year 2016-17	Financial Year 2015-16
Revenue from operations and other income	71,378.84	67,033.59
Operating and other expenses	52,353.56	50,777.57
Earnings before interest, depreciation, taxes and amortisation (EBIDTA)	19,025.28	16,256.02
Exceptional items	-	21,338.94
Interest	9,044.19	8,790.03
Depreciation	20,231.98	23,987.70
Profit from discontinuing operations & gain on disposal of assets attributable to discontinuing operations	-	19,156.17
Profit/(Loss) before tax	(10,250.89)	(18,704.48)
Provision for taxes / deferred tax	-	(688.46)
Profit/(Loss) after tax for the year	(10,250.89)	(18,016.02)
Balance brought forward	(89,889.27)	(99,313.65)
Transferred from revaluation reserve	2,897.96	26,990.40
Transferred from debenture redemption reserve	-	450.00
Amount available for appropriation	(97,242.21)	(89,889.27)
Appropriations	-	-
Balance carried to Balance Sheet	(97,242.21)	(89,889.27)
EPS - basic and diluted (in ₹)	(2.20)	(3.86)

2. Dividend

In view of losses, the directors do not recommend any dividend for the financial year ended 31st March, 2017.

3. Subsidiary Company, its performance and financial position

Your Company has one Subsidiary, viz. Leela Palaces and Resorts Limited (a wholly owned subsidiary or WOS). The WOS earned a profit of ₹ 0.30 lakhs during the financial year 2016-17.

The WOS did not carry out any operations during the financial year 2016-17. The WOS is being proposed to be transferred by way of transfer of shares, for which the approval of the Company's shareholders has already been obtained. The WOS has also initiated the process of renewal of relevant regulatory approvals for construction.

The Company has not attached the Balance Sheet, Profit and Loss Account and other documents of the WOS with the Annual Report of the Company in terms of general exemption circular notified by the Ministry of Corporate Affairs, Government of India.

However, the Company will make available these documents upon request by

any member of the Company interested in obtaining the same. Further, these documents will also be available at the Registered Office of the Company for inspection by any member of the Company.

A Statement containing the salient features of the financial statement of the WOS in Form AOC-I (pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is attached to this report as Annexure-I. The audited financial statements and related information of the WOS are also available on Company's website at www.theleela.com.

The Audited Consolidated Financial Statements, prepared in accordance with Accounting Standard 21 and Clause 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 form part of this Annual Report.

4. Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013, the directors, based on the information and representations received from the operating management, hereby confirm that:

- in the preparation of the annual accounts for the financial year ending 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

5. Directors

Your Company has Nine (9) Directors consisting of Four (4) Independent Directors, Three (3) Non-executive Directors and Two (2) Whole-time Directors as on March 31, 2017.

In terms of the definition of 'Independence' of Directors as prescribed under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 and based on the confirmation/disclosures received from the Directors, the following Non-Executive Directors are Independent Directors :-

- Mrs. Anna Malhotra
- Mr. Vijay Amritraj
- Mr. Ashok Rajani
- Mr. Navnit Kulwantsingh Batheja

Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company shall have at least one Woman Director on the Board of the company. Your Company is in compliance of the same. Mrs. Anna Malhotra and Mrs. K. Hemalatha are the Woman Directors, as on 31st March, 2017.

Whole-time Directors

Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman & Managing Director are the Whole-time Directors of the Company.

Appointments / Resignations from the Board of Directors

Mr. Anil Harish, Independent Director, resigned with effect from November 17, 2016. Mr. Madhavan Nambiar, Independent Director, resigned with effect from January 1, 2017. Dr. K. U. Mada, Independent Director, resigned with effect from January 23, 2017. Mrs. Madhu Nair, Non-executive Director, resigned with effect from February 10, 2017.

The Board places on record their appreciation of the contributions made by them, during their tenure.

Mr. Navnit Kulwantsingh Batheja joined the Board with effect from February 10, 2017 as an Additional Director and the Members approved his appointment as an independent director through postal ballot held on April 11, 2017.

In accordance with Section 152 of the Companies Act, 2013, two thirds of the Board, excluding independent directors, should be directors retiring by rotation. The Company has three non-executive directors, who are liable to retire by rotation and two executive directors who are not liable to retire by rotation in terms of their appointment.

Mr. V. P. Shetty, being longest in office, retires by rotation at the forthcoming Annual General Meeting and has offered himself for re-appointment. The Board recommends his re-appointment.

6. Number of Meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board / Committee meetings to be held in the forthcoming financial year are circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings.

The Board met six (6) times during the FY 2016-17 viz. on 26th May, 2016, 8th July, 2016, 1st August, 2016, 20th September, 2016, 11th November, 2016 and 10th February, 2017. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

Additionally, several committee meetings were held, including Audit Committee meeting, which met four (4) times during the financial year.

7. Committees of the Board

The Company has the following Committees:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders' Relationship Committee
- (iv) Finance Committee
- (v) Assets Sale and Financial Restructuring Committee

The details with respect to the composition, powers, roles, terms of reference, etc. of statutory committees are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

8. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an evaluation of its own performance and of the directors individually.

9. Key Managerial Personnel

Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director, Mr. Krishna Deshika, Chief Financial Officer and Mr. Anandghan Bohra, Company Secretary, are the Key Managerial Personnel in terms of the provisions of the Companies Act, 2013.

10. Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report.

11. Corporate Governance

A separate section on Corporate Governance standards followed by your Company, as stipulated under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is enclosed as an Annexure to this report. The report on Corporate Governance also contains certain disclosures as required under the Companies Act, 2013.

A Certificate from M/s. V. Sundaram & Co., Practising Company Secretaries, confirming compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to the Report on Corporate Governance.

12. Vigil Mechanism

The Company has implemented a Whistle Blower Policy pursuant to which whistle blowers can raise concerns relating to Reportable Matters (as defined in the policy) such as fraud, bribery, corruption, illegality, health and safety, environmental issues and wastage/ misappropriation of Company's funds/assets, etc. Further, the mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of the whistle blower who avail of such mechanism. The vigil mechanism also provides direct access to the Members of the Audit Committee, including the Chairman of the Audit Committee. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The Whistle Blower Policy is available on the website of the Company <https://theleela.com/img/brand/investor-relations/corporate-governance-policies/whistle-blower-policy.pdf>.

13. Risk Management Policy

The Board has approved a Risk Management Policy, wherein all material risks faced by the Company are identified and assessed. For each of the risks identified in the policy, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.

14. Contracts or Arrangements with Related Parties

Your Company undertakes various transactions with related parties in the ordinary course of business. All Related Party Transactions entered into during the year were in the ordinary course of business and on arm's length basis. No material related party transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as stated in the last audited financial statements, were entered into during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2, is not applicable.

There were no materially significant related party transactions with the promoters, directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The Policy on materiality of related party transactions and also in dealing with related party transactions as approved by the Audit Committee and the Board is available on the website of the Company at www.theleela.com/investor-relations.

Your Directors draw attention of the members to Note No. 29.10 to the standalone financial statements, which gives the related party disclosures.

15. Internal Financial Control Systems and their adequacy

The Company has laid down standards, processes and structures which enable implementation of internal financial control across the organisation and ensure that the same are adequate and operating effectively.

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business operations of the Company.

16. Auditors

(a) Statutory Auditors and Auditors' Report

M/s. Picardo & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are not eligible for re-appointment as they have completed the maximum tenure of ten years permissible under the Companies Act, 2013.

Hence, the Board of Directors has recommended appointment of M/s. N. S. Shetty & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the ensuing Annual General Meeting till the conclusion of the Annual General Meeting in the year 2022, subject to ratification by the Members of the Company at every subsequent Annual General Meeting. The Company has received the consent and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Company in terms of the provisions of the Companies Act 2013 and rules made thereunder.

During the period under review, even though there is no audit qualification, there are audit observations on the financial statements. The explanation for the same has been provided in Note No.29.1 and 29.2 of the standalone Financial Statements. The said note is self-explanatory and does not call for any further comments.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Company had appointed M/s. V. Sundaram & Co., Practicing Company Secretaries, as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2016-17. The report of Secretarial Auditor for the FY 2016-17 is annexed to this report as Annexure - II. There is no Audit Qualification in the Secretarial Audit Report.

17. Material Changes and Commitments affecting Financial Position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31st March, 2017 and the date of the Directors' report i.e. 25th May, 2017.

18. Employee Remuneration

(A) The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this report.

(B) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report as Annexure III. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the Members by writing to the Company Secretary.

19. Corporate Social Responsibility (CSR)

In terms of Section 135 of Companies Act, 2013, certain companies have to carry out CSR activities as prescribed. Since the Company does not fall within the criteria of turnover and/or profit, due to continuous losses over the last five financial years, the Company has not formed a CSR Committee.

However, the Company continues to undertake CSR activities for the benefit of the local communities nearby its hotel properties, the details of which are disclosed separately in this Annual Report.

20. Fixed Deposits

The Company has not accepted any deposits from the public or from the shareholders.

21. Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo and Other Disclosures

(i) The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are furnished below:

(a) Conservation of Energy

Energy Conservation, sustainability and efforts to make the properties more "Green" have been the main drive throughout the year. Major efforts/steps taken towards this are:

- Energy-efficient lighting and high efficiency HVAC systems used/retrofitted extensively in all hotels, has reduced electrical consumption.
- Computerized Power Monitoring is implemented to monitor and control power consumption.
- Main chiller plants and steam boilers have been tuned for best efficiency, to conserve energy.
- Hotels are equipped with solar geysers for generating hot water and the rooms are equipped with energy-saving devices during non-occupancy.
- STP treated water and Rain Water Harvesting has been implemented at four hotels.
- The Company has 23 windmills with a capacity of 13.5 MW power, in the State of Maharashtra (4.5 MW), Karnataka (5 MW) and Tamil Nadu (4 MW). Windmills continue to produce renewable energy for use in own hotels.
- The Leela Palace Bangalore won National Energy Conservation and Certificate of Appreciation from Ministry of Power.
- Boilers are being operated through bio diesel which is produced through used kitchen oil.
- The Leela Palace Chennai and Leela Palace Delhi are LEED platinum rated buildings awarded by IGBC.
- Power is purchased at subsidized rate through open access, in two hotels.

(b) Technology Absorption:

In the opinion of the Board, the required particulars pertaining to technology absorption under Section 134 of the Companies Act, 2013 read with Rule 8(B) of the Companies (Accounts) Rules, 2014, are not applicable, as hotel is a service industry and the Company does not have any significant manufacturing operations.

(c) Foreign Exchange Earnings and Outgo:

The foreign exchange earnings of the Company during the year stood at ₹ 30,221.02 lakhs (previous year ₹ 36,521.95 lakhs) and foreign exchange outgo during the year stood at ₹ 2,489.89 lakhs (previous year ₹ 3,621.34 lakhs).

(ii) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

(iii) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman employee in the Company. The Company's Policy provides

for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year, no such cases were reported.

22. Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31, 2017 forms part of this report and the same is attached to this report as Annexure-IV.

23. Unclaimed / unexchanged Equity Shares in the Company

In compliance with the erstwhile clause 5A of the Listing Agreement, the Company has transferred 25,98,970 unclaimed equity shares belonging to 4,330 shareholders, lying with the Company to "Unclaimed Share Suspense Account" in May, 2015. The Company has released 17,000 shares pertaining to 16 shareholders from the suspense account during the year. As on 31st March, 2017, there are 25,47,950 shares pertaining to 4,283 shareholders in the suspense account.

The voting rights on the shares in the suspense accounts shall remain frozen till the rightful owners of such shares claim the shares.

24. Acknowledgements

The Board wishes to place on record its appreciation for the assistance and support received from the lenders, government and regulatory authorities, customers, business associates and vendors.

Your directors take this opportunity to express their sincere thanks to all the shareholders and stakeholders for the faith and confidence reposed in the Company and the management.

Your directors attach immense importance to the contribution of the employees and sincerely thank "The Leela" team for sharing the Company's vision and philosophy and for the dedication and commitment in ensuring that the Company remains in the forefront as one of the finest hotel groups in India.

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, 25th May, 2017

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiary

Sr. No.	Particulars	Amount in ₹
1	Name of the subsidiary	Leela Palaces and Resorts Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A.
4	Share capital	2,72,81,300
5	Reserves and surplus	54,55,40,807
6	Total assets	57,37,07,357
7	Total liabilities	8,85,250
8	Investments	-
9	Turnover - income	68,653
10	Profit before taxation	37,633
11	Provision for taxation	8,000
12	Profit after taxation	29,633
13	Proposed dividend	-
14	% of shareholding	100%

Notes:

- Names of subsidiaries which are yet to commence operations: The above subsidiary is yet to commence operations.
- Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable

Anandghan Bohra
Company Secretary

Vivek Nair
Dinesh Nair
Krishna Deshika

Chairman and Managing Director
Co- Chairman and Managing Director
Chief Financial Officer

Mumbai, 25th May, 2017

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2017

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,

Hotel Leelaventure Limited

Mumbai

CIN: L55101MH1981PLC024097

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Hotel Leelaventure Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hotel Leelaventure Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (LODR);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act dealing with the Company; (Not Applicable during the audit period)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable during the audit period).
- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) Income Tax Act, 1961 and other Indirect Tax laws;
 - (b) Motor Vehicles Act, 1988;

- (c) Environment Protection Act, 1986;
- (d) Air (Prevention & Control of Pollution) Act, 1981;
- (e) Water (Prevention & Control of Pollution) Act, 1974;
- (f) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation, etc.;
- (g) Hazardous Waste (Management & Handling) Rules, 1989;
- (h) Food Safety and Standards Act, 2006;
- (i) Weight & Measurement Rules;
- (j) Food Safety and Standard Rules, 2011;
- (k) Employees Compensation (Amendment) Act, 2009;
- (l) Luxury Tax Act;
- (m) Entertainment Tax.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

To the best of our knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive and Non-Executive Directors. As regards the Independent Directors are concerned, the Company has only 4 instead of 5 as required under LODR. However, as per assurance to us, the Company is taking up the matter at the earliest. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year, the Company had conducted Postal Ballot for following event:

- A. For sale/transfer of certain undertaking of the Company;
- B. For granting loan, guarantee, providing security or making an acquisition in excess of approved limits.

We further report that during the audit period, the Company and its officers in all departments have co-operated with us and have produced before us all the required forms, information, clarifications, returns and other documents as required for the purpose of our audit.

For V. Sundaram & Co.
Company Secretaries

V Sundaram
FCS No. 2023
C P No. 3373

Mumbai, 25th May, 2017

Details of ratio of Remuneration of Directors

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Mr. Vivek Nair Chairman & Managing Director (CMD) NA
		Mr. Dinesh Nair Co-Chairman & Managing Director (CCMD) NA
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	The Executive Directors did not draw any salary during the financial year 2016-17. There was no increase in the remuneration of CFO. The Company Secretary received an increment of 5% during the financial year.
(iii)	The percentage increase in the median remuneration of employees	The median remuneration of the employees in the financial year has increased by 4.5%
(iv)	The number of permanent employees on the rolls of Company	There were 2280 permanent employees as on March 31, 2017.
(v)	The explanation on the relationship between average increase in remuneration and Company performance	The increase in Revenue from operations during the year was 5.9% and the increase in remuneration was 9.7%. The factors considered at the time of salary revisions are financial performance of the Company, comparison with peer companies and the Industry benchmarking. (The calculation of average increase in employee remuneration is done based on comparable employees and excludes employees who were not eligible for any increment.)
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	The remuneration paid by the Company to Key Managerial Personnel during the year stood at ₹ 183.82 lakhs. The Company recorded 5.9% increase in the operating revenues during the financial year 2016-17. However, the Company incurred a loss of ₹ 10,250.89 Lakhs during the year. In view of losses, comparison of the remuneration of Key Managerial Personnel against the performance of the Company is not applicable.
(vii)	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer in case of listed companies	The market capitalisation of the Company has decreased from ₹ 83,989 lakhs as of March 31, 2016 to ₹ 76,057 lakhs as of March 31, 2017. Price to Earnings Ratio does not apply as the Company has incurred losses. The Company's stock price as at March 31, 2017 has increased by 81.5% to Rs.16.30 (face value of share – ₹ 2) over the last public offering, i.e. IPO in February 1985 at the price of Rs. 10 per share (face value of share – ₹ 10). [Increase percentage calculated based on subdivision of shares from ₹ 10 to ₹ 2 each effective from 15th September, 2006].
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase in salaries of employees other than the managerial personnel in the year is 9.9%. The Company Secretary received an increment of 5% during the financial year. There was no increase in remuneration of CFO.
(ix)	Comparison of the remuneration of each Key Managerial Personnel against the performance of the company	The increase in revenue from operations during the year was 5.9%. However, the Company incurred a loss of ₹ 10,250.89 Lakhs during the year. Hence, comparison of the remuneration of each Key Managerial Personnel against the performance of the Company is not applicable.
(x)	The key parameters for any variable component of remuneration availed by the directors	There is no variable component in the remuneration of the directors. As such, no remuneration was paid to the directors.
(xi)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	The Executive Directors have not drawn remuneration during the year. Hence, these details are not applicable.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L55101MH1981PLC024097
Registration Date	20th March, 1981
Name of the Company	Hotel Leelaventure Limited
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered office and contact details	The Leela, Sahar, Mumbai - 400 059 Tel. +91-22-6691 1182/83 Fax +91-22-6691 1458 E-mail: investor.service@theleela.com Website: www. theleela.com
Whether listed company Yes / No	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500032 Telephone +91-40-6716 2222 Fax +91-40-2342 0814 E-mail at einward.ris@karvy.com Website: www.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Accommodation and Food Services Activities - Hotel Room revenue	561	50.63%
2	Food and Beverage Services Activities - Food and Beverage	551	36.17%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GIN	Holding / Subsidiary / associate	% of shares held	Applicable Section
1	Leela Palaces and Resorts Limited	U70101DL2005PLC134480	Subsidiary	100%	2(87) (ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoters / Promoter group									
1 Indian									
(a) Individuals/ HUF	12,45,200	0	12,45,200	0.27	12,45,200	0	12,45,200	0.27	0.00
(b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	29,60,49,519	0	29,60,49,519	63.44	29,60,49,519	0	29,60,49,519	63.44	0.009
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Others-Trust	7,92,355	0	7,92,355	0.17	7,92,355	0	7,92,355	0.17	0.00
Sub-total (A)(1):	29,80,87,074	0	29,80,87,074	63.88	29,80,87,074	0	29,80,87,074	63.88	0.00
2 Foreign									
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	29,80,87,074	0	29,80,87,074	63.88	29,80,87,074	0	29,80,87,074	63.88	0.00

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B	Public shareholding									
1	Institutions									
(a)	Mutual Funds	250	1,250	1,500	0.00	0	250	250	0.00	0.00
(b)	Banks / FI	5,81,378	0	5,81,378	0.12	6,41,297	0	6,41,297	0.14	0.02
(c)	Central Government and State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	2,42,39,429	0	2,42,39,429	5.19	2,38,19,523	0	2,38,19,523	5.10	-0.09
(f)	FIs	13,64,306	2,500	13,66,806	0.30	50,899	2,500	53,399	0.01	-0.29
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(1)	2,61,85,363	3,750	2,61,89,113	5.61	2,45,11,719	2,750	2,45,14,469	5.23	-0.38
2	Non-institutions									
(a)	Bodies Corporate									
(i)	Indian	7,36,636,70	27,380	7,36,91,050	15.80	7,19,58,435	30,630	7,19,89,065	15.43	-0.37
(ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	5,11,70,235	23,54,521	5,35,24,756	11.47	5,40,33,232	23,04,558	5,63,37,790	12.07	0.60
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	45,23,014	0	45,23,014	0.97	53,54,471	0	5,354,471	1.15	0.18
(c)	Others (specify)									
i)	NRI- holdings	67,75,655	38,05,120	1,05,80,775	2.27	65,16,068	37,97,370	1,03,13,438	2.21	-0.06
ii)	Trust	12,525	0	12,525	0.00	12,000	0	12,000	0.00	0.00
	Sub-Total (B)(2)	13,61,45,099	61,87,021	14,23,32,120	30.51	13,78,74,206	61,32,558	14,40,06,764	30.86	-0.35
	Total Public Shareholding (B)= (B)(1)+(B)(2)	1,62,330,462	61,90,771	16,85,21,233	36.12	16,23,85,925	61,35,308	16,85,21,233	36.12	-0.03
C	Shares held by Custodian for GDRs & ADRs									
	Grand Total (A+B+C)	46,04,17,536	61,90,771	46,66,08,307	100.00	46,04,72,999	61,35,308	46,66,08,307	100.00	0.00

(ii) Shareholding of Promoters / Promoters Group

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2016			Shareholding held at the end of the year 31.03.2017			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Leela Lace Holdings Private Limited. (2 Folio)	18,86,49,985	40.43	99.73	18,86,49,985	40.43	99.73	0.00
2	Leela Lace Software Solutions Private Limited. (3 Folio)	5,51,92,359	11.83	93.18	5,36,42,359	11.50	99.89	-0.33
3	Leela Fashions Private Limited	42,50,000	0.91	100.00	42,50,000	0.91	100.00	0.00
4	Rockfort Estate Developers Private Limited	4,79,57,175	10.28	66.32	4,95,07,175	10.61	68.18	0.33
5	Krishnan Nair Leela Family Trust (through Trustees Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Leela Nair Beneficiary)	7,92,355	0.17	0.00	7,92,355	0.17	0.00	0.00
6	Mr. Vivek Nair	4,77,460	0.10	0.00	4,77,460	0.10	0.00	0.00
7	Mr. Dinesh Nair	3,74,050	0.08	0.00	3,74,050	0.08	0.00	0.00
8	Ms. Amrudha Nair	3,00,000	0.06	0.00	3,00,000	0.06	0.00	0.00
9	Mrs. P. V. Leela Amma Nair	75,000	0.02	0.00	75,000	0.02	0.00	0.00
10	Mrs. Lakshmi Nair	18,330	0.00	0.00	18,330	0.00	0.00	0.00
11	Mrs. Madhu Nair	360	0.00	0.00	360	0.00	0.00	0.00
		29,80,87,074	63.88	87.44	29,80,87,074	63.88	87.44	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of shareholder	Shareholding at the beginning (01.04.2016)		Date of transaction	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Leela Lace Holdings Private Limited	18,86,49,985	40.43	N.A.	0	N.A.	18,86,49,985	40.43
2	Leela Lace Software Solutions Private Limited	5,51,92,359	11.83	20/03/2017	-15,50,000	Interse transfer	5,36,42,359	11.50
3	Rockfort Estate Developers Private Limited	4,79,57,175	10.28	20/03/2017	15,50,000	Interse transfer	4,95,07,175	10.61
4	Leela Fashions Private Limited	42,50,000	0.91	N.A.	0	N.A.	42,50,000	0.91
5	Krishnan Nair Leela Family Trust (Through Trustees Mr.Vivek Nair And Mr.Dinesh Nair)	7,92,355	0.17	N.A.	0	N.A.	7,92,355	0.17
6	Mr. Vivek Krishnan Nair	4,77,460	0.10	N.A.	0	N.A.	4,77,460	0.10
7	Mr. Dinesh Nair	3,74,050	0.08	N.A.	0	N.A.	3,74,050	0.08
8	Ms. Amruda Nair	3,00,000	0.06	N.A.	0	N.A.	3,00,000	0.06
9	Mrs. P V Leela Amma Nair	75,000	0.02	N.A.	0	N.A.	75,000	0.02
10	Mrs. Lakshmi Nair	18,330	0.00	N.A.	0	N.A.	18,330	0.00
11	Mrs. Madhu Nair	360	0.00	N.A.	0	N.A.	360	0.00

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDR and ADR):

Sr. No.	Name of shareholder	Shareholding at the beginning (01.04.2016)		Date of transaction	Increase / decrease in shareholding	Reason	Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	ITC Limited	4,99,53,055	10.70	N.A.	0	N.A.	4,99,53,055	10.70
2	Life Insurance Corporation of India	1,31,28,963	2.81	N.A.	0	N.A.	1,31,28,963	2.81
3	LIC of India Market Plus Growth Fund	62,97,242	1.35	N.A.	0	N.A.	62,97,242	1.35
4	Russell Credit Limited	48,39,907	1.04	N.A.	0	N.A.	48,39,907	1.04
5	Innovations Investment	44,19,361	0.94	N.A.	0	N.A.	44,19,361	0.94
6	Gopikishan Shivkishan Damani	0	0.00	08/04/2016	23,00,000	Market purchase	23,00,000	0.49
				31/03/2017	2,91,201	Market purchase	25,91,201	0.56
7	Oyster Fincap Private Limited	23,00,000	0.49	08/04/2016	-23,00,000	Market Sale	0	0.00
8	LIC of India Future Plus	18,34,568	0.39	N.A.	0	N.A.	18,34,568	0.39
9	Chalakkal Krishnan Kutty	10,40,500	0.22	N.A.	0	N.A.	10,40,500	0.22
10	The New India Assurance co. Ltd.	11,69,000	0.25	31/03/2017	-3,50,000	N.A.	8,19,000	0.18

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Vivek Nair	4,77,460	0.10	4,77,460	0.10
2	Mr. Dinesh Nair	3,74,050	0.08	3,74,050	0.08
3	Mrs. Madhu Nair	360	0.00	360	0.00
4	Mr. Vijay Amritraj	60,105	0.01	60,105	0.01
5	Mrs. Anna Malhotra	2,500	0.00	2,500	0.00
6	Mr. Kamalaksha Uggappa Mada	12,000	0.00	12,000	0.00
7	Mr. Anil Harish	0	0.00	0	0.00
8	Mr. M. Madhavan Nambiar	0	0.00	0	0.00
9	Mr. V. P. Shetty	0	0.00	0	0.00
10	Mr. Anil R. Bhatia	0	0.00	0	0.00
11	Mrs. K. Hemalatha	N.A.	0.00	0	0.00
12	Mr. Ashok G. Rajani	6,000.	0.00	0	0.00
13	Mr. Navnit Batheja	N.A.	0.00	0	0.00
14	Mr. Krishna Deshika	0	0.00	0	0.00
15	Mr. Anandghan Bohra	0	0.00	0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment (Refer Note No. 29.1 of the Financial Statements)

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,30,966.58	1,926.25	0	4,32,892.83
ii) Interest due but not paid	1,783.50	0	0	1,783.50
iii) Interest accrued but not due	229.32	0	0	229.32
Total (i + ii + iii)	4,32,979.40	1,926.25	0	4,34,905.65
Change in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	14,229.21	0	0	14,229.21
Net Change	-14,229.21	0	0	-14,229.21
Indebtedness at the end of the financial year				
i) Principal Amount	4,16,286.60	1,926.25	00	4,18,212.85
ii) Interest due but not paid	2,229.64	0	0	2,229.64
iii) Interest accrued but not due	233.95	0	0	233.95
Total (i + ii + iii)	4,18,750.19	1,926.25	0	4,20,676.44

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ lakhs)
		Mr. Vivek Nair	Mr. Dinesh Nair	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	- Others, please specify	0	0	0
5	Others, please specify	0	0	0
	Total (A)	0	0	0
	Ceiling as per the Act	N.A.	N.A.	N.A.

B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount (₹ lakhs)	
1	Independent Directors	Mrs. Anna Malhotra	Mr. Vijay Amritraj	Dr. K. U. Mada	Mr. Anil Harish	Mr. M. Madhavan Nambiar	Mr. Ashok G. Rajani	Mr. Navnit Batheja		
	Fee for attending board /committee meetings	2.10	0.60	3.30	2.40	2.10	2.40	0.90	13.80	
	Commission	0	0	0	0	0	0	0	0	
	Others, please specify	0	0	0	0	0	0	0	0	
	Total (1)	2.10	0.60	3.30	2.40	2.10	2.40	0.90	13.80	
2	Other Non-Executive Directors			Mrs. Madhu Nair	Mr. V. P. Shetty	Mr. Anil R. Bhatia	Mrs. K. Hemalatha	Total Amount (₹ lakhs)		
	Fee for attending board / committee meetings			1.20	1.80	1.50	0.90	5.40		
	Commission			0	0	0	0	0		
	Others, please specify			0	0	0	0	0		
	Total (2)			1.20	1.80	1.50	0.90	5.40		
	Total (B) = (1+2)								19.20	
	Total Managerial Remuneration								19.20	
Overall Ceiling as per the Act				Not Applicable, as the Company has incurred loss.						

C. Remuneration to Key Managerial Personnel other than MD/Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount ₹ lakhs
		CEO	CFO	Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	168.00	14.64	182.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0.79	0.39	1.18
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- Others, please specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	168.79	15.03	183.82

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties or punishments on the Company during the year. Also, there was no necessity for the Company to compound any offence.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overview

According to the IMF estimates, the global economy grew by 3.1% in 2016 as against 3.4% in 2015. However, India continued to be the fastest growing economy, with growth rate of 7.1% in FY 2016-17. It is anticipated that both the Global economy and the Indian economy would perform better during the current year.

According to the World Travel and Tourism Council (WTTC) Report, Travel and Tourism performed better in 2016 globally compared to 2015 and is expected to improve further in the current year. The report also states that Travel and Tourism contributed as high as 9.6% to India's GDP. The Travel and Tourism sector is the largest employment generator, contributing to over 9% of the Country's employment.

The Hotel Industry has performed better in 2016, compared to 2015. During the year 2016, all India occupancy rose by 2.4% to 64.1% and Average Room Rate (ARR) increased by about 2%. The Occupancy and ARR are expected to improve further, in the current year.

2. The Leela - Dynamism in our strides

Your Company now operates nine hotels with 2,688 guest rooms. The details of the hotels are as follows:

(a)	Owned Hotels:	No. of Rooms
(1)	The Leela, Mumbai	391
(2)	The Leela Palace, Bangalore	357
(3)	The Leela Palace, Udaipur	80
(4)	The Leela Palace, New Delhi	254
(5)	The Leela Palace, Chennai	326
	Total	1,408
(b)	Managed Hotels:	
(1)	The Leela Ambience Gurgaon Hotel & Residences, Delhi NCR, Gurgaon	411
(2)	The Leela Kovalam	183
(3)	The Leela, Goa	206
(4)	The Leela Ambience Convention Hotel, Delhi	480
	Total	1,280
	Grand Total	2,688

It is the Company's endeavor to ensure that each of its hotels becomes the market leader in terms of RevPAR (Revenue per Available Room) at the respective locations it operates and the Company has been able to achieve this feat in most of the destinations it is operating.

3. A. Sales & Marketing alliances

(i) Global Hotel Alliance

Founded in 2004, and based on the airline alliance model, Global Hotel Alliance ("GHA") is today the world's largest alliance of independent hotel brands. GHA uses a shared technology platform to drive incremental revenues and create cost savings for its member brands, and operates a multi-brand loyalty programme, DISCOVERY, which has nine million members. The alliance has 35 member brands encompassing over 550 upscale and luxury hotels with 110,000 rooms across 76 different countries. For more information, visit gha.com

DISCOVERY programme is about making travel unforgettable. Members of the programme receive recognition and rewards across 550 hotels, resorts, palaces and spas. Local Experiences, the innovative rewards of the DISCOVERY programme, are unique, authentic experiences, which are curated by each hotel to give a taste of local traditions and culture. Members also receive stay benefits, such as complimentary Wi-Fi, room upgrades and enhanced personal recognition as they move through the membership levels, each and every time they stay within the portfolio. For more information visit discoveryloyalty.com.

This association helps bring cost savings with regards technology investments related to Central Reservation Systems.

Five of our hotels namely The Leela Palace New Delhi, The Leela Palace Bangalore, The Leela Palace Chennai, The Leela Palace Udaipur and The Leela Goa are categorized under the Ultra Travel Collection of hotels, which includes some of the topmost independent luxury hotels in the world.

(ii) Preferred Hotels & Resorts

The Preferred Hotels & Resorts (PHR) is the world's largest independent hotel brand that represents more than 650 distinctive hotels, resorts, residences, and unique hotel groups across 85 countries.

The Preferred Hotels & Resorts Legend Collection is the ultimate portfolio of exceptional properties in the world's most remarkable destinations. Globally sophisticated and culturally refined, these singular properties feature exquisite accommodations, stellar and intuitive personal service, renowned dining, and exceptional spas, setting the stage for the most unforgettable experiences.

PHR brings strategic advantage to hotel owners, operators, and management companies through brand prestige and global operating scale, supporting the goals of its member hotels by providing strategic group, corporate, and leisure sales, integrated marketing solutions, comprehensive revenue management, global connectivity through reservations services, progressive distribution technology, and individualized guest support. Every property within the portfolio is required to maintain the high quality standards and unparalleled service levels required by the Preferred Hotels & Resorts Integrated Quality Assurance Program. Through its five global collections – Legend, LVX, Lifestyle, Connect, and Preferred Residences – Preferred Hotels & Resorts connects discerning travelers to the singular luxury hospitality experience that meets their needs and life and style preferences for each occasion.

Five Leela Properties, The Leela Palace New Delhi, The Leela Palace Udaipur, The Leela Palace Bangalore, The Leela Palace Chennai and The Leela Goa featured in the exclusive preferred hotels Luxury Collection. While The Leela Mumbai, The Leela Ambience Gurgaon, The Leela Ambience Convention Hotel Delhi and The Leela Kovalam are featured under the preferred hotels LVX collection.

Through PHR, The Leela group receives a preferential partnership status with some of the world's largest Travel Management Companies, which in turn helps in gaining a larger exposure for the brand and assist in generating sales. This partnership allows The Leela a preferential rate with the American Express Card service. The sales teams of PHR help the Company reach out to the global and regional procurement heads of global corporations and MICE planners and coordinate the negotiations with them on our behalf.

B. Sales, Marketing and PR Representations

The Company continues to engage the services of Sales representation companies across various geographies in the world: Mason Rose in UK, Kartagener Associates Inc. in North America; CA- Hotel Consulting in France and other French speaking markets of Belgium and Switzerland; and H&W Enterprise, sro in Russia & CIS.

4. Investment in Technology

The Company has launched its new website with the facility of payment gateway. The salient features of the new website are:

- (i) The site is responsive and optimized for all devices.

- (ii) New Booking engine with a 3-step booking process, integrated with a Payment Gateway.
- (iii) New rate structure has been implemented across all hotels (barring LACH) wherein for every rate plan the customers have the choice to book a Restricted Rate (non-cancellable and non-refundable) or a Regular Rate (cancellable within the hotel's cancellation policy). The Restricted Rates are available for sale only through our website and not on any other channel (including LRW).
- (iv) Offers have been categorized based on the purpose of travel and showcased prominently throughout the website, viz. brand pages, hotel pages and the Menu section.
- (v) Integration of "Web Engage" tool which will provide us an opportunity to track traffic path and understand online behaviour (this is being implemented in phases though).

5. Awards and Accolades

The Leela Palace New Delhi

- India's Best Awards 2016- Awarded the 'Best Hotel for Women Business Traveller in India' by Travel+Leisure India and South Asia, November 2016
- TTG Travel Awards 2016 - Ranked as 'The best City Hotel in Delhi', August 2016
- Travel + Leisure USA - The hotel has been ranked #3 amongst 'The 10 Best City Hotels in Asia' July 2016
- Travel + Leisure USA- The hotel has been ranked amongst ' The 100 Best Hotels in the World' July 2016
- Robb Report USA – The Leela Palace New Delhi has been named amongst the "10 City Hotels with Cool Rooftop Pools in the world", July 2016
- Booking.com Awards 2016- The hotel has been awarded the 'The Best Reviewed Score in Delhi 2016'; 'Best Revenue Generation in Delhi 2016'; 'Best Guest Review Award in Delhi 2016' May 2016
- Eazy Diner Foodie Awards 2016 - Le Cirque awarded Critics Choice 'Best European Restaurant in a Hotel,' April 2016
- Eazy Diner Foodie Awards 2016- Lobby Lounge voted 'Best Brewed Tea' in a capital city, April 2016

The Leela Palace Udaipur

- TripAdvisor 2017 Travellers' ChoiceT Awards – The Leela Palace Udaipur awarded # 1 among Top 25 Hotels in India, January 2017
- TripAdvisor 2017 Travellers' ChoiceT Awards – The Leela Palace Udaipur awarded # 2 among Best Luxury Hotel in India, January 2017
- TripAdvisor 2017 Travellers' ChoiceT Awards – The Leela Palace Udaipur awarded # 7 among Top 25 Hotels in Asia, January 2017
- TripAdvisor 2017 Travellers' ChoiceT Awards – The Leela Palace Udaipur awarded # 19 among Top 25 Hotels in the World, January 2017
- Conde Nast Traveller India Readers Travel Awards 2016 - Favourite Leisure Hotel in India, December 2016
- Conde Nast Traveller India Readers Travel Awards 2016 - Favourite Hotel Spa by Espa, December 2016

The Leela Palace Bangalore

- CNT India's Top 100 Business Hotels – May 2017
- Eazydiner Awards – Vir Sanghvi's Choice – Jamavar as Best Indian Restaurant in Hotel, February 2017
- Eazydiner Awards – People's Choice – Citrus as Best Café in Hotel, February 2017

- TripAdvisor 2017 Travellers' Choice™ awards – ranked #23 among "Top 25 Luxury Hotels of India", January 2017
- Icons of Whisky - Library Bar receives Gold Certification, October 2016
- India Nightlife Convention & Awards – Library bar won the "Best Wine bar in Bangalore" award, September 2016
- Times Food and Night Life Awards – Library bar voted Best Bars, January 2016
- Times Food and Night Life Awards – Le Cirque Signature voted Best European, January 2016
- National Energy Conservation Award- The Leela Palace Bengaluru, Hotel sector (5 star and above) category, December 2016

The Leela Palace Chennai

- Times Food & Nightlife Awards 2017 – China XO as for Best Chinese in Fine Dining Category, December 2016
- Times Food & Nightlife Awards 2017 – Jamavar as for Best Indian in Fine Dining Category, December 2016
- Times Food & Nightlife Awards 2017 – Spectra as for Best Sunday Brunch in Fine Dining, Category December 2016
- Whiskey Bars of the World for 2016 - Library Blu got Gold Certification, October 2016
- Ritz Lifestyle Awards – ESPA as Best SPA in a 5 Star Hotel by Ritz Magazine September, 2016
- Ritz Lifestyle Awards – Spectra as Best Coffee Shop in a 5 Star Hotel, September 2016
- Make My Trip –Customer Choice Award 2016, September 2016
- Rochester Institute Accreditation, New York - Jamavar honored as a 'Distinguished Restaurant', May 2016

The Leela Mumbai

- MakeMyTrip – Customer Choice Award in Luxury segment, December 2016
- Eazy Diner Foodie Awards 2016 – Le Cirque Signature voted Best European Restaurant in a Hotel, October 2016
- Eazy Diner Foodie Awards 2016 – Jamavar awarded Critic's Choice Best Traditional Indian Restaurant, October 2016
- Wine Spectator Award of Excellence 2016 – Le Cirque Signature honored for having one of the most outstanding restaurant wine lists in the world, August 2016

The Leela Ambience Gurgaon Hotel and Residences

- Food Food top 100 awards– Spectra awarded as Best World Cuisine restaurant, April, 2017
- Food Food top 100 awards– Spectra awarded as Best Sunday Brunch restaurant, April, 2017
- Food Food top 100 awards– Chef Leidy Liz Livition, Best rising star female, April, 2017
- BW Indian Hospitality Awards – Michel Koopman, jury award for excellence in profession, March 2017
- BW Indian Hospitality Awards – Vipul Kamboj awarded as DOSM of the year, National, March 2017
- The Times Food Guide 2017 – Zanotta awarded Best Italian Fine Dine, March 2017
- The Times Food Guide 2017 – Rubicon awarded Best Bar for Wine - Luxurious Night Life, March 2017

The Leela Goa

- BW Indian Hospitality Award – Shridhar Nair, awarded the General Manager of the Year in the Luxury Hotel Segment, March 2017
- BW Indian Hospitality Award – Sachin Shet, awarded the Food & Beverage Manager of the Year in the Luxury Hotel Segment, March 2017
- Hotel Operations Summit India – Shridhar Nair, awarded the General Manager of the Year in the Luxury Hotel Segment, April 2016.
- Conde Nast Traveller Reader's Travel Awards 2016 – The Leela Goa featured among The World's Top 100 hotels, October 2016

The Leela Kovalam

- Metro Food Awards for “The Tides” and “The Terrace” Restaurants in the categories of Best Fine Dining and Best North Indian Restaurants, December 2016

The Leela – Corporate

- Travel + Leisure USA World's Best Awards – The Leela Palaces, Hotels and Resorts ranked the fifth best hospitality brand in the world, July 2016

6. Opportunities, Threats, Risks and Concerns

The hotel business is dependent on global and domestic economic conditions. Further, your Company has the risk of heavy dependence on a few specific locations in India. There is also the risk of dependence mainly on higher luxury segment. However, the Company's hotels enjoy premium over the other competitors and are the RevPAR leaders in many of the locations, where the Company operates indicating the high operating profitability.

The Company's gearing has reached high levels due to the investments made in the new hotels in Udaipur, Delhi and Chennai and plots of land at Agra, Hyderabad and Pune. Because of the recession in the Hotel Industry, the expected profitability estimates could not be achieved. Also due to the subdued nature of the equity market, no equity offerings of any form could be made. A report on the Company's debt position and the steps being taken to overcome the problem of high leveraging is furnished elsewhere in this report.

7. Risk Management - Leveraging our experience

Risk management is an integral part of the Company's business process. With the help of experts in this field, risks are carefully mapped and a risk management framework is evolved. Pertinent policies and methods are being reviewed and modified to mitigate such risks.

The Company has taken several measures at all its properties to protect the safety and security of its customers. In addition to the physical security measures, the Company has also taken adequate insurance cover to meet the financial obligations which may arise from any untoward incidents.

To counter the risk of competition, your Company focuses on providing exceptional services, consistently, across all its hotels.

8. Efficient Internal Control systems

The Company has a well-structured internal audit function. Under the guidance and supervision of an independent Audit Committee, independent and reputed firm of Chartered Accountants conduct regular audits and review adherence to control systems and procedures.

The effectiveness of internal controls is reviewed through the internal audit process. The focus of these reviews is as follows:

- Identification of weaknesses and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementation of internal audit recommendations.

9. Human resources and industrial relations

A focused attention on attracting the best talent available in the market, which could help the Company to drive a culture oriented towards high performance and excellence.

The Company has implemented an effective customer feedback system which is yielding good results. This platform helps the team to align all its efforts in delivering relevant high quality services to the guests whilst seeking to constantly improve on standards.

Industrial relations throughout the year were cordial in all the hotels of the Company.

As on 31st March, 2017, the total manpower was 3,968 (including contract labour and FTCs) in the five owned hotels and corporate office and 2,505 in the four managed hotels.

10. Corporate Social Responsibility and Environmental Initiatives

Your Company recognizes the need to minimise the adverse impact of its operations, on the environment. The Company maintains large gardens in and around its properties. The Company has made substantial investments for improving energy efficiencies, and fresh and waste water management in its hotel properties. The Company's hotels in New Delhi and Chennai have been conferred Platinum LEED Certification.

11. Health and Safety Management System

Health and Safety Management System in the Company aims to reduce, eliminate or control workplace hazards and associated risks of illness or injuries to the employees, customers and contractors who might be affected by the Company's activities.

Your Company is committed to ensure healthy and safe working environment for all concerned and to improve the Health and Safety parameters. The Company's Bangalore Unit has established and implemented an Occupational Health and Safety Management System which satisfies OHSAS 18001.

Under a well-designed programme, the Company:

- complies with the requirements of all relevant statutory, regulatory and other provisions.
- provides and maintains safe & healthy work place through operational procedures, safe systems and methods of work.
- provides sufficient information, instruction, training and supervision to enable all employees to identify, minimize and manage hazards and to contribute positively to safety at work.
- organises audits and mock drills on site to ensure that operations are in compliance with health and safety management requirements and for emergency preparedness.
- ensures that appropriate resources are available to fully implement health and safety policy and continuously review the policy's relevance with respect to legal and business development.
- seeks continuous occupational health and safety improvements through the establishment of safety management objectives, targets and programmes.

12. Expansion / upgradation Plans

The Company has adopted an “Asset Light Strategy” for future growth and plans to operate hotels through Management Contracts, instead of owning hotels and has executed Memorandum of Understanding with some reputed developers to manage their hotels and residences being developed by them. Properties at Bangalore, Jaipur, Agra, and Chandigarh are at different stages of planning and implementation.

13. Analysis / highlights of operating performance, financial results and Balance Sheet:

The financial statement of your Company forms part of this annual report and the analysis / highlights are given below:

Operational revenue:

The total operating revenue was ₹ 69,994.38 lakhs in F.Y.2016-17 against ₹ 66,090.82 lakhs in F.Y. 2015-16.

Other income:

The other income during the year was ₹ 1,384.46 lakhs as against ₹ 942.77 lakhs in the previous year.

Employee benefit expenses:

The employee benefit expenses have gone up from ₹ 19,221.28 lakhs to ₹ 19,758.05 lakhs, an increase of 2.8%.

Finance costs:

As can be seen from note 29.1 to Accounts, since 30th June, 2014, the Company has not been making provision for interest on loans assigned to ARCs, as the Company is pursuing with the ARC for a viable restructuring package. The finance costs accounted during the year are ₹ 9044.19 lakhs as against ₹ 8,790.03 lakhs during the previous year.

Depreciation and amortization:

Depreciation and amortization for the year was ₹ 20,231.98 lakhs against ₹ 23,987.70 lakhs in previous year.

Profit/Loss after Tax:

The Company incurred a loss of ₹ 10,250.89 lakhs during the F.Y. 2016-17 against loss of ₹ 18,016.02 lakhs during the previous year.

Fixed Assets:

The net fixed assets, capital work progress and assets held for sale as on 31st March, 2017 was ₹ 4,31,982.50 lakhs as against ₹ 4,42,944.47 lakhs as on the last day of the previous year.

Secured and Unsecured Loans:

The details of the Company's debts (in ₹ lakhs) are as follows:

Particulars	31.3.2017	31.3.2016
Secured Loans		
Long term debt	3,93,480.56	4,23,831.71
Current Maturities of Long Term Debt	22,806.04	7,134.87
Interest accrued and due on borrowings	2,229.64	1,783.50
Interest accrued but not due on borrowings	233.95	229.32
Unsecured Loans	1,926.25	1,926.25
Total	4,20,676.44	4,34,905.65

Please refer note 29.1 to Accounts regarding non-provision of interest on the debts assigned to ARCs.

Share Capital

The Company has not allotted any equity shares during the financial year 2016-17. Hence, the paid up share capital of the Company stands at ₹ 93,32,16,614 divided into 46,66,08,307 equity shares of the face value ₹ 2 each.

Net Worth:

The details of Company's net worth (in ₹ lakhs) are as follows:

Particulars	31-Mar-17	31-Mar-16
Share Capital	9,332.17	9,332.17
Reserves & Surplus	4,202.59	14,453.48
TOTAL	13,534.76	23,785.65
Less:		

Revaluation Reserve	38,384.00	41,281.96
Intangible Assets / Intangible Assets under development	372.94	886.46
Foreign Currency Monetary Translation Difference	571.06	8,955.45
Net worth	(25,793.24)	(27,338.22)

Please refer Note No. 29.3 to Accounts regarding the negative net worth and the going concern concept.

14. Debt Reduction Plans:

The Company had restructured its debts under the Corporate Debt Restructuring (CDR) mechanism, with January 1, 2012 as the cut-off date. One of the main conditions of the CDR Package was that the Company should bring down the debt by ₹ 2,03,076 lakhs by selling the Delhi Hotel by 31st March, 2014. Due to the continued economic recession, the Company could not sell the hotel. The CDR Empowered Group in their meeting held on 28th June, 2014 declared the CDR as failed and approved exit of the Company from the CDR system. Pursuant thereto, on 30th June, 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6% of the CDR debt assigned their debt to JM Financial Asset Reconstruction Company Limited (JMFARC) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited. For details of the debts assigned and interest thereon, please refer to note 29.1 to Accounts.

During the financial year 2015-16, the Company sold its Goa Hotel Undertaking for ₹ 72,112.32 lakhs and the proceeds, net of expenses, have been used for reduction of debts.

The Company is in the process of selling / monetizing its non-core assets and selling one more hotel, to reduce its debts. The status is as follows:

- The joint development project on 4.21 acres of land in Pune for construction of high end residences has received requisite approvals.
- The joint development project on 2 acres of land in Bangalore for development of high end residences has received requisite approvals and work is in progress. HLVL's share is 35 apartments, of which agreements to sell have been signed for 15 apartments.
- The Company had entered into an agreement for sale of its Chennai I.T. Park in February 2013 and had received ₹ 12,017 lakhs as advance, which was used for reduction of debt. However, the transaction is yet to be concluded due to non-receipt of building completion certificate from the local government authorities.
- The Company had entered into an agreement to sell its plot of land in Hyderabad in Banjara Hills admeasuring 3.85 acres. The transaction is not concluded as requisite approvals are yet to be received from the State Government.
- The Company is in the process of selling its stake in the subsidiary which owns the Agra land. The transaction is expected to be completed in the current year.
- The Company is pursuing with the ARC for a viable restructuring package and expects to get approval for a viable package during the current year.

15. Cautionary Statement

Statements made in the Management's Discussion and Analysis Report describing the Company's objectives, projections, estimates, predictions and expectations may be 'forward-looking statements', within the meaning of applicable securities laws and regulations. As "forward-looking statements" are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or events or for any loss any investor may incur by investing in the shares of the Company based on the "forward-looking statements".

CORPORATE SOCIAL RESPONSIBILITY

The Leela Palaces, Hotels and Resorts have continued to build on its tradition of CSR programs designed to protect the environment and benefit underprivileged communities, especially our children.

This year, the entire Leela family across all nine hotels has taken great pride in renewing their commitment towards contributing towards the welfare of society. To mark the passing of Late Founder Chairman Capt. C. P. Krishnan Nair, who was an avid advocate of social responsibility, 95 employees from each of The Leela hotels donated blood. On the environment front, the Group participated in Earth Hour 2017, an initiative of the World Wildlife Fund, the worldwide movement to celebrate the commitment to our planet. All signages and non-essential lights at all properties were turned down and the essential lights were dimmed to safe level. To counterbalance, hotels used candles to light up the various spaces to communicate the global call for climate change awareness to guests in an accessible and aesthetic manner.

On the social sustainability front, The Leela continued its involvement with nurturing underprivileged communities, conducting donation drives for children as part of charitable giving and continuing skill-based training for the youth.

Each property further strengthened partnerships with local NGOs for charitable donations, including, daily meals, clothing, shoes and books to underprivileged children. The Leela Palace Bangalore organized various initiatives in partnership with charitable foundations such as Christel De Haan and Akshaya Patra to donate meals for the Mid-Day Meal Scheme in the government schools and government-aided schools. The property in partnership with the NGO - Pink - provided nutritious meals for children fighting the battle against cancer. For their contributions, The Leela Palace Bangalore was selected from among hotels around the world as the “2016 Pineapple Award Winner” by Preferred Hotels & Resorts' GIFTTS (Great Initiatives for Today's and Tomorrow's Society) program. In an effort to prevent water borne diseases that trigger malnutrition, The Leela Mumbai donated 150 water filters to Fight Hunger Foundation who distributed it along with hygiene kits to the families of the affected children in Palghar, one the worst hit areas in terms of children suffering from acute malnutrition. The property also continued its association with Arpan Foundation and donated soaps, linens and uniforms on a quarterly basis. The Leela Palace New Delhi organized visits to NGO supported schools and senior centers, respectively, where the team distributed food packets, gift hampers and stationary kits. The Leela Ambience Gurugram, among other initiatives, continued to partner with the NGO Sunshine to provide daily meals to destitute children. Both properties also continued their annual tradition of hosting underprivileged children for Christmas meals and festivities.

The Leela hotels also continued to build on a training programme, named Hunar Se Rozgar Tak, to create employable skills in the local youth from 18-25 years and who are minimum 8th class pass. The Leela Palace Udaipur continued training for youths in food & beverage service and housekeeping. The Leela Palace Bangalore which has tied-up with Don Bosco Technical Institute, also provided training to youths in housekeeping and laundry, to help prepare them for subsequent employment.

REPORT ON CORPORATE GOVERNANCE

Following is the report on Corporate Governance for the year ended March 31, 2017.

1. Company's Philosophy

Hotel Leelaventure Limited has committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standards of corporate values and ethics. The Company considers Corporate Governance as a continuous journey to provide a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed. The Code of Conduct for Directors and Senior Managers adopted by the Board of Directors in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has further enhanced the standards of Corporate Governance in the Company.

The composition of the Board and category of directors are as follows:

Category	Name of Directors	Designation	No. of Shares held
Promoter Directors	Mr. Vivek Nair	Chairman & Managing Director	477,460
	Mr. Dinesh Nair	Co-Chairman & Managing Director	374,050
	Mrs. Madhu Nair ¹	Director	360
Non- Executive Non- Independent Directors	Mr. V. P. Shetty	Director - Nominee of JM Financial Asset Reconstruction Company Limited	NIL
	Mr. Anil R. Bhatia	Director - Nominee of JM Financial Asset Reconstruction Company Limited	NIL
	Mrs. K. Hemalatha	Director- Nominee of Airports Authority of India	NIL
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Mr. Vijay Amritraj	Director	60,105
	Mr. Ashok G. Rajani	Director	NIL
	Mr. Navnit Kulwantsingh Batheja ²	Director	
	Dr. K. U. Mada ³	Director	12,000
	Mr. Anil Harish ⁴	Director	NIL
	Mr. M. Madhavan Nambiar ⁵	Director	NIL

¹ Resigned from the Board with effect from 10th February 2017.

² Joined the Board with effect from 10th February 2017.

³ Resigned from the Board with effect from 23rd January, 2017

⁴ Resigned from the Board with effect from 17th November, 2016.

⁵ Resigned from the Board with effect from 9th January, 2017

2.2 Board Meetings and Attendance

The Board of Directors met 6 times during the year - on 26th May, 2016, 8th July, 2016, 1st August, 2016, 20th September, 2016, 11th November, 2016 and 10th February, 2017 and the gap between two Board meetings did not exceed four calendar months. The meetings of the Board of Directors were held at the Registered Office of the Company. Meetings were scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes were circulated well in advance to all the Board members to enable the Board to take informed decisions.

2. Board of Directors

2.1 Size and Composition of the Board

As on 31st March, 2017, the Board comprised of 9 directors, of which 4 were Independent Directors, 3 Non-Executive Non-Independent Directors and 2 Executive Directors. The Chairman is an Executive Promoter Director.

The Directors possess experience and specialized knowledge in diverse fields, such as hoteliering, project management, legal, banking, finance, administration, corporate governance, etc.

The particulars of a director seeking reappointment have been included in the Notice of the Annual General Meeting.

Attendance of each Director at the Board Meetings and at the last Annual General Meeting (AGM) and the number of other public limited Companies and Committees where they are Directors / Members are tabulated below:

Name	Category*	Attendance Particulars		No. of Directorships in listed companies as on 31st March, 2017 (including the Company)	No. of Committee positions held in listed companies (including the Company)	
		No. of Board Meetings attended during the financial year 2016-17	AGM held on 20th September, 2016		Chairman of Committees	Member of Committees
Mr. Vivek Nair	CMD	6	Yes	2	0	0
Mr. Dinesh Nair	CCMD	6	No	1	0	0
Mrs. Madhu Nair ¹	NED	4	No	1	0	0
Mr. Vijay Amritraj	NEID	2	Yes	1	0	0
Mrs. Anna Malhotra	NEID	3	Yes	1	2	0
Dr. K.U. Mada ²	NEID	5	Yes	3	3	2
Mr. Anil Harish ³	NEID	5	Yes	4	3	1
Mr. M. Madhavan Nambiar ⁴	NEID	4	No	3	1	0
Mr. V. P. Shetty	NED	6	Yes	1	0	0
Mr. Anil R. Bhatia	NED	5	Yes	1	0	0
Mrs. K. Hemalatha	NED	3	Yes	1	0	0
Mr. Ashok G. Rajani	NEID	6	N.A.	1	0	2
Mr. Navnit Kulwantsingh Batheja ⁵	NEID	1	N.A.	1	2	0

¹ Resigned from the Board with effect from 10th February 2017.

² Resigned from the Board with effect from 23rd January, 2017

³ Resigned from the Board with effect from 17th November, 2016.

⁴ Resigned from the Board with effect from 9th January, 2017

⁵ Joined the Board with effect from 10th February 2017.

None of the Executive Directors of the Company are Independent Directors of more than three listed companies. None of the Independent Directors of the Company are Independent Directors of more than seven listed companies.

None of the Directors of the Board serves as member of more than ten Committees, nor is Chairman of more than five committees of Board across all public companies, in which he / she is a Director. "Committees" considered for this purpose are those specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, i.e. Audit Committee and Stakeholders' Relationship Committee.

In the opinion of the Board, all Independent Directors of the Company are persons of integrity and possess relevant expertise and experience and do not hold more than 2% shareholding/voting power in the Company. They are not related to any of the promoters or directors, holding, subsidiary or associate companies. The Company has received confirmation from the independent directors that they continue to meet the criteria to be the independent directors of the Company in terms of the Companies Act, 2013 and under Corporate Governance Norms.

All the Independent Directors have been appointed for a period of five years and are not liable to retire by rotation and formal appointment letters containing the terms and conditions of their appointment have been issued to them and the said letters have been uploaded on the website of the Company, viz. www.theleela.com.

Mr. Vijay Amritraj could not attend a few meetings as he was pre-occupied. Mrs. Anna Malhotra could not attend a few meetings due to illhealth. However, they have been active participants in the board processes and have provided valuable inputs to Board from time to time.

None of the Directors is related to any other director except Mr. Vivek Nair and Mr. Dinesh Nair, promoter group Directors.

2.3 Separate meeting of the independent directors

A separate meeting of the Independent Directors of the Company was held during the year, which was attended by majority of the Independent Directors.

2.4 Familiarization Programme for Independent Directors

The Board has adopted a Familiarization Program for Independent Directors of the Company. The Program aims to provide insights into the Company to enable the Independent Directors to understand the business model and business operations of the Company and the industry to enable them to contribute significantly to the Company. This Familiarization Program has been uploaded on the Company's website for public information and the web link for the same is <https://theleela.com/img/brand/investor-relations/corporate-governance-policies/program-independent-directors.pdf>.

3. Audit Committee

The Audit Committee of the Board is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the scope and terms of reference.

Composition of the Audit Committee and attendance of the members

The composition of the Audit Committee and the details of meetings attended by its members are as follows:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mr. Anil Harish ¹	Chairman ¹	NEID	4	3
Dr. K. U. Mada ²	Member	NEID	4	3
Mr. M. Madhavan Nambiar ³	Member	NEID	4	2
Mr. Navnit K. Batheja ⁴	Chairman	NEID	4	1
Mr. Ashok Rajani ⁵	Member	NEID	4	1
Mr. Vivek Nair ⁶	Member	WTD	4	1

¹ Resigned from the Audit Committee with effect from 17th November, 2016.

² Resigned from the Audit Committee with effect from 23rd January, 2017

³ Resigned from the Audit Committee with effect from 9th January, 2017

⁴ Joined the Audit Committee with effect from 10th February 2017.

⁵ Joined the Audit Committee with effect from 10th February 2017.

⁶ Joined the Audit Committee with effect from 10th February 2017.

The members have varied expertise in banking, finance, accounting and legal matters. The Chairman of the Audit Committee was present at the last Annual General Meeting held on 20th September, 2016. The Chairman & Managing Director, Co-Chairman & Managing Director, Chief Financial Officer and President are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors also attend the meetings as permanent invitees. The Company Secretary acts as Secretary to the Audit Committee.

During the year under review, the Audit Committee met four times – on 26th May, 2016, 1st August, 2016, 11th November, 2016 and 10th February, 2017. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

Role and terms of reference of the Audit Committee

The role and terms of reference of the Audit Committee inter-alia include the following:

- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any in accounting policies and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any arising out of audit findings.
- Compliance with listing and legal requirements relating to financial statements, qualifications, if any in the draft audit report.
- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism.
- Review of adequacy of internal control systems.
- Review of risk management policies especially enterprise level risk management.
- Disclosure of related party transactions and subsequent modifications, if any.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review of other services rendered by the statutory auditors.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.

The Audit Committee also looks into the matters as are specifically referred to it by the Board of Directors besides looking into the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of Section 177 of the Companies Act, 2013.

4. Nomination and Remuneration Committee

Composition, Meeting and Attendance

The Nomination and Remuneration Committee is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as the Secretary of the Committee.

The Committee comprises of three Non-Executive Independent Directors and the Chairman & Managing Director. The Committee met on 26th May, 2016 and 10th February, 2017. The particulars of members and their attendance at the meetings are given below:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhotra	Chairperson	NEID	2	2
Dr. K. U. Mada ¹	Member	NEID	2	1
Mr. M. Madhavan Nambiar ²	Member	NEID	2	1
Mr. Ashok Rajani ³	Member	NEID	2	1
Mr. Navnit K. Batheja ⁴	Member	NEID	2	1
Mr. Vivek Nair ⁵	Member	WTD (CMD)	2	1

¹ Resigned from the Committee with effect from 23rd January, 2017

² Resigned from the Committee with effect from 9th January, 2017.

³ Joined the Committee with effect from 10th February 2017.

⁴ Joined the Committee with effect from 10th February 2017.

⁵ Joined the Committee with effect from 10th February 2017.

Role and terms of reference of the Nomination and Remuneration Committee

The role and terms of reference of the Committee inter-alia include the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of Independent Directors and the Board and devise a policy for Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Remuneration Policy for Directors

The Board at its meeting held on 12th February, 2015 has approved the remuneration policy for Directors. The said policy has broadly laid down the following criteria for determining the remuneration of Executive and Non-executive Directors:

Remuneration of Executive Directors

The remuneration of the Executive Directors is recommended by the Nomination & Remuneration Committee (N&RC) to the Board for approval after considering the relevant factors such as functions, role and responsibilities, comparison with the remuneration paid by peer companies, industry benchmarking, regulatory guidelines as applicable, etc. The Board considers the recommendations of N&RC and approves the remuneration, with or without modifications, subject to shareholders' and regulatory approvals.

The Company has uploaded the Remuneration Policy / Criteria on its web-site and the same can be accessed from the following web-link: <https://theleela.com/img/brand/investor-relations/corporate-governance-policies/remuneration-policy-criteria.pdf>.

The Company has been paying remuneration to the executive directors within the ceiling approved by the shareholders and the Ministry of Corporate Affairs (MCA). The Company is not paying any bonus, pension, performance linked incentives, etc. to the executive directors. The Company also has not issued any stock options to the Executive directors.

The remuneration packages of the Executive Directors comprise of salaries and allowances, contribution to provident funds, etc. During the financial year 2016-17, the Company did not pay managerial remuneration to its Executive Directors

Remuneration of Non-Executive Directors (NEDs)

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and other regulatory guidelines, as amended from time to time. Any change in sitting fees shall be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The NEDs are entitled to reimbursement of expenses for participation in the meetings of the Board and Committee thereof.

The NEDs are paid sitting fees of ₹ 30,000 for attending each meeting of the Board or Committee thereof.

The details of sitting fees paid during the financial year 2016-17 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid (Rupees)
Mrs. Madhu Nair ¹	1,20,000
Mr. Vijay Amritraj	60,000
Mrs. Anna Malhotra	2,10,000
Mr. Anil Harish ²	2,40,000
Dr. K.U. Mada ³	3,30,000
Mr. M. Madhavan Nambiar ⁴	2,10,000
Mr. V. P. Shetty	1,80,000
Mr. Anil R. Bhatia	1,50,000
Mrs. K. Hemalatha	90,000
Mr. Ashok G. Rajani	240,000
Mr. Navnit K. Batheja ⁵	90,000

¹ Resigned from the Board with effect from 10th February 2017

² Resigned from the Board with effect from 17th November, 2016

³ Resigned from the Board with effect from 23rd January, 2017

⁴ Resigned from the Board with effect from 9th January, 2017

⁵ Joined the Board with effect from 10th February 2017

Notes:

- a. The Company did not pay any amount to Directors by way of commission.
- b. The Company has not issued any stock options to its Directors.

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Resolutions, 2015, including the scope and terms of reference. The Company Secretary acts as the Secretary of the Committee.

Composition, Meeting and Attendance

The Committee met on 26th May, 2016 and 11th November, 2016 during the year.

The particulars of members and their attendance at the meetings are given below:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Dr. K. U. Mada ¹	Chairman	NEID	2	2
Mrs. Anna Malhotra	Member	NEID	2	2
Mr. Navnit K. Batheja ²	Chairman	NEID	2	0
Mr. Vivek Nair ³	Member	WTD	2	0

¹ Resigned from the Committee with effect from 23rd January, 2017

² Joined the Committee with effect from 10th February 2017

³ Joined the Committee with effect from 10th February 2017

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Registrar & Share Transfer Agents (RTA), to ensure that the complaints / grievances of the shareholders / investors are attended to without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings.

During the year, the Registrar had approved 11 share transfers comprising 13,500 shares and processed 51 requests for de-materialization of 43,893 shares. There were no valid requests pending for share transfers at the end of the year.

Broad Terms of Reference

- Oversee and review all matters connected with the transfer of the Company's securities, including issue of duplicate share and debenture certificates.
- Monitor redressal of investors' / shareholders' / security holders' grievances.
- Oversee the performance of the Company's Registrar and Share Transfer Agents.
- Carry out any other function as referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Number of complaints received and redressed during the year 2016-17

Opening Balance	Received during the year 2016-17	Resolved during the year 2016-17	Closing Balance
0	8	8	0

6. General Body Meetings and Postal Ballot

6.1 Location, date and time of the Annual General Meetings (AGM) and Postal Ballot for last 3 years are as follows:

(a) General Body Meetings

Financial Year	General Meeting	Date / Time	Location	Special Resolutions passed
2015-16	35th AGM	20.09.2016 10.30 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai – 400 056	NIL
2014-15	34th AGM	22.09.2015 11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai - 400 056	Resolution No. 5: Authority to Board of Directors to borrow in excess of paid up capital and free reserves Resolution No. 6: Authority to Board of Directors for creation of charges/mortgages Resolution No. 7: Enabling resolution for raising long term funds through further issue of Securities Resolution No. 8: Re-appointment and remuneration of Mr. Vivek Nair as Chairman & Managing Director for a period of 5 years Resolution No. 9: Re-appointment and remuneration of Mr. Dinesh Nair as Co-Chairman & Managing Director for a period of 5 years Resolution No. 10: Re-appointment and remuneration of Mr. Krishna Deshika as Director - Finance & CFO for a period of 5 years
2013-14	33rd AGM	18.09.2014 10.00 a.m.	Rangsharda Auditorium, K. C. Marg, Near Leelavati Hospital, Bandra Reclamation, Bandra (West), Mumbai – 400 050	Resolution No. 14: Issue of equity shares on a preferential basis to a Promoter Group Entity of the Company Resolution No. 15: Enabling resolution for raising long term funds through further issue of Securities Resolution No. 16: Increase in maximum number of directors of the Company from Fifteen to Sixteen directors Resolution No. 17: Alteration of existing Article 117 of the Articles of Association of the Company to increase the number of Directors to Sixteen

All the resolutions as set out in the notices were passed unanimously / by requisite majority by the Members of the Company.

(b) Postal Ballot

Pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the Company conducted a postal ballot during the financial year 2016-17 for appointment of Mr. Navnit Kulwantsingh Batheja as an Independent Director

The following Ordinary Resolution was passed by the Members by way of Postal Ballot during the year:

Sr. No.	Brief particulars of Ordinary Resolution	Total No. of valid votes	No. of shares and % of total votes in Favour		No. of shares and % of total votes Against	
			No. of Shares	% of votes	No. of Shares	% of votes
1	Appointment of Mr. Navnit Kulwantsingh Batheja as an Independent Director	29,92,89,935	29,92,88,828	99.9996	1107	0.0004

The members were provided an option to vote either by casting their vote through postal ballot or cast their votes electronically. The results of the postal ballot were declared on 13th April, 2017.

Mr. V. Sundaram of M/s. V. Sundaram & Co., Practising Company Secretaries, was the scrutinizer for the above postal ballot.

7. Disclosures

7.1 Disclosures on materially significant related party transactions

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the management, subsidiaries and relatives. Suitable disclosures as required by the Accounting Standards (AS-18) have been made in the notes to the Financial Statements.

7.2 Disclosure on Non-compliances by the Company

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

7.3 Whistle Blower Policy

The Company has implemented the Whistle Blower Policy pursuant to which whistle blowers can raise concerns relating to Reportable Matters (defined in the policy) such as fraud, bribery, corruption, illegality, health & safety, environmental issues and wastage/ misappropriation of Company's funds/assets, etc. Further, the mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of whistle blower who avail of such mechanism and also provides for direct access to the Members of the Audit Committee. The action taken are reviewed periodically by the Audit Committee. None of the whistle blowers have been denied access to the Audit Committee of the Board. The above policy has been uploaded on the website of the Company, viz. www.theleela.com

7.4 CMD / CFO Certification

The CMD and the CFO have issued the certificate as required under the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

7.5 Code of Conduct

The Board of Directors has amended the Code of Conduct for the Board of Directors and Senior Management to align with the provisions of the Companies Act, 2013. The confirmation from the Chairman & Managing Director regarding compliance with the code by all the Directors and

Senior Management forms part of the Report. The Code of Conduct is displayed on the website of the Company.

7.6 Code of Conduct for Prevention of Insider Trading

The Company has adopted a revised Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it prohibits the purchase or sale of Company's shares by the directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

8. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and the Company's web-site. Information and latest updates and announcements made by the Company can be accessed at Company's website: www.theleela.com, which includes the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Annual Reports
- Quarterly Corporate Governance Report
- Investor Presentations

The Company regularly publishes its quarterly and annual financial results in newspapers like Financial Express, Free Press Journal and Navashakti.

9. Subsidiary Company

The Company has a material unlisted Indian subsidiary. An Independent Director of the Company has been appointed as a director on the Board of said subsidiary. The minutes of the subsidiary company are periodically placed before the Board and reviewed by the Board of Directors.

10. General Shareholder Information

i)	CIN	L55101MH1981PLC024097
ii)	Registration Date	20th March, 1981
iii)	Address of the Registered office and contact details	Hotel Leelaventure Limited The Leela, Mumbai, Sahar, Mumbai - 400 059 Tel. +91-22-6691 1182/83 Fax +91-22-6691 1458 E-mail: investor.service@theleela.com Website: www.theleela.com
iv)	The Company's hotels	(A) Owned hotels: (1) The Leela Mumbai, Sahar, Mumbai – 400 059 (2) The Leela Palace Bangalore, 23, Old Airport Road, Bangalore – 560 008 (3) The Leela Palace Udaipur, Lake Pichola, P.O. Box No. 125, Udaipur – 313 001 (4) The Leela Palace New Delhi, Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023 (5) The Leela Palace Chennai, Satyadev Avenue Extension, MRC Nagar, Raja Annamalapuram, Chennai- 600 028 (B) Managed hotels and Residences: (1) The Leela Ambience Gurgaon Hotel & Residences, Ambience Island, National Highway – 8, Gurgaon – 122 002, Delhi N.C.R. (2) The Leela Kovalam, Trivandrum – 695 527, Kerala (3) The Leela Goa, Mobor, Cavelossim, Goa - 403 731 (4) The Leela Ambience Convention Hotel, Delhi 1, CBD, Near Yamuna Sports Complex, Maharaja Surajmal Marg, New Delhi, Delhi 110032

36th Annual General Meeting

Day / Date	Time	Venue
Monday, 18th September, 2017	10.30 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai 400 056

Financial Calendar for the Year

Financial Year	1st April to 31st March
Dividend Payment	The Company has not proposed any dividend for the financial year ended 31st March, 2017.
Book Closure Dates	Friday, 15th September, 2017 to Monday, 18th September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
Listing on Stock Exchanges	Equity Shares:
	I) BSE Limited
	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
	II) National Stock Exchange of India Limited
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
	Non-convertible Debentures:
	Whole-sale Debt Market Segment
	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2017	8th September, 2017
30th September, 2017	8th December, 2017
31st December, 2017	9th February, 2018
31st March, 2018	25th May, 2018
Annual General Meeting for the year ending 31st March, 2018	On or before 30th September, 2018

The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2017-18.

Stock Market Data

The monthly high / low prices of the equity shares of the Company from 1st April, 2016 to 31st March, 2017 are given below:

Month	BSE Limited				National Stock Exchange of India Limited			
	High (₹)	Low (₹)	Volume (Nos.)	SENSEX (Closing)	High (₹)	Low (₹)	Volume (Nos.)	S&P CNX NIFTY (Closing)
Apr 16	19.85	17.60	6,91,023	25,607	19.95	17.60	35,58,537	7,850
May 16	18.80	17.00	6,95,044	26,668	18.80	17.10	34,15,207	8,160
Jun 16	19.10	17.00	16,61,170	27,000	19.15	16.95	96,39,929	8,288
Jul 16	19.35	17.90	16,81,698	28,052	19.35	17.60	75,37,477	8,639
Aug 16	19.00	17.00	13,36,524	28,452	19.00	17.15	51,28,775	8,786
Sep 16	19.25	16.50	17,91,094	27,866	19.25	16.65	82,47,697	8,611
Oct 16	18.70	17.25	8,01,651	27,930	18.70	17.40	37,66,871	8,626
Nov 16	18.50	15.00	10,06,063	26,653	18.45	14.70	36,73,691	8,225
Dec 16	17.60	15.70	4,91,037	26,626	17.60	15.60	19,43,943	8,186
Jan 17	17.40	15.75	6,44,679	27,656	17.40	15.90	36,14,199	8,561
Feb 17	17.70	16.05	6,75,312	28,743	17.75	16.10	38,32,180	8,880
Mar 17	17.30	15.75	17,16,198	29,621	17.35	15.75	63,81,196	9,174

Sources: www.bseindia.com & www.nseindia.com respective websites

Distribution of shareholding as 31st March, 2017

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Total
Upto 5,000	91,794	95.79	3,25,45,768	6.97
5,001 to 10,000	2,243	2.34	84,71,252	1.82
10,001 to 20,000	972	1.01	73,12,564	1.57
20,001 to 30,000	259	0.27	32,42,722	0.69
30,001 to 40,000	130	0.14	23,51,693	0.50
40,001 to 50,000	119	0.12	28,00,559	0.60
50,001 to 1,00,000	157	0.16	58,00,509	1.24
Above 1,00,000	151	0.16	40,40,83,240	86.60
TOTAL	95,825	100.00	46,66,08,307	100.00

No. of Shares held in dematerialized and physical mode as on 31st March, 2017

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% of total capital issued
1	Held in dematerialized form in NSDL	63,887	40,73,44,534	87.30
2	Held in dematerialized form in CDSL	29,131	5,31,28,715	11.39
3	Held in Physical form	2,807	61,35,058	1.31
Total		95,825	46,66,08,307	100.00

Shareholding Pattern as on 31st March, 2017

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	29,80,87,074	63.88
2	Banks / Public Financial Institutions / Insurance Companies	2,49,56,594	5.35
3	Bodies Corporate / Trusts	7,11,66,602	15.25
4	FII's	53,399	0.01
5	NRI's / OCB's	1,03,13,438	2.21
6	Resident Individuals	6,20,31,200	13.30
Total		46,66,08,307	100.00

As on 31st March, 2017, the Promoters have pledged 28,01,86,964 equity shares representing 60.04% of the paid up capital of the Company, which includes 15,94,19,794 equity shares representing 34.17% pledged by the promoter group companies in favour of the Security Trustee of the Company's Lenders.

The shareholding pattern is posted on the Company's website (www.theleela.com) and also filed electronically with BSE Limited and National Stock Exchange of India Limited.

The Company has not issued any ADR / GDR / any convertible securities.

Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to the Company Secretary and the authorized representatives of the Registrar and Share Transfer Agent. The Share Certificates in physical form are generally processed weekly and returned within 15 days from the date of receipt, if the documents are proper and valid in all respects. A summary of the transfer / transmission so approved is placed before the Board at periodic intervals. The Company obtains from a Practising Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges concerned.

Dematerialisation of shares

The trading in equity shares of the Company is permitted only in dematerialized form. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shares.

Shareholders seeking dematerialization / rematerialization of their shares need to approach their Depository Participants (DP) with whom they will send the physical share certificates to the Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificates, the Registrar verifies the same. Upon verification, the Registrar requests National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder are then credited with equivalent number of shares. In case of rejection of the request, the decision is communicated to the shareholder.

In respect of rematerialization, upon receipt of the request from the shareholder, the DP generates a request and its verification is done by the Registrar. The Registrar then requests NSDL and CDSL to confirm the same. Thereafter, eligible number of shares is issued in physical form to the shareholder within 21 days.

Address for correspondence

The correspondence address of the Compliance Officer and the Registrar & Share Transfer Agent for equity shares are as follows:

(a) Compliance Officer:

Name of the Compliance Officer	Mr. Anandghan Bohra, Company Secretary
Address	The Leela, Sahar, Mumbai – 400 059
Telephone	+91-22-6691 1182/83
E-mail	anandghan.bohra@theleela.com
Fax	+91-22-6691 1458
Designated E-mail ID for investor grievances	investor.service@theleela.com

(b) Registrar & Share Transfer Agent for Equity Shares

Karvy Computershare Private Limited has been appointed as one point agency for dealing with shareholders with effect from 18th June, 2016. Correspondence from Shareholders should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

Karvy Computershare Private Limited

Unit: Hotel Leelaventure Limited
Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032
Tel : + 91 40 6716 2222 Fax : + 91 40 2342 0814
E-mail: einward.ris@karvy.com
Website: www.karvy.com
Toll Free No: 1800 - 3454 - 001

Scrip Information – Equity Shares

Particulars	Scrip Code / Information
BSE Limited	500193
National Stock Exchange of India Limited	HOTELEELA
Demat ISIN allotted by NSDL / CDSL	INE 102A01024
Face Value	₹ 2 each

Investor Correspondence – Contact Details

Clarification / Queries	Name	Contact Nos.
(a) Company Secretary	Mr. Anandghan Bohra	anandghan.bohra@theleela.com Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458
(b) Share / Secretarial matters	Exclusive E-mail ID for investor grievances	investor.service@theleela.com Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458

Debenture Trustee for Non-convertible Debentures and Scrip information

Trustee	Scrip Particulars	Scrip Code
Axis Trustee Services Limited, 2nd Floor, Axis Bank Tower, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025. Tel : + 91 22 2425 2525 Fax : + 91 22 4325 2525	BSE Limited	HLVL19DEC08
	Demat ISIN allotted by NSDL / CDSL	INE102A07013
	Face Value	₹ 10,00,000 each

Transfer of unpaid / unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 14.18 lakhs, lying in the unpaid / unclaimed dividend accounts for the financial year 2008-09, to the Investor Education and Protection Fund (IEPF) pursuant to section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (Awareness & Protection of Investors) Rules, 2014.

Pursuant to the provisions of IEPF Rules, 2012, (Uploading of information regarding unpaid and unclaimed amounts lying with companies) the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company, on the website of the Ministry of Corporate Affairs.

Unclaimed / unexchanged Equity Shares in the Company

Some of the shareholders of the Company have not exchanged their old share certificates for the shares of the face value of ₹ 10 each with the new share certificates for the sub-divided shares of the face value of ₹ 2 each and their new share certificates are lying with the Company since September, 2006.

The Company had transferred 25,98,970 unclaimed equity shares lying with the Company to "Unclaimed Share Suspense Account" in May, 2015.

Particulars	No. of Shareholders	No. of shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the period	4,299	25,64,950
Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the period	16	17,000
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the period	4,283	25,47,950

The voting rights on the shares in the suspense accounts shall remain frozen till the rightful owners of such shares claim the shares.

Dispatch of documents in electronic form (GREEN INITIATIVE)

In terms of Section 20 of the Companies Act, 2013 and Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company can send documents like notice, annual report, etc., in electronic form to its shareholders. Accordingly, the said documents are sent by e-mail to those members who have registered their e-mail address(es) with their DP / the Company.

Members, who have not registered their e-mail addresses, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to write to the Company / Registrar for registration of e-mail address.

Investor Information Kit

The Company has uploaded on its web-site an updated "Investor Information Kit" for the general information and guidance to the investors of the Company.

11. Certificate of Compliance with Corporate Governance

A certificate from a practising Company Secretary regarding compliance by the Company with the Corporate Governance forms part of this Annual Report.

12. Status of Compliance with Non-Mandatory Requirements

12.1 Chairman and Managing Director:

The Board is headed by an Executive Chairman. The Company has not appointed separate persons to the posts of the Chairman and the Managing Director/CEO.

12.2 Shareholders' Rights

The quarterly, half-yearly and annual financial results of the Company are published in English and Marathi newspapers having wide circulation and are uploaded on the Company's web-site. Separate half-yearly financial performance report are, however, not sent to each household of shareholders.

12.3 Audit Qualifications

During the period under review, even though there is no audit qualification, there are audit observations. The explanation for the same has been provided in Note No.29.1 and 29.2 of the Standalone Financial Statements and also in the Directors' Report.

12.4 Reporting of Internal Auditor

The Internal auditors of the Company report to Audit Committee. Executive Summary of the reports of the Internal Auditors is presented to the Audit Committee. The internal auditors are invited to attend the Audit Committee meetings for interaction with the Audit Committee members and to respond to the queries of the Audit Committee.

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, 25th May, 2017

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

The Board of Directors
Hotel Leelaventure Limited
Mumbai

I hereby confirm that all the directors and senior management personnel of the Company have affirmed compliance with the provisions of the Code of Conduct for the financial year ended 31st March, 2017.

Vivek Nair
Chairman & Managing Director

Mumbai, 25th May, 2017

The Board of Directors
Hotel Leelaventure Limited
Mumbai

CEO and CFO CERTIFICATION

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Krishna Deshika
Chief Financial Officer

Vivek Nair
Chairman & Managing Director

Mumbai, 25th May, 2017

To
The Members
Hotel Leelaventure Limited
Mumbai

CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Hotel Leelaventure Limited ('the Company'), for the financial year ended 31st March, 2017 as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulation').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For V. Sundaram & Co.
Company Secretaries

V. Sundaram
Membership No. 2023
C. P. No. 3373

Mumbai, 25th May, 2017

INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

To the Members of Hotel Leelaventure Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Hotel Leelaventure Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the 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 stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that shall 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 provisions of the Act for safeguarding of the assets of the Company and preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 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 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 requirement 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. 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 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 31st March 2017 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

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

- i. Note 29.1(c) relating to non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting ₹ 73,327 lakhs for the year (Previous Year ₹ 72,704 lakhs), cumulatively amounting to ₹ 2,24,272 lakhs. (Previous Year ₹ 1,50,945 lakhs.)
- ii. Note 29.2(a) relating to enhancement in rentals and unilateral termination of lease agreement of the Mumbai Hotel by Airports Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting ₹ 1,657 lakhs (Previous year ₹ 1,615 lakhs) and cumulatively amounting ₹ 3,898 lakhs (Previous Year ₹ 2,241 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.
- iii. Note 29.2(b) relating to non-provision of disputed amounts to AAI amounting to ₹ 28,538 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.
- iv. If interest and other costs as notified by the Asset Reconstruction Companies and disputed payments of AAI referred above were provided for in the books, the loss for the year would have been higher by ₹ 1,03,522 lakhs (Previous Year ₹ 74,319 lakhs), liabilities and negative net worth would have been higher by another ₹ 2,56,708 lakhs (Previous Year ₹ 1,53,186 lakhs). Further, losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq.meters of land at Mumbai
- v. The above issues raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package and favourable judgement / settlement relating to AAI disputes, as explained by them in the notes, it has prepared the financial statements on a going concern basis.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 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) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (f) On the basis of the written representations received from the directors as on March 31st, 2017, taken on record by the Board of Directors. None of the directors is disqualified as on March 31st, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal finance controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “ Annexure B” and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 29.2 to the standalone financial statements;
 - ii. The Company has made provisions as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. We have been informed that the Company did not have any pending derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of accounts maintained by the Company. Refer Note 17 to the standalone financial statements.

For **PICARDO & CO.**

Chartered Accountants

Registration No: 107917W

K.V. Gopalakrishnayya

Partner

Membership No. 21748

Mumbai, 25th May, 2017

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, 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.
- (c) Except disputes relating to the title deeds /renewal of lease agreement as detailed hereunder, 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 disclosed in Note 9 to the standalone financial statements are held in the name of the Company.

Particulars	Number of cases	Gross value as on 31st March 2017 (₹ in Lakhs)	Written down value as on 31st March 2017 (₹ in Lakhs)	Remarks
Land-Freehold	Five	1,269.01	1,269.01	Title deeds are under dispute.
Building constructed on leasehold Land	One	30,036.65	23,204.63	Lease agreement not renewed since 11th January, 2016 (refer note 29.2 (a) to the Standalone Financial Statements).

- ii. As explained to us, inventories were physically verified during the year by the Management at reasonable intervals. In our opinion the frequency of such verification is reasonable. We have been informed that discrepancies noticed on such verification between the physical stock and book records are not material and have been properly dealt in the books of account.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted secured/unsecured loans to Companies, firms, Limited Liability Partnerships, or parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- iv. Attention is drawn to Note 29.10 to the standalone financial statements relating to overdue receivables from two private limited Companies amounting 185.61 lakhs in which directors are interested. Other than these two receivables, the Company has not granted any loans or provided any guarantees or security to the parties covered in Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments.
- v. The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed thereunder.
- 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.
- 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, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except certain delays in depositing value added tax, luxury tax and service tax in one of the units.
- (b) 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, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, details of disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited with the appropriate authorities as on 31st March 2017 on account of any dispute are given below:

Name of the statute	Nature of Dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act, 2003	VAT with interest and penalty	133.92	FY 2005-06 to 2009-10	Matter remanded to joint Commissioner of Commercial Taxes (Appeals) Bangalore by High Court of Karnataka.
Finance Act, 1994	Service Tax and Interest	9.72	FY 2010-11 to 2014-15	Commissioner of Service Tax and Excise (Appeals), Jaipur
Rajasthan VAT Act, 2006	VAT with interest	82.24	2011-12 to 2014-15	Rajasthan Tax Board, Ajmer
Goa Tax on Luxuries Act	Luxury Act	5.65	2005-06	Additional Commissioner of Commercial Taxes (Appeals), Margao
Goa Tax on Luxuries Act	Luxury Act	33.93	2007-08	Matter remanded back to the Assessing Officer by Additional Commissioner of Commercial Taxes (Appeals) Margao for fresh assessment.
Finance Act, 1994	Service Tax, interest and penalty	2490.56	2006-07 to 2011-12	CESTAT, Bangalore
Maharashtra VAT 2002	VAT with interest and penalty	826.35	2007-08, 2009-10 to 2012-13	Jt. Commissioner of Appeals-VAT Mumbai

ANNEXURE - A TO THE AUDITORS' REPORT

Name of the statute	Nature of Dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Kerala Agriculture Income Tax	Agriculture Income Tax and interest	17.30	2004-05 to 2008-09	Tribunal, Kerala Agricultural and Commercial Tax
Kerala Tax on Luxury 1976	Luxury Tax, interest and penalty	81.12	2010-11, 2011-12	Deputy Commissioner of (Appeals), Thiruvananthapuram

*Net of amounts paid under protest.

- viii. (a) According to the explanations and information given to us, the Company has defaulted in repayment of dues to a debenture holder / banks / financial institutions during the year under review, the period and amount of defaults are as under.

Name of the Lender	Amount of default as at the balance sheet date (₹ In lakhs)	Period of Default
LIC- Debentures	2725.35	Principal and interest due since September 2016.
Bank of Baroda, London	1553.20	Principal due since May 2016 and interest since February 2014
State Bank of India, Paris	3228.47	Principal due since June 2016 and Interest since December 2016.
HDFC Limited	521.90	Interest for the month of February and March 2017.

- (b) As per the information furnished to us, the Company has not taken any loan from the Government.
- (c) With reference to the debts assigned to Asset Restructuring Companies (ARC) refer note 29.1 to the standalone financial statements relating to debt restructuring, wherein it is stated that the Company is pursuing with ARCs for certain concessions in interest and repayment terms. Total amount outstanding to ARCs including finance cost not recognised in the accounts as at 31st March 2017 is ₹ 5,23,140 lakhs.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. Based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on 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 debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. 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 **PICARDO & CO.**
Chartered Accountants
Registration No: 107917W

K.V. Gopalakrishnayya
Partner
Membership No. 21748

Mumbai, 25th May, 2017

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 Hotel Leelaventure Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

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 guarding 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 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 rating 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 judgement, 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 of the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control and financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31st March, 2017, 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 **PICARDO & CO.**
Chartered Accountants
Registration No: 107917W

K.V. Gopalakrishnayya
Partner
Membership No. 21748
Mumbai, 25th May, 2017

BALANCE SHEET AS AT 31 MARCH, 2017

₹ lakhs			
Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	9,332.17	9,332.17
(b) Reserves and surplus	3	4,202.59	14,453.48
		<u>13,534.76</u>	<u>23,785.65</u>
Non-current liabilities			
(a) Long term borrowings	4	3,95,406.81	4,25,757.96
(b) Other long term liabilities	5	2,147.63	2,095.48
(c) Long term provisions	6	1,858.11	1,691.47
		<u>3,99,412.55</u>	<u>4,29,544.91</u>
Current liabilities			
(a) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	29.5	26.03	2.70
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,244.59	6,673.39
(b) Other current liabilities	7	51,899.71	35,274.40
(c) Short term provisions	8	755.31	1,004.11
		<u>60,925.64</u>	<u>42,954.60</u>
TOTAL		<u><u>4,73,872.95</u></u>	<u><u>4,96,285.16</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	4,05,858.57	4,16,365.55
(ii) Intangible assets	10	372.94	871.99
(iii) Capital work-in-progress		3,861.02	3,802.49
(iv) Intangible assets under development		-	14.47
(v) Fixed assets held for sale	29.14	21,889.97	21,889.97
		<u>4,31,982.50</u>	<u>4,42,944.47</u>
(b) Non current investments	11	9,037.47	9,036.85
(c) Foreign currency monetary translation difference	12	571.06	8,955.45
(d) Long term loans and advances	13	12,681.63	15,852.15
(e) Other non current assets	14	300.00	300.00
		<u>4,54,572.66</u>	<u>4,77,088.92</u>
Current Assets			
(a) Inventories	15	3,009.03	4,369.97
(b) Trade receivables	16	7,157.61	6,356.23
(c) Cash and cash equivalents	17	4,731.00	4,472.17
(d) Short term loans and advances	18	4,092.83	3,567.42
(e) Other current assets	19	309.82	430.45
		<u>19,300.29</u>	<u>19,196.24</u>
TOTAL		<u><u>4,73,872.95</u></u>	<u><u>4,96,285.16</u></u>
Notes forming part of the financial statements	1 to 29		

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya

Partner

Membership No. 21748

Anandghan Bohra

Company Secretary

Vivek Nair

Dinesh Nair

Krishna Deshika

Chairman and Managing Director

Co-Chairman and Managing Director

Chief Financial Officer

Mumbai, 25th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

₹ lakhs

Particulars	Note No.	Year ended 31 March, 2017	Year ended 31 March, 2016
INCOME			
CONTINUING OPERATIONS			
(a) Revenue from operations	20	69,994.38	66,090.82
(b) Other income	21	1,384.46	942.77
Total income		71,378.84	67,033.59
Expenses			
(a) Cost of materials consumed	22	6,163.62	6,146.09
(b) Employee benefit expenses	23	19,758.05	19,221.28
(c) Finance costs [refer note 29.1 (c)]	24	9,044.19	8,790.03
(d) Depreciation and amortisation	25	20,231.98	23,987.70
(e) Other expenses	26	26,431.89	25,410.20
Total expenses		81,629.73	83,555.30
Profit / (loss) before exceptional items and tax		(10,250.89)	(16,521.71)
Exceptional items	27	-	21,338.94
Profit / (loss) after exceptional items		(10,250.89)	(37,860.65)
Tax expense:			
Deferred tax credit reversed		-	(688.46)
Profit / (loss) from continuing operations		(10,250.89)	(37,172.19)
DISCONTINUING OPERATIONS	28		
Profit from discontinuing operations (before tax)		-	1,153.49
Gain on disposal of assets attributable to the discontinuing operations		-	18,002.68
Total		-	19,156.17
Less: Income tax		-	-
Profit / (loss) from discontinuing operations		-	19,156.17
TOTAL OPERATIONS :			
Profit / (loss) for the year		(10,250.89)	(18,016.02)
Earnings per share (of ₹ 2 each):			
Basic and diluted		(2.20)	(3.86)
Notes forming part of the financial statements	1 to 29		

In terms of our report attached

For PICARDO & CO
Chartered Accountants
Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya
Partner
Membership No. 21748

Anandghan Bohra
Company Secretary

Vivek Nair
Dinesh Nair
Krishna Deshika

Chairman and Managing Director
Co-Chairman and Managing Director
Chief Financial Officer

Mumbai, 25th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

₹ lakhs

Particulars		2016-17		2015-16	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit / (loss) before tax from continuing operations		(10,250.89)		(37,860.65)
	Net Profit before tax from discontinuing operations		-		19156.17
	Adjustments for :				
	Depreciation & amortisation	20,231.98		23,987.69	
	Provision for impairment/write off of fixed assets & investments	-		21,338.94	
	Interest charged	9,044.19		8,790.03	
	Loss / (profit) on sale of fixed assets	(40.71)		13.05	
	Loss / (profit) on sale of business- discontinuing operations	-		(18,002.68)	
	Provision for trade & other receivables	41.36		48.55	
	Interest income	(310.45)		(162.49)	
			28,966.37		36,013.11
	Operating profit before working capital changes		18,715.48		17,308.61
	Changes in :				
	Trade and other receivables	(654.24)		(1,716.14)	
	Inventories	1,360.93		890.40	
	Trade and other payables	371.95		148.54	
	Variance in net current assets of discontinuing undertaking	-		1,199.04	
			1,078.64		521.84
	Cash generated from operations		19,794.12		17,830.45
	Direct Taxes		(280.49)		(429.63)
	Net Cash Flow from Operating Activities		19,513.63		17,400.82
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Proceeds from sale of fixed assets including advance receipts		2,296.92		1,943.99
	Proceeds from sale of business undertaking (net of expenses)		-		70,561.73
	Purchase of fixed assets		(1,122.50)		(2,919.59)
	(Purchase) / Proceeds from sale of investments		(0.62)		(36.60)
	Interest received		317.91		165.59
	Net cash flow from investing activities		1,491.71		69,715.12
C	CASH FLOW FROM FINANCIAL ACTIVITIES				
	Increase / (repayment) in long term loans		(12,138.85)		(76,881.91)
	Increase / (decrease) in cash credit		-		(144.87)
	Dividend paid (including transfer to investor education & protection fund)		(14.23)		(19.40)
	Interest paid		(8,593.43)		(8,121.17)
	Net cash flow from financing activities		(20,746.51)		(85,167.35)
	NET CHANGES IN CASH AND CASH EQUIVALENTS		258.83		1,948.59
	CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		4,472.17		2,523.58
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,731.00		4,472.17

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya

Partner

Membership No. 21748

Anandghan Bohra

Company Secretary

Vivek Nair

Dinesh Nair

Krishna Deshika

Chairman and Managing Director

Co-Chairman and Managing Director

Chief Financial Officer

Mumbai, 25th May, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies

a) Convention

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 2013

b) Use of estimates

The preparation of financial statements require the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

c) Fixed assets

Fixed assets are stated at cost (or valuation as applicable) less depreciation. Cost includes expenses incidental to the installation of the assets and attributable borrowing costs. Cost also includes exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, in so far as they relate to acquisition of a depreciable capital asset.

Revalued fixed assets are stated based on the revaluation and all other fixed assets are stated at cost. Additions on account of valuation are credited to Revaluation Reserve.

d) Depreciation and amortisation

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013.

Based on technical evaluation, the useful life of continuous process plant other than windmill has been estimated as 15 years (on a single shift basis), which is different from that prescribed in Schedule II of the Act.

Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than ₹ 5,000 each are fully depreciated.

Premium and other capitalised cost relating to leasehold land is amortised over the period of lease.

Buildings constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease would be renewed in the normal course.

Depreciation on Computer Software is provided over a period of six years. License fee and Franchise fee are amortised over five years.

e) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost. However provision for diminution is made to recognise a decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually.

f) Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable value.

g) Employee benefit

i) Post-employment benefit plans

Contribution to defined contributory retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise amortized on straight-line basis over the average period until the benefits become eligible for being vested.

ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

h) Recognition of income and expenditure

Revenue/incomes and Costs/expenditures are accounted on accrual.

i) Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

j) Taxation

(i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year.

(ii) Deferred tax is recognized on timing difference being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

(iii) Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal income tax during the specified period.

k) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date, to assess any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceed its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

l) Foreign currency transaction

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

In line with the option given by the Ministry of Corporate Affairs vide Notification No G.S.R.225 (E) dated 31st March 2009, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and will be depreciated over the balance life of the asset, and in other cases are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the balance period of such long-term asset/liability but not beyond 31st March 2020, by recognising income or expense in each of the periods except the exchange differences which are regarded as adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs.

All other monetary assets and liabilities in foreign currency as at balance sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as income or expense in the year in which they arise.

m) Assets taken on lease

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the profit and loss account.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

n) Accounting for provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined as best estimates required to settle the obligation at the balance sheet date. Contingent Liability is disclosed in case of

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
- A present obligation when no reliable estimate is possible; and
- A possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are not recognized in the financial statements.

o) Government Grants

Revenue Grants are recognized in the profit and loss account in accordance with the related scheme and in the period in which these are accrued.

Note 2 Share Capital

₹ lakhs				
Particulars	As at 31 March, 2017		As at 31 March, 2016	
	No of Shares	Amount	No of Shares	Amount
(a) Authorised				
Equity shares of ₹ 2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) Issued				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
(c) Subscribed and fully paid-up				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
Total	466,608,307	9,332.17	466,608,307	9,332.17
	No of Shares		No of Shares	
(d) Reconciliation of number of equity shares				
Equity Shares at the beginning of the year	466,608,307		466,608,307	
Equity shares at the end of the year	466,608,307		466,608,307	
	No of Shares	% of Shares held	No of Shares	% of Shares held
(e) Details of shareholders holding more than 5% shares				
(i) Leela Lace Holdings Private Limited	188,649,985	40.43	188,649,985	40.43
(ii) Leela Lace Software Solutions Private Limited	53,642,359	11.50	55,192,359	11.83
(iii) ITC Limited	49,953,055	10.71	49,953,055	10.71
(iv) Rockfort Estate Developers Private Limited	49,507,175	10.61	47,957,175	10.28

Note 3 Reserves and surplus

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Capital redemption reserve		
As per last balance sheet	8,750.00	8,750.00
(b) Securities premium account		
As per last balance sheet	41,115.40	41,115.40
(c) Debenture redemption reserve		
As per last balance sheet	6,750.00	7,200.00
Less: transferred to statement of profit and loss	-	450.00
Closing balance	6,750.00	6,750.00
(d) Revaluation reserve		
As per last balance sheet	41,281.96	68,272.36
Less: withdrawal on account of sale/discard/ depreciation	2,897.96	26,990.40
Closing balance	38,384.00	41,281.96
(e) General reserve		
As per last balance sheet	6,445.39	6,445.39
(f) Surplus / (deficit) in statement of profit and loss		
As per last balance sheet	(89,889.27)	(99,313.65)
Add: transferred from revaluation reserve	2,897.96	26,990.40
Add: transferred from debenture redemption reserve	-	450.00
Add: profit/(loss) for the year	(10,250.89)	(18,016.02)
Closing balance	(97,242.20)	(89,889.27)
Total	4,202.59	14,453.48

Note 4 Long term borrowings

₹ lakhs				
Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Non-Current	Current Maturities	Non-Current	Current Maturities
Secured				
(a) Debentures	2,250.00	4,500.00	4,500.00	2,250.00
(b) Rupee term loan from banks	-	-	-	152.98
(c) Foreign currency loan from banks	11,606.11	7,796.21	16,217.68	3,777.55
(d) Rupee term loan from financial institutions	-	131.77	131.79	845.47
(e) Foreign currency term loan from financial institutions	80,756.51	10,378.06	93,230.83	-
(f) Rupee term loan from ARCs	298,867.94	-	309,751.41	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	₹ lakhs			
	As at 31 March, 2017		As at 31 March, 2016	
	Non-Current	Current Maturities	Non-Current	Current Maturities
(g) Rupee term loan from others	-	-	-	108.87
Sub total	393,480.56	22,806.04	423,831.71	7,134.87
Less : Amount disclosed under other current liabilities (refer note 7)	-	22,806.04	-	7,134.87
Total secured long term borrowings	393,480.56	-	423,831.71	-
Unsecured				
Rupee term loan from a related party	1,926.25	-	1,926.25	-
Net long term borrowings	395,406.81	-	425,757.96	-

Details of Borrowings

Name of the Bank/ Financial Institution	₹ lakhs			
	Amount Outstanding as at 31.03.2017	Amount Outstanding as at 31.03.2016	Details of Security	Repayment Terms
Secured				
12.5% Non Convertible Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	6,750.00	6,750.00	Refer Note A (a) to (g)	Annual installment of ₹ 2250 lakhs from 30th Sep 2016
Rupee Term Loan from banks				
Vehicle Loan :				
HDFC Bank Limited	-	76.28	Refer Note A (m)	
ICICI Bank Limited	-	76.70	Refer Note A (m)	
Total	-	152.98		
Foreign currency loan from banks				
Bank of Baroda	4,651.54	4,905.16	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India	14,750.78	15,090.07	Refer Note A (j) & (e)	20 equal quarterly instalments from June 2016
Total	19,402.32	19,995.23		

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2017	Amount Outstanding as at 31.03.2016	Details of Security	Repayment Terms
Rupee term loan from financial institutions				
HDFC Limited	-	214.29	Refer Note A (j)	
HDFC Limited	131.77	762.97	Refer Note A (j), (k) & (e)	51 EMI from April, 2013
Total	131.77	977.26		
Foreign Currency Loans from Financial Institutions				
HDFC Limited	18,088.83	18,504.90	Refer Note A (j)	Refer Note B (a)
HDFC Limited	62,268.37	63,700.66	Refer Note (j), (k), (l) & (e)	6 equal half yearly instalments from Feb 2018
HDFC Limited	10,777.37	11,025.27	Refer Note A (j) & (l)	Repayable in June 2019
Total	91,134.57	93,230.83		
Rupee term loan assigned to ARC's				
JM Financial Asset Reconstruction Co. Limited	295,963.28	306,736.87	Refer Note A (a) to (i)	Refer Note 29.1 (a) to (c)
Phoenix ARC Pvt. Limited	2,904.66	3,014.54	Refer Note A (a) to (g)	Refer Note 29.1 (a) to (c)
Total	298,867.94	309,751.41		
Rupee term loan from others				
BMW Financial Services (I) Limited	-	108.87	Refer Note A (m)	
Total	-	108.87		
Total of secured loans	416,286.60	430,966.58		
Unsecured				
Leela Lace Holdings Pvt. Limited	1,926.25	1,926.25		Refer note B (b)
Grand Total	418,212.85	432,892.83		
Installments overdue as on 31st March, 2017 is ₹ 5799.28 lakhs. (Previous year ₹ 141.61 lakhs).				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note A : The Loans are secured by :

- First ranking *pari passu* charge on all of the fixed assets (both movable and immovable) of hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills.
- Second ranking *pari passu* charge on the current assets of hotel properties at Mumbai, Udaipur, New Delhi and Chennai.
- Revenue from hotel properties at Mumbai, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development at Bangalore.
- Pledge of Promoters' shareholding, in the Company, subject to minimum of 51% of their holding.
- Personal guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- Corporate guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the non-core assets.
- To the extent of 'existing term debt provided by Bank of Baroda and Syndicate Bank under CDR documents and assigned to JM Financial Asset Reconstruction Co. Pvt Ltd, the security is second ranking *pari passu* charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the windmills, and as referred in clause (b) to (g) above.
- To the extent of working capital facility assigned by Bank of Baroda, Oriental Bank of Commerce, State Bank of India and Vijaya Bank, the security is first ranking *pari passu* charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and second ranking *pari passu* charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the windmills, and as referred in clause (c) to (g) above.
- First *pari passu* charge on the immovable properties of the Leela Palace, Bangalore.
- Revenues from the Bangalore Hotel.
- Receivables from Pune Joint Development.
- Hypothecation of vehicles.

Note B :

- The loan will be converted to Rupee Term Loan on 1st August, 2018 and repayable in 5 annual instalments thereafter.
- The loan is repayable after the repayment of all the secured loans.

Note 5 Other long term liabilities

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade / security deposits received	2,031.63	1,947.07
Deferred payables	116.00	148.41
Total	2,147.63	2,095.48

Note 6 Long term provisions

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits (Refer note 29.8)		
(i) Provision for compensated absences	794.91	764.21
(ii) Provision for gratuity (net)	1,063.20	927.26
Total	1,858.11	1,691.47

Note 7 Other current liabilities

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Current maturities of long term debt (Refer note 4)	22,806.04	7,134.87
(b) Interest accrued and due on borrowings	2,229.64	1,783.50
(c) Interest accrued but not due on borrowings	233.95	229.32
(d) Unpaid dividends	13.69	27.92
(e) Advance received for sale of property	17,524.05	15,580.60
(f) Other payables		
(i) Statutory liabilities	1,882.55	1,121.56
(ii) Payables on purchase of fixed assets	2,690.36	2,923.62
(iii) Liability for expenses	2,318.78	3,902.51
(iv) Advance from customers	1,516.28	1,963.60
(v) Overdrawn bank balance	684.37	606.90
Total	51,899.71	35,274.40

Note 8 Short term provisions

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits (Refer note 29.8)		
(i) Provision for bonus	460.28	422.21
(ii) Provision for compensated absences	295.03	195.16
(iii) Provision for gratuity (net)	-	386.74
Total	755.31	1,004.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 9 Tangible assets

	Tangible assets	Gross block						Accumulated depreciation and impairment						Net block		
		Balance as at 1 April 2016	Additions	Disposals/ discards	Effect of foreign currency exchange differences	Other adjustments	Sale of Business undertaking	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation expense for the year	Eliminated on disposal of assets	Impairment of assets	Other adjustments	Sale of Business undertaking	Balance as at 31 March 2017	Balance as at 31 March 2016
A	(a) Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Freehold	1,41,943.42	-	-	-	-	-	1,41,943.42	-	-	-	-	-	-	1,41,943.42	1,41,943.42
	Leasehold	31,676.58	-	-	-	-	-	31,676.58	5,290.66	730.14	-	-	-	-	25,655.78	26,385.92
	(b) Buildings	2,27,782.04	2,938.25	16.33	(284.50)	-	-	2,30,419.46	40,305.77	3,316.83	6.14	-	118.58	-	43,735.04	1,87,476.27
	(c) Plant and equipment	88,605.54	404.13	362.72	(2.37)	(1,570.70)	-	87,073.88	42,794.42	5,459.05	228.67	-	(1,475.30)	-	46,549.50	45,811.12
	(d) Furniture and fixtures	36,332.60	13.00	73.78	(47.51)	5.24	-	36,229.55	23,051.22	3,357.38	48.82	-	(137.16)	-	26,222.62	13,281.38
	(e) Vehicles	4,267.10	210.72	454.35	(4.86)	-	-	4,018.61	2,860.82	701.76	365.87	-	1.59	-	3,198.30	1,406.28
	(f) Office equipment	1,101.32	63.33	51.08	(0.05)	1,765.99	-	2,879.51	1,040.16	154.62	50.70	-	1,512.09	-	2,656.17	61.16
	Total	5,31,708.60	3,629.43	958.26	(339.29)	200.53	-	5,34,241.01	115,343.05	13,719.78	700.20	-	19.80	-	1,28,382.43	4,05,858.57
	Previous year	6,04,015.53	674.52	480.24	850.85	(231.00)	73,121.06	5,31,708.60	98,091.21	17,112.18	381.95	21,727.72	-	20,706.11	1,15,343.05	4,16,365.55

- Land (Leasehold) includes development expenses, stamp duty & other direct charges.
- Amount received towards a property under joint development from a co-investor is credited to Land Account.
- Building includes cost of 25 (Previous year 25) shares of ₹ 50 each in a Co-operative housing society.
- Figures have been regrouped wherever necessary.

Note 10 Intangible assets

B	Intangible assets	Gross block						Accumulated depreciation and impairment						Net block	
		Balance as at 1 April 2016	Additions	Disposals/discards	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017	Balance as at 1 April 2016	Amortisation expense for the year	Eliminated on disposal of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017
	(a) Computer software	1,666.33	44.91	-	-	(204.65)	-	1,506.59	1,077.11	196.66	-	(15.77)	-	248.59	589.22
	(b) License fees/franchise fee	765.84	-	-	-	4.12	-	769.96	567.95	125.68	-	(29.85)	-	106.18	197.89
	(c) Website	157.75	21.10	157.75	-	-	-	21.10	72.87	7.31	103.07	25.82	-	18.17	84.88
	Total	2,589.92	66.01	157.75	-	(200.53)	-	2,297.65	1,717.93	329.65	103.07	(19.80)	-	372.94	871.99
	Previous year	2,604.18	36.28	2.19	-	-	48.35	2,589.92	1,279.42	341.36	1.34	111.22	-	871.99	1,324.76

Figures have been regrouped wherever necessary.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 11 Non-current investments

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Investments (at cost):		
A. Trade, Unquoted		
(a) Investment in equity of subsidiary Leela Palaces and Resorts Limited 27,28,124 (Previous year 27,28,124) fully paid up equity shares of ₹ 10 each	10,254.00	10,254.00
Less: Provision for diminution in value of investment	1,254.00	1,254.00
	<u>9,000.00</u>	<u>9,000.00</u>
(b) Investment in equity: others, Unquoted		
(i) 12000 (Previous year 9000) equity shares of ₹ 10 each of Green Infra Wind Power Generation Limited	1.20	0.90
(ii) 35000 (Previous year 35000) equity shares of ₹ 100 each of Sree Rangaraja Ispat Industries Pvt. Ltd.	35.00	35.00
(iii) 1268 (Previous year 700) equity shares of ₹ 100 each of Opulant Ventures Pvt. Ltd.	1.27	0.70
	<u>37.47</u>	<u>36.60</u>
(c) Investment in government securities	-	0.25
Total	<u><u>9,037.47</u></u>	<u><u>9,036.85</u></u>

Note 12 Foreign currency monetary translation difference account

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening balance	8,955.45	10,807.51
Additions during the year	-	5,607.92
Reduction during the year	2,201.84	-
Less: amortised during the year	6,182.55	7,459.98
Closing balance	<u><u>571.06</u></u>	<u><u>8,955.45</u></u>

Reduction during the year ₹ 2201.84 lakhs (Previous Year addition ₹ 5607.92 lakhs) is on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets.

Note 13 Long term loans and advances (unsecured, considered good unless otherwise stated)

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Advance for fixed Assets	55.43	2,905.67
(b) Security deposits	9,909.43	10,221.71
(c) Others	2,716.77	2,724.77
Total	<u><u>12,681.63</u></u>	<u><u>15,852.15</u></u>

Note 14 Other non current assets

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Receivable on sale of fixed assets	300.00	300.00
Total	<u><u>300.00</u></u>	<u><u>300.00</u></u>

Note 15 Inventories (at lower of cost and net realisable value)

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Raw materials	1,186.37	1,114.12
(b) Stores and operating supplies	1,822.66	3,255.85
Total	<u><u>3,009.03</u></u>	<u><u>4,369.97</u></u>

Note 16 Trade receivables

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,055.05	2,181.70
Considered doubtful	399.68	466.37
	<u>2,454.73</u>	<u>2,648.07</u>
Less: Provision for doubtful trade receivables	<u>399.68</u>	<u>466.37</u>
Sub total	2,055.05	2,181.70
Other trade receivables (unsecured)		
Considered good	5,102.56	4,174.53
Considered doubtful	-	8.42
	<u>5,102.56</u>	<u>4,182.95</u>
Less: Provision for doubtful trade receivables	-	8.42
Sub total	<u>5,102.56</u>	<u>4,174.53</u>
Total	<u><u>7,157.61</u></u>	<u><u>6,356.23</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 17 Cash and cash equivalents

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Cash on hand**	45.73	68.14
(b) Cheques on hand	7.09	118.83
(c) Balances with banks		
(i) In current accounts	1,536.09	2,332.91
(ii) In deposit accounts *	2,545.85	1,432.97
(iii) In earmarked accounts		
- Unpaid dividend accounts	13.69	27.92
- Balances held as margin money or security against borrowings, guarantees and other commitments*	582.55	491.40
Total	4,731.00	4,472.17

* Includes ₹ 64.61 lakhs (previous year ₹ 11.72 lakhs) with maturity of more than 12 months

**Specified Bank Notes (SBN) held and transferred during the period 08.11.2016 to 30.12.2016 is provided in the table below:-

₹ lakhs			
Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	67.55	12.09	79.64
(+) Permitted receipts	-	327.07	327.07
(-) Permitted payments	-	149.38	149.38
(-) Amount deposited in Banks	67.55	133.17	200.72
Closing cash in hand as on 30.12.2016	-	56.61	56.61

Note 18 Short term loans and advances (unsecured, considered good)

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Trade advances		
Considered good	329.49	276.59
Considered doubtful	45.81	45.81
	375.30	322.40
Less: Provision for doubtful trade advances	45.81	45.81
	329.49	276.59
(b) Loans and advances to employees	42.28	42.35
(c) Prepaid expenses	1,446.43	1,310.20
(d) Balances with government authorities		
(i) VAT credit	29.64	29.66
(ii) Service tax credit	292.56	187.57
(iii) Advance income tax (net of provisions)	1,581.07	1,300.58
(iv) Others	360.85	327.19
(e) Other advances	10.51	93.28
Total	4,092.83	3,567.42

Note 19 Other current assets

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Unbilled revenue	298.85	404.44
(b) Interest accrued on deposits	9.50	16.96
(c) Insurance claims	1.47	9.05
Total	309.82	430.45

Note 20 Revenue from operations

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Sale of products (Refer Note (i) below)	25,316.75	24,248.41
Sale of services (Refer Note (ii) below)	44,677.63	41,842.41
Total	69,994.38	66,090.82
Note (i) Sale of products comprises;		
Food and beverages	25,316.75	24,248.41
Total	25,316.75	24,248.41
Note (ii) Sale of services comprises;		
Room revenue	35,439.66	33,468.07
Revenue from managed hotels	2,910.93	1,885.57
Income from rental & related services	861.97	1,206.52
Other services	5,465.07	5,282.25
Total	44,677.63	41,842.41

Note 21 Other income

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income (Refer note below)	310.45	162.49
Net gain on foreign currency transactions and translation (other than considered as finance cost)	99.84	42.92
Subsidy	9.65	94.98
Liabilities / provisions no longer required written back	604.42	442.87
Profit on fixed assets sold	40.71	-
Miscellaneous income	319.39	199.51
Total	1,384.46	942.77
Note: Interest income comprises:		
from bank deposits	34.56	26.50
others	275.89	135.99
Total	310.45	162.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 22 Cost of materials consumed

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Opening stock	1,114.12	1,301.98
Add: Purchases	6,235.87	5,958.23
	<u>7,349.99</u>	<u>7,260.21</u>
Less: Closing stock	1,186.37	1,114.12
Cost of materials consumed	<u><u>6,163.62</u></u>	<u><u>6,146.09</u></u>

Note 23 Employee benefit expenses

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and wages	17,226.94	16,383.57
Contributions to provident and other funds	1,104.68	1,322.11
Staff welfare expenses	1,426.43	1,515.60
Total	<u><u>19,758.05</u></u>	<u><u>19,221.28</u></u>

Note 24 Finance costs

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Interest expense on:		
(i) Term loans [Refer note 29.1 (c)]	8,650.80	8,614.76
(ii) Working capital borrowings	-	14.59
(iii) Interest others	353.37	6.73
(b) Other borrowing costs	40.02	153.95
Total	<u><u>9,044.19</u></u>	<u><u>8,790.03</u></u>

Note 25 Depreciation and Amortisation

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2017
Depreciation on tangible assets (Refer note 9)	13,719.78	16,187.55
Amortisation of intangible assets (Refer note 10)	329.65	340.17
Amortisation of foreign exchange translation difference (Refer note 12)	6,182.55	7,459.98
Total	<u><u>20,231.98</u></u>	<u><u>23,987.70</u></u>

Note 26 Other expenses

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and supplies including linen	3,592.32	2,608.22
Power and fuel	4,637.24	5,111.28
Rent	3,589.65	3,648.42
Repairs and maintenance - buildings	688.14	718.91
Repairs and maintenance - machinery	1,545.11	1,178.40
Repairs and maintenance - others	1,814.18	1,865.18
Insurance	220.39	236.28
Rates and taxes	2,269.46	1,986.53
Communication	284.44	283.99
Travelling and conveyance	848.69	837.48
Guest transport	689.35	645.85
Printing and stationary	263.76	267.71
Royalty and reservation fee	454.15	449.12
Sales commission	1,668.07	1,499.91
Business promotion	2,499.83	2,423.44
Donations and contributions	0.56	0.35
Legal and professional	969.05	942.31
Auditors' remuneration (Refer note below)	36.11	36.00
Directors' remuneration	-	150.69
Directors' sitting fees	19.33	23.42
Provision/write-off of trade and other receivables	46.68	202.13
Loss on fixed assets sold / scrapped / written off	-	13.05
Prior period items (net)	149.88	128.03
Miscellaneous expenses	145.50	153.50
Total	<u><u>26,431.89</u></u>	<u><u>25,410.20</u></u>
(i) Auditors' remuneration comprises (net of service tax)		
Statutory audit	30.00	30.00
Tax audit	5.00	5.00
Reimbursement of expenses	1.11	1.00
Total	<u><u>36.11</u></u>	<u><u>36.00</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 27 Exceptional items

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Provision for impairment of Chennai hotel	-	21,338.94
Total	-	21,338.94

Note 28 Discontinuing Operations

Effective from 15th December 2015, the Company has transferred Goa Hotel Undertaking on a slump sale basis. The results of the discontinued business until discontinuation were as under;

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Sale of products	-	1,872.19
Sale of services	-	4,625.22
Other operating revenue	-	377.85
Other income	-	59.93
Total revenue	-	6,935.19
Cost of materials consumed	-	458.08
Employee benefits expense	-	1,954.82
Finance costs	-	5.92
Depreciation and amortisation expense	-	925.82
Other expenses	-	2,437.06
Total expenses	-	5,781.70
Profit before tax from ordinary activities	-	1,153.49
Add on disposal of assets / settlement of liabilities attributable to the discontinuing operation	-	18,002.68
Profit after tax of discontinuing operations	-	19,156.17

Note 29 Additional information to the Financial Statements

29.1 Debt Restructuring

- The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June 2014 declared that the account of the Company stands exited from CDR system on account of failure. Pursuant thereto, on 30th June 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR debt assigned their debt to JM Financial Asset Reconstruction Company Limited (JMFARC) (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.
- The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was ₹ 415014 lakhs, which included Sacrifice amount of ₹ 26315 lakhs. The Company has not accounted the

Sacrifice amount, as it reflects the difference in the NPV between the cash flows as per the contracted terms and the cash flows agreed by the lenders as per the CDR Package, for the duration of the loan.

- The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and that the debt amount is ₹ 523140 lakhs (previous year ₹ 460696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of ₹ 73327 lakhs (previous year ₹ 72704 lakhs). The total finance cost not provided upto 31st March, 2017 is ₹ 224272 lakhs (previous year ₹ 150945 lakhs).
- The Company has been evaluating various options for reduction of debt, including sale / monetisation of non-core assets, sale of hotels and getting an equity partner for infusion of equity and refinancing of debt.
- The net worth of the Company, after excluding revaluation reserves is negative to the extent of ₹ 25793 lakhs as on 31st March 2017. Even though the net worth is negative, the same could again become positive, when the financial restructuring materialises.

29.2 Disputes with Airports Authority of India (AAI)

- The lease agreement with AAI relating to the Mumbai hotel was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel and for the adjacent land, effective from 1st October 2014 which increases the rental by ₹ 3898 lakhs for the period upto 31st March 2017 (upto 31st March 2016 ₹ 2241 lakhs). The Company has objected to this increase and has not provided for the same. AAI during the current year has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate on the assumption that the lease will be renewed.
- The Company invoked arbitration with respect to the Agreement for 11,000 sq. mts of land in Mumbai on the ground that the Supplementary Agreement setting out the minimum Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI challenged the Award before the single judge of Delhi High Court, which set aside the award. On appeal by the company, the Division Bench also reaffirmed the setting aside of the award. The Company has filed a Special Leave Petition before the Supreme Court and the matter is yet to come up for hearing. The amount in dispute according to AAI is ₹ 28,538 lakhs and no provision has been made because the dispute is pending. Further, the Company has vide its letter dated 6th April 2017 requested AAI to take immediate physical possession of the land, pending restoration of FSI. No provision has been made for the FSI, as the cost is not ascertainable.
- The Company is confident of favourable judgement / settlement.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

29.3 For reasons explained in note 29.1 and 29.2, the financial statements of the Company have been prepared on a going concern basis.

₹ lakhs			
29.4	Particulars	2016-17	2015-16
	Contingent liabilities and commitments (to the extent not provided for)		
(a)	Claims against the Company not acknowledged as debts	21,783.14	19,751.05
(b)	Disputed statutory liabilities	6,330.43	5,790.21
(c)	Other contingent liabilities	130.99	130.99
(d)	Estimated amount of contracts remaining to be executed on capital account and not provided for	29.16	29.40
(e)	As per the Business Transfer Agreement under which the Goa Hotel Undertaking has been sold, the Company is liable to indemnify the buyer, in case of certain contingent liabilities. However, the liability, if any, cannot be quantified at this stage.	-	-

29.5 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties had been identified on the basis of information available with the Company in this regard.

₹ lakhs			
Particulars	2016-17	2015-16	
(i)	Principal amount remaining unpaid to any supplier as at the end of the year	26.03	2.70
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the year	0.47	0.15
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.15	Nil
(iv)	The amount of interest due and payable for the year	0.47	0.15
(v)	The amount of interest accrued and remaining unpaid at the end of the year	0.47	0.15
(vi)	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

29.6 Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

₹ lakhs			
Name of the party	Relationship	As at 31 March 2017	As at 31 March 2016
Investments in Shares of the Company		No of Shares	No of Shares
Leela Lace Holdings Pvt. Ltd.	Associate	18,86,49,985	18,86,49,985
Leela Lace Software Solutions Pvt. Ltd.	Associate	5,36,42,359	5,51,92,359
Leela Fashions Pvt. Ltd.	Associate	42,50,000	42,50,000
Rockfort Estate Developers Pvt. Ltd.	Associate	4,95,07,175	4,79,57,175

29.7 Imports, Consumption, Foreign Exchange expenditure and earnings

₹ lakhs		
Particulars	2016-17	2015-16
(i) Value of imports calculated on CIF basis:		
Raw materials	20.86	126.21
Stores and supplies including linen	780.06	813.27
Capital goods	117.82	131.79
Total	<u>918.74</u>	<u>1,071.27</u>

₹ lakhs				
(ii) Details of consumption of imported and indigenous items	2016-17		2015-16	
	₹ lakhs	% of Consumption	₹ lakhs	% of Consumption
Raw materials				
Imported	20.86	0%	99.74	2%
Indigenous	6,142.76	100%	6,504.43	98%
Total	<u>6,163.62</u>	<u>100%</u>	<u>6,604.17</u>	<u>100%</u>
(Includes ₹ Nil (Previous year ₹ 458.08 lakhs) relating to Goa Hotel discontinuing operations.				
Stores and supplies including linen				
Imported	680.28	19%	824.15	28%
Indigenous	2,912.04	81%	2,141.44	72%
Total	<u>3,592.32</u>	<u>100%</u>	<u>2,965.59</u>	<u>100%</u>
(Includes ₹ Nil (Previous year ₹ 357.37 lakhs) relating to Goa Hotel discontinuing operations.				

₹ lakhs		
Particulars	2016-17	2015-16
(iii) Expenditure in foreign currency:		
Advertisement & publicity	865.03	1,422.76
Professional and consultation fees	288.67	455.96
Interest	683.01	1,035.42
Others	653.18	707.20
Total	<u>2,489.89</u>	<u>3,621.34</u>
(iv) Earnings in foreign exchange:		
Sale of products & services	30,221.02	36,521.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

29.8 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 555.76 lakhs (previous year ₹ 547.61 lakhs) for Provident Fund contributions in the statement of profit & loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

(i) Gratuity

The Company has a tie-up under Employees' Trust Deed Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, and has partly funded the defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees on retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 10 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company. Eligibility occurs upon completion of five years of service.

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

The following table sets out the funded status of the gratuity plan and the amount recognised in the Company's financial statements

	₹ lakhs	
Particulars	2016-17	2015-16
Components of employer expense		
Current service cost	165.82	186.73
Interest cost	140.68	149.41
Expected return on plan assets	(35.99)	(17.55)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	596.89
Actuarial losses/(gains)	173.40	(256.48)
Total expense recognised in the Statement of Profit and Loss	443.91	659.01
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	2,298.43	1,951.57
Fair value of plan assets	(1,235.22)	(637.57)
Funded status [surplus / (deficit)]	(1,063.20)	(1,314.00)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(1,063.20)	(1,314.00)

	₹ lakhs	
Particulars	2016-17	2015-16
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	1,951.57	1,797.41
Current service cost	165.82	186.73
Interest cost	140.68	149.41
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	-	(398.23)
Actuarial (gains) / losses	206.06	(255.00)
Past service cost	-	596.89
Benefits paid	(165.70)	(125.64)
Present value of DBO at the end of the year	2,298.43	1,951.58
Change in fair value of assets during the year		
Plan assets at beginning of the year	286.57	262.20
Acquisition adjustment (distributed on divestiture)	-	(56.56)
Expected return on plan assets	35.99	17.55
Actual company contributions	1,045.70	187.55
Actuarial gain / (loss)	32.66	1.48
Benefits paid	(165.70)	(125.64)
Plan assets at the end of the year	1,235.23	286.57
Actual return on plan assets	68.65	19.02
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	7.35%	7.90%
Expected return on plan assets	7.50%	8.00%
Salary escalation	7.00%	7.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs

Experience adjustments	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Gratuity					
Present value of DBO	2,298.43	1,951.57	1,797.40	1,480.55	1,546.75
Fair value of plan assets	1,235.23	637.57	262.20	372.40	439.74
Funded status [surplus / (deficit)]	(1,063.20)	(1,314.00)	(1,535.20)	(1,108.15)	1,107.01
Experience gain / (loss) adjustments on plan liabilities	120.72	(180.55)	(51.90)	(133.02)	(7.98)
Experience gain / (loss) adjustments on plan assets	32.66	1.48	1.42	(4.75)	23.93

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

(ii) Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹ 1089.93 lakhs (Previous year ₹ 959.37 lakhs), of which long term liability is ₹ 794.91 lakhs (Previous year ₹ 742.25 lakhs) and short term liability is ₹ 295.03 lakhs (Previous year ₹ 195.16 lakhs).

29.9 Segment information

The Company's main business is hoteliering and there is no other reportable segment as defined under Accounting Standard 17 - "Segment Reporting" (AS-17). Hence disclosure of segment wise information is not applicable.

29.10 Related party transactions

(i) Details of related parties:

Description of relationship	Name of related parties
Subsidiary	Leela Palaces and Resorts Ltd.
Associates	Leela Lace Software Solutions Pvt. Ltd. Leela Lace Holdings Pvt. Ltd. Leela Fashions Pvt. Ltd. Rockfort Estate Developers Pvt. Ltd. Season Apparels Pvt. Ltd. Leela Innovation Centre Pvt. Ltd. Elegant Eateries Pvt. Ltd. Leela Housing Pvt. Ltd Leela Lace Estate Pvt. Ltd. Emmel Realtors and Developers Pvt. Ltd. Leela Villas Pvt. Ltd. Leela Constates Pvt. Ltd. Leela Capital and Finance Ltd.

Description of relationship	Name of related parties
	Leela Realcon Pvt. Ltd. Leela IT Projects Pvt. Ltd. Leela Lace Builders Pvt. Ltd. Vibgyor Leasing Pvt. Ltd. Zillion Hotels & Resorts Pvt. Ltd. Leela Techno Parks Pvt. Ltd. Francisco Hospitality Pvt. Ltd. Leela Realty Ltd. L.M Realtors Pvt. Ltd. LMV Associates Ltd. Leela Hospitality Pvt. Ltd. Leela Palace Chennai Pvt. Ltd.
Key Management Personnel (KMP) :	Mr. Vivek Nair Mr. Dinesh Nair Mr. Krishna Deshika
Relatives of KMP	Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Samyukta Nair (daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (daughter of Mr. Vivek Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

(ii) Transactions carried out with Related Parties

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<u>Sale of room, food and other services</u>				
Leela Lace Software Solutions Pvt. Ltd.		-		
		(0.10)		
Leela Hospitality Pvt. Ltd.		7.61		
		(1.63)		
Mr. Vivek Nair			-	
			(86.84)	
Mr. Dinesh Nair			-	
			(9.76)	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<u>Expenses towards goods & services</u>				
Leela Hospitality Pvt. Ltd.		6.02		
		(-)		
<u>Income from rental & related services</u>				
Leela Lace Holdings Pvt. Ltd.		44.18		
		(319.69)		
Leela Fashions Pvt. Ltd.		121.82		
		(40.63)		
Leela Hospitality Pvt. Ltd.		34.11		
		(42.61)		
<u>Lease rent</u>				
Leela Lace Holdings Pvt. Ltd.		1,078.65		
		(1,194.47)		
Leela Lace Software Solutions Pvt. Ltd		-		
		(30.31)		
Leela Fashions Pvt. Ltd.		0.25		
		(0.25)		
<u>Investments</u>				
Leela Palaces & Resorts Ltd.	9,000.00			
	(9,000.00)			
<u>Remuneration paid</u>				
Mr. Vivek Nair (upto 30th April, 2015)			-	
			(16.72)	
Mr. Dinesh Nair (upto 30th April, 2015)			-	
			(16.72)	
Mr. Krishna Deshika (upto 16th January, 2016 as Director Finance & Chief Finance Officer and with effect from 25th February, 2016 as Chief Financial Officer)			168.00	
			(134.29)	
Ms. Aishwarya Nair (upto 30th April, 2015)				-
				(3.98)
Ms. Samyukta Nair (upto 30th April, 2015)				-
				(3.98)
<u>Sitting fees</u>				
Mrs. Madhu Nair				1.20
				(0.60)
<u>Debit balance outstanding</u>				
Leela Hospitality Pvt. Ltd.		86.65		
		(104.64)		
Leela Fashions Pvt. Ltd.		98.96		
		(67.08)		
<u>Credit balance outstanding</u>				
Leela Lace Software Solutions Pvt. Ltd.		193.70		
		(197.86)		
Leela Lace Holdings Pvt. Ltd.		1,918.63		
		(1,453.12)		
<u>Unsecured loans received</u>				
Leela Lace Holdings Pvt. Ltd.		1,926.25		
		(1,926.25)		
<u>Deposits given</u>				
Leela Lace Holdings Pvt. Ltd.		7,074.59		
		(7,273.51)		
Rockfort Estate Developers Pvt. Ltd.		776.46		
		(776.46)		

*Figures in brackets relate to previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

29.11 The Company has not given loans to any directors or to entities in which directors are interested, but there are dues towards transactions, from Leela Hospitality Pvt. Ltd. and Leela Fashions Pvt. Ltd. as detailed in Note 29.10(ii). However, these companies have informed that they will clear the dues when Leela Lace Holdings Pvt. Ltd. and Leela Lace Software Solutions Pvt. Ltd. get payment from the Company towards their dues. The Company has not made payment to these two companies, in view of the restrictions from the lenders.

		₹ lakhs	
29.12	Particulars	2016-17	2015-16
	<u>Details of leasing arrangements</u>		
(i)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	762.79	812.80
	later than one year and not later than five years	2,473.74	1,593.33
	later than five years	1,103.86	708.46
(ii)	The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:		
	not later than one year	1,303.78	935.69
	later than one year and not later than five years	4,810.89	3,196.70
	later than five years	20,844.29	19,162.58

		₹ lakhs	
29.13	Particulars	2016-17	2015-16
	<u>Earnings per share</u>		
	<u>Basic & Diluted</u>		
	Net profit / (loss) for the year	(10,250.89)	(18,016.02)
	Weighted average number of equity shares	46,66,08,307	46,66,08,307
	Par value per share (₹)	2.00	2.00
	Earnings per share (₹)	(2.20)	(3.86)

Note : Since there are no extraordinary items, the Basic and Diluted value of earnings per share excluding/including extraordinary items is the same.

29.14 (a) Cost of IT Park at Chennai and the Land at Hyderabad for which the Company has entered into an agreement to sell are considered as assets held for sale.

(b) As a security for the advance paid by a party pursuant to an agreement to sell the IT park at Chennai, a deed of simple mortgage of the said property is executed in their favour.

29.15 Previous year figures have been regrouped or re-arranged wherever necessary.

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

K.V. Gopalakrishnayya

Partner

Membership No. 21748

Anandghan Bohra

Company Secretary

Mumbai, 25th May, 2017

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Krishna Deshika

Chief Financial Officer

TO THE MEMBERS OF HOTEL LEELAVENTURE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hotel Leelaventure Limited (hereinafter referred to as "the Holding Company"), and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that shall give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

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

- i. Note 29.1 (c) relating to non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting ₹ 73,327 Lakhs for the year (Previous Year ₹ 72,704 lakhs), cumulatively amounting to ₹ 2,24,272 lakhs. (Previous Year ₹ 1,50,945 lakhs.)
- ii. Note 29.2 (a) relating to enhancement in rentals and unilateral termination of lease agreement of the Mumbai Hotel by Airports Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting ₹ 1,657 lakhs (Previous year ₹ 1,615 lakhs) and cumulatively amounting ₹ 3,898 lakhs (Previous Year ₹ 2,241 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.
- iii. Note 29.2 (b) relating to non-provision of disputed amounts to AAI amounting to ₹ 28,538 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.
- iv. If interest and other costs as notified by the Asset Reconstruction Companies and disputed payments of AAI referred above were provided for in the books, the loss for the year would have been higher by ₹ 1,03,522 lakhs (Previous Year ₹ 74,319 lakhs), liabilities and negative net worth would have been higher by another ₹ 2,56,708 lakhs (Previous Year ₹ 1,53,186 lakhs). Further, losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq. meters of land at Mumbai

- v. The above issues raises question on whether the Group can be considered as a “Going Concern”. However, as the Group is hopeful of a viable restructuring package and favourable judgement / settlement relating to AAI disputes, as explained by them in the notes, it has prepared the financial statements on a going concern basis.

Other Matters

Financial statement of a subsidiary, audited by us, which has not commenced commercial operations, reflects a net worth of ₹ 5,728 lakhs as on 31st March 2017.

Report on Other Legal and Regulatory Requirements

1. 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 Group 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 books of account;
- (d) In our opinion, the aforesaid consolidated 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) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31st, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the adequacy of the internal finance controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure A” and
- (h) 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 Group has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 29.2 to the Consolidated financial statements.
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. We have been informed that the Company did not have any pending derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
 - iv. The Group had provided requisite disclosures in financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of accounts maintained by the Group. Refer Note 17 to the Consolidated financial statements.

For **Picardo & Co**,
Chartered Accountants,
Registration No: 107917W

K. V. Gopalakrishnayya
Partner
Membership no: 21748
Mumbai, 25th May, 2017

ANNEXURE - A 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 Hotel Leelaventure Limited ("the Holding Company") and its subsidiary company as of 31 March 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company are 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 Group 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 2017, based on the internal control over financial reporting criteria established by the Company considering 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 Picardo & Co,
Chartered Accountants,
Registration No: 107917W

K. V. Gopalakrishnayya
Partner
Membership no: 21748
Mumbai, 25th May, 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2017

		₹ lakhs	
Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	9,332.17	9,332.17
(b) Reserves and surplus	3	4,184.95	14,435.54
		<u>13,517.12</u>	<u>23,767.71</u>
Non-current liabilities			
(a) Long term borrowings	4	395,406.81	425,757.96
(b) Other long term liabilities	5	2,147.63	2,095.48
(c) Long term provisions	6	1,858.11	1,691.47
		<u>399,412.55</u>	<u>429,544.901</u>
Current liabilities			
(a) Short term borrowings		8.60	8.60
(b) Trade payables			
Total outstanding dues of micro enterprises and small enterprises		26.03	2.70
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,244.60	6,673.39
(c) Other current liabilities	7	51,899.88	35,274.56
(d) Short term provisions	8	755.31	1,004.11
		<u>60,934.42</u>	<u>42,963.36</u>
TOTAL		<u><u>473,864.09</u></u>	<u><u>496,275.98</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	411,508.09	422,015.07
(ii) Intangible assets	10	372.94	871.99
(iii) Capital work-in-progress		3,902.67	3,844.13
(iv) Goodwill	29.12	3,254.14	3,254.14
(v) Intangible assets under development		-	14.47
(vi) Fixed assets held for sale	29.11	21,889.97	21,889.97
		<u>440,927.81</u>	<u>451,889.77</u>
(b) Non current investments	11	37.47	36.85
(c) Foreign currency monetary translation difference	12	571.06	8,955.45
(d) Long term loans and advances	13	12,681.63	15,852.15
(e) Other non - current assets	14	300.00	300.00
		<u>454,517.97</u>	<u>477,034.22</u>
Current Assets			
(a) Inventories	15	3,009.03	4,369.97
(b) Trade receivables	16	7,157.61	6,356.23
(c) Cash and cash equivalents	17	4,775.97	4,517.43
(d) Short term loans and advances	18	4,092.82	3,567.43
(e) Other current assets	19	310.69	430.70
		<u>19,346.12</u>	<u>19,241.76</u>
TOTAL		<u><u>473,864.09</u></u>	<u><u>496,275.98</u></u>
Notes forming part of the financial statements	1 to 29		

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya

Partner

Membership No. 21748

Anandghan Bohra

Company Secretary

Vivek Nair

Dinesh Nair

Krishna Deshika

Chairman and Managing Director

Co-Chairman and Managing Director

Chief Financial Officer

Mumbai, 25th May, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

₹ lakhs

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
INCOME			
CONTINUING OPERATIONS			
(a) Revenue from operations	20	69,994.38	66,090.82
(b) Other income	21	1,385.15	943.05
Total income		71,379.53	67,033.87
Expenses			
(a) Cost of materials consumed	22	6,163.62	6,146.09
(b) Employee benefit expenses	23	19,758.05	19,221.28
(c) Finance costs [refer note 29.1 (c)]	24	9,044.20	8,790.18
(d) Depreciation and amortisation	25	20,231.98	23,987.70
(e) Other expenses	26	26,432.19	25,410.55
Total Expenses		81,630.04	83,555.80
Profit / (loss) before exceptional items and tax		(10,250.51)	(16,521.93)
Exceptional items	27	-	21,338.94
Profit / (loss) after exceptional items		(10,250.51)	(37,860.86)
Tax Expense:			
(a) Tax expenses		0.08	-
(b) Deferred tax credit reversed		-	(688.46)
		0.08	(688.46)
Profit / (loss) from continuing operations		(10,250.59)	(37,172.41)
DISCONTINUING OPERATIONS	28		
Profit from discontinuing operations (before tax)		-	1,153.49
Gain on disposal of assets attributable to the discontinuing operations		-	18,002.68
Total		-	19,156.17
Less: income tax		-	-
Profit / (loss) from discontinuing operations		-	19,156.17
TOTAL OPERATIONS			
Profit / (loss) for the year		(10,250.59)	(18,016.24)
Earnings per share (of ₹ 2 each):			
Basic and diluted		(2.20)	(3.86)
Notes forming part of the financial statements	1 to 29		

In terms of our report attached

For PICARDO & CO
Chartered Accountants
Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya
Partner
Membership No. 21748

Anandghan Bohra
Company Secretary

Vivek Nair
Dinesh Nair
Krishna Deshika

Chairman and Managing Director
Co-Chairman and Managing Director
Chief Financial Officer

Mumbai, 25th May, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

₹ lakhs

Particulars		2016-17	2015-16
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) before tax from continuing operations	(10,250.51)	(37,860.87)
	Net Profit before tax from discontinuing operations	-	19156.17
	Adjustments for :		
	Depreciation & amortisation	20,231.98	23,987.69
	Provision for impairment/write off of fixed assets & investments	-	21,338.94
	Interest charged	9,044.20	8,790.18
	Loss / (profit) on sale of fixed assets	(40.71)	13.05
	Loss / (profit) on sale of business- discontinuing operations	-	(18,002.68)
	Loss / (profit) on sale of investments	-	-
	Provision for trade & other receivables	41.36	48.55
	Interest income	(311.14)	(162.77)
		28,965.69	36,012.96
	Operating Profit before working capital changes	18,715.18	17,308.26
	Changes in :		
	Trade and other receivables	(654.24)	(1,716.14)
	Inventories	1,360.93	890.40
	Trade and other payables	371.95	148.54
	Variance in net current assets of discontinuing undertaking	-	1,199.06
		1,078.64	521.86
	Cash generated from operations	19,793.82	17,830.12
	Direct Taxes	(280.48)	(429.60)
	Net cash flow from operating activities	19,513.34	17,400.52
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Proceeds from sale of fixed assets including advance receipts	2,296.92	1,943.99
	Proceeds from sale of business undertaking (net of expenses)	-	70,561.73
	Purchase of fixed assets	(1,122.52)	(2,919.59)
	(Purchase)/Proceeds from sale of investments	(0.62)	(36.60)
	Interest received	317.93	165.56
	Net cash flow from investing activities	1,491.71	69,715.09
C	CASH FLOW FROM FINANCIAL ACTIVITIES		
	Increase / (repayment) in long term loans	(12,138.85)	(76,881.91)
	Increase / (decrease) in cash credit	-	(144.87)
	Advance to a subsidiary	-	8.60
	Dividend paid (including transfer to investor education & protection fund)	(14.23)	(19.40)
	Interest paid	(8,593.43)	(8,121.33)
	Net cash flow from financing activities	(20,746.51)	(85,158.91)
	NET CHANGES IN CASH AND CASH EQUIVALENTS	258.54	1,956.70
	CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	4,517.43	2,560.73
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,775.97	4,517.43

In terms of our report attached

For PICARDO & CO
Chartered Accountants
Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya
Partner
Membership No. 21748

Anandghan Bohra
Company Secretary

Vivek Nair
Dinesh Nair
Krishna Deshika

Chairman and Managing Director
Co-Chairman and Managing Director
Chief Financial Officer

Mumbai, 25th May, 2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies

a) Convention

The consolidated financial statements comprise the individual financial statements of Hotel Leelaventure Limited (Company) and its subsidiary as on 31st March, 2017 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis :

The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in unrealized profit or losses as per Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

- b) The financial statement of the subsidiary in the consolidation are drawn up to the same reporting data as the company i.e 31st March, 2017
- c) The financial statements of the following subsidiary has been consolidated.

Name of the Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Leela Palaces and Resorts Limited	99.99%	99.99%

d) Minority interest

The minority interest as on 31st March 2017 is not material (Previous year not material) and is not disclosed separately.

e) Use of Estimates

The preparation of financial statements require the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

f) Fixed Assets

Fixed assets are stated at cost (or valuation as applicable) less depreciation. Cost includes expenses incidental to the installation of the assets and attributable borrowing costs. Cost also includes exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, in so far as they relate to acquisition of a depreciable capital asset.

Revalued fixed assets are stated based on the revaluation and all other fixed assets are stated at cost. Additions on account of valuation are credited to Revaluation Reserve.

g) Depreciation and Amortisation

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013.

Based on technical evaluation, the useful life of continuous process plant other than windmill has been estimated as 15 years (on a single shift basis), which is different from that prescribed in Schedule II of the Act.

Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than ₹ 5,000 each are fully depreciated.

Premium and other capitalised cost relating to leasehold land is amortised over the period of lease.

Buildings constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease would be renewed in the normal course.

Depreciation on computer software is provided over a period of six years. License fee and franchise fee are amortised over five years.

h) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost. However provision for diminution is made to recognise a decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually.

i) Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable value.

j) Employee benefit

i) Post-employment benefit plans

Contribution to defined contributory retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise amortized on straight-line basis over the average period until the benefits become eligible for being vested.

ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

k) Recognition of Income and Expenditure

Revenue/incomes and costs/expenditures are accounted on accrual.

l) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

m) Taxation

(i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year.

(ii) Deferred tax is recognized on timing difference being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

(iii) Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal income tax during the specified period.

n) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date, to assess any indication of impairment. If any such indication exists, the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceed its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

o) Foreign Currency Transaction

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

In line with the option given by the Ministry of Corporate Affairs vide Notification No G.S.R.225 (E) dated 31st March 2009, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and will be depreciated over the balance life of the asset, and in other cases are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the balance period of such long-term asset/liability but not beyond 31st March 2020, by recognising income or expense in each of the periods except the exchange differences which are regarded as adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs.

All other monetary assets and liabilities in foreign currency as at balance sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as income or expense in the year in which they arise.

p) Assets taken on lease

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the profit and loss account.

q) Accounting for Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined as best estimates required to settle the obligation at the balance sheet date.

Contingent Liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
- a present obligation when no reliable estimate is possible; and
- a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are not recognized in the financial statements.

r) Government Grants

Revenue Grants are recognized in the profit and loss account in accordance with the related scheme and in the period in which these are accrued.

Note 2 Share Capital

₹ lakhs

Particulars		As at 31 March 2017		As at 31 March 2016	
		No of Shares	Amount	No of Shares	Amount
(a)	Authorised				
	Equity shares of ₹ 2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
	Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b)	Issued				
	Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
(c)	Subscribed and fully paid up				
	Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
	Total	466,608,307	9,332.17	466,608,307	9,332.17
		No of Shares		No of Shares	
(d)	Reconciliation of number of equity shares				
	Equity Shares at the beginning of the year	466,608,307		466,608,307	
	Equity shares at the end of the year	466,608,307		466,608,307	
		No of Shares	% of Shares held	No of Shares	% of Shares held
(e)	Details of shareholders holding more than 5% shares				
	(i) Leela Lace Holdings Private Limited	188,649,985	40.43	188,649,985	40.43
	(ii) Leela Lace Software Solutions Private Limited	53,642,359	11.50	55,192,359	11.83
	(iii) ITC Limited	49,953,055	10.71	49,953,055	10.71
	(iv) Rockfort Estate Developers Private Limited	49,507,175	10.61	47,957,175	10.28

Note 3 Reserves and surplus

₹ lakhs

Particulars		As at 31 March 2017	As at 31 March 2016
(a)	Capital redemption reserve		
	As per last balance sheet	8,750.00	8,750.00
(b)	Securities premium account		
	As per last balance sheet	41,115.40	41,115.40
(c)	Debenture redemption reserve		
	As per last balance sheet	6,750.00	7,200.00
	Less: transferred to statement of profit and loss	-	450.00
	Closing balance	6,750.00	6,750.00
(d)	Revaluation reserve		
	As per last balance sheet	41,281.96	68,272.36
	Less: withdrawal on account of sale/discard/ depreciation	2,897.96	26,990.40
	Closing balance	38,384.00	41,281.96
(e)	General reserve		
	As per last balance sheet	6,445.39	6,445.39
(f)	Surplus / (deficit) in statement of profit and loss		
	As per last balance sheet	(89,907.21)	(99,331.37)
	Add: transferred from revaluation reserve	2,897.96	26,990.40
	Add: transferred from debenture redemption reserve	-	450.00
	Add: profit/(loss) for the year	(10,250.59)	(18,016.24)
	Closing balance	(97,259.84)	(89,907.21)
	Total	4,184.95	14,435.54

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 4 Long term borrowings

₹ lakhs

Particulars	As at 31 March 2017		As at 31 March 2016	
	Non-Current	Current Maturities	Non-Current	Current Maturities
Secured				
(a) Debentures	2,250.00	4,500.00	4,500.00	2,250.00
(b) Rupee term loan from banks	-	-	-	152.98
(c) Foreign currency loan from banks	11,606.11	7,796.21	16,217.68	3,777.55
(d) Rupee term loan from financial institutions	-	131.77	131.79	845.47
(e) Foreign currency term loan from financial institutions	80,756.51	10,378.06	93,230.83	-
(f) Rupee term loan assigned to ARC's	298,867.94	-	309,751.41	-
(g) Rupee term loan from others	-	-	-	108.87
Sub total	393,480.56	22,806.04	423,831.71	7,134.87
Less : Amount disclosed under other current liabilities (refer note 7)	-	22,806.04	-	7,134.87
Total secured long term borrowings	393,480.56	-	423,831.71	-
Unsecured				
Rupee term loan from a related party	1,926.25	-	1,926.25	-
Net long term borrowings	395,406.81	-	425,757.96	-

Details of Borrowings

₹ lakhs

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2017	Amount Outstanding as at 31.03.2016	Details of Security	Repayment Terms
Secured				
12.5% Non Convertible Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	6,750.00	6,750.00	Refer Note A (a) to (g)	Annual installement of ₹ 2250 lakhs from 30th Sep 2016
Rupee Term Loan from banks				
Vehicle Loan :				
HDFC Bank Limited	-	76.28	Refer Note A (m)	
ICICI Bank Limited	-	76.70	Refer Note A (m)	
Total	-	152.98		

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2017	Amount Outstanding as at 31.03.2016	Details of Security	Repayment Terms
Foreign currency loan from banks				
Bank of Baroda	4,651.54	4,905.16	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India	14,750.78	15,090.07	Refer Note A (j) & (e)	20 equal quarterly instalments from June 2016
Total	19,402.32	19,995.23		
Rupee term loan from financial institutions				
HDFC Limited	-	214.29	Refer Note A (j)	
HDFC Limited	131.77	762.97	Refer Note A (j), (k) & (e)	51 EMI from April, 2013
Total	131.77	977.26		
Foreign Currency Loans from Financial Institutions				
HDFC Limited	18,088.83	18,504.90	Refer Note A (j)	Refer Note B(a)
HDFC Limited	62,268.37	63,700.66	Refer Note A (j), (k) (l) & (e)	6 equal half yearly instalments from Feb 2018 onwards
HDFC Limited	10,777.37	11,025.27	Refer Note A (j) & (l)	Repayable in June 2019
Total	91,134.57	93,230.83		
Rupee term loan assigned to ARC's				
JM Financial Asset Reconstruction Co. Limited	295,963.28	306,736.87	Refer Note A (a) to (i)	Refer Note 29.1 (a) to (c)
Phoenix ARC Pvt. Limited	2,904.66	3,014.54	Refer Note A (a) to (g)	Refer Note 29.1 (a) to (c)
Total	298,867.94	309,751.41		
Rupee term loan from others				
BMW Financial Services (I) Ltd	-	108.87	Refer Note A(m)	
Total	-	108.87		
Total of secured loans	416,286.60	430,966.58		
Unsecured				
Leela Lace Holdings Pvt. Ltd.	1,926.25	1,926.25		Refer note B (b)
Grand Total	418,212.85	432,892.83		

Instalments overdue as on 31st March 2017 is ₹ 5,799.28 lakhs. (Previous year ₹ 141.61 lakhs)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note A : The Loans are secured by :

- First ranking pari passu charge on all of the fixed assets (both movable and immovable) of hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the Windmills.
- Second ranking pari passu charge on the current assets of hotel properties at Mumbai, Udaipur, New Delhi and Chennai.
- Revenue from hotel properties at Mumbai, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development at Bangalore.
- Pledge of Promoters' shareholding, in the Company, subject to minimum of 51% of their holding.
- Personal guarantee of Promoters - Mr. Vivek Nair and Mr. Dinesh Nair.
- Corporate guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the non-core assets.
- To the extent of 'existing term debt provided by Bank of Baroda and Syndicate Bank under CDR documents and assigned to JM Financial Asset Reconstruction Co. Pvt. Ltd., the security is second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the windmills, and as referred in clause (b) to (g) above.
- To the extent of working capital facility assigned by Bank of Baroda, Oriental Bank of Commerce, State Bank of India and Vijaya Bank, the security is first ranking pari passu charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Udaipur, New Delhi and Chennai and the windmills, and as referred in clause (c) to (g) above.
- First pari passu charge on the immovable properties of the Leela Palace, Bangalore.
- Revenues from the Bangalore Hotel.
- Receivables from Pune Joint Development.
- Hypothecation of vehicles.

Note B :

- The loan will be converted to Rupee Term Loan on 1st August, 2018 and repayable in 5 annual instalments thereafter.
- The loan is repayable after the repayment of all the secured loans.

Note 5 Other long term liabilities

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Trade / security deposits received	2,031.63	1,947.07
Deferred payables	116.00	148.41
Total	2,147.63	2,095.48

Note 6 Long term provisions

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Provision for employee benefits (Refer note 29.5)		
(i) Provision for compensated absences	794.91	764.21
(ii) Provision for gratuity (net)	1,063.20	927.26
Total	1,858.11	1,691.47

Note 7 Other current liabilities

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Current maturities of long term debt (Refer note 4)	22,806.04	7,134.87
(b) Interest accrued and due on borrowings	2,229.64	1,783.50
(c) Interest accrued but not due on borrowings	233.95	229.32
(d) Unpaid dividends	13.69	27.92
(e) Advance received for sale of property	17,524.05	15,580.60
(f) Other payables		
(i) Statutory liabilities	1,882.55	1,121.56
(ii) Payables on purchase of fixed assets	2,690.36	2,923.62
(iii) Liability for expenses	2,318.95	3,902.67
(iv) Advance from customers	1,516.28	1,963.60
(v) Overdrawn bank balance	684.37	606.90
Total	51,899.88	35,274.576

Note 8 Short term provisions

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for employee benefits (Refer note 29.5)		
(i) Provision for bonus	460.28	422.21
(ii) Provision for compensated absences	295.03	195.16
(iii) Provision for gratuity (net)	-	386.74
Total	755.31	1,004.11

Note 9 Tangible assets

A. Tangible assets	Gross block						Accumulated depreciation and impairment						Net block		
	Balance as at 1 April 2016	Additions	Disposals/ discards	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation expense for the year	Eliminated on disposal / discards of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017	Balance as at 31 March 2016
(a) Land															
Freehold	1,47,592.94	-	-	-	-	-	1,47,592.94	-	-	-	-	-	-	1,47,592.94	1,47,592.94
Leasehold *	31,676.58	-	-	-	-	-	31,676.58	5,290.66	730.14	-	-	-	-	25,655.78	26,385.92
(b) Buildings	2,27,782.04	2,938.26	16.33	(284.50)	-	-	2,30,416.47	40,305.77	3,316.83	6.14	-	118.58	-	1,86,684.43	1,87,476.27
(c) Plant and equipment	88,605.54	404.13	362.72	(2.37)	(1,570.71)	-	87,073.87	42,794.42	5,459.05	228.67	-	(1,475.30)	-	40,524.37	45,811.12
(d) Furniture and fixtures	36,332.60	13.00	73.79	(47.51)	5.24	-	36,229.54	23,051.22	3,357.38	48.82	-	(137.16)	-	10,006.93	13,281.38
(e) Vehicles	4,267.10	210.72	454.35	(4.86)	-	-	4,018.61	2,860.82	701.76	365.87	-	1.59	-	820.31	1,406.28
(f) Office equipment	1,101.32	63.33	51.08	(0.05)	1,765.99	-	2,879.51	1,040.16	154.62	50.70	-	1,512.09	-	223.34	61.16
Total	5,37,358.12	3,629.44	958.27	(339.29)	200.52	-	5,39,890.52	1,15,343.05	13,719.78	700.20	-	19.80	-	411,508.09	422,015.07
Previous year	6,09,665.05	674.52	480.24	850.85	(231.00)	73,121.06	5,37,358.12	98,091.21	17,112.18	381.95	21,727.72	-	20,706.11	422,015.07	511,734.84

- Land (Leasehold) includes development expenses, stamp duty & other direct charges.
- Amount received towards a property under joint development from a co-investor is credited to Land Account.
- Building includes cost of 25 (Previous year 25) shares of ₹ 50 each in a Co- Operative Housing Society.
- Figures have been regrouped wherever necessary.

Note 10 Intangible assets

B	Intangible assets	Gross block						Accumulated depreciation and impairment						Net block		
		Balance as at 1 April 2016	Additions	Disposals/ discards	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017	Balance as at 1 April 2016	Amortisation expense for the year	Eliminated on disposal /discards of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2017	Balance as at 31 March 2016
	(a) Computer software	1,666.33	44.91	-	-	(204.65)	-	1,506.59	1,077.12	196.66	-	-	(15.78)	-	1,258.00	589.21
	(b) License fees/ franchise fee	765.84	-	-	-	4.12	-	769.96	567.94	125.68	-	-	(29.84)	-	663.78	197.90
	(c) Website	157.75	21.10	157.75	-	-	-	21.10	72.87	7.31	103.07	-	25.82	-	2.93	84.88
	Total	2,589.92	66.01	157.75	-	(200.53)	-	2,297.65	1,717.93	329.65	103.07	-	(19.80)	-	1,924.71	871.99
	Previous year	2,604.18	36.28	2.19	-	-	48.35	2,589.92	1,279.42	341.36	1.34	111.22	-	12.73	1,717.93	1,324.76

Figures have been regrouped wherever necessary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 11 Non-current investments

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Investments (at cost):		
A. Trade, Unquoted		
(a) Investment in equity: others, Unquoted		
(i) 12000 (Previous year 9000) equity shares of ₹ 10 each of Green Infra Wind Power Generation Limited	1.20	0.90
(ii) 35000 (Previous year 35000) equity shares of ₹ 100 each of Sree Rangaraja Ispat Industries Pvt. Ltd.	35.00	35.00
(iii) 1268 (Previous year 700) equity shares of ₹ 100 each of Oplulant Ventures Pvt. Ltd.	1.27	0.70
	37.47	36.60
(b) Investment in government securities	-	0.25
Total	37.47	36.85

Note 12 Foreign currency monetary translation difference account

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Opening balance	8,955.45	10,807.51
Additions during the year	-	5,607.92
Reduction during the year	2,201.84	-
Less : amortised during the year	6,182.55	7,459.98
Closing balance	571.06	8,955.45

Reduction during the year ₹2201.84 lakhs (Previous Year addition ₹ 5607.92 lakhs) is on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets.

Note 13 Long term loans and advances

(Unsecured, considered good unless otherwise stated)

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Advance for fixed Assets	55.43	2,905.67
(b) Security deposits	9,909.43	10,221.71
(c) Others	2,716.77	2,724.77
Total	12,681.63	15,852.15

Note 14 Other non current assets

₹ lakhs		
Particulars	As at 31 March 2017	As at 31 March 2016
Receivable on sale of fixed assets	300.00	300.00
Total	300.00	300.00

Note 15 Inventories (at lower of cost and net realisable value)

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Raw materials	1,186.37	1,114.12
(b) Stores and operating supplies	1,822.66	3,255.85
Total	3,009.03	4,369.97

Note 16 Trade receivables

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,055.05	2,181.70
Considered doubtful	399.68	466.37
	2,454.73	2,648.07
Less: Provision for doubtful trade receivables	399.68	466.37
Sub total	2,055.05	2,181.70
Other trade receivables (unsecured)		
Considered good	5,102.56	4,174.53
Considered doubtful	-	8.42
	5,102.56	4,182.95
Less: Provision for doubtful trade receivables	-	8.42
Sub total	5,102.56	4,174.53
Total	7,157.61	6,356.23

Note 17 Cash and cash equivalents

₹ lakhs		
Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Cash on hand **	46.63	69.04
(b) Cheques on hand	7.09	118.83
(c) Balances with banks		
(i) In current accounts	1,571.66	2,368.77
(ii) In deposit accounts *	2,545.85	1,432.97
(iii) In earmarked accounts		
- Unpaid dividend accounts	13.69	27.92
- Balances held as margin money or security against borrowings, guarantees and other commitments *	591.05	499.50
Total	4,775.97	4,517.43

* Includes ₹ 64.61 lakhs (previous year ₹ 11.72 lakhs) with maturity of more than 12 months

**Specified Bank Notes (SBN) held and transferred during the period 08.11.2016 to 30.12.2016 is provided in the table below:-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

₹ lakhs

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	67.55	12.99	80.54
(+) Permitted receipts	-	327.07	327.07
(-) Permitted payments	-	149.38	149.38
(-) Amount deposited in Banks	67.55	133.17	200.72
Closing cash in hand as on 30.12.2016	-	57.51	57.51

Note 18 Short term loans and advances (unsecured, considered good)

₹ lakhs

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Trade advances		
Considered good	329.49	276.59
Considered doubtful	45.81	45.81
	<u>375.30</u>	<u>322.40</u>
Less: Provision for doubtful trade advances	45.81	45.81
	<u>329.49</u>	<u>276.59</u>
(b) Loans and advances to employees	42.28	42.35
(c) Prepaid expenses	1,446.43	1,310.20
(d) Balances with government authorities		
(i) VAT credit	29.64	29.66
(ii) Service tax credit	292.56	187.57
(iii) Advance income tax (net of provisions)	1,581.06	1,300.61
(iv) Others	360.85	327.18
(e) Other advances	10.51	93.27
Total	<u><u>4,092.82</u></u>	<u><u>3,567.43</u></u>

Note 19 Other current assets

₹ lakhs

Particulars	As at 31 March, 2017	As at 31 March, 2016
(a) Unbilled revenue	298.85	404.44
(b) Interest accrued on deposits	10.37	17.21
(c) Insurance claims	1.47	9.05
Total	<u><u>310.69</u></u>	<u><u>430.70</u></u>

Note 20 Revenue from operations

₹ lakhs

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Sale of products (Refer Note (i) below)	25,316.75	24,248.41
Sale of services (Refer Note (ii) below)	44,677.63	41,842.41
Total	<u><u>69,994.38</u></u>	<u><u>66,090.82</u></u>
Note (i) Sale of products comprises;		
Food and beverages	25,316.75	24,248.41
Total	<u><u>25,316.75</u></u>	<u><u>24,248.41</u></u>
Note (ii) Sale of services comprises;		
Room revenue	35,439.66	33,468.07
Revenue from managed hotels	2,910.93	1,885.57
Income from rental & related services	861.97	1,206.52
Other services	5,465.07	5,282.25
Total	<u><u>44,677.63</u></u>	<u><u>41,842.41</u></u>

Note 21 Other income

₹ lakhs

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Interest income (Refer note below)	311.14	162.77
Net gain on foreign currency transactions and translation (other than considered as finance cost)	99.84	42.92
Subsidy	9.65	94.98
Liabilities/provisions no longer required written back	604.42	442.87
Profit on fixed assets sold	40.71	-
Miscellaneous income	319.39	199.51
Total	<u><u>1,385.15</u></u>	<u><u>943.05</u></u>
Note: Interest income comprises:		
from bank deposits	35.25	26.78
others	275.89	135.99
Total	<u><u>311.14</u></u>	<u><u>162.77</u></u>

Note 22 Cost of materials consumed

₹ lakhs

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Opening stock	1,114.12	1,301.98
Add: Purchases	6,235.87	5,958.23
	<u>7,349.99</u>	<u>7,260.21</u>
Less: Closing stock	1,186.37	1,114.12
Cost of materials consumed	<u><u>6,163.62</u></u>	<u><u>6,146.09</u></u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 23 Employee benefit expenses

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Salaries and wages	17,226.94	16,383.57
Contributions to provident and other funds	1,104.68	1,322.11
Staff welfare expenses	1,426.43	1,515.60
Total	19,758.05	19,221.28

Note 24 Finance costs

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
(a) Interest expense on:		
(i) Term loans [Refer note 29.1 (c)]	8,650.80	8,614.76
(ii) Working capital borrowings	-	14.59
(iii) Interest others	353.37	6.73
(b) Other borrowing costs	40.03	154.10
Total	9,044.20	8,790.18

Note 25 Depreciation and Amortisation

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Depreciation on tangible assets (Refer note 9)	13,719.78	16,187.55
Amortisation of intangible assets (Refer note 10)	329.65	340.17
Amortisation of foreign exchange translation difference (Refer note 12)	6,182.55	7,459.98
Total	20,231.98	23,987.70

Note 26 Other expenses

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Consumption of stores and supplies including linen	3,592.32	2,608.22
Power and fuel	4,637.24	5,111.28
Rent	3,589.65	3,648.42
Repairs and maintenance - buildings	688.14	718.91
Repairs and maintenance - machinery	1,545.11	1,178.40
Repairs and maintenance - others	1,814.18	1,865.18
Insurance	220.39	236.28

₹ lakhs

Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Rates and taxes	2,269.59	1,986.71
Communication	284.44	283.99
Travelling and conveyance	848.69	837.48
Guest transport	689.35	645.85
Printing and stationary	263.76	267.71
Royalty and reservation fee	454.15	449.12
Sales commission	1,668.07	1,499.91
Business promotion	2,499.83	2,423.44
Donations and contributions	0.56	0.35
Legal and professional	969.05	942.31
Auditors' remuneration (Refer note below)	36.28	36.17
Directors' remuneration	-	150.69
Directors' sitting fees	19.33	23.42
Provision/write-off of trade and other receivables	46.68	202.13
Loss on fixed assets sold / scrapped / written off	-	13.05
Prior period items (net)	149.88	128.03
Miscellaneous expenses	145.50	153.50
Total	26,432.19	25,410.55
(i) Auditors' remuneration comprises (net of service tax)		
Statutory audit	30.15	30.15
Tax Audit	5.00	5.00
Reimbursement of expenses	1.13	1.02
Total	36.28	36.17

Note 27 Exceptional items

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Provision for impairment of Chennai hotel	-	21,338.94
Total	-	21,338.94

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 28 Discontinuing Operations

Effective 15th December 2015, the Company has transferred Goa Hotel Undertaking on a slump sale basis. The results of the discontinued business until discontinuation were as under;

₹ lakhs		
Particulars	Year ended 31 March, 2017	Year ended 31 March, 2016
Sale of products	-	1,872.19
Sale of services	-	4,625.22
Other operating revenue	-	377.85
Other income	-	59.93
Total revenue	-	6,935.19
Cost of materials consumed	-	458.08
Employee benefits expense	-	1,954.82
Finance costs	-	5.92
Depreciation and amortisation expense	-	925.82
Other expenses	-	2,437.06
Total expenses	-	5,781.70
Profit before tax from ordinary activities	-	1,153.49
Add on disposal of assets / settlement of liabilities attributable to the discontinuing operation	-	18,002.68
Less: Tax expense	-	-
Profit after tax of discontinuing operations	-	19,156.17

Note 29 Additional information to the Financial Statements

29.1 Debt Restructuring

- The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June 2014 declared that the account of the Company stands exited from CDR system on account of failure. Pursuant thereto, on 30th June 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR debt assigned their debt to JM Financial Asset Reconstruction Company Limited (JMFARC) (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.
- The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was ₹ 415014 lakhs, which included Sacrifice amount of ₹ 26315 lakhs. The Company has not accounted the Sacrifice amount, as it reflects the difference in the NPV between the cashflows as per the contracted terms and the cashflows agreed by the lenders as per the CDR Package, for the duration of the loan.
- The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and that the debt amount is ₹523140 lakhs (previous year ₹460696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of ₹73327 lakhs (previous year ₹72704 lakhs). The total finance cost not provided upto 31st March, 2017 is ₹224272 lakhs (previous year ₹150945 lakhs).
- The Company has been evaluating various options for reduction of debt, including sale / monetisation of non-core assets, sale of hotels and getting an equity partner for infusion of equity and refinancing of debt.

- The net worth of the Company, after excluding revaluation reserves is negative to the extent of ₹ 25793 lakhs as on 31st March 2017. Even though the net worth is negative, the same could again become positive, when the financial restructuring materialises.

29.2 Disputes with Airports Authority of India (AAI)

- The lease agreement with AAI relating to the Mumbai hotel was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel and for the adjacent land, effective from 1st October 2014 which increases the rental by ₹ 3898 lakhs for the period upto 31st March 2017 (upto 31st March 2016 ₹ 2241 lakhs). The Company has objected to this increase and has not provided for the same. AAI during the current year has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate on the assumption that the lease will be renewed.
- The Company invoked arbitration with respect to the Agreement for 11,000 sq. mts of land in Mumbai on the ground that the Supplementary Agreement setting out the minimum Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI challenged the Award before the single judge of Delhi High Court, which set aside the award. On appeal by the company, the Division Bench also reaffirmed the setting aside of the award. The Company has filed a Special Leave Petition before the Supreme Court and the matter is yet to come up for hearing. The amount in dispute according to AAI is ₹ 28538 lakhs and no provision has been made because the dispute is pending. Further, the Company has vide its letter dated 6th April 2017 requested AAI to take immediate physical possession of the land, pending restoration of FSI. No provision has been made for the FSI, as the cost is not ascertainable.
- The Company is confident of favourable judgment / settlement

29.3 For reasons explained in note 29.1 and 29.2, the financial statements of the Company have been prepared on a going concern basis.

₹ lakhs			
29.4	Particulars	2016-17	2015-16
	Contingent liabilities and commitments (to the extent not provided for)		
(a)	Claims against the Company not acknowledged as debts	21,783.14	19,751.05
(b)	Disputed statutory liabilities	6,330.43	5,790.21
(c)	Other contingent liabilities	130.99	130.99
(d)	Estimated amount of contracts remaining to be executed on capital account and not provided for	29.16	29.40
(e)	As per the Business Transfer Agreement under which the Goa Hotel Undertaking has been sold, the Company is liable to indemnify the buyer, in case of certain contingent liabilities. However, the liability, if any, cannot be quantified at this stage.		

29.5 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The Company recognised ₹ 555.76 lakhs (previous year ₹ 547.61 lakhs) for Provident Fund Contributions in the statement of profit & loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

(i) Gratuity

The Company has a tie-up under Employees' Trust Deed Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, and has partly funded the defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees on retirement, death while in employment or on termination of employment, of an amount equivalent to 15 days' salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹10 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company. Eligibility occurs upon completion of five years of service.

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

The following table sets out the funded status of the gratuity plan and the amount recognised in the Company's financial statements

₹ lakhs		
Particulars	2016-17	2015-16
Components of employer expense		
Current service cost	165.82	186.73
Interest cost	140.68	149.41
Expected return on plan assets	(35.99)	(17.55)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	596.89
Actuarial losses/(gains)	173.40	(256.48)
Total expense recognised in the Statement of Profit and Loss	443.91	659.01
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	2,298.43	1,951.57
Fair value of plan assets	(1,235.22)	(637.57)
Funded status [surplus / (deficit)]	(1,063.20)	(1,314.00)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(1,063.20)	(1,314.00)

₹ lakhs		
Particulars	2016-17	2015-16
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	1,951.57	1,797.41
Current service cost	165.82	186.73
Interest cost	140.68	149.41
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	-	(398.23)
Actuarial (gains) / losses	206.06	(255.00)
Past service cost	-	596.89
Benefits paid	(165.70)	(125.64)
Present value of DBO at the end of the year	2,298.43	1,951.58
Change in fair value of assets during the year		
Plan assets at beginning of the year	286.57	262.20
Acquisition adjustment (distributed on divestiture)	-	(56.56)
Expected return on plan assets	35.99	17.55
Actual company contributions	1,045.70	187.55
Actuarial gain / (loss)	32.66	1.48
Benefits paid	(165.70)	(125.64)
Plan assets at the end of the year	1,235.23	286.57
Actual return on plan assets	68.65	19.02
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	7.35%	7.90%
Expected return on plan assets	7.50%	8.00%
Salary escalation	7.00%	7.00%

₹ lakhs

Experience adjustments	2016-17	2015-16	2014-15	2013-14	2012-13
Gratuity					
Present value of DBO	2,298.43	1,951.57	1,797.40	1,480.55	1,546.75
Fair value of plan assets	1,235.23	637.57	262.20	372.40	439.74
Funded status [surplus / (deficit)]	(1,063.20)	(1,314.00)	(1,535.20)	(1,108.15)	1,107.01
Experience gain / (loss) adjustments on plan liabilities	120.72	(180.55)	(51.90)	(133.02)	(7.98)
Experience gain / (loss) adjustments on plan assets	32.66	1.48	1.42	(4.75)	23.93

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

(ii) **Compensated absence liabilities**

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹1089.93 lakhs (Previous year ₹959.37 lakhs), of which long term liability is ₹ 794.91 lakhs (Previous year ₹ 742.25 lakhs) and short term liability is ₹295.03 lakhs (Previous year ₹195.16 lakhs).

29.6 Segment information

The Company's main business is hoteliering and there is no other reportable segment as defined under Accounting Standard 17 -" Segment Reporting" (AS-17). Hence disclosure of segment -wise information is not applicable.

29.7 Related party transactions

(i) **Details of related parties:**

Description of relationship	Name of related parties
Associates	Leela Lace Software Solutions Pvt. Ltd. Leela Lace Holdings Pvt. Ltd. Leela Fashions Pvt. Ltd. Rockfort Estate Developers Pvt. Ltd. Season Apparels Pvt. Ltd. Leela Innovation Centre Pvt. Ltd. Elegant Eateries Pvt. Ltd. Leela Housing Pvt. Ltd. Leela Lace Estate Pvt. Ltd. Emmel Realtors and Developers Pvt. Ltd. Leela Villas Pvt. Ltd. Leela Constates Pvt. Ltd. Leela Capital and Finance Limited. Leela Realcon Pvt. Ltd. Leela IT Projects Pvt. Ltd. Leela Lace Builders Pvt. Ltd. Vibgyor Leasing Pvt. Ltd. Zillion Hotels & Resorts Pvt. Ltd. Leela Techno Parks Pvt. Ltd.

Description of relationship	Name of related parties
	Francisco Hospitality Pvt. Ltd. Leela Realty Ltd. L.M. Realtors Pvt. Ltd. LMV Associates Ltd. Leela Hospitality Pvt. Ltd. Leela Palace Chennai Pvt. Ltd.
Key Management Personnel (KMP) :	Mr. Vivek Nair Mr. Dinesh Nair Mr. Krishna Deshika
Relatives of KMP	Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Samyukta Nair (daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (daughter of Mr. Vivek Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(ii) Transactions carried out with Related Parties

₹ lakhs

Particulars	Associates	Key Management Personnel	Relative of Key Management Personnel
<u>Sale of room, food and other services</u>			
Leela Lace Software Solutions Pvt. Ltd.	-		
	(0.10)		
Leela Hospitality Pvt. Ltd.	7.61		
	(1.63)		
Mr. Vivek Nair		-	
		(86.84)	
Mr. Dinesh Nair		-	
		(9.76)	
<u>Expenses towards goods & services</u>			
Leela Hospitality Pvt. Ltd.	6.02		
	(-)		
<u>Income from rental & related services</u>			
Leela Lace Holdings Pvt. Ltd.	44.18		
	(319.69)		
Leela Fashions Pvt. Ltd.	121.82		
	(40.63)		
Leela Hospitality Pvt. Ltd.	34.11		
	(42.61)		
<u>Lease rent</u>			
Leela Lace Holdings Pvt. Ltd.	1,078.65		
	(1,194.47)		
Leela Lace Software Solutions Pvt. Ltd.	-		
	(30.31)		
Leela Fashions Pvt. Ltd.	0.25		
	(0.25)		
<u>Remuneration paid</u>			
Mr. Vivek Nair (upto 30th April, 2015)		-	
		(16.72)	
Mr. Dinesh Nair (upto 30th April, 2015)		-	
		(16.72)	
Mr. Krishna Deshika (upto 16th January, 2016 as Director Finance & Chief Finance Officer and with effect from 25th February, 2016 as Chief Financial Officer)		168.00	
		(134.29)	
Ms. Aishwarya Nair (upto 30th April, 2015)			-
			(3.98)
Ms. Samyukta Nair (upto 30th April, 2015)			-
			(3.98)
<u>Sitting fees</u>			
Mrs. Madhu Nair			1.20
			(0.60)
<u>Debit balance outstanding</u>			
Leela Hospitality Pvt. Ltd.	86.65		
	(104.64)		
Leela Fashions Pvt. Ltd.	98.96		
	(67.08)		
<u>Credit balance outstanding</u>			
Leela Lace Software Solutions Pvt. Ltd.	193.70		
	(197.86)		
Leela Lace Holdings Pvt. Ltd.	1,918.63		
	(1,453.12)		
<u>Unsecured loans received</u>			
Leela Lace Holdings Pvt. Ltd.	1,926.25		
	(1,926.25)		
<u>Short term borrowing</u>			
Leela Villas Pvt. Ltd.	8.60		
	(8.60)		
<u>Deposits given</u>			
Leela Lace Holdings Pvt. Ltd.	7,074.59		
	(7,273.51)		
Rockfort Estate Developers Pvt. Ltd.	776.46		
	(776.46)		

*Figures in brackets relate to previous year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

29.8 The Company has not given loans to any directors or to entities in which directors are interested, but there are dues towards transactions, from Leela Hospitality Pvt. Ltd. and Leela Fashions Pvt. Ltd. as detailed in Note 29.7 (ii). However, these companies have informed that they will clear the dues when Leela Lace Holdings Pvt. Ltd. and Leela Lace Software Solutions Pvt. Ltd. get payment from the Company towards their dues. The Company has not made payment to these two companies, in view of the restrictions from the lenders.

		₹ lakhs	
29.9	Particulars	2016-17	2015-16
	Details of leasing arrangements		
(i)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	762.79	812.80
	later than one year and not later than five years	2,473.74	1,593.33
	later than five years	1,103.86	708.46
(ii)	The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:		
	not later than one year	1,303.78	935.69
	later than one year and not later than five years	4,810.89	3,196.70
	later than five years	20,844.29	19,162.58

		₹ lakhs	
29.10	Particulars	2016-17	2015-16
	Earnings per share		
	Basic & Diluted		
	Net profit / (loss) for the year	(10,250.59)	(18,016.24)
	Weighted average number of equity shares	466,608,307	466,608,307
	Par value per share (₹)	2.00	2.00
	Earnings per share (₹)	(2.20)	(3.86)

Note : Since there are no extraordinary items, the Basic and Diluted value of earnings per share excluding / including extraordinary items is the same.

29.11 (a) Cost of IT Park at Chennai and the Land at Hyderabad for which the Company has entered into agreements to sell are considered as assets held for sale.

(b) As a security for the advance paid by a party pursuant to an agreement to sell the IT Park at Chennai, a deed of simple mortgage of the said property is executed in their favour.

29.12 Goodwill of ₹ 3254.14 lakhs represent the difference between the networth of the subsidiary company as on the date of investment and cost of investment as reduced by the provision for impairment.

29.13 Previous year figures have been regrouped or re-arranged wherever necessary.

In terms of our report attached

For PICARDO & CO
Chartered Accountants
Registration No : 107917W

K.V. Gopalakrishnayya
Partner
Membership No. 21748

Anandghan Bohra
Company Secretary

Mumbai, 25th May, 2017

For and on behalf of the Board of Directors

Vivek Nair
Dinesh Nair
Krishna Deshika

Chairman and Managing Director
Co-Chairman and Managing Director
Chief Financial Officer

TEN YEAR FINANCIAL HIGHLIGHTS

₹ lakhs

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
PROFIT AND LOSS ACCOUNT										
Gross Revenue	58,910.43	58,216.46	47,838.01	49,100.13	58,843.97	65,140.65	76,817.62	64,306.68	67,033.59	71,378.84
Expenditure (Excluding Depreciation, Amortization and Interest)	28,503.59	29,747.60	32,493.35	33,415.18	55,326.50	52,875.97	57,323.95	72,803.42	72,116.51	52,353.56
Depreciation & Amortization	4,534.05	6,539.42	6,832.74	6,295.92	10,223.54	13,867.33	18,065.31	22,675.25	23,987.70	20,231.98
Interest	3,556.02	2,672.80	2,446.81	5,608.31	32,125.06	40,534.25	50,163.00	19,751.41	8,790.03	9,044.19
Profit from Discontinuing Operations	-	-	-	1,854.12	41,766.36	-	-	3,906.30	19,156.17	-
Profit/(Loss) before tax	22,316.76	19,256.64	6,065.11	5,634.84	2,935.23	(42,136.90)	(48,734.64)	(47,017.10)	(18,704.48)	(10,250.89)
Tax Expenses	7,318.32	4,758.18	1,963.00	1,850.99	1,072.05	1,208.91	(4,587.45)	(5,429.36)	(688.46)	-
Profit/(Loss) after tax	14,998.45	14,498.46	4,102.11	3,783.85	1,863.18	(43,345.81)	(44,147.19)	(41,587.74)	(18,016.02)	(10,250.89)
Net Transfer to General Reserves	8,900.74	1,100.00	115.00	-	-	-	-	-	-	-
Earning per share - Basic (In ₹)	3.97	3.84	1.09	0.99	0.48	(10.82)	(10.15)	(9.06)	(3.86)	(2.20)
Earning per share - Diluted (In ₹)	3.10	3.13	0.92	0.93	0.48	(10.82)	(10.15)	(9.06)	(3.86)	(2.20)
BALANCE SHEET										
Share Capital	7,556.50	7,556.50	7,556.50	7,756.50	7,756.50	8,373.02	9,032.25	9,332.17	9,332.17	9,332.17
Reserves and Surplus	85,460.42	186,446.05	197,858.09	202,531.21	151,306.97	113,887.62	74,471.06	32,469.50	14,453.48	4,202.59
Borrowings	203,907.03	244,766.46	288,395.16	380,906.14	425,402.70	466,445.82	497,231.75	504,725.45	434,905.65	420,676.44
Fixed Assets (Net)	262,251.32	436,952.90	493,322.75	562,069.54	557,700.76	576,539.17	569,129.81	530,825.04	442,944.47	431,982.50
Investments	28.18	4,623.69	4,613.83	4,614.08	4,624.38	4,624.38	4,624.38	9,000.25	9,036.85	9,037.47

NOTICE

NOTICE is hereby given that the THIRTY SIXTH ANNUAL GENERAL MEETING of HOTEL LEELAVENTURE LIMITED will be held at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai 400 056 on Monday, 18th September 2017 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V. P. Shetty (DIN: 00021773), who retires by rotation and, being eligible, offers himself for re- appointment.
3. To appoint M/s. N. S. Shetty & Co., Chartered Accountants (Registration Number 110101W), as the Statutory Auditors of the Company to hold office from the conclusion of the thirty sixth Annual General Meeting till the conclusion of the forty first Annual General Meeting of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013, and the rules framed there under, as amended from time to time, M/s. N. S. Shetty & Co., Chartered Accountants, (Registration Number 110101W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of the thirty sixth Annual General Meeting till the conclusion of the forty first Annual General Meeting and the Board of Directors of the Company be and is hereby authorised to fix their remuneration."

SPECIAL BUSINESS:

4. To consider and if thought, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to and in furtherance of the special resolutions passed by the Members of the Company dated March 28, 2013 (hereinafter referred to as the 'Special Resolutions') under the applicable provisions of the erstwhile Companies Act, 1956 approving inter alia, (i) the corporate debt restructuring scheme for restructuring of the debt facilities availed by the Company from the CDR Lenders (as defined in the Special Resolutions), including conversion of loans into equity in terms of the CDR Package (as defined in the Special Resolutions) as embodied in the Master Restructuring Agreement dated September 28, 2012 ("MRA") executed by the Company; and (ii) allotment of equity shares, in terms of the CDR Package, to the CDR Lenders /Security Trustee / Monitoring Institution (together with their successors and assigns), upon the exercise of right to convert their outstanding loans into equity shares in accordance with the MRA: the members hereby authorize, approve, ratify and confirm, without any further reference to, or their approval in this regard, the terms MRA to convert the outstanding loans into equity shares of the Company and the consequent creation, issue, offer and allotment of fully paid up equity shares of face value of Rs. 2/- (Rupees Two) each to JM Financial Asset Reconstruction Company Limited ("JMFARC"), being an assignee of the CDR Lenders, pursuant to the provisions of Section 62(3) and any other applicable provisions of the Companies Act, 2013 Act, other applicable laws, if any, and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company."

"RESOLVED FURTHER THAT all acts, actions, deeds already executed and things done, if any, by the Board, including a duly constituted committee thereof and any person authorised by the Board, in this regard or otherwise pursuant to the Special Resolutions, are hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do and perform or cause to be done all such acts, deeds, matters and things, including actions which may have been taken, as may be necessary, or deemed necessary or incidental thereto, to effect the conversion of loans into equity shares of the Company; to undertake all

actions and deeds as may be required in relation to the aforesaid, including to settle and finalise all issues that may arise in this regard, without further referring to the members of the Company; and to execute, deliver and perform all documents; to file applications and make representations in respect thereof; to suitably inform and apply to all the concerned authorities; and to take all necessary steps in the matter as it may deem necessary, desirable or expedient, to give effect to the above resolution."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of the powers or authorities herein conferred by this resolution, to any director(s) or to any other official of the Company or to any committee of directors or any other officer(s)/ authorized representative(s) of the Company, as may be deemed necessary to give effect to this resolution.

"RESOLVED FURTHER THAT the board of directors be and is hereby authorised to issue copies of the aforesaid resolutions, certified to be true, as may be required."

By order of the Board of Directors
For Hotel Leelaventure Limited

Anandghan Bohra
Company Secretary

Registered Office:

The Leela, Sahar Mumbai - 400 059

CIN: L55101MH1981PLC024097

Mumbai, 10th August, 2017

NOTES FOR MEMBERS' ATTENTION:

1. A member eligible to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and a proxy need not be a member. Proxy shall not vote except on a poll. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. The instrument appointing the proxy, in order to be effective, should be duly stamped, completed, signed and lodged at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 15th September, 2017 to Monday, 18th September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
5. **Members are requested to:**
 - (i) send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matters and bank account details to the Company's Registrars;
 - (ii) consolidate shareholding in multiple folios in the same name or in the same order of names into a single folio;
 - (iii) notify immediately any change of address: (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, in respect of their physical shares, if any, quoting their folio number;
 - (iv) note that in terms of section 72 of the Companies Act, 2013, they are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in the prescribed form in duplicate to the registered office of the Company or the Registrars. The nomination forms will be made available to the members on request.

6. For security reasons and for proper conduct of the Meeting, entry to the venue of the Meeting will be regulated by the Attendance Slip. Members / proxies attending the Meeting are requested to bring their Attendance Slip complete in all respects and signed at the place provided thereat and handover at the entrance of the Meeting Hall. Members holding shares in dematerialized form are requested to carry their depository account number and the depository participant identification number. Members / Proxies are also requested to bring their copy of the Annual Report to the Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.
8. Please note that in terms of applicable SEBI circulars, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities. Requests without attaching copies of PAN card, for transfer / deletion / transmission and transposition of shares of the Company in physical form will be returned under objection.
9. The Company has designated an exclusive email ID viz. investor.service@theleela.com to enable the investors to post their grievances, if any, and monitor its redressal.
10. Members desiring any relevant information or clarification on the Accounts at the Annual General Meeting are requested to write to the Company Secretary at least seven days in advance of the meeting, so as to enable the Management to compile the information and provide replies at the meeting.
11. Pursuant to Section 124 of the Companies Act, 2013, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund (IEPF) of the Central Government. The Company has already transferred the unpaid or unclaimed dividends upto the financial year 2008-09 to the IEPF. Members, who have not yet encashed the dividend warrant(s) for the financial year 2009-10 or onwards, are requested to send their claim to the Company/Registrar, for issue of pay order / demand draft in lieu thereof, after verification. The Company has filed / uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Ministry of Corporate Affairs and on the Company's web-site also.
12. Electronic copy of the Annual Report for the financial year 2016-17 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
13. Electronic copy of the Notice of the 36th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 36th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent in the permitted mode.
14. Please note that the Notice of the 36th Annual General Meeting and the Annual Report for the financial year 2016-17 will also be available on the Company's website www.theleela.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.service@theleela.com or to the Registrar's e-mail id: einward.ris@karvy.com.
15. Process and manner for members opting for e-voting are as under:
 - I. **In case of Members receiving an e-mail from Karvy Computershare Private Limited (for members whose e-mail addresses are registered with the Company/Depository Participant)**
 - a. Launch an internet browser by typing the URL: <https://evoting.karvy.com>.
 - b. Enter the login credentials (i.e. User ID and password). Your Folio No. or DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c. After entering the above details click on - login.
 - d. You will now reach password change menu, wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - e. You need to login again with the new credentials.
 - f. On successful login, the system will prompt you to select the E-Voting Event Number for Hotel Leelaventure Limited.
 - g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
 - h. Members holding shares under multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.
 - i. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - j. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have not voted on the Resolution(s).
 - l. Corporate/ Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to Scrutinizer at e-mail ID: prashant.m@legacs.com with a copy marked to evoting@karvy.com. The scanned images of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."
 - II. **In case a member receives physical copy of the Notice of Annual General Meeting and Attendance Slip**
 - a. User ID and initial password is provided in Attendance Slip.

- b. Please follow all steps from Sr. No. (a) to (l) as mentioned in (l) above, to cast your vote.
 - c. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast vote again.
 - d. In case of any query pertaining to e-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>
- III. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - IV. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Monday, 11th September, 2017. The remote e-voting period shall commence at 9.00 a.m. on Friday, 15th September, 2017 and will end at 5.00 p.m. on Sunday, 17th September, 2017. The remote e-voting module shall be disabled by Karvy at 5.00 p.m. on 17th September, 2017.
 - V. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - VII. Mr. Prashant S. Mehta, Practising Company Secretary (Membership No. 5814) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - IX. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, to the Chairman or a person authorised by him in writing, who will countersign the same and declare the result of the voting forthwith.
 - X. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.theleela.com and on the website of Karvy immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited & National Stock Exchange of India Limited, Mumbai.

EXPLANATORY STATEMENT

As required by Section 102 (1) of the Companies Act, 2013, in respect of the items of Special Business mentioned in the Notice

Item No. 4

Approval for increase in subscribed capital of the Company caused by the exercise of option attached to the loan raised to convert such loan into shares

The Company and certain public sector banks, which later formed part of Corporate Debt Restructuring ("CDR Lenders") had entered into the Master Restructuring Agreement dated 28th September, 2012 ("MRA") in accordance with the restructuring package approved at the CDR empowered group meeting held in September, 2012.

The MRA, inter alia, provided for an option in favour of the CDR Lenders and/or the assignees thereof for conversion of the whole or part of the outstanding dues into fully paid-up equity shares of the Company.

The members of the Company had passed special resolutions, through postal ballot on March 28, 2013, inter alia, approving, (i) the corporate debt restructuring scheme for restructuring of the existing debt facilities availed by the Company from the CDR Lenders, and issuance of equity shares or any other securities to the CDR Lenders and/or conversion of loans into equity (along with the terms of such conversion), which had been embodied in the terms of the MRA executed by the Company; and (ii) allotment of equity shares, in terms of the CDR Package (as defined in the Shareholder Resolutions), each to the CDR Lenders /Security Trustee / Monitoring Institution (together with their successors and assigns), upon the exercise of the rights of the CDR Lenders /Security Trustee /Monitoring Institution to convert their outstanding loans into equity shares in accordance with the MRA and as per applicable provisions of the erstwhile Companies Act, 1956 ("1956 Act") (the resolutions hereinafter referred to as the "Special Resolutions").

JM Financial Asset Reconstruction Company Limited ("JMFARC"), the assignee of the outstanding dues, vide a letter dated April 10, 2017, called upon the Company to convert part of the existing outstanding dues into equity shares. Accordingly, the Board of the Company has decided to issue and allot upto 16,39,43,459 fully paid up equity shares of face value of Rs. 2 (Rupees Two) each at a conversion price of Rs. 16.78 per equity share aggregating upto Rs. 275.09 Crore, in two or more tranches. The conversion price of Rs. 16.78 per share mentioned in the conversion letter is determined based on the pricing guidelines prescribed under Regulation 76(1)(b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as on the date of the conversion letter dated April 10, 2017.

The members may note that the present allotment of shares to JMFARC is on account of conversion of loan to equity in terms of the MRA, which embodies the terms of the CDR Package, pursuant to Section 62(3) of the Companies Act, 2013 ("2013 Act") and other applicable laws. The same is exempt from the provisions relating to the preferential allotment of securities provided under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations"), as per Regulation 70(1)(a), which provides that the provisions relating to preferential allotment (i.e., Chapter VII), including the pricing guidelines do not apply where the preferential issue of equity shares is made pursuant to conversion of loan into shares in terms of sub-section (3) of section 62 of the 2013 Act.

The members may further note that the Special Resolutions were passed validly under the 1956 Act. However, it is to be noted that pursuant to the enactment of the 2013 Act, the provisions relating to the conversion of loans into equity by lenders have been set out under Section 62(3) of the 2013 Act which provides that the terms of the loan containing the option to convert such loan into shares is to be approved by a special resolution passed by a company in general meeting. The members would be aware that the Special Resolutions clearly indicated, in the body of the resolution and in the explanatory statement, that the resolutions were for the purpose of approving the terms of a loan, including terms for the conversion of such loans into equity shares in future. Further, the members may note that the relevant explanatory statement as annexed thereto, and forming part of the notice to the postal ballot dated February 7, 2013 stated that the intent of the special resolutions was to approve the term giving the right to the CDR Lenders to convert the loans into equity shares at a future date. In this regard, it is relevant to note that the explanatory statement to the Special Resolutions specifically stated that "The above resolutions proposed to be passed by way of postal ballot shall also be deemed to be an authorisation by the shareholders of the Company: (i) of the CDR Package; and (ii) of the allotment of equity shares to the CDR Lenders / Security Trustee/ Monitoring Institution upon conversion of the outstanding loans into such equity shares..."

As such, although the members of the Company had passed the Special Resolutions approving the conversion of loan into equity shares at a future date (along with the terms of such conversion), and for the issuance of shares to the CDR lenders (together with their successors and assigns) arising out of the exercise of their right to convert their loan into equity shares, the Company, as a matter of prudence, good governance practices and abundant caution, is seeking the approval of its members in terms of Section 62(3) of the 2013 Act, which approval shall be in furtherance and in continuation of the Special Resolutions passed earlier.

Hence, the Board recommends passing of the special resolution at item no. 4 of the notice.

None of the Directors and Key Managerial Personnel of the Company and/or their relatives may be deemed to be interested / concerned in this resolution,

except to the extent of their respective shareholdings in the Company. Further, the promoters, directors or key management personnel of the Company shall not be allotted any shares pursuant to the conversion of loan into equity shares.

By order of the Board of Directors
For Hotel Leelaventure Limited

Anandghan Bohra
Company Secretary

Registered Office:
The Leela, Sahar Mumbai - 400 059
CIN: L55101MH1981PLC024097
Mumbai, 10th August, 2017

Additional information of a director seeking re-appointment in terms of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

Name of the Director	Mr. V. P. Shetty (DIN: 00021773)
Brief resume of the director	Mr. V. P. Shetty [B.Com, C.A.I.I.B.], aged 70 years, has had an illustrious Banking career spanning almost four decades. He has worked in various positions in 4 major nationalized banks. He has worked as Chairman and Managing Director in UCO Bank, Canara Bank and IDBI Bank. He was also Chairman of Indian Banks' Association. Mr. Shetty is an authority in Commercial Banking, Mergers & Acquisitions in Banking, Corporate Governance and Turnaround Management especially in Public Sector. Mr. Shetty was also the Recipient of "Banker of the Year – 2003" Award from the Business Standard Group in recognition of successful turnaround of UCO Bank. Mr. Shetty had also served on the Boards of Life Insurance Corporation of India, Export-Import Bank of India, Infrastructure Development Finance Company Ltd., National Insurance Company Ltd., and General Insurance Corporation of India. He was a Member of the Governing Council of Banking Codes & Standards Board of India (BCSBI). Mr. V. P. Shetty joined the Board of the Company with effect from 11th August, 2014 as a nominee of JM Financial Asset Reconstruction Company Limited (JMFARC), after the CDR lenders assigned the debts to JMFARC.
Expertise in specific functional areas	Commercial banking, mergers and acquisitions in Banking, corporate governance and turnaround management, especially in Public Sector.
Other Directorships in listed companies and membership of Committees	Nil
No. of shares held in the Company	Nil

Except Mr. V. P. Shetty, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution.

The Board recommends the resolution for the approval of the members.



THE LEELA

PALACES HOTELS RESORTS

HOTEL LEEAVENTURE LIMITED

CIN: L55101MH1981PLC024097

Registered Office: The Leela, Sahar, Mumbai -400059

Tel. +91 22 6691 1182 / 83; Fax: 022-6691 1458;

Website: www.theleela.com : E-mail: investor.service@theleela.com

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Folio No. / Client Id and DP ID:

Name of the member(s):

Registered address:

E-mail Id:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on 18th day of September, 2017 at 10.30 a.m. at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai- 400 056 and at any adjournment thereof in respect of such resolutions as are indicated below:

Reso. No.	Description	For*	Against*
1	Adoption of the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon.		
2	Re-appointment of Mr. V. P. Shetty (DIN: 00021773) as a Director.		
3	Appointment of Auditors of the Company to hold office from the conclusion of the 36th Annual General Meeting until the conclusion of the 41st Annual General Meeting of the Company.		
4	Approval for increase in subscribed capital of the Company caused by the exercise of option attached to the loan raised to convert such loan into shares		

Signed this..... day of..... 2017

Signature of shareholder

Affix
revenue
stamp

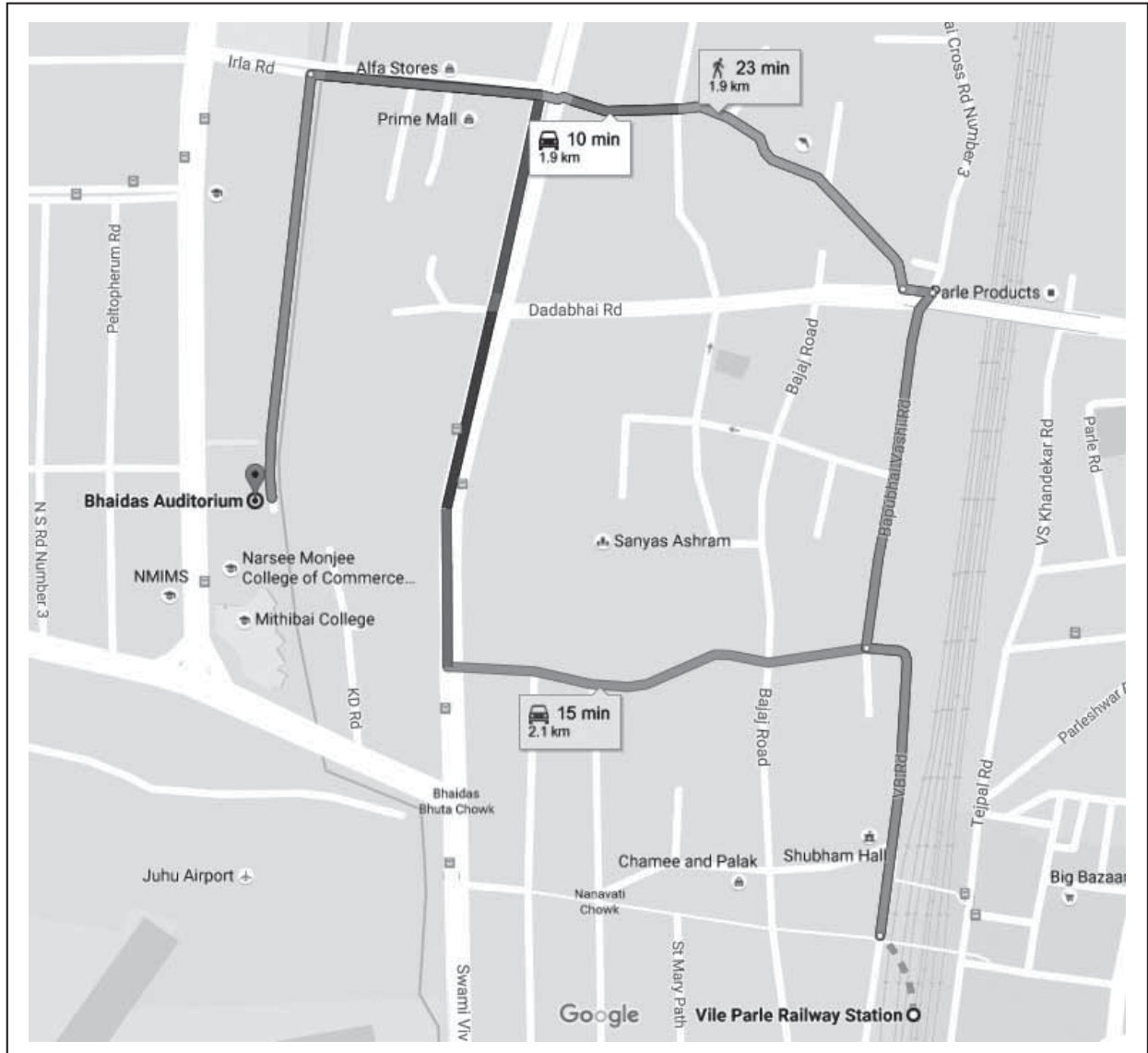
.....

Notes:

1. You may put a 'v' in the Box in the appropriate column against the respective resolutions. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
2. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at The Leela, Sahar, Mumbai - 400 059 not later than 48 hours before the commencement of the aforesaid meeting.

Route Map to the AGM Venue

Venue : Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai 400 056



Landmark : Near Mithibai College.
Distance from Vile Parle Station : 2.1 Km.
Distance from Andheri Station : 2.5 Km.

For any assistance pertaining to • Room Reservations • Conferences • Weddings • Holiday Packages and Weekend Offers at The Leela Palaces, Hotels and Resorts, please feel free to contact The Leela Reservations Worldwide and Sales offices below:

THE LEELA PALACES, HOTELS AND RESORTS

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Sahar, Mumbai - 400 059
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THE LEELA PALACE BANGALORE
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F. +91 (80) 2521 2222

THE LEELA PALACE UDAIPUR
Lake Pichola, P. O. Box No. 125
Udaipur - 313 001
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F. +91 (294) 670 1212

THE LEELA PALACE NEW DELHI
Chanakyapuri, Diplomatic Enclave,
New Delhi - 110 023
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F. +91 (11) 3933 1235

THE LEELA PALACE CHENNAI
Adyar Sea face,
M.R.C Nagar, Chennai – 600 028
T. +91 (44) 3366 1234
F. +91 (44) 3366 1212

THE LEELA GOA
Mobor, Cavelossim, Goa - 403 731
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F. +91 (832) 287 1959

**THE LEELA AMBIENCE GURGAON HOTEL &
RESIDENCES**
Ambience Island, National Highway 8
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**THE LEELA AMBIENCE CONVENTION HOTEL,
DELHI**
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T. +91 (11) 7172 1234
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THE LEELA KOVALAM
Kovalam Beach Road, Kovalam,
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F. +91 (471) 248 1522

SALES AND MARKETING OFFICES IN INDIA

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