

HOTEL LEELAVENTURE LIMITED

# ANNUAL REPORT

2015-16

The Leela Palaces, Hotels  
And Resorts, Ranked World's  
5th Best Hotel Brand.\*

\*Voted by the readers of Travel + Leisure, USA, in 2016 World's Best Awards



**THE LEELA**  
PALACES HOTELS RESORTS



The Leela Ambience Convention Hotel Delhi

The Leela celebrates India and its myriad glories, unravels its mysteries and embraces its essence in a rare unmistakable way. It is our belief that while we embody the spectacular richness of Indian luxury, we are as much about that ephemeral richness of soul which finds expression in the warmth of the hospitality extended to each revered guest. We have continued to inculcate India's inherent grace as passionately as we have upheld an uncompromising pursuit of perfection. The hallmark of The Leela – India, Nature, Grace and Luxury, have been manifested in our initiatives, and earned us coveted accolades yet again. **The Leela Palace New Delhi has ranked 3<sup>rd</sup> amongst Asia's top 10 city hotels and also features in the world's top 100 hotels\*.**

While at The Leela we constantly reinvent our own benchmarks, the attempt is also to expand our esteemed circle of patrons. Towards this end, we have recently presented - The Leela Ambience Convention Hotel Delhi. Unmistakably the capital's largest convention hotel, this destination has begun to unravel its unique brand of rare hospitality and world class services for guests in adjacent Noida and Ghaziabad. We proudly look back at the year gone by and realise we have moved one step further in our journey, to surpassing customer expectations and delivering delight.

\*Voted by the readers of Travel + Leisure, USA, in 2016 World's Best Awards

# MISSION STATEMENT

*To not just satisfy our guests but delight them.*

*To show the warmth and grace unique to Indian hospitality.*

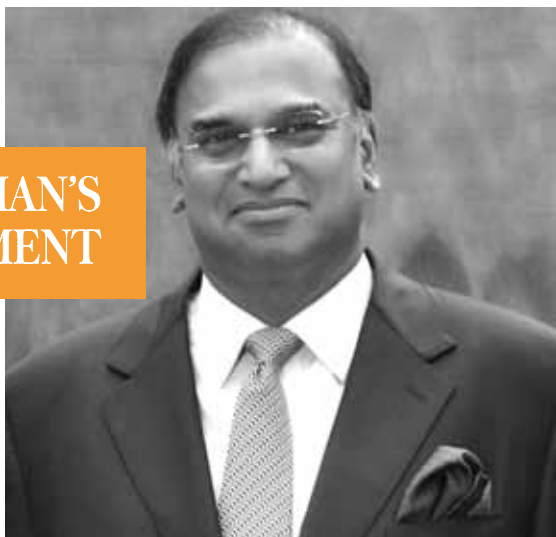
*To set a new global standard of service in which wishes are not simply granted, but anticipated.*

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## CHAIRMAN'S STATEMENT



Dear Shareholder,

We have a long-standing reputation for pursuing excellence which has been a tremendous strength for our Company. We put our guests first and maintain high standards in every aspect of our business - from ethics and transparency, to environmental and social sustainability, to diversity and inclusion. We believe that each interaction with our brand is designed to uniquely delight guests, create indelible memories, and build an enduring loyalty. Hence, we are proud to be voted the fifth top brand in a worldwide 2016 survey by the renowned Travel+Leisure USA and ranked above some of the most acclaimed luxury hospitality chains around the globe. It is indeed one of the most prestigious honours in the travel and hospitality industry.

With six consecutive years of downslide, the hospitality industry is finally showing some signs of recovery. In 2015, we saw a small addition to hotel inventory in prime markets where a demand-supply mismatch still exists, an upturn in average room rates, and a marginal increase of 3.3 per cent in occupancy rates. It is encouraging that domestic tourists continue to account for significant spending. Also, India witnessed a modest 4.5 per cent growth in Foreign Tourist Arrivals (FTAs), which is of course significantly lower than other countries in the region such as, Thailand at 30 million, Malaysia at 25.7 million, and Dubai at 15 million.

India's share of the total world tourist arrival is only 0.6 percent, a fraction of its true potential. It is, therefore, the goal of the Ministry of Tourism, Government of India, to increase this percentage from 0.6 per cent to

1 per cent by 2020 which is indeed a very daunting task keeping in mind that another 1,80,000 guestrooms would need to be added to the present inventory of 1,20,000 guestrooms. At an average of ₹1 crore per guestroom, this tantamounts to capital expenditures of ₹180,000 crores. This is why the Ministry of Finance, Government of India, has accorded hotels over project cost of ₹200 crores, the same benefits of infrastructure sectors such as airports, ports, etc. enabling them to raise loans for a tenure of 15 years and for projects of over ₹500 crores under the 5x25 Schemes.

The Government's decision to open up tourism by introducing e-Tourist Visa to 150 countries as against the coverage of the earlier TVoA scheme for 12 countries, and allowing multiple entries, has been a very welcome move in the right direction.

It is hoped that rationalization of taxes in the proposed Goods and Services Tax (GST) bill will further enable hotels to attract business from around the globe. Internationally the Indirect Tax levies are less than 10 per cent overall while the applicable cumulative taxes now for hotels in India amounts to 25-30 per cent. Due to these excessive taxes, Indian hotels cannot compete with international destinations. We hope that the proposal will keep the tax rate for tourism and hospitality business in the lowest GST slab of six to eight per cent, in order to enable us to compete with other destinations such as Thailand, Malaysia, Indonesia, Sri Lanka and China, whose incidence of GST averages between six and eight per cent.

The Ministry of Tourism, Government of India also launched the 'Swadesh Darshan' Scheme to develop 13 theme-based and sustainable tourist circuits to generate tourist arrivals and enhance employment opportunities. The Buddhist Circuit, expected to be in great demand among international tourists, will span all Buddhist sites around the country. The hospitality sector can be a key partner in this development story since there is a critical need for hotels in these sites from Lumbini (the birth place of Lord Buddha in Nepal). Bodhgaya, Kapilvastu, Sarnath and Varanasi. Development of this well-structured proposal will help showcase India to tourists from around the world, especially China, Sri Lanka, Thailand, Malaysia, South Korea and Japan.

In addition to the Government implementing the aforesaid measures and executing the various policy initiatives, granting of "Infrastructure Status" is important for hotels that have already availed of about

₹20,000 crores loans in the last five years to put up recently-opened projects, which have become Non-Performing Assets (NPA) or Banks have sold their liabilities to Asset Restructuring Companies. The main reason for this has been the very short tenure of term loans given to hotels of 10 years. The repayment of such loans being invariably before the Hotel is able to stabilize itself, leads it to become an NPA.

### **Progress on our Asset-light Strategy**

The Leela Palace New Delhi continues to be the market leader in the Capital city in terms of RevPAR, ranked number three in 'Top City Hotels in Asia' and is voted among 'The World's Top 100 Hotels' in USA's Travel+Leisure 2016 World's Best Awards. The Leela Goa has been ranked among 'The World's Top 100 Hotels' in UK's Conde' Nast Traveller Readers Travel Awards 2015; and The Leela Palace Udaipur has been voted India's 'Favourite Leisure Hotel' in Conde' Nast Traveller India Readers Travel Awards 2015. These Awards are a testament to our commitment to providing the finest hospitality experience in India and overseas.

In India, we announced a new addition to the Group's luxury portfolio with the reflagging of Ambience Group's 5-star Deluxe Hotel in East Delhi. Renamed 'The Leela Ambience Convention Hotel Delhi' the 480-room property offers one of the largest MICE spaces in the country with 70,000 square feet of multi-purpose meeting and banqueting space capable of holding a reception of more than 6000 guests. With the newest addition, The Leela Group now operates three unique properties in the Delhi-NCR totaling over 1150 rooms which makes it the Brand with one of the highest number of guestrooms in the NCR Region.

Other projects are moving forward as scheduled including The Leela and The Leela Residences on a 125 acres township – Bhartiya City – near the Bangalore International Airport. The development has a Leela Hotel with 256-rooms, a Convention Centre, and 150 Leela Residences. These Leela Residences will provide all the luxury services that The Leela is acclaimed for, within the privacy of their residences. Other projects in Agra, Jaipur and Chandigarh are in different stages of planning and implementation and we expect to launch the Jaipur hotel in 2017.

We are also pursuing other international opportunities in Maldives, Abu Dhabi, Seychelles, Dubai and Fujairah Beach. To sum up, we expect a better performance this year, especially in hotels located in the business destinations. We are focused on restructuring our debt

and driving growth while maintaining our operational excellence. Whilst doing so we are aware of the pain caused by the disinvestment of stellar properties such as The Leela Goa but it is important to make the Company lean and with the least amount of debt. Thus, the emphasis is on securing new management contracts without any investment from your Company, of course in the process retaining many of the current hotels, which are the best performing in all the various markets they operate in.

For the outstanding comments received of guest experiences, I thank our extraordinary associates who make the mission of The Leela, their own. I would like to thank you, all our Shareholders, Board Members, Lenders, the Ministry of Tourism, Government of India and the Tourism Departments of the various State Governments, for their whole hearted support.



**Vivek Nair**  
**Chairman and Managing Director**  
**Hotel Leelaventure Limited**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Mrs. Madhu Nair	Director
Mr. V. P. Shetty	Director-Nominee of JM Financial Asset Reconstruction Company Private Limited
Mr. Anil R. Bhatia	Director-Nominee of JM Financial Asset Reconstruction Company Private Limited
Ms. K. Hemalatha	Director - Nominee of AAI (w.e.f. 12th August, 2015)
Mr. Vijay Amritraj	Director
Mrs. Anna Malhotra	Director
Mr. Anil Harish	Director
Dr. K. U. Mada	Director
Mr. M. Madhavan Nambiar	Director
Mr. Ashok G. Rajani	Director (w.e.f. 10th February, 2016)

## 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](http://www.theleela.com)  
E-mail: [investor.service@theleela.com](mailto: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](mailto:einward.ris@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)

Corporate Identity Number (CIN) L55101MH1981PLCo24097

### 35th Annual General Meeting

Date | Tuesday, 20th September, 2016

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 35th Annual Report on business and operations of your Company, together with the audited accounts for the year ended March 31, 2016.

## 1. Financial Performance

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

₹ Lakhs

	Financial Year 2015-16	Financial Year 2014-15
Revenue from operations and other income	67,033.59	64,306.68
Operating and other expenses	50,777.57	54,475.66
Earnings before interest, depreciation, taxes and amortisation (EBIDTA)	16,256.02	9,831.02
Exceptional items	21,338.94	18,327.76
Interest	8,790.03	19,751.41
Depreciation	23,987.70	22,675.25
Profit from discontinuing operations & gain on disposal of assets attributable to discontinuing operations	19,156.17	3,906.30
Profit/(Loss) before tax	(18,704.48)	(47,017.10)
Provision for taxes / deferred tax	(688.46)	(5,429.36)
Profit/(Loss) after tax for the year	(18,016.02)	(41,587.74)
Balance brought forward	(99,313.65)	(54,841.65)
Adjustment relating to fixed assets	-	(2,884.26)
Transferred from revaluation reserve	26,990.40	-
Transferred from debenture redemption reserve	450.00	-
Amount available for appropriation	(89,889.27)	(99,313.65)
Appropriations	-	-
Balance carried to Balance Sheet	(89,889.27)	(99,313.65)
EPS - basic and diluted (in ₹)	(3.86)	(9.06)

## 2. Dividend

In view of losses, the directors do not recommend any dividend for the financial year ended 31st March, 2016.

## 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 incurred a loss of ₹ 0.22 lakhs during the financial year 2015-16.

The WOS did not carry out any operations during the financial year 2015-16. 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 above subsidiary company 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 subsidiary 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 subsidiary are also available on Company's website at [www.theleela.com](http://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, 2016, 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 that 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 Twelve (12) directors consisting of Six (6) Independent Directors, Four (4) Non-executive directors and Two (2) Whole-time Directors as on March 31, 2016.

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
- Dr. K. U. Mada
- Mr. Vijay Amritraj
- Mr. Anil Harish
- Mr. M. Madhavan Nambiar
- Mr. Ashok Rajani

### 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.

### 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.

Mr. Krishna Deshika, who was Director – Finance & CFO, resigned from the Board of Directors with effect from 25th February, 2016. However, he continues to be the Chief Financial Officer of the Company.

### Appointments / Resignations from the Board of Directors

Mr. Vikram Singh Mehta and Mr. R. Venkatachalam, Independent Directors, resigned with effect from 22nd September, 2015 and 6th November, 2015 respectively. The Board places on record their appreciation of the contributions made by them.

Mr. Ashok Girdharidas Rajani joined the Board with effect from 10th February, 2016 as an Additional Director and the Members approved his appointment through postal ballot held on 27th April, 2016.

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 four 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.

Mrs. Madhu Nair, being longest in office, retires by rotation at the forthcoming Annual General Meeting and has offered herself for re-appointment. The Board recommends her 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 is being 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 2015-16 viz. on 27th May, 2015, 12th August, 2015, 19th September, 2015, 22nd September, 2015, 6th November, 2015 and 10th February, 2016. 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 five (5) 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 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

Your Company is committed to achieve the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators / applicable laws. Accordingly, your Board functions as trustees of the shareholders, seeks to ensure that the long term economic value for its shareholders is achieved and also tries to strike balance of interest of all the stakeholders.

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., Practicing 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 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 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](http://www.theleela.com/investor-relations).

Your Directors draw attention of the members to Note No. 32.8 to the standalone financial statements, which set out the related party disclosures.

#### 15. Internal Financial Control Systems and their adequacy

The Company had 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 eligible for re-appointment. 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. Accordingly, the Board of Directors has recommended the re-appointment of M/s. Picardo & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

During the period under review, even though there is no audit qualification, there is an audit observation on the financial statements. The explanation for the same has been provided in Note No. 32.1 of the standalone Financial Statements. The said notes are self-explanatory and do 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 2015-16. The report of Secretarial Auditor for the FY 2015-16 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 has occurred between the end of the financial year of the Company i.e. 31st March, 2016 and the date of the Directors' report i.e. 26th May, 2016.

#### 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, are furnished in Annexure forming part of this report as Annexure III.

(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. 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 four financial years, the Company has not formed a CSR Committee.

However, the Company continues to undertake CSR activities in a consistent manner 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

During the year, 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, have reduced electric consumption.
- Computerized power monitoring is implemented in all properties on gradual basis 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 award 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 The 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 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 ` 36,521.95 lakhs (previous year ` 33,937.37 lakhs) and foreign exchange outgo during the year stood at ` 3,621.34 lakhs (previous year ` 3,386.60 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 women 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, 2016 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 34,020 shares pertaining to 31 shareholders from the suspense account during the year. As on 31st March, 2016, there are 25,64,950 shares pertaining to 4,299 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, 26th May, 2016

**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 & surplus	54,55,11,175
6	Total assets	57,36,69,650
7	Total Liabilities	8,77,175
8	Investments	-
9	Turnover / income	-
10	Profit / (loss) before taxation	21,883
11	Provision for taxation	-
12	Profit / (loss) after taxation	(21,883)
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 financial 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, 26th May, 2016

## SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2016

Form No. MR-3

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

To,  
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 2016 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, 2016 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, 1992 (Upto 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May, 2015);
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (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.
  - (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 & 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) State Luxury Tax Act;
- (m) Prevention of Food Adulteration Act, 1954;
- (n) Fire and Explosive Act.

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 Listing Agreement/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 Directors, Non-Executive Directors and Independent Directors. 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 and dissenting views were duly recorded.

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 2 Postal Ballots as follows.

- A. Approval for sale of the Company's Goa Hotel Undertaking.
- B. Appointment of Mr. Ashok Girdharidas Rajani as an Independent Director.

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, 26th May, 2016



## 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) 66:0
		Mr. Dinesh Nair* Co-Chairman & Managing Director (CCMD) 66:0
		Mr. Krishna Deshika Director – Finance & CFO (upto 16th January, 2016) 39:1
(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	There was no increase in the remuneration of CMD, CCMD and CFO. The Company Secretary joined the Company in July 2015 and no increment was given during the financial year.
(iii)	The percentage increase in the median remuneration of employees	The median remuneration of the employees in the financial year was increased by 5%. (The calculation of % increase in median remuneration is done based on comparable employees only and excludes employees who were not eligible for increment.)
(iv)	The number of permanent employees on the rolls of Company	There were 2,358 employees as on March 31, 2016.
(v)	The explanation on the relationship between average increase in remuneration and Company performance	The increase in Revenue from operations during the year was 3.84% and the average increase in remuneration was 8.5%. 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. For this we have excluded employees who were not eligible for any increment.)
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Even though there was 3.84% increase in operating revenues, there was no increase in remuneration of Key Managerial Personnel. However, the Company incurred a loss of ₹ 18,016.02 lakhs during the year.
(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 ₹ 87,022 lakhs as of March 31, 2015 to ₹ 84,689 lakhs as of March 31, 2016. Price to Earnings Ratio does not apply as the Company has incurred losses. The Company's stock price as at March 31, 2016 has increased by 90% to ₹ 18 (face value of share – ₹ 2/-) over the last public offering, i.e. IPO in February 1985 at the price of ₹ 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 4.28%. The average percentile increase in the remuneration of employees in management cadre in the year is 6.48%.
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	The increase in revenue from operations during the year was 3.84%. However, the Company incurred a loss of ₹ 18,016.02 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 paid to the directors. The remuneration paid to the whole-time directors are within the ceiling approved by the Central Government.
(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	Mr. Vivek Nair and Mr. Dinesh Nair have drawn remuneration only for one month and Mr. Krishna Deshika was a director for a part of the year. Hence, these details are not comparable.
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.

\* Considered on pro-rata basis, as they drew remuneration only in April 2015.

## ANNEXURE - IV

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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	Sharepro Services (India) Private Limited 13, A/B Samhita Warehousing Complex 2nd Floor, Off Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400 072 Tel : + 91 22 6772 0300 / 6772 0400; Fax : + 91 22 2859 1568 E-mail: hotelleela@shareproservices.com Website: www.shareproservices.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	52.02%
2	Food and Beverage Services Activities - Food and Beverage	551	36.07%

#### 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 01.04.2015				No. of shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A Promoters / Promoter group</b>									
<b>1 Indian</b>									
(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		0.00	0	0		0.00	0.00
(c) State Government(s)	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		0.00	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
<b>Sub-total (A)(1):</b>	<b>29,80,87,074</b>	<b>0</b>	<b>29,80,87,074</b>	<b>63.88</b>	<b>29,80,87,074</b>	<b>0</b>	<b>29,80,87,074</b>	<b>63.88</b>	<b>0.00</b>
<b>2 Foreign</b>									
(a) NRIs - Individuals	0	0		0.00	0	0	0	0.00	0.00
(b) Other Individuals	0	0		0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0		0.00	0	0	0	0.00	0.00

Category of Shareholders		No. of shares held at the beginning of the year 01.04.2015				No. of shares held at the end of the year 31.03.2016				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(d)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0	0	0	0	0	0
	<b>Sub-total (A)(2):</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>29,80,87,074</b>	<b>0</b>	<b>29,80,87,074</b>	<b>63.88</b>	<b>29,80,87,074</b>	<b>0</b>	<b>29,80,87,074</b>	<b>63.88</b>	<b>0.00</b>
<b>B</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds	2,041	1,250	3,291	0.00	250	1,250	1,500	0.00	0
(b)	Banks / FI	5,81,110	0	5,81,110	0.12	5,81,378	0	5,81,378	0.12	0
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0
	State Government(s)	0	0	0	0.00	0	0	0	0.00	0
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
(e)	Insurance Companies	2,42,80,027	0	2,42,80,027	5.20	2,42,39,429	0	2,42,39,429	5.19	-0.1
(f)	FII's	19,19,106	2,500	19,21,606	0.42	13,64,306	2,500	13,66,806	0.30	-0.12
(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
	<b>Sub-Total (B)(1)</b>	<b>2,67,82,284</b>	<b>3,750</b>	<b>2,67,86,034</b>	<b>5.74</b>	<b>2,61,85,363</b>	<b>3,750</b>	<b>2,61,89,113</b>	<b>5.61</b>	<b>-0.13</b>
<b>2</b>	<b>Non-institutions</b>									
(a)	<b>Bodies Corporate</b>									
(i)	Indian	6,63,81,901	47,385	6,64,29,286	14.24	7,36,636,70	27,380	7,36,91,050	15.80	1.56
(ii)	Overseas	0	0	0	0	0	0	0	0	0
(b)	<b>Individuals</b>									
(i)	Individual shareholders holding nominal share capital up to ` 1 lakh	5,31,52,514	50,38,608	5,81,91,122	12.47	5,11,70,235	23,54,521	5,35,24,756	11.47	-1.00
(ii)	Individual shareholders holding nominal share capital in excess of ` 1 lakh.	65,36,835	0	65,36,835	1.4	45,23,014	0	45,23,014	0.97	0.43
(c)	<b>Others (specify)</b>									
i)	NRI- holdings	66,93,586	38,70,370	1,05,63,956	2.26	67,75,655	38,05,120	1,05,80,775	2.27	0.01
ii)	Trust	14,000	0	14,000	0	12,525	0	12,525	0	0
	<b>Sub-Total (B)(2)</b>	<b>13,27,78,836</b>	<b>89,56,363</b>	<b>14,17,35,199</b>	<b>30.38</b>	<b>13,61,45,099</b>	<b>61,87,021</b>	<b>14,23,32,120</b>	<b>30.51</b>	<b>0.13</b>
	<b>Total Public Shareholding (B)= (B)(1) + (B)(2)</b>	<b>15,95,61,120</b>	<b>89,60,113</b>	<b>16,85,21,233</b>	<b>36.12</b>	<b>1,62,330,462</b>	<b>61,90,771</b>	<b>16,85,21,233</b>	<b>36.12</b>	<b>0</b>
<b>C</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total (A + B + C)</b>	<b>45,76,48,194</b>	<b>89,60,113</b>	<b>46,66,08,307</b>	<b>100</b>	<b>46,04,17,536</b>	<b>61,90,771</b>	<b>46,66,08,307</b>	<b>100</b>	<b>0</b>

(ii) Shareholding of Promoters / Promoters Group

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2015			Shareholding held at the end of the year 31.03.2016			% 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	5,51,92,359	11.83	93.18	0.00
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	35.05	4,79,57,175	10.28	66.32	0.00
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. Dinesh Nair	3,74,050	0.08	0.00	3,74,050	0.08	0.00	0.00
7	Ms. Amrudha Nair	3,00,000	0.06	0.00	3,00,000	0.06	0.00	0.00
8	Mr. Vivek Nair	4,77,460	0.10	0.00	4,77,460	0.10	0.00	0.00
9	Capt. C. P. Krishnan Nair (2 folios)	0	0.00	0.00	0	0.00	0.00	0.00
10	Mrs. P. V. Leela Amma Nair	75,000	0.02	0.00	75,000	0.02	0.00	0.00
11	Mrs. Lakshmi Nair	18,330	0.00	0.00	18,330	0.00	0.00	0.00
12	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 (01.04.2015)		Date of transaction	Increase / decrease in shareholding	Cumulative Shareholding during the year (31.03.2016)	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1	Leela Lace Holdings Private Limited	9,69,25,650	20.77	N.A.	0	9,69,25,650	20.77
2	Leela Lace Holdings Private Limited	9,17,24,335	19.66	N.A.	0	9,17,24,335	19.66
3	Leela Lace Software Solutions Private Limited	4,90,78,454	10.52	N.A.	0	4,90,78,454	10.52
4	Rockfort Estate Developers Private Limited	4,79,57,175	10.28	N.A.	0	4,79,57,175	10.28
5	Leela Lace Software Solutions Private Limited	37,61,440	0.81	N.A.	0	37,61,440	0.81
6	Leela Fashions Private Limited	42,50,000	0.91	N.A.	0	42,50,000	0.91
7	Leela Lace Software Solutions Private Limited	23,52,465	0.50	N.A.	0	23,52,465	0.50
8	Krishnan Nair Leela Family Trust (Through Trustees Mr.Vivek Nair And Mr.Dinesh Nair)	7,92,355	0.17	N.A.	0	7,92,355	0.17
9	Vivek Krishnan Nair	4,77,460	0.10	N.A.	0	4,77,460	0.10
10	Dinesh Nair	3,74,050	0.08	N.A.	0	3,74,050	0.08
11	Amruda Nair	3,00,000	0.06	N.A.	0	3,00,000	0.06
12	P V Leela Amma Nair	75,000	0.02	N.A.	0	75,000	0.02
13	Lakshmi Nair	18,330	0.00	N.A.	0	18,330	0.00
14	Madhu D Nair	360	0.00	N.A.	0	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 (01.04.2015)		Date of transaction	Increase / decrease in shareholding	Reason	Cumulative Shareholding during the year (31.03.2016)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	ITC Limited	3,20,23,542	6.86	N.A.	0	No change	3,20,23,542	6.86
2	ITC Limited	1,79,29,513	3.84	N.A.	0	No change	1,79,29,513	3.84
3	Life Insurance Corporation of India	1,31,28,963	2.81	N.A.	0	No change	1,31,28,963	2.81
4	LIC of India Market Plus Growth Fund	62,97,242	1.35	N.A.	0	No change	62,97,242	1.35
5	Russell Credit Limited	48,39,907	1.04	N.A.	0	No change	48,39,907	1.04
6	LIC of India Future Plus Growth Fund	18,34,568	0.41	N.A.	0	No change	1,83,45,68	0.39
7	The New India Assurance Company Limited	11,69,000	0.25	N.A.	0	No change	11,69,000	0.25
8	Chalakkal Krishnan Kutty	10,40,500	0.22	N.A.	0	No change	10,40,500	0.22
9	Chalakkal Krishnan Kutty	7,34,100	0.16	N.A.	0	No change	7,34,090	0.16
10	Gopikishan S Damani	24,20,000	0.52	01/04/2015				
		0	0	31/03/2016	-24,20,000	Transfer	0	0

(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	Ms. K. Hemalatha	N.A.	0.00	0	0.00
12	Mr. Ashok G. Rajani	N.A.	0.00	6,000	0.00
13	Mr. Krishna Deshika	0	0.00	0	0.00
14	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. 32.1 of the Financial Statements)

(` in Lacs)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,02,031.23	1,350.25	-	5,03,381.48
ii) Interest due but not paid	1,132.03	-	-	1,132.03
iii) Interest accrued but not due	211.94	-	-	211.94
<b>Total (I + ii + iii)</b>	<b>5,03,375.20</b>	<b>1,350.25</b>	<b>-</b>	<b>5,04,725.45</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	7,220.88	576.00	-	7,796.88
Reduction	77,616.68	-	-	77,616.68
<b>Net Change</b>	<b>(70,395.80)</b>	<b>576.00</b>	<b>-</b>	<b>(69,819.80)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,30,966.58	1,926.25	-	4,32,892.83
ii) Interest due but not paid	1,783.50	-	-	1,783.50
iii) Interest accrued but not due	229.32	-	-	229.32
<b>Total (I + ii + iii)</b>	<b>4,32,979.40</b>	<b>1,926.25</b>	<b>-</b>	<b>4,34,905.65</b>

## 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/WTM/Manager			Total Amount (` lakhs)
		Mr. Vivek Nair	Mr. Dinesh Nair	Mr. Krishna Deshika	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16.73	16.73	117.24	150.69
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	0.39	0.39	0.79	1.57
	(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
5	Others, please specify	0	0	0	0
	<b>Total (A)</b>	<b>17.12</b>	<b>17.12</b>	<b>118.03</b>	<b>152.26</b>
	<b>Ceiling as per the Act</b>				

**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. R. Venkatachalam	Mr. Vikram Singh Mehta	Mr. Ashok G. Rajani		
	Fee for attending board / committee meetings	1.80	0.90	5.10	3.90	2.40	2.40	0.60	0.30	17.40	
	Commission	0	0	0	0	0	0	0	0	0	
	Others, please specify	0	0	0	0	0	0	0	0	0	
	Total (1)	1.80	0.90	5.10	3.90	2.40	2.40	0.60	0.30	17.40	
2	Other Non-Executive Directors		Mrs. Madhu Nair	Mr. V. P. Shetty	Mr. Anil R. Bhatia	Ms. K. Hemalatha	Mr. Anil Kumar Sharma	Total Amount (` lakhs)			
	Fee for attending board / committee meetings		0.60	1.50	1.80	1.50	0.30	5.70			
	Commission		0	0	0	0	0	0			
	Others, please specify		0	0	0	0	0	0			
	Total (2)		0.60	1.50	1.80	1.50	0.30	5.70			
	Total (B) = (1+2)									23.10	
	Total Managerial Remuneration									175.36	
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	N.A.	16,41,379	9,44,469	25,85,848
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0		4,80,531	4,80,531
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(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
	- Others, please specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>16,41,379</b>	<b>14,25,000</b>	<b>30,66,379</b>

\* With effect from 25th February, 2016

\*\* With effect from 1st July, 2015

**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 of Industry

India has emerged as one of the best performing economies, globally, with GDP growth of 7.3%.

For the hotel industry, the long term outlook, seems quite positive.

The demand for rooms is expected to increase, while the supply is likely to slow down.

There are multiple taxes levied on Hotel Industry and the rates of taxes are too high. The hotel industry is expected to benefit significantly, as and when the GST becomes a reality.

Hotel industry is capital intensive. Several hotels built during the last 8 years are finding it difficult to service their debts, as the revenues have been much lower compared to estimates, the interest rates are too high and the time allowed for repayment of debts is too low.

The year 2015 saw the smallest addition to Hotel Industry in the last seven years. During the year 2015, there was marginal increase in occupancy and Average Room Rates. The MICE (Meetings, Incentives, Conferences and Exhibitions) segment and Weddings segment contributed significantly to improved revenues in food and beverages and is expected to perform even better in the future.

## 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
	<b>Total</b>	<b>1,408</b>
(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
	<b>Total</b>	<b>1,280</b>
	<b>Grand Total</b>	<b>2,688</b>

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 over seven million members. The alliance has over 30 member brands encompassing over 550 upscale and luxury hotels with 110,000 rooms across 76 different countries. For more information, visit [gha.com](http://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](http://discoveryloyalty.com).

This association helps bring cost savings with regards technology investments related to Central Reservation Systems. Additionally, 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 has recently appointed (w.e.f. May 1, 2016) the services of Mason Rose in the UK to provide Sales & Marketing Representation services in the UK. They will help service all the segments, i.e. Leisure, MICE and Corporates and help regain market share since we shut our London Sales Office (2-member team) over 2 years back.

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



CIS.

#### C. Privilege to host Heads of State visits

The Company's hotels have been preferred destinations for the world's eminent leaders, celebrities and royalty. Some of the Heads of State that chose to stay at The Leela Palace New Delhi are:

Sr No.	Name	Designation	Country
1	His Majesty King Juan Carlos I	King	Spain
2	His Royal Highness Salman Bin Abdulaziz Al Saud	King	Saudi Arabia
3	His Royal Highness Sheikh Tamim Bin Khalifa Al Thani	Emir	Qatar
4	His Royal Highness Mohammed VI	King	Morocco
5	His Royal Highness Sheikh Mohammed Bin Zayed Al Nahyan	Crown Prince of Abu Dhabi	UAE
6	His Royal Highness Prince Andrew	Duke of York	United Kingdom
7	His Royal Highness Sheikh Hamdan Al Maktoum	Crown Prince of Dubai	UAE
8	His Royal Highness Sheikh Hamad Bin Khalifa Al Thani	Father Emir	Qatar
9	His Excellency Mr. Hamid Karzai	President	Afghanistan
10	His Excellency Mr. Nguyen Trong	President	Vietnam
11	His Excellency Ms. Tarja Halonen	President	Finland
12	His Excellency Mr. Olafur Ragnar Grimsson	President	Iceland
13	His Excellency Mr. Victor Yanukovich	President	Ukraine
14	His Excellency Mr. Abdulla Yameen	President	Maldives
15	His Excellency Mr. Mahmoud Abbas	President	Palestine
16	His Excellency Mr. Omar Al Bashir	President	Sudan
17	His Excellency Mr. Jose Eduardo Santos	President	Angola
18	His Excellency Mr. Pierre Kkurunziza	President	Burundi
19	His Excellency Mr. Baron Waqa	President	Nauru
20	His Excellency Mr. Tshering Tobgay	Prime Minister	Bhutan
21	His Excellency Ms. Yingluk Shinawatra	Prime Minister	Thailand
22	His Royal Highness Sheikh Jaber Al Mubarak Al Sabah	Prime Minister	Kuwait
23	His Excellency Mr. Baburam Bhattarai	Prime Minister	Nepal
24	His Excellency Mr. Carlos Agostinho Rosario	Prime Minister	Mozambique
25	His Excellency Mr. Barnabas Dlamini	Prime Minister	Swaziland
26	His Excellency Mr. Roosevelt Skerrit	Prime Minister	Dominica
27	His Excellency Mr. Toke Talagi	Prime Minister	Niue
28	His Excellency Dr. Abdullah Abdullah	Chief Executive Officer	Afghanistan
29	Daw Aung San Suu Kyi	State Counselor of Myanmar	Myanmar
30	Tuanku Hajah Haminah Binti Hamidun	Queen	Malaysia

Sr No.	Name	Designation	Country
31	Her Royal Highness Sheikhha Mozah Bint Missned	Queen	Qatar
32	Her Royal Highness Queen Jetsun Pema	Queen	Bhutan

#### 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:

- The site is responsive and optimized for all devices.
- New Booking engine with a 3-step booking process, integrated with a Payment Gateway.
- 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 Rate will be available for sale only through our brand.com and will not be available on any other channel (including LRW).
- 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.
- 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

- Eazy Diner Foodie Awards 2016 - Le Cirque awarded Critics Choice Best - European Restaurant in a Hotel, April 2016
- Ospitalita' Italiana 2015-16 - Italian Restaurants in the World- Le Cirque is awarded Ospitalità Italiana Certificate for one of the top authentic Italian restaurants in the world, March 2016.
- TripAdvisor Travellers' Choice Awards – The Leela Palace New Delhi awarded amongst the Top 25 Luxury Hotels in India and Top 25 Hotels for Service in India, January 2016
- Hotelier India Awards 2015 – Louis Sailer, General Manager, awarded the General Manager of the Year, December 2015
- Conde Nast Traveller Reader's Travel Awards 2015 – ESPA at The Leela Palace New Delhi awarded the Favourite Indian Hotel Spa, November 2015
- Conde Nast Traveller Reader's Travel Awards 2015 – The Leela Palace New Delhi featured among The World's Top 100 hotels, October 2015
- Robb Report USA - The Leela Palace New Delhi recognized as one of World's Top 100 Hotels of 2015, May 2015.

##### The Leela Palace Udaipur

- Luxury Hotel of the Year - BW Hotelier Indian Hospitality Awards, March 2016.
- Trip Advisor 2016 Travellers' Choice Awards - Best Luxury Hotels in India, January 2016
- Condé Nast Traveller India Readers' Travel Awards 2015 – 'Favourite Leisure Hotel' of India, November 2015

##### The Leela Palace Bangalore

- Times Food Award – Le Cirque restaurant awarded for Best European – Fine Dining Category, December 2015

##### The Leela Palace Chennai

- Today's Traveller Award 2015 - Best Business Hotel in Chennai, August 2015

##### The Leela Mumbai

- TripAdvisor Awards 2015 – Awarded the Certificate of Excellence and inducted in to the Hall of Fame, May 2015
- Times Food & Nightlife Awards 2015 – Le Cirque Signature awarded Best Italian in Mumbai - Fine Dine(Suburbs), February 2015

#### The Leela Goa

- Conde Nast Traveller Reader's Travel Awards 2015 (UK) – The Leela Palace Goa featured among The World's Top 100 hotels, October 2015

#### The Leela Ambience Gurgaon Hotel and Residences

- EazyDiner Foodie Awards 2016 - The Leela Ambience Gurgaon Hotel and Residences named Hotel of the year, April 2016
- The Times Food Guide 2016 – Zanotta awarded Best Italian Fine Dine, March 2016
- The Times Food Guide 2015 – Rubicon awarded Best Bar for Wine - Luxurious Night Life, March 2016
- The Times Food Guide - Spectra awarded Best Restaurant for Multi Cuisine, Pan Asian and Spanish cuisine in Gurgaon, March 2016
- World Travel Awards - India's leading Hotel Residences, October 2015

#### The Leela Kovalam

- Today's Traveller Award 2015 - The Best Wellness Spa, August 2015.
- Lonely Planet India Travel Awards - Best Indian Luxury Hotel in India, June 2015

#### The Leela – Corporate

- Trav Talk - India Travel Awards – Vivek Nair, Chairman & Managing Director, awarded The Gallery of Legends Award for excellence and commitment to the hospitality industry, September 2015
- Travel and Hospitality Awards – Rajiv Kaul, President, awarded Most Outstanding Professional, February, 2015

### 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 before debt service.

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 continued recession in the Hotel Industry, the expected profitability estimates could not be achieved. Also due to the continued 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 beef up its security preparedness. 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, 2016, the total manpower was 4,212 (including contract labour and FTCs) in the five owned hotels and corporate office and 2,494 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

Your Company owns and operates five hotels in Mumbai, Bangalore, Udaipur, New Delhi and Chennai, besides operating four hotels in Gurgaon, Kovalam, Goa and New Delhi under Management Contract. The total room inventory stands at 2,688 guest rooms including 1,280 under Management.

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 those where new properties 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 increased by ` 2,445.68 lakhs, from ` 63,645.14 lakhs in F.Y.2014-15 to ` 66,090.82 lakhs in F.Y. 2015-16.

#### Other income:

The other income during the year was ` 942.77 lakhs as against ` 661.54 lakhs in the previous year.

#### Employee benefit expenses:

The employee benefit expenses have gone up from ` 18,750.36 lakhs to ` 19,221.28 lakhs, an increase of 2.5 %.

#### Finance costs:

As can be seen from note 32.1 to Accounts, the Company has not made provision for interest on loans assigned to ARCs, as the Company is pursuing with the ARC for a viable restructuring package. Consequently, the finance costs during the year are ` 8,790.03 lakhs as against ` 19,751.41 lakhs during the previous year.

#### Depreciation:

Depreciation for the year increased to ` 23,987.70 lakhs against ` 22,675.25 lakhs in the previous year.

#### Exceptional Items:

Exceptional items represent provision made during the year for impairment of the Chennai hotel.

#### Profit from discontinuing operations:

The Company has sold its Goa Hotel Undertaking during the year. The profit from discontinuing operations until discontinuation was ` 1,153.49 lakhs. The net gain on sale of the Goa hotel was ` 18,002.68 lakhs.

#### Profit/Loss after Tax:

The Company incurred a loss of ` 18,016.02 lakhs during F.Y. 2015-16 against loss of ` 41,587.74 lakhs during the previous year.

#### Fixed Assets:

The net fixed assets, capital work progress and assets held for sale as on 31st March, 2016 was ` 4,42,944.47 lakhs as against ` 5,30,825.04 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:

	31.3.2016	31.3.2015
<b>Secured Loans:</b>		
Long term debt:	4,23,832	4,98,143
Current Maturities of Long Term Debt	7,135	3,744
Short-term Debts	-	145
Interest accrued and due on borrowings	1,783	1,132
Interest accrued but not due on borrowings	229	212
<b>Unsecured Loans</b>	<b>1,926</b>	<b>1,350</b>
<b>Total</b>	<b>4,34,905</b>	<b>5,04,726</b>

Please refer note 32.1 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 2015-16. 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:

	31.3.2016	31.3.2015
Shareholders' Funds	23,785.65	41,801.67
Less: Foreign Currency monetary translation difference	8,955.45	10,807.51
Less: Revaluation Reserve	41,281.96	68,272.36
Less: Intangible assets	886.46	1,324.76
<b>Net worth</b>	<b>(27,338.21)</b>	<b>(38,602.98)</b>

Please refer Note No. 32.1 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. In May 2014, the CDR Empowered Group 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 Private 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 32.1 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 some of its hotels, 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 and the work has commenced.
- 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 8 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 expected to be concluded during the current year after the requisite approvals are 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 has continued to build on its tradition of CSR programs designed to protect the environment and benefit underprivileged communities, especially children.

This year, the entire Leela family across all nine hotels in major cities and resorts around the country, has taken great pride in renewing its commitment towards protecting our environment. To mark the passing of Late Founder Chairman Capt. C. P. Krishnan Nair, 94 saplings were planted by each property as a tribute and a remembrance gift. The World Environment Day was commemorated by planting myriad tree saplings at The Leela properties as well as adjoining areas to promote greening and benefit surrounding communities. The efforts were further bolstered with destination-specific activities, such as helping local authorities clean up the country's oldest artificial Lake Pichola in Udaipur to initiating week-long Leela cleaning drives of the popular Mobor beach in South Goa.

On the social sustainability front, The Leela continued its involvement with nurturing underprivileged communities, conducting donation drives for children as part of charitable giving, continuing skill-based training for the youth, and providing on-going support to local artisans while promoting traditional craftsmanship.

Each property further strengthened partnerships with local NGOs for charitable donations, including, daily meals, clothing, shoes and books to underprivileged children. Additionally, The Leela Palace New Delhi organized three visits to NGO supported schools and one senior center, respectively, where the team distributed over 250 food packets, along with gift hampers and stationary kits. The Leela Ambience Gurgaon, among other initiatives, continued to provide daily meals to destitute children through an NGO, and invited 350 children for Christmas meal 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 completed the training for 11 youths in food & beverage service and housekeeping and The Leela Palace Bangalore completed training to 30 youths in housekeeping and laundry, to help prepare them for subsequent employment.

We will continue to report our progress next year as we strive to reach new levels of corporate social responsibility.



# REPORT ON CORPORATE GOVERNANCE

Following is the report on Corporate Governance for the year ended March 31, 2016.

## 1. Company's Philosophy

Hotel Leelaventure Limited (Company) 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.

## 2. Board of Directors

### 2.1 Size and Composition of the Board

As on 31st March, 2016, the Board comprised of 12 directors, of which 6 were Independent Directors, 4 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.

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
	Mr. Krishna Deshika <sup>1</sup>	Director – Finance & CFO	NIL
Non- Executive Non- Independent Directors	Mrs. Madhu Nair	Director	360
	Mr. Anil Kumar Sharma <sup>2</sup>	Director- Nominee of AAI	NIL
	Ms. K. Hemalatha <sup>3</sup>	Director- Nominee of AAI	NIL
	Mr. V. P. Shetty	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited	NIL
	Mr. Anil R. Bhatia	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited	NIL
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Dr. K. U. Mada	Director	12,000
	Mr. Vijay Amritraj	Director	60,105
	Mr. Anil Harish	Director	NIL
	Mr. M. Madhavan Nambiar	Director	NIL
	Mr. Vikram Singh Mehta <sup>4</sup>	Director	25,000
	Mr. R. Venkatachalam <sup>5</sup>	Director	2,500
	Mr. Ashok G. Rajani <sup>6</sup>	Director	6,000

<sup>1</sup> Resigned from the Board with effect from 25th February, 2016 and continues as CFO.

<sup>2</sup> Resigned from the Board with effect from 12th August, 2015.

<sup>3</sup> Joined the Board with effect from 12th August, 2015.

<sup>4</sup> Resigned from the Board with effect from 22nd September, 2015.

<sup>5</sup> Resigned from the Board with effect from 6th November, 2015.

<sup>6</sup> Joined the Board with effect from 10th February, 2016.

### 2.2 Board Meetings and Attendance

The Board of Directors met 6 times during the year - on 27th May, 2015, 12th August, 2015, 19th September, 2015, 22nd September, 2015, 6th November, 2015 and 10th February, 2016 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.

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, 2016 (including the Company)	No. of Committee positions held in listed companies (including the Company)	
		No. of Board Meetings attended during the financial year 2015-16	AGM held on 22nd September, 2015		Chairman of Committees	Member of Committees
Mr. Vivek Nair	CMD	6	Yes	2	0	0
Mr. Dinesh Nair	CCMD	4	No	1	0	0
Mr. Krishna Deshika <sup>1</sup>	DF	6	Yes	0	0	0
Mrs. Madhu Nair	NED	2	No	1	0	0
Mr. Vijay Amritraj	NEID	3	Yes	1	0	0
Mrs. Anna Malhotra	NEID	3	Yes	2	2	0
Dr. K.U. Mada	NEID	6	Yes	3	3	2
Mr. Anil Harish	NEID	6	Yes	4	3	1
Mr. M. Madhavan Nambiar	NEID	2	No	3	1	0
Mr. V. P. Shetty	NED	5	Yes	1	0	0
Mr. Anil R. Bhatia	NED	6	Yes	1	0	0
Mr. Anil Kumar Sharma <sup>2</sup>	NED	1	N.A.	0	0	0
Ms. K. Hemalatha <sup>3</sup>	NED	5	Yes	1	0	0
Mr. Vikram Singh Mehta <sup>4</sup>	NEID	2	No	0	0	0
Mr. R. Venkatachalam <sup>5</sup>	NEID	4	Yes	0	0	0
Mr. Ashok G. Rajani <sup>6</sup>	NEID	0	N.A.	1	0	0

<sup>1</sup> Resigned from the Board with effect from 25th February, 2016.

<sup>2</sup> Resigned from the Board with effect from 12th August, 2015.

<sup>3</sup> Joined the Board with effect from 12th August, 2015.

<sup>4</sup> Resigned from the Board with effect from 22nd September, 2015.

<sup>5</sup> Resigned from the Board with effect from 6th November, 2015

<sup>6</sup> Joined the Board with effect from 10th February, 2016

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](http://www.theleela.com).

Mrs. Madhu Nair was not able to attend a few of the Board Meetings due to medical reasons. Mr. Vijay Amritraj and Mr. M. Madhavan Nambiar could not attend a few meetings as they were abroad. 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, Mr. Dinesh Nair and Mrs. Madhu Nair, promoter group Directors.

## 2.3 Separate meeting of the independent directors

A separate meeting of the Independent Directors of the Company was held on the 25th March, 2016 which was attended by majority of the Independent Directors.

## 2.4 Familiarization Programme for Independent Directors

The Board has adopted a Familiarization Program ("the 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 a 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 (the Act) 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 <sup>1</sup>	Chairman <sup>1</sup>	NEID	6	6
Dr. K. U. Mada	Member	NEID	6	6
Mr. M. Madhavan Nambiar	Member	NEID	6	3
Mr. R. Venkatachalam <sup>2</sup>	Chairman	NEID	4	4

<sup>1</sup> Appointed as Chairman with effect from 6th November, 2015.

<sup>2</sup> Resigned from the Audit Committee with effect from 6th November, 2015.

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 22nd September, 2015. 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 are also invited to the meetings. The Company Secretary acts as Secretary to the Audit Committee.

During the year under review, the Audit Committee met 6 times – on 18th May, 2015, 27th May, 2015, 12th August, 2015, 19th September, 2015, 6th November, 2015 and 10th February, 2016. 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, including the scope and terms of reference. The Company Secretary acts as the Secretary of the Committee.

The Committee comprises of three Non-Executive Independent Directors. The Committee met on 27th May, 2015 and 29th January, 2016. 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	1
Dr. K. U. Mada	Member	NEID	2	2
Mr. M. Madhavan Nambiar	Member	NEID	2	2

#### 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 of 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 remuneration packages of the Executive Directors comprise of salaries and allowances, contribution to provident funds, etc. The payments made during the financial year 2015-16 are as follows:

Rupees

Name of the Executive Directors	Designation	Salary and Allowances	Company's contribution to Provident Fund
Mr. Vivek Nair*	Chairman & Managing Director	14,93,333	179,200
Mr. Dinesh Nair*	Co-Chairman & Managing Director	14,93,333	179,200
Mr. Krishna Deshika	Director- Finance & CFO (upto 16th January, 2016)	1,04,67,742	12,56,129

\* Mr. Vivek Nair's and Mr. Dinesh Nair's remuneration is for the period from 1st April, 2015 to 30th April, 2015 and no remuneration has been accounted or paid after that date.

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.

#### 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 2015-16 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid ( ₹ )
Mrs. Madhu Nair	60,000
Mr. Vijay Amritraj	90,000
Mrs. Anna Malhotra	1,80,000
Mr. Anil Harish	3,90,000
Dr. K.U. Mada	5,10,000
Mr. M. Madhavan Nambiar	2,40,000
Mr. Anil Kumar Sharma <sup>1</sup>	30,000
Mr. V. P. Shetty	1,50,000
Mr. Anil R. Bhatia	1,80,000
Mr. Vikram Singh Mehta <sup>2</sup>	60,000
Mr. R. Venkatachalam <sup>3</sup>	2,40,000
Ms. K. Hemalatha <sup>4</sup>	1,50,000
Mr. Ashok G. Rajani <sup>5</sup>	30,000

<sup>1</sup> Resigned with effect from 12th August, 2015.

<sup>2</sup> Resigned from the Board with effect from 22nd September, 2015.

<sup>3</sup> Resigned from the Board with effect from 6th November, 2015.

<sup>4</sup> Joined the Board with effect from 12th August, 2015.

<sup>5</sup> Joined the Board with effect from 10th February, 2016.

#### Notes:

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

#### 5. Stakeholders' Grievance 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 27th May, 2015 and 6th November, 2015 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	Chairman	NEID	2	2
Mrs. Anna Malhotra	Member	NEID	2	1
Mr. Krishna Deshika <sup>1</sup>	Member	DF & CFO	2	2

<sup>1</sup> Resigned as a member with effect from 25th February, 2016.

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 16 share transfers comprising 12,755 shares and processed 134 requests for de-materialization of 27,59,345 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 2015-16

Opening Balance	Received during the year 2015-16	Resolved during the year 2015-16	Closing Balance
0	28	28	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
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	<b>Resolution No. 5:</b> Authority to Board of Directors to borrow in excess of paid up capital and free reserves <b>Resolution No. 6:</b> Authority to Board of Directors for creation of charges/mortgages <b>Resolution No. 7:</b> Enabling resolution for raising long term funds through further issue of Securities <b>Resolution No. 8:</b> Re-appointment and remuneration of Mr. Vivek Nair as Chairman & Managing Director for a period of 5 years <b>Resolution No. 9:</b> Re-appointment and remuneration of Mr. Dinesh Nair as Co-Chairman & Managing Director for a period of 5 years <b>Resolution No. 10:</b> 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	<b>Resolution No. 14:</b> Issue of equity shares on a preferential basis to a Promoter Group Entity of the Company <b>Resolution No. 15:</b> Enabling resolution for raising long term funds through further issue of Securities <b>Resolution No. 16:</b> Increase in maximum number of directors of the Company from Fifteen to Sixteen directors <b>Resolution No. 17:</b> Alteration of existing Article 117 of the Articles of Association of the Company to increase the number of Directors to Sixteen
2012-13	32nd AGM	20.09.2013 11.00 a.m.	Grand Ball Room, The Leela, Sahar, Mumbai – 400 059	<b>Resolution No. 8:</b> Issue of equity shares on preferential basis to a promoter group entity of the Company u/s 81(1A) <b>Resolution No. 9:</b> Enabling resolution for issue of Securities u/s 81(1A) upto ` 1000 crores <b>Resolution No. 12:</b> Re-appointment of Ms. Amruda Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the Company), as Head - Asset Management <b>Resolution No. 13:</b> Re-appointment of Ms. Aishwarya Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the company), as Head - F & B Merchandise <b>Resolution No. 14:</b> Re-appointment of Ms. Samyukta Nair, daughter of Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company as Head – Design & Operations

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 two postal ballot exercises during the financial year 2015-16:

#### (i) Sale of Goa Hotel Undertaking

The following Special Resolution was passed by the Members by way of Postal Ballot during the financial year 2015-16:

Sr. No.	Brief particulars of Special 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	Sale of Goa Hotel Undertaking	381	30,10,05,755	99.99	29,305	0.01

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 6th November, 2015.

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

(ii) **Appointment of Mr. Ashok G. Rajani 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 Resolutions	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. Ashok G. Rajani as an Independent Director	420	32,29,50,877	99.99	40,030	0.01

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 27th April, 2016.

Mr. V. Sundaram of M/s. V. Sundaram & Co., Practicing 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 (AS18) 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](http://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 by Clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable.

Brief profile of the directors retiring by rotation and eligible for re-appointment and directors proposed to be appointed will be attached to the notice convening the Annual General Meeting.

**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](http://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 is periodically placed before 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	<p><b>(A) Owned hotels:</b></p> <ol style="list-style-type: none"> <li>(1) The Leela Mumbai, Sahar, Mumbai – 400 059</li> <li>(2) The Leela Palace Bangalore, 23, Old Airport Road, Bangalore – 560 008</li> <li>(3) The Leela Palace Udaipur, Lake Pichola, P.O. Box No. 125, Udaipur – 313 001</li> <li>(4) The Leela Palace New Delhi, Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023</li> <li>(5) The Leela Palace Chennai, Satyadev Avenue Extension, MRC Nagar, Raja Annamalapuram, Chennai- 600 028</li> </ol> <p><b>(B) Managed hotels and Residences:</b></p> <ol style="list-style-type: none"> <li>(1) The Leela Ambience Gurgaon Hotel &amp; Residences, Ambience Island, National Highway – 8, Gurgaon – 122 002, Delhi N.C.R.</li> <li>(2) The Leela Kovalam, Trivandrum – 695 527, Kerala</li> <li>(3) The Leela Goa, Mobor, Cavelossim, Goa - 403 731</li> <li>(4) The Leela Ambience Convention Hotel, Delhi 1, CBD, Near Yamuna Sports Complex, Maharaja Surajmal Marg, New Delhi, Delhi 110032</li> </ol>

#### 35th Annual General Meeting

Day / Date	Time	Venue
Tuesday, 20th September, 2016	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, 2016.
Book Closure Dates	17th September, 2016 to 20th September, 2016 (both days inclusive) for the purpose of Annual General Meeting.
Listing on Stock Exchanges	<p><b>Equity Shares:</b></p> <p>I) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001</p> <p>II) National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051</p> <p><b>Non-convertible Debentures:</b> Whole-sale Debt Market Segment BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001</p>
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2016	1st August, 2016
30th September, 2016	11th November, 2016
31st December, 2016	10th February, 2017
31st March, 2017	25th May, 2017
Annual General Meeting for the year ending 31st March, 2017	On or before 30th September, 2017

The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2016-17.

## Stock Market Data

The monthly high / low prices of the equity shares of the Company from 1st April, 2015 to 31st March, 2016 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 15	21.40	18.00	974047	27011	21.40	18.00	404659	8182
May 15	20.00	17.50	1404070	27828	20.00	17.50	473143	8434
Jun 15	21.00	16.85	1827133	27781	20.80	16.80	564501	8369
Jul 15	22.45	18.55	2395100	28115	22.50	18.55	820324	8533
Aug 15	23.90	18.90	2326747	26283	23.90	19.00	100973	7971
Sep 15	23.00	18.15	1352128	26155	23.00	18.00	730090	7949
Oct 15	20.65	18.00	785655	26657	20.70	19.15	311073	8066
Nov 15	20.90	18.85	739401	26146	20.60	19.00	393239	7935
Dec 15	23.15	19.00	3165118	26118	23.10	19.20	156308	7946
Jan 16	24.10	18.25	1944283	24871	24.10	18.20	932031	7564
Feb 16	19.35	16.55	965305	23002	19.50	16.55	444022	6987
Mar 16	18.30	16.60	564993	25342	18.40	16.55	503809	7738

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

## Distribution of shareholding as 31st March, 2016

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Total
Upto 5,000	98,736	98.33	4,20,04,232	9.00
5,001 to 10,000	907	0.90	68,62,008	1.47
10,001 to 20,000	373	0.37	54,11,138	1.16
20,001 to 30,000	161	0.16	40,16,579	0.86
30,001 to 40,000	58	0.06	20,74,755	0.45
40,001 to 50,000	32	0.03	15,10,229	0.32
50,001 to 1,00,000	64	0.06	45,01,948	0.97
Above 1,00,000	82	0.08	40,02,27,418	85.77
<b>TOTAL</b>	<b>1,00,413</b>	<b>100</b>	<b>46,66,08,307</b>	<b>100</b>

## No. of Shares held in dematerialized and physical mode as on 31st March, 2016

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% of total capital issued
1	Held in dematerialized form in NSDL	67,495	41,09,24,153	88.06
2	Held in dematerialized form in CDSL	30,036	4,94,93,383	10.61
3	Held in Physical form	2,882	61,90,771	1.33
	<b>Total</b>	<b>1,00,413</b>	<b>46,66,08,307</b>	<b>100.00</b>

## Shareholding Pattern as on 31st March, 2016

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	24,822,307	5.32

Sr. No.	Category	No. of Shares held	% of Holding
3	Bodies Corporate / Trusts	73,703,575	15.80
4	FIIIs	1,366,806	0.29
5	NRIIs / OCBs	10,580,775	2.27
6	Resident Individuals	58,047,770	12.44
	<b>Total</b>	<b>46,66,08,307</b>	<b>100.00</b>

As on 31st March, 2016, the Promoters have pledged 27,56,36,964 equity shares representing 59.07% 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

maintain demat accounts. The DP will generate an electronic request and 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 will verify the same. Upon verification, the Registrar will request National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder will be 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 are proposed to be appointed as one point agency for dealing with shareholders with effect from 18th June, 2016. Shareholders correspondence 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 ₹ 19.30 lakhs, lying in the unpaid / unclaimed dividend accounts for the financial year 2007-08, 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 year	4,330	25,98,970
Number of shareholders who approached the issuer for transfer of shares from the unclaimed suspense account during the period	31	34,020
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year	4,299	25,64,950

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 will be 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 so far, 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.

#### **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 practicing 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 has, however, not been sent to each household of shareholders.

##### **12.3 Audit Qualifications:**

During the period under review, even though there is no audit qualification, there is an audit observation. The explanation for the same has been provided in Note No. 31.3 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, 26th May, 2016

## 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, 2016.

**Vivek Nair**  
Chairman & Managing Director

Mumbai, 26th May, 2016

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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, 2016 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, 26th May, 2016

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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, 2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulation') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 and 31st March, 2016.

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 Agreement/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

**Dhara A. Solanki**  
Membership No. 29177  
C. P. No.12475

Mumbai, 26th May, 2016

# 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 2016, 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 2016 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 financial statements:

Note 32.1 regarding the Company's liabilities, net worth and interest provision. The negative net worth as on 31st March 2016 was ` 27338 lakhs. The loss for the year would have been higher by ` 72704 lakhs (Previous year ` 78241 lakhs) and negative net worth would have been higher by another ` 150945 lakhs, if interest and other finance cost as notified by the Asset Reconstruction Companies were provided for in the books. This raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package as explained by them in the note, 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, (herein after 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 the Annexure, 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2016 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 32.2 to the 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.

For PICARDO & CO.  
Chartered Accountants  
Registration No: 107917W

K.V. Gopalakrishnayya  
Partner  
Membership No.21748  
Mumbai, 26th May, 2016



## 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 2016, 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 12 to the standalone financial statements are held in the name of the Company.

Particulars	Number of cases	Gross value as on 31st March 2016. (` in Lakhs)	Written down value as on 31st March 2016. (` in Lakhs)	Remarks
Land –Freehold	Five	1,269.01	1,269.01	Title deeds are under dispute.
Building Constructed on leasehold land	One	30,054.76	23,968.61	Lease agreement not renewed since 11th January, 2016 (Refer Note 32.2(f) 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 32.9 to the standalone financial statements relating to overdue receivables from two private limited Companies amounting ` 171.72 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.
- (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 2016 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 2016 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	Financial Year 2005-06 to 2009-10	Matter remanded to Joint Commissioner of Commercial Taxes (Appeals) Bangalore by High Court of Karnataka.
Customs Act	Customs Duty and penalty	75.09	1989-90 and 2000-01	CESTAT Mumbai
Customs Act	Customs Duty and penalty	2.00	1990-91	Commissioner of Customs, Mumbai.
Goa Tax on Luxuries Act	Luxury Tax	5.65	2005-06	Additional Commissioner of Commercial Taxes (Appeals), Margao
Goa Tax on Luxuries Act	Luxury Tax	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	2007-12	CESTAT, Bangalore

## 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 Government Sales Tax Act.	Sales Tax, interest and penalty	27.57	2011-12	Deputy Commissioner of (Appeals), Thiruvananthapuram
Kerala Agricultural Income Tax	Agricultural Income Tax and interest	17.30	2004-09	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
Maharashtra VAT 2002	VAT with interest and penalty.	300.70	2009-10 & 2010-11	Jt. Commissioner of Appeals –VAT, Mumbai
Maharashtra VAT 2002	VAT with interest and penalty.	234.62	2011-12	** Jt. Commissioner of Appeals –VAT, Mumbai
Central Excise Act, 1944	Penalty	3.12	2003-05	CESTAT -Mumbai

\* Net of amounts paid under protest.

\*\* The Company is in the process of filing an appeal before the Joint Commissioner of Appeals-VAT, Mumbai.

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

- There are delays in repayment of principal and payment of interest to the sole debenture holder during the year under review. Interest due on 19th March 2016 amounting ` 143.73 lakhs was not paid as on 31st March 2016.
- The Company has defaulted in repayment of principal and interest to other banks and financial institutions. The details are as under:

Name of the Lender	Amount of default as at the Balance Sheet date (` in Lakhs)	Period of Default
Bank of Baroda	722.05	Principal due since February 2016 and interest since February 2014
State Bank of India	131.90	Interest for the month of March 2016
HDFC Limited	927.42	Interest for the month of February and March 2016 and Principal due as on 31st March 2016

- As per the information furnished to us, the Company has not taken any loan from the Government.
  - With reference to the debts assigned to Asset Restructuring Companies (ARC) refer note 32.1 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 ARC including finance cost not recognised in the accounts as at 31st March 2016 is ` 4,60,696 lakhs.
- 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.
  - 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.
  - 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.
  - 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.
  - As per the information furnished to us, two transactions entered by the Company during the year under review amounting ` 96.60 lakhs with the related parties were ratified subsequently by the Board of Directors under Section 188(3) of the Act. Based on our examination of the records of the Company, other 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.
  - 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.
  - 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.
  - 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, 26th May, 2016

## 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 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PICARDO & CO.  
Chartered Accountants  
Registration No: 107917W

K.V. Gopalakrishnayya  
Partner  
Membership No. 21748  
Mumbai, 26th May, 2016

## BALANCE SHEET AS AT 31 MARCH, 2016

		lakhs	
Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	9,332.17	9,332.17
(b) Reserves and surplus	3	14,453.48	32,469.50
		23,785.65	41,801.67
<b>Non-current liabilities</b>			
(a) Long term borrowings	4	425,757.96	499,492.90
(b) Deferred tax liabilities (net)	5	-	688.46
(c) Other long term liabilities	6	2,095.48	2,174.85
(d) Long term provisions	7	1,691.47	2,467.87
		429,544.91	504,824.08
<b>Current liabilities</b>			
(a) Short term borrowings	8	-	144.87
(b) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	9	2.70	93.89
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,673.39	6,395.85
(c) Other current liabilities	10	35,241.33	29,031.52
(d) Short term provisions	11	1,004.11	533.70
		42,921.53	36,199.83
<b>TOTAL</b>		<b>496,252.09</b>	<b>582,825.58</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	416,365.55	505,924.32
(ii) Intangible assets	13	871.99	1,324.76
(iii) Capital work-in-progress		3,802.49	1,737.12
(iv) Intangible assets under development		14.47	-
(v) Fixed assets held for sale	32.12	21,889.97	21,838.84
		442,944.47	530,825.04
(b) Non current investments	14	9,036.85	9,000.25
(c) Foreign currency monetary translation difference	15	8,955.45	10,807.51
(d) Long term loans and advances	16	15,852.15	16,009.31
(e) Other non current assets	17	300.00	300.00
		477,088.92	566,942.11
<b>Current Assets</b>			
(a) Inventories	18	4,369.97	5,260.37
(b) Trade receivables	19	6,356.23	5,122.37
(c) Cash and cash equivalents	20	4,472.17	2,523.58
(d) Short term loans and advances	21	3,534.35	2,714.77
(e) Other current assets	22	430.45	262.38
		19,163.17	15,883.47
<b>TOTAL</b>		<b>496,252.09</b>	<b>582,825.58</b>
<b>Notes forming part of the financial statements</b>	1 to 32		

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, 26th May 2016

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

₹ lakhs

Particulars	Note No.	Year ended 31 March, 2016	Year ended 31 March, 2015
<b>INCOME</b>			
<b>CONTINUING OPERATIONS</b>			
(a) Revenue from operations	23	66,090.82	63,645.14
(b) Other income	24	942.77	661.54
<b>Total income</b>		<u>67,033.59</u>	<u>64,306.68</u>
<b>Expenses</b>			
(a) Cost of materials consumed	25	6,146.09	5,992.59
(b) Employee benefit expenses	26	19,221.28	18,750.36
(c) Finance costs (refer note 32.1 c)	27	8,790.03	19,751.41
(d) Depreciation and amortisation	28	23,987.70	22,675.25
(e) Other expenses	29	25,410.20	29,732.71
<b>Total expenses</b>		<u>83,555.30</u>	<u>96,902.32</u>
<b>Profit / (loss) before exceptional items and tax</b>		<u>(16,521.71)</u>	<u>(32,595.66)</u>
Exceptional items	30	21,338.94	18,327.76
<b>Profit / (loss) after exceptional items</b>		<u>(37,860.65)</u>	<u>(50,923.40)</u>
<b>Tax expense:</b>			
(a) Excess provision relating to prior years withdrawn		-	(164.35)
(b) Deferred tax credit reversed		(688.46)	(5,265.01)
		<u>(688.46)</u>	<u>(5,429.36)</u>
<b>Profit / (loss) from continuing operations</b>		<u>(37,172.19)</u>	<u>(45,494.04)</u>
<b>DISCONTINUING OPERATIONS</b>	31		
Profit from discontinuing operations (before tax)		1,153.49	3,906.30
Gain on disposal of assets attributable to the discontinuing operations		18,002.68	-
		<u>19,156.17</u>	<u>3,906.30</u>
<b>Less: Income tax</b>		-	-
<b>Profit / (loss) from discontinuing operations</b>		<u>19,156.17</u>	<u>3,906.30</u>
<b>TOTAL OPERATIONS :</b>			
<b>Profit / (loss) for the year</b>		<u>(18,016.02)</u>	<u>(41,587.74)</u>
<b>Earnings per share (of ₹ 2 each):</b>			
Basic and diluted		(3.86)	(9.06)
<b>Notes forming part of the financial statements</b>	1 to 32		

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, 26th May 2016

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

lakhs

Particulars		2015-16	2014-15
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax from continuing operations	(37,860.65)	(50,923.40)
	Net Profit before tax from discontinuing operations	19,156.17	3,906.30
	Adjustments for :		
	Depreciation & amortisation	23,987.69	24,009.69
	Provision for impairment/write off of fixed assets & investments	21,338.94	18,327.76
	Interest charged	8,790.03	19,757.65
	Loss / (profit) on sale of fixed assets	13.05	(183.22)
	Loss / (profit) on sale of business- discontinuing operations	(18,002.68)	-
	Loss / (profit) on sale of investments	-	5.77
	Provision for trade & other receivables	48.55	3,745.79
	Interest income	(162.49)	(183.94)
		<u>36,013.09</u>	<u>65,479.50</u>
	Operating profit before working capital changes	<u>17,308.61</u>	<u>18,462.40</u>
	Changes in :		
	Trade and other receivables	(1,716.14)	1,740.10
	Inventories	890.40	1,140.04
	Trade and other payables	148.54	1,152.92
	Variance in net current assets of discontinuing undertaking	1,199.04	
		<u>521.84</u>	<u>4,033.06</u>
	Cash generated from operations	<u>17,830.45</u>	<u>22,495.46</u>
	Direct Taxes	<u>(429.63)</u>	<u>599.69</u>
	<b>Net Cash Flow from Operating Activities</b>	<u>17,400.82</u>	<u>23,095.15</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Proceeds from sale of fixed assets	1,943.99	469.89
	Proceeds from sale of business undertaking (net of expenses)	70,561.73	-
	Purchase of fixed assets	(2,919.59)	(8,658.22)
	(Purchase)/Proceeds from sale of investments	(36.60)	14.19
	Advance received against assets held for sale		1,550.00
	Interest received	165.59	198.31
	<b>Net cash flow from investing activities</b>	<u>69,715.12</u>	<u>(6,425.83)</u>
<b>C</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
	Increase / (repayment ) in long term loans	(76,881.91)	(7,404.23)
	Increase / (decrease) in cash credit	(144.87)	(309.48)
	Increase / (decrease) in short term funds	-	645.33
	Advance to a subsidiary	-	(41.88)
	Dividend paid (including transfer to investor education & protection fund)	(19.40)	(12.19)
	Interest paid	<u>(8,121.17)</u>	<u>(9,791.74)</u>
	<b>Net cash flow from financing activities</b>	<u>(85,167.35)</u>	<u>(16,914.19)</u>
	<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>1,948.59</u>	<u>(244.87)</u>
	<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<u>2,523.58</u>	<u>2,768.45</u>
	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>4,472.17</u>	<u>2,523.58</u>

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, 26th May 2016



## 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, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

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 will 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.

Depreciation on revalued portion is withdrawn from revaluation reserve till 31st March, 2014 and charged to profit and loss account for the subsequent period.

### 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. These benefits include compensated absences such as paid annual leave.

#### 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. Gains/losses (net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

#### 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

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

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.

### 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, 2016		As at 31 March, 2015	
	No of Shares	Amount	No of Shares	Amount
(a) <b>Authorised</b>				
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) <b>Issued</b>				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
(c) <b>Subscribed and fully paid-up</b>				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
<b>Total</b>	<b>466,608,307</b>	<b>9,332.17</b>	<b>466,608,307</b>	<b>9,332.17</b>
	No of Shares		No of Shares	
(d) <b>Reconciliation of number of equity shares</b>				
Equity Shares at the beginning of the year	466,608,307		451,612,592	
Add: Preferential allotment	-		14,995,715	
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) <b>Details of shareholders holding more than 5% shares</b>				
(i) Leela Lace Holdings Private Limited	188,649,985	40.43	188,649,985	40.43
(ii) Leela Lace Software Solutions Private Limited	55,192,359	11.83	55,192,359	11.83
(iii) ITC Limited	49,953,055	10.71	49,953,055	10.71
(iv) Rockfort Estate Developers Private Limited	47,957,175	10.28	47,957,175	10.28

### Note 3 Reserves and surplus

₹ lakhs

Particulars	As at 31 March, 2016	As at 31 March, 2015
(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	37,915.32
Add : premium on shares issued during the year	-	3,200.08
Closing balance	<b>41,115.40</b>	<b>41,115.40</b>
(c) Debenture redemption reserve		
As per last balance sheet	7,200.00	7,200.00
Less: transferred to statement of profit and loss	450.00	-
Closing balance	<b>6,750.00</b>	<b>7,200.00</b>
(d) Revaluation reserve		
As per last balance sheet	68,272.36	69,002.00
Less: withdrawal on account of sale/discard	26,990.40	-
Less: utilized for set off against depreciation*	-	729.64
Closing balance	<b>41,281.96</b>	<b>68,272.36</b>
*Relating to prior years		
(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	(99,313.65)	(54,841.65)
Add: transferred from revaluation reserve	26,990.40	-
Add: transferred from debenture redemption reserve	450.00	-
Add: adjustment relating to fixed assets	-	(2,884.26)
Add: profit/(loss) for the year	(18,016.02)	(41,587.74)
Closing balance	<b>(89,889.27)</b>	<b>(99,313.65)</b>
<b>Total</b>	<b>14,453.48</b>	<b>32,469.50</b>

### Note 4 Long term borrowings (refer note 32.1(b) and (c))

₹ lakhs

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Non-Current	Current Maturities	Non-Current	Current Maturities
<b>Secured</b>				
(a) Debentures	4,500.00	2,250.00	6,750.00	1,125.00
(b) Rupee term loan from banks	-	152.98	165.47	176.30
(c) Foreign currency loan from banks	16,217.68	3,777.55	18,777.00	1,251.80
(d) Rupee term loan from financial institutions	131.79	845.47	933.32	919.46

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

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	Non-Current	Current Maturities	Non-Current	Current Maturities
(e) Foreign currency term loan from financial institutions	93,230.83	-	87,974.03	-
(f) Rupee term loan from ARCs	309,751.41	-	383,414.25	-
(g) Rupee term loan from others	-	108.87	128.58	271.15
<b>Sub total</b>	<b>423,831.71</b>	<b>7,134.87</b>	<b>498,142.65</b>	<b>3,743.71</b>
Less : Amount disclosed under other current liabilities (refer note 10)	-	7,134.87	-	3,743.71
<b>Total secured long term borrowings</b>	<b>423,831.71</b>	<b>-</b>	<b>498,142.65</b>	<b>-</b>
<b>Unsecured</b>				
Rupee term loan from a related party	1,926.25	-	1,350.25	-
<b>Net long term borrowings</b>	<b>425,757.96</b>		<b>499,492.90</b>	<b>-</b>

## Details of Borrowings

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
<b>Secured</b>				
<b>12.5% Non Convertible Debentures</b>				
Life Insurance Corp. of India (Issued on 19th December 2008)	6,750.00	7,875.00	Refer Note A (a) to (h)	Annual installment of ₹ 2250 lakhs from 30th Sep 2016
<b>Rupee Term Loan from banks</b>				
<b>Vehicle Loan :</b>				
HDFC Bank Limited	76.28	190.09	Refer Note A (m)	EMI
ICICI Bank Limited	76.70	151.68	Refer Note A (m)	EMI
<b>Total</b>	<b>152.98</b>	<b>341.77</b>		
<b>Secured</b>				
<b>Foreign currency loan from banks</b>				
Bank of Baroda	4,905.16	5,789.58	Refer Note A (a) to (h)	Quarterly structured instalments from August 2013
State Bank of India	15,090.07	14,239.22	Refer Note A (k) & (e)	20 equal quarterly instalments from June 2016
<b>Total</b>	<b>19,995.23</b>	<b>20,028.80</b>		

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
<b>Rupee term loan from financial institutions</b>				
HDFC Limited	214.29	583.57	Refer Note A (k)	28 equal quarterly instalments from January 2010
HDFC Limited	762.97	1,269.21	Refer Note A (k) & (e)	51 EMI from April, 2013
<b>Total</b>	<b>977.26</b>	<b>1,852.78</b>		
<b>Foreign Currency Loans from Financial Institutions</b>				
HDFC Limited	18,504.90	17,461.51	Refer Note A (k)	Refer Note A
HDFC Limited	63,700.66	60,108.91	Refer Note A (k) & (e)	6 equal half yearly instalments from Feb 2018 onwards
HDFC Limited	11,025.27	10,403.61	Refer Note A (k) & (l)	Repayable in June 2019
<b>Total</b>	<b>93,230.83</b>	<b>87,974.03</b>		
<b>Rupee term loan assigned to ARC's</b>				
JM Financial Asset Reconstruction Co. Pvt Ltd	306,736.87	379,656.27	Refer Note A (a) to (j)	Refer Note 31.3 (a) to (c)
Phoenix ARC Pvt Ltd	3,014.54	3,757.98	Refer Note A (a) to (h)	Refer Note 31.3 (a) to (c)
<b>Total</b>	<b>309,751.41</b>	<b>383,414.25</b>		
<b>Rupee term loan from others</b>				
BMW Financial Services (I) Ltd	108.87	319.85	Refer Note A (m)	EMI
Kotak Mahindra Prime Limited	-	79.88	Refer Note A (m)	EMI
<b>Total</b>	<b>108.87</b>	<b>399.73</b>		
<b>Total of secured loans</b>	<b>430,966.58</b>	<b>501,886.36</b>		
<b>Unsecured</b>				
Leela Lace Holdings Pvt. Ltd.	1,926.25	1,350.25		Refer note B (b)
<b>Grand Total</b>	<b>432,892.83</b>	<b>503,236.61</b>		
Instalments overdue as on 31st March 2016 is ₹ 141.61 lakhs. (Previous year ₹ 665.42 lakhs).				

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

### Note A : The Loans are secured by :

- (a) 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.
- (b) Second ranking *pari passu* charge on the Current Assets of hotel properties at Mumbai, Udaipur, New Delhi and Chennai.
- (c) Revenue from hotel properties at Mumbai, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development at Bangalore.
- (d) Pledge of of Promoters' shareholding, in the Company, subject to minimum of 51% of their holding.
- (e) Personal guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- (f) Corporate Guarantee of Leela Lace Holdings Private Limited.
- (g) Negative lien on the non-core assets.
- (h) First ranking *pari passu* charge on all of the fixed assets (both movable and immovable) and the second ranking *pari passu* charge on the Current Assets of hotel property at Goa, till the date of sale.
- (i) 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
- (j) 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.
- (k) First *pari passu* charge on the immovable properties of the Leela Palace, Bangalore.
- (l) Receivables from Pune Joint Development.
- (m) Hypothecation of vehicles.

### Note B :

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

### Note 5 Deferred tax (liabilities/assets)

Particulars	lakhs	
	As at 31 March, 2016	As at 31 March, 2015
Deferred tax liabilities on account of depreciation differences	22,376.05	27,235.87
Deferred tax assets on account of unabsorbed depreciation	22,376.05	26,547.41
<b>Net deferred tax liability</b>	<b>-</b>	<b>688.46</b>

### Note 6 Other long term liabilities

Particulars	lakhs	
	As at 31 March, 2016	As at 31 March, 2015
Trade / security deposits received	1,947.07	1,991.82
Deferred payables	148.41	183.03
<b>Total</b>	<b>2,095.48</b>	<b>2,174.85</b>

### Note 7 Long term provisions

Particulars	lakhs	
	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits (Refer note 32.6)		
(i) Provision for compensated absences	764.21	932.67
(ii) Provision for gratuity (net)	927.26	1,535.20
<b>Total</b>	<b>1,691.47</b>	<b>2,467.87</b>

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

## Note 8 Short term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Working capital facilities from banks -secured	-	144.87
<b>Total</b>	<b>-</b>	<b>144.87</b>

Amount overdue as on 31st March 2016 is ` Nil (Lakhs) (Prev year ` Nil Lakhs)

(i) Working capital facilities from IDBI Bank Ltd (Previous year) were secured by:

- (A) First ranking *pari passu* charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- (B) Second ranking *pari passu* charge on the fixed assets of the hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the windmills.
- (C) Securities listed in note 4 (A) (d) to (g)

## Note 9 Trade payables (refer note 32.3)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Acceptances	-	-
Others	6,676.09	6,489.74
<b>Total</b>	<b>6,676.09</b>	<b>6,489.74</b>

## Note 10 Other current liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Current maturities of long term debt (Refer note 4)	7,134.87	3,743.71
(b) Interest accrued and due on borrowings	1,783.50	1,132.03
(c) Interest accrued but not due on borrowings	229.32	211.94
(d) Unpaid dividends	27.92	47.32
(e) Advance received for sale of property	15,580.60	13,572.00
(f) Other payables		
(i) Statutory liabilities	1,121.56	1,082.10
(ii) Payables on purchase of fixed assets	2,923.62	3,031.20
(iii) Liability for expenses	3,869.44	3,510.93
(iv) Advance from customers	1,963.60	2,158.75
(v) Overdrawn bank balance	606.90	541.54
<b>Total</b>	<b>35,241.33</b>	<b>29,031.52</b>

## Note 11 Short term provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
Provision for employee benefits (Refer note 32.6)		
(i) Provision for bonus	422.21	337.07
(ii) Provision for compensated absences	195.16	196.63
(iii) Provision for gratuity (net)	386.74	-
<b>Total</b>	<b>1,004.11</b>	<b>533.70</b>



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

## Note 12 Tangible assets

A	Tangible assets	Gross block					Accumulated depreciation and impairment					Net block				
		Balance as at 1 April 2015	Additions	Disposals	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation expense for the year	Eliminated on disposal of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 31 March 2015
	(a) Land Freehold	164,674.42	-	-	-	-	22,731.00	141,943.42	-	-	-	-	-	-	141,943.42	164,674.42
	Leasehold*	37,085.02	-	-	-	-	5,408.44	31,676.58	5,289.58	726.12	-	-	-	725.04	26,385.92	31,795.44
	(b) Buildings	254,483.08	105.01	-	713.44	(101.89)	27,417.60	227,782.04	26,778.84	3,861.07	-	15,085.07	-	5,419.21	187,476.27	227,704.24
	(c) Plant and equipment	101,553.36	423.38	318.85	5.95	(66.80)	12,991.50	88,605.54	41,213.10	7,496.41	169.81	4,444.98	-	10,190.26	45,811.12	60,340.26
	(d) Furniture and fixtures	40,163.96	108.54	86.40	119.14	-	3,972.64	36,332.60	21,358.03	3,982.95	124.12	1,632.51	-	3,798.15	13,281.38	18,805.93
	(e) Vehicles	4,886.18	14.71	46.11	12.20	-	599.88	4,267.10	2,420.98	970.18	45.69	63.13	-	547.78	1,406.28	2,465.20
	(f) Office equipment	1,169.51	22.88	28.88	0.12	(62.31)	-	1,101.32	1,030.68	75.45	42.33	2.03	-	25.67	61.16	138.83
	Total	604,015.53	674.52	480.24	850.85	(231.00)	73,121.06	531,708.60	98,091.21	17,112.18	381.95	21,227.72	-	20,706.11	416,365.55	505,924.32
	Previous year	609,468.48	2,295.44	7,362.80	566.52	(952.11)	-	604,015.53	80,718.57	19,419.22	5,933.88	-	3,887.30	-	505,924.32	528,749.91

i. Land (Leasehold) includes development expenses, stamp duty & other direct charges.

ii. Amount received towards a property under joint development from a co-investor is credited to Land Account.

iii. Building includes cost of 25 (Previous year 25) shares of ₹ 50 each in a Co-operative housing society

iv. ₹ 850 lakhs increase (Previous year ₹ 566.52 lakhs increase) on account of exchange variations in the long term currency monetary items relating to depreciable assets are debited to respective fixed assets.

v. Depreciation and amortisation for the year includes ₹ 924.63 lakhs relating to Goa undertaking.

vi. Figures have been regrouped wherever necessary

## Note 13 Intangible assets

B	Intangible assets	Gross block					Accumulated depreciation and impairment					Net block				
		Balance as at 1 April 2015	Additions	Disposals	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation expense for the year	Eliminated on disposal of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 31 March 2015
	(a) Computer software	1,680.59	36.28	2.19	-	-	48.35	1,666.33	777.93	168.00	-	111.22	32.70	12.73	589.21	902.66
	(b) License fees/ franchise fee	765.84	-	-	-	-	-	765.84	421.81	147.47	1.34	-	-	-	197.90	344.03
	(c ) Website	157.75	-	-	-	-	-	157.75	79.68	25.89	-	-	(32.70)	-	84.88	78.07
	Total	2,604.18	36.28	2.19	-	-	48.35	2,589.92	1,279.42	341.36	1.34	111.22	-	12.73	871.99	1,324.76
	Previous year	1,534.47	117.60	-	-	952.11	-	2,604.18	592.66	400.02	-	-	286.73	-	1,324.76	941.81

Depreciation and amortisation for the year includes ₹ 1.19 lakhs relating to Goa undertaking.

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

## Note 14 Non-current investments

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
<b>Investments (at cost):</b>		
<b>A. Trade, Unquoted</b>		
(a) Investment in equity of subsidiaries		
(i) 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) 9000 (Previous year Nil) equity shares of ` 10 each of Green Infra Wind Power Generation Limited	0.90	-
(ii) 35000 (Previous year Nil) equity shares of ` 100 each of Sree Rangaraja Ispat Industries Pvt Ltd.	35.00	-
(iii) 700 (Previous year Nil) equity shares of ` 100 each of Oplunt Ventures Pvt Ltd	0.70	-
	<u>36.60</u>	<u>-</u>
(c) Investment in government securities	0.25	0.25
<b>Total</b>	<u><u>9,036.85</u></u>	<u><u>9,000.25</u></u>

## Note 15 Foreign currency monetary translation difference account

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Opening balance	10,807.51	12,007.48
Add: Additions during the year	5,607.92	3,720.12
Less: amortised during the year	7,459.98	4,920.09
Closing balance	<u><u>8,955.45</u></u>	<u><u>10,807.51</u></u>

Additions during the year ` 5607.92 lakhs (Previous Year ` 3720.12 lakhs) is on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets.

## Note 16 Long term loans and advances (unsecured, considered good unless otherwise stated)

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Advance for fixed Assets	2,905.67	2,935.53
(b) Security deposits	10,221.71	10,227.71
(c) Prepaid expenses	-	53.32
(d) Others	2,724.77	2,792.75
<b>Total</b>	<u><u>15,852.15</u></u>	<u><u>16,009.31</u></u>

## Note 17 Other non current assets

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Receivable on sale of fixed assets	300.00	300.00
<b>Total</b>	<u><u>300.00</u></u>	<u><u>300.00</u></u>

## Note 18 Inventories (at lower of cost and net realisable value)

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Raw materials	1,114.12	1,460.21
(b) Stores and operating supplies	3,255.85	3,800.16
<b>Total</b>	<u><u>4,369.97</u></u>	<u><u>5,260.37</u></u>

## Note 19 Trade receivables

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,181.70	900.08
Considered doubtful	466.37	426.31
	<u>2,648.07</u>	<u>1,326.39</u>
Less: Provision for doubtful trade receivables	466.37	426.31
<b>Sub total</b>	2,181.70	900.08
Other trade receivables (unsecured)		
Considered good	4,174.53	4,222.29
Considered doubtful	8.42	-
	<u>4,182.95</u>	<u>4,222.29</u>
Less: Provision for doubtful trade receivables	8.42	-
<b>Sub total</b>	4,174.53	4,222.29
<b>Total</b>	<u><u>6,356.23</u></u>	<u><u>5,122.37</u></u>

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

### Note 20 Cash and cash equivalents

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Cash on hand	68.14	89.08
(b) Cheques on hand	118.83	-
(c) Balances with banks		
(i) In current accounts	2,332.91	1,340.11
(ii) In deposit accounts *	1,822.27	807.51
(iii) In earmarked accounts		
- Unpaid dividend accounts	27.92	47.32
- Balances held as margin money or security against borrowings, guarantees and other commitments	102.10	239.56
<b>Total</b>	<b>4,472.17</b>	<b>2,523.58</b>

\* Includes ` 11.72 lakhs (previous year ` 128.01 lakhs) with maturity of more than 12 months

### Note 21 Short term loans and advances (unsecured, considered good)

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Trade advances		
Considered good	276.59	288.84
Considered doubtful	45.81	45.81
	322.40	334.65
Less: Provision for doubtful trade advances	45.81	45.81
	276.59	288.84
(b) Loans and advances to employees	42.35	84.89
(c) Prepaid expenses	1,310.20	1,058.78
(d) Balances with government authorities		
(i) VAT credit receivable	29.66	0.94
(ii) Service tax credit receivable	187.57	158.72
(iii) Advance income tax (net of provisions)	1,300.58	870.99
(iv) Others	327.19	167.92
(e) Other advances	60.21	83.69
<b>Total</b>	<b>3,534.35</b>	<b>2,714.77</b>

### Note 22 Other current assets

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Unbilled revenue	404.44	231.06
(b) Interest accrued on deposits	16.96	20.03
(c) Insurance claims	9.05	11.29
<b>Total</b>	<b>430.45</b>	<b>262.38</b>

### Note 23 Revenue from operations

` lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Sale of products (Refer Note (i) below)	24,248.41	24,255.11
Sale of services (Refer Note (ii) below)	41,842.41	39,390.03
<b>Total</b>	<b>66,090.82</b>	<b>63,645.14</b>
Note (i) Sale of products comprises;		
Food and beverages	24,248.41	24,255.11
<b>Total</b>	<b>24,248.41</b>	<b>24,255.11</b>
Note (ii) Sale of services comprises;		
Room revenue	33,468.07	31,042.72
Revenue from managed hotels	1,885.57	1,363.83
Income from rental & related services	1,206.52	1,619.93
Other services	5,282.25	5,363.55
<b>Total</b>	<b>41,842.41</b>	<b>39,390.03</b>

### Note 24 Other income

` lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Interest income (Refer note below)	162.49	183.72
Net gain on sale of current investments	-	5.63
Net gain on foreign currency transactions and translation (other than considered as finance cost)	42.92	72.46
Subsidy	94.98	82.31
Liabilities /provisions no longer required written back	442.87	32.55
Profit on fixed assets sold	-	221.79
Miscellaneous income	199.51	63.08
<b>Total</b>	<b>942.77</b>	<b>661.54</b>
Note: Interest income comprises:		
from bank deposits	26.50	82.19
others	135.99	101.53
<b>Total</b>	<b>162.49</b>	<b>183.72</b>

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

## Note 25 Cost of materials consumed

` lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Opening stock	1,301.98	1,670.22
Add: Purchases	5,958.23	5,624.35
	<u>7,260.21</u>	<u>7,294.57</u>
Less: Closing stock	1,114.12	1,301.98
Cost of materials consumed	<u><u>6,146.09</u></u>	<u><u>5,992.59</u></u>

## Note 26 Employee benefit expenses

` lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Salaries and wages	16,409.02	16,425.44
Contributions to provident and other funds	1,322.11	997.31
Staff welfare expenses	1,490.15	1,327.61
<b>Total</b>	<u><u>19,221.28</u></u>	<u><u>18,750.36</u></u>

## Note 27 Finance costs

` lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
(a) Interest expense on:		
(i) Term loans [Refer note 32.1 (c)]	8,614.76	19,213.75
(ii) Working capital borrowings	16.67	114.86
(b) Other borrowing costs	158.60	422.80
<b>Total</b>	<u><u>8,790.03</u></u>	<u><u>19,751.41</u></u>

## Note 28 Depreciation and amortisation

` lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Depreciation on tangible assets (Refer note 12)	16,187.55	17,936.51
Less : Withdrawal from revaluation reserve*	-	581.37
	<u>16,187.55</u>	<u>17,355.14</u>
Amortisation of intangible assets (Refer note 13)	340.17	400.02
Amortisation of foreign exchange translation difference (Refer note 15 )	7,459.98	4,920.09
<b>Total</b>	<u><u>23,987.70</u></u>	<u><u>22,675.25</u></u>

\* Relating to prior years adjusted in previous year

## Note 29 Other expenses

` lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Consumption of stores and supplies including linen	2,608.22	2,817.90
Power and fuel	5,111.28	5,647.46
Rent	3,648.42	3,666.92
Repairs and maintenance - buildings	718.91	595.06
Repairs and maintenance - machinery	1,178.40	1,188.17
Repairs and maintenance - others	1,865.18	1,783.06
Insurance	236.28	244.63
Rates and taxes	1,986.53	1,763.58
Communication	283.99	255.50
Travelling and conveyance	830.09	833.16
Guest transport	645.85	525.26
Printing and stationary	271.60	246.55
Royalty and reservation fee	449.12	405.71
Sales commission	1,499.91	1,354.35
Business promotion	2,430.83	2,492.19
Donations and contributions	0.35	3.75
Legal and professional	938.42	1,114.58
Auditors remuneration (Refer note below)	36.00	38.07
Directors' remuneration	150.69	605.01
Directors' sitting fees	23.42	20.00
Provision/write-off of trade and other receivables	202.13	3,738.73
Loss on fixed assets sold / scrapped / written off	13.05	-
Loss on sale of investments	-	11.40
Prior period items (net)	128.03	157.30
Miscellaneous expenses	153.50	224.37
<b>Total</b>	<u><u>25,410.20</u></u>	<u><u>29,732.71</u></u>
(i) Auditors remuneration comprises (net of service tax)		
Statutory audit	30.00	30.00
For Taxation matters	5.00	5.00
Reimbursement of expenses	1.00	3.07
<b>Total</b>	<u><u>36.00</u></u>	<u><u>38.07</u></u>

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

### Note 30 Exceptional items

lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Write off of capital work in progress	-	13,805.08
Provision for impairment of Chennai hotel	21,338.94	-
Provision for impairment of asset held for sale	-	3,268.68
Diminution in value of Investment in subsidiary	-	1,254.00
<b>Total</b>	<b>21,338.94</b>	<b>18,327.76</b>

### Note 31 Discontinuing Operations

During the year with effective date of 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		
Profit from ordinary activity	Year ended 31 March, 2016	Year ended 31 March, 2015
Sale of products	1,872.19	2,976.71
Sale of services	4,625.22	8,262.08
Other operating revenue	377.85	610.58
Other income	59.93	44.66
<b>Total revenue</b>	<b>6,935.19</b>	<b>11,894.03</b>
Cost of materials consumed	458.08	707.37
Employee benefits expense	1,954.82	2,480.81
Finance costs	5.92	6.24
Depreciation and amortisation expense	925.82	1,334.45
Other expenses	2,437.06	3,458.86
<b>Total expenses</b>	<b>5,781.70</b>	<b>7,987.73</b>
Profit before tax from ordinary activities	<b>1,153.49</b>	<b>3,906.30</b>
Add / (less): Gain / (loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operation	18,002.68	-
Tax expense	-	-
<b>Profit after tax of discontinuing operations</b>	<b>19,156.17</b>	<b>3,906.30</b>

lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Carrying amount of assets as at the Balance Sheet date relating to the discontinuing business to be disposed off	-	55,355.36
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinuing business to be settled	-	1,597.24

### Note 32 Additional information to the Financial Statements

#### 32.1 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 Private Limited (JMFARC) 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 ₹ 415013.77 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 approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the 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 ₹ 460696 lakhs (previous year ₹ 457572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of ₹ 72704 lakhs (previous year ₹ 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is ₹ 150945 lakhs (previous year ₹ 78241 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 Company sold its Goa Hotel in December 2015, and the entire amount net of expenses was utilised for repayment of part of its debt to ARCs and other lenders.
- The net worth of the Company, after excluding revaluation reserves is negative to the extent of ₹ 27338 lakhs as on 31st March 2016. Even though the net worth has turned negative during the year, the same could again become positive, when the financial restructuring materialises.
- For reasons explained in note (a) to (e) above, the financial statements of the Company have been prepared on a going concern basis.

lakhs			
32.2	Contingent liabilities and commitments (to the extent not provided for)	2015-16	2014-15
	(a) Claims against the Company not acknowledged as debts	19,751.05	15,207.56
	(b) Disputed Statutory Liabilities	5,790.21	5,624.56
	(c) Other Contingent Liabilities	130.99	-
	(d) Estimated amount of contracts remaining to be executed on capital account and not provided for	29.40	337.48

- 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.

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

- (f) The lease agreement with Airports Authority of India (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 and the Company had accepted the revised terms. However the lease agreement is yet to be signed. Pending execution of the lease agreement, AAI has been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. Depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.
- (g) 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 ₹ 2241 lakhs for the period upto 31st March 2016. The Company has objected to this increase and has not provided for the same.
- (h) 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 Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 has declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI has challenged the Award before the Delhi High Court, which is pending. The Minimum Guaranteed Royalty for the subsequent period including interest amount is ₹ 23281 lakhs as per AAI and no provision has been made because of the dispute.

32.3 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	2015-16	2014-15
(i) Principal amount remaining unpaid to any supplier as at the end of the year	2.70	93.89
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year	0.15	Nil
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	0.15	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the year	0.15	Nil
(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

32.4 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 2016
(i) Loans and advances given Leela Palaces and Resorts Limited	Subsidiary	-
(ii) Investments in Shares of the Company Leela Lace Holdings Pvt. Ltd.	Associate	No of Shares 18,86,49,985 (18,86,49,985)

₹ lakhs		
Name of the party	Relationship	As at 31 March 2016
Leela Lace Software Solutions Pvt. Ltd.	Associate	5,51,92,359 (5,51,92,359)
Leela Fashions Pvt. Ltd.	Associate	42,50,000 (42,50,000)
Rockfort Estate Developers Pvt Limited	Associate	4,79,57,175 (4,79,57,175)
(iii) Investment by Leela Lace Holdings Pvt. Ltd in a subsidiary Leela Palaces and Resorts Limited		1 (1)

Previous year's figures are in brackets

### 32.5 Imports, Consumption, Foreign Exchange expenditure and earnings

₹ lakhs		
Particulars	2015-16	2014-15
(i) Value of imports calculated on CIF basis:		
Raw materials	126.21	83.67
Stores and supplies including linen	813.27	782.12
Capital goods	131.79	244.00
Total	<u>1,071.27</u>	<u>1,109.79</u>

₹ lakhs				
(ii) Details of consumption of imported and indigenous items	2015-16		2014-15	
	₹ lakhs	% of Consumption	₹ lakhs	% of Consumption
Raw materials				
Imported	99.74	2%	52.54	1%
Indigenous	6,504.43	98%	6,647.42	99%
Total	<u>6,604.17</u>	100%	<u>6,699.96</u>	100%
(Includes ₹ 458.08 Lacs (Previous year ₹ 707.37 Lacs) relating to Goa Hotel discontinuing operations.				
Stores and supplies including linen				
Imported	824.15	28%	919.23	28%
Indigenous	2,141.44	72%	2,408.03	72%
Total	<u>2,965.59</u>	100%	<u>3,327.26</u>	100%
(Includes ₹ 357.37 Lacs (Previous year ₹ 509.36 Lacs) relating to Goa Hotel discontinuing operations.				

₹ lakhs		
Particulars	2015-16	2014-15
(iii) Expenditure in foreign currency:		
Advertisement & publicity	1,422.76	1,176.12
Professional and consultation fees	455.96	525.30
Interest	1,035.42	946.63
Others	707.20	738.55
Total	<u>3,621.34</u>	<u>3,386.60</u>
(iv) Earnings in foreign exchange:		
Sale of products & services	36,521.95	33,937.37



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

### 32.6 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 ₹ 547.61 lakhs (previous year ₹ 544.65 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	2015-16	2014-15
Components of employer expense		
Current service cost	186.73	144.50
Interest cost	149.41	144.37
Expected return on plan assets	(17.55)	(25.61)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	596.89	-
Actuarial losses/(gains)	(256.48)	166.70
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>659.01</b>	<b>429.96</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	1,951.57	1,797.40
Fair value of plan assets	(637.57)	(262.20)
Funded status [surplus / (deficit)]	(1,314.00)	(1,535.20)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(1,314.00)</b>	<b>(1,535.20)</b>

	₹ lakhs	
Particulars	2015-16	2014-15
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1,797.41	1,480.55
Current service cost	186.73	144.50
Interest cost	149.41	144.37
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	(398.23)	-
Actuarial (gains) / losses	(255.00)	168.13
Past service cost	596.89	-
Benefits paid	(125.64)	(140.14)
Present value of DBO at the end of the year	1,951.58	1,797.41
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	262.20	372.40
Acquisition adjustment (distributed on divestiture)	(56.56)	-
Expected return on plan assets	17.55	25.61
Actual company contributions	187.55	2.91
Actuarial gain / (loss)	1.48	1.42
Benefits paid	(125.64)	(140.14)
Plan assets at the end of the year	286.57	262.20
Actual return on plan assets	19.02	27.03
<b>Composition of the plan assets is as follows:</b>		
Insurer managed funds	100%	100%
<b>Actuarial assumptions</b>		
Discount rate	7.90%	7.90%
Expected return on plan assets	8.00%	8.00%
Salary escalation	7.00%	10% For first 3 years & 7% thereafter

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

` lakhs

Experience adjustments	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Gratuity					
Present value of DBO	1,951.57	1,797.40	1,480.55	1,546.75	1,253.23
Fair value of plan assets	637.57	262.20	372.40	439.74	461.70
Funded status [surplus / (deficit)]	(1,314.00)	(1,535.20)	(1,108.15)	1,107.01	(791.52)
Experience gain / (loss) adjustments on plan liabilities	(180.55)	(51.90)	(133.02)	(7.98)	16.44
Experience gain / (loss) adjustments on plan assets	1.48	1.42	(4.75)	23.93	6.99

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 ` 959.37 lakhs (Previous year ` 1129.30 lakhs), of which long term liability is ` 742.25 lakhs (Previous year ` 932.67 lakhs) and short term liability is ` 195.16 lakhs (Previous year ` 217.12 lakhs).

## 32.7 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.

## 32.8 Related party transactions

### (i) Details of related parties:

Description of relationship	Name of related parties
Subsidiaries	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 Armcess Engineering Pvt. Ltd. Zantho Pharmaceuticals Pvt. Ltd. Leela Lace Estate Pvt. Ltd. Emmel Realtors and Developers Pvt. Ltd. Leela Villas Pvt. Ltd. Leela Lace Info Park Pvt. Ltd. Leela Constates Pvt. Ltd.

Description of relationship	Name of related parties
Key Management Personnel (KMP) :	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 Fransisco Hospitality Pvt. Ltd. Leela Realty Ltd L.M Realtors Pvt Ltd. LMV Associates Limited Leela Hospitality Pvt Ltd.
	Mr. Vivek Nair Mr. Dinesh Nair Mr. Krishna Deshika
	Relatives of KMP Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Amruda Nair (daughter of Mr. Vivek 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

` lakhs

(ii) Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<b>Transactions carried out with Related Parties</b>				
<u>Sale of room, food and other services</u>				
Leela Lace Holdings Pvt. Ltd.		-		
Leela Lace Software Solutions Pvt. Ltd		0.10 (4.64)		
Leela Hospitality Pvt. Ltd.		1.63 (2.96)		
Mr. Vivek Nair			86.84 (-)	
Mr. Dinesh Nair			9.76 (-)	

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

		lakhs		
(ii)	Particulars	Subsidiaries	Associates	Key Management Personnel
	<u>Income from rental &amp; related services</u>			
	Leela Lace Holdings Pvt. Ltd.		319.69	
			(558.76)	
	Leela Fashions Pvt. Ltd		40.63	
			(40.63)	
	Leela Hospitality Pvt. Ltd.		42.61	
			(29.82)	
	<u>Lease rent</u>			
	Leela Lace Holdings Pvt. Ltd.		1,194.47	
			(1,288.36)	
	Leela Lace Software Solutions Pvt. Ltd		30.31	
			(102.92)	
	Leela Fashions Pvt. Ltd		0.25	
			(0.25)	
	Sale of residential flats			
	Leela Lace Holdings Pvt. Ltd.		-	
			(222.00)	
	<u>Investments</u>			
	Leela Palaces & Resorts Ltd.	9,000.00		
		(9,000.00)		
	<u>Sale of Investments in subsidiaries</u>			
	Leela Realty Ltd.		-	
			(8.56)	
	<u>Remuneration paid</u>			
	Mr. Vivek Nair (upto 30th April 2015)			16.72
				(200.70)
	Mr. Dinesh Nair (upto 30th April 2015)			16.72
				(200.70)
	Mr. Krishna Deshika (upto 16th January, 2016 as Director Finance & Chief Finance Officer and with effect from 25th Feb 2016 as Chief Financial Officer)			134.29
				(147.84)
	Ms. Amruda Nair (upto 30th September, 2014)			-
				(23.05)
	Ms. Aishwarya Nair (upto 30th April 2015)			3.98
				(46.20)
	Ms. Samyukta Nair (upto 30th April 2015)			3.98
				(46.20)
	<u>Sitting fees</u>			
	Mrs. Madhu Nair			0.60
				(0.70)
	<u>Debit balance outstanding</u>			
	Leela Hospitality Pvt. Ltd.		104.64	
			(113.58)	
	Leela Fashions Pvt. Ltd		67.08	
			(26.20)	
	<u>Credit balance outstanding</u>			
	Leela Lace Software Solutions Pvt. Ltd		197.86	
			(176.73)	
	Leela Lace Holdings Pvt. Ltd		1,453.12	
			(1,190.88)	
	<u>Unsecured loans received</u>			
	Leela Lace Holdings Pvt. Ltd.		1,926.25	
			(1,350.25)	
	<u>Deposits given</u>			
	Leela Lace Holdings Pvt. Ltd.		7,273.51	
			(7,273.51)	

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

(ii) Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Rockfort Estate Developers Pvt. Ltd.		776.46 (776.46)		
<u>Allotment of shares</u> Rockfort Estate Developers Pvt. Ltd.		- (3,500.00)		

\*Figures in brackets relate to previous year.

32.9 The Company has not given loans to any directors or to persons in which directors are interested, but there are dues towards transactions, from Leela Hospitality Limited and Leela Fashions Limited as detailed in Note 32.8 (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.

32.10	Particulars	2015-16	2014-15
	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	812.80	964.86
	later than one year and not later than five years	1,593.33	3,142.99
	later than five years	708.46	1,030.77
(ii)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	935.69	1,408.44
	later than one year and not later than five years	3,196.70	3,780.09
	later than five years	19,162.58	26,263.70

32.11	Particulars	2015-16	2014-15
	<b>Earnings per share</b>		
	<u>Basic &amp; Diluted</u>		
	Net profit / (loss) for the year	(18,016.02)	(41,587.74)
	Weighted average number of equity shares	46,66,08,307	45,90,89,907
	Par value per share (₹)	2.00	2.00
	Earnings per share (₹)	(3.86)	(9.06)

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

32.12 (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.

32.13 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, 26th May 2016

**For and on behalf of the Board of Directors**

<b>Vivek Nair</b>	Chairman and Managing Director
<b>Dinesh Nair</b>	Co-Chairman and Managing Director
<b>Krishna Deshika</b>	Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

## TO THE MEMBERS OF HOTEL LEEAVENTURE 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, 2016, 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 and for 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, 2016, 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:

Note 32.2 regarding the Group liabilities, net worth and interest provision. The negative net worth as on 31st March 2016 was Rs 30,610.30 lakhs. The loss for the year would have been higher by ₹ 72,704 lakhs (Previous year ₹ 78,241 lakhs) and negative net worth would have been higher by another Rs 15,094.5 lakhs, if interest and other finance cost as notified by the Asset Reconstruction Companies were provided for in the books. This raises question on whether the Group can be considered as a "Going Concern". However, as the Group is hopeful of a viable restructuring package as explained by them in the note 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 ₹ 5,727.92 lakhs as on 31st March 2016.

### 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2016 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 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 32.3 to the 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 contacts. We have been informed that the Company did not have any pending derivative contacts.
- (III) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

K. V. Gopalakrishnayya  
Partner  
Membership no: 21748  
Mumbai 26th May, 2016.

## **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 2016 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 the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

K. V. Gopalakrishnayya  
Partner  
Membership no: 21748  
Mumbai 26th May, 2016.



# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016

		lakhs	
Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	9,332.17	9,332.17
(b) Reserves and surplus	3	14,435.54	32,451.78
		<u>23,767.71</u>	<u>41,783.95</u>
<b>Non-current liabilities</b>			
(a) Long term borrowings	4	425,757.96	499,492.90
(b) Deferred tax liabilities (net)	5	-	688.46
(c) Other long term liabilities	6	2,095.48	2,174.85
(d) Long term provisions	7	1,691.47	2,467.87
		<u>429,544.91</u>	<u>504,824.08</u>
<b>Current liabilities</b>			
(a) Short term borrowings	8	8.60	144.87
(b) Trade payables	9		
Total outstanding dues of micro enterprises and small enterprises		2.70	93.89
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,673.39	6,395.85
(c) Other current liabilities	10	35,241.50	29,031.69
(d) Short term provisions	11	1,004.11	533.70
		<u>42,930.30</u>	<u>36,200.00</u>
<b>TOTAL</b>		<u><u>496,242.92</u></u>	<u><u>582,808.03</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	422,015.07	511,573.84
(ii) Intangible assets	13	871.99	1,324.76
(iii) Capital work-in-progress		3,844.13	1,778.76
(iv) Goodwill		3,254.14	3,254.14
(v) Intangible assets under development		14.47	-
(vi) Fixed assets held for sale	32.10	21,889.97	21,838.84
		<u>451,889.77</u>	<u>539,770.34</u>
(b) Non current investments	14	36.85	0.25
(c) Foreign currency monetary translation difference	15	8,955.45	10,807.51
(d) Long term loans and advances	16	15,852.15	16,009.31
(e) Other non - current assets	17	300.00	300.00
		<u>477,034.22</u>	<u>566,887.41</u>
<b>Current Assets</b>			
(a) Inventories	18	4,369.97	5,260.37
(b) Trade receivables	19	6,356.23	5,122.37
(c) Cash and cash equivalents	20	4,517.43	2,560.73
(d) Short term loans and advances	21	3,534.37	2,714.77
(e) Other current assets	22	430.70	262.38
		<u>19,208.70</u>	<u>15,920.62</u>
<b>TOTAL</b>		<u><u>496,242.92</u></u>	<u><u>582,808.03</u></u>
<b>Notes forming part of the financial statements</b>	1 to 32		

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, 26th May 2016

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

₹ lakhs

Particulars	Note No.	Year ended 31 March 2016	Year ended 31 March 2015
<b>INCOME</b>			
<b>CONTINUING OPERATIONS</b>			
(a) Revenue from operations	23	66,090.82	63,645.14
(b) Other income	24	943.05	662.61
<b>Total income</b>		<b>67,033.87</b>	<b>64,307.75</b>
<b>Expenses</b>			
(a) Cost of materials consumed	25	6,146.09	5,992.59
(b) Employee benefit expenses	26	19,221.28	18,750.36
(c) Finance costs (refer note 32.2 c )	27	8,790.18	19,751.45
(d) Depreciation and amortisation	28	23,987.70	22,675.25
(e) Other expenses	29	25,410.55	29,729.79
<b>Total expenses</b>		<b>83,555.80</b>	<b>96,899.44</b>
<b>Profit / (loss) before exceptional items and tax</b>		<b>(16,521.93)</b>	<b>(32,591.69)</b>
Exceptional items	30	21,338.94	18,327.76
<b>Profit / (loss) after exceptional items</b>		<b>(37,860.87)</b>	<b>(50,919.45)</b>
<b>Tax expense:</b>			
(a) Excess provision relating to prior years withdrawn		-	(164.35)
(b) Deferred tax credit reversed		(688.46)	(5,265.01)
		<b>(688.46)</b>	<b>(5,429.36)</b>
<b>Profit / (loss) from continuing operations</b>		<b>(37,172.41)</b>	<b>(45,490.09)</b>
<b>DISCONTINUING OPERATIONS</b>	31		
Profit from discontinuing operations (before tax)		1,153.49	3,906.30
Gain on disposal of assets attributable to the discontinuing operations		18,002.68	-
		<b>19,156.17</b>	<b>3,906.30</b>
Less: income tax		-	-
<b>Profit / (loss) from discontinuing operations</b>		<b>19,156.17</b>	<b>3,906.30</b>
<b>TOTAL OPERATIONS</b>			
<b>Profit / (loss) for the year</b>		<b>(18,016.24)</b>	<b>(41,583.79)</b>
<b>Earnings per share (of ₹ 2 each):</b>			
Basic and diluted		<b>(3.86)</b>	<b>(9.06)</b>
<b>Notes forming part of the financial statements</b>	1 to 32		

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, 26th May 2016

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016

lakhs

Particulars		2015-16		2014-15	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit before tax from continuing operations		(37,860.87)		(50,919.45)
	Net Profit before tax from discontinuing operations		19,156.17		3,906.30
	Adjustments for :				
	Depreciation & amortisation	23,987.69		24,009.69	
	Provision for impairment/write off of fixed assets & investments	21,338.94		18,327.76	
	Interest charged	8,790.18		19,757.69	
	Loss / (profit) on sale of fixed assets	13.05		(183.22)	
	Loss / (profit) on sale of business- discontinuing operations	(18,002.68)		(6.70)	
	Loss / (profit) on sale of investments	-		3,745.79	
	Provision for trade & other receivables	48.55		643.78	
	Interest income	(162.77)		(183.94)	
			36,012.96		66,110.85
	Operating Profit before working capital changes		17,308.26		19,097.70
	Changes in :				
	Trade and other receivables	(1,716.14)		1,740.09	
	Inventories	890.40		1,140.04	
	Trade and other payables	148.54		507.73	
	Variance in net current assets of discontinuing undertaking	1,199.06			
			521.86		3,387.86
	Cash generated from operations		17,830.12		22,485.56
	Direct Taxes		(429.60)		599.69
	Net cash flow from operating activities		17,400.52		23,085.25
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Proceeds from sale of fixed assets		1,943.99		469.89
	Proceeds from sale of business undertaking (net of expenses)		70,561.73		(8,658.21)
	Purchase of fixed assets		(2,919.59)		7.53
	(Purchase)/Proceeds from sale of investments		(36.60)		1,550.00
	Interest received		165.56		198.31
	Net cash flow from investing activities		69,715.09		(6,432.48)
<b>C</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
	Increase / (repayment ) in long term loans		(76,881.91)		(7,404.23)
	Increase / (decrease) in cash credit		(144.87)		(309.48)
	Increase / (decrease) in short term funds		-		645.33
	Advance to a subsidiary		8.60		-
	Dividend paid (including transfer to investor education & protection fund)		(19.40)		(12.19)
	Interest paid		(8,121.33)		(9,791.81)
	Net cash flow from financing activities		(85,158.91)		(16,872.38)
	NET CHANGES IN CASH AND CASH EQUIVALENTS		1,956.70		(219.61)
	CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		2,560.73		2,780.34
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		4,517.43		2,560.73

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, 26th May 2016

# 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 and its subsidiary as on 31st March, 2016 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 un realized profit or losses as per Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

- b) The financial statements of the subsidiary, in the consolidation are drawn up to the same reporting date as the Company i.e. 31st March, 2016.
- 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 2016 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, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

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 Rs. 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 will 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.

Depreciation on revalued portion is withdrawn from revaluation reserve till 31st March, 2014 and charged to profit and loss account for the subsequent period.

### 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. These benefits include compensated absences such as paid annual leave.

#### 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. Gains/losses (net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

### 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

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

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 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 2016		As at 31 March 2015	
	No of Shares	Amount	No of Shares	Amount
(a) <b>Authorised</b>				
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) <b>Issued</b>				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
(c) <b>Subscribed and fully paid up</b>				
Equity shares of ₹ 2 each with voting rights	466,608,307	9,332.17	466,608,307	9,332.17
<b>Total</b>	<b>466,608,307</b>	<b>9,332.17</b>	<b>466,608,307</b>	<b>9,332.17</b>
	No of Shares		No of Shares	
(d) <b>Reconciliation of number of equity shares</b>				
Equity Shares at the beginning of the year	466,608,307		451,612,592	
Add: Preferential allotment	-		14,995,715	
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) <b>Details of shareholders holding more than 5% shares</b>				
(i) Leela Lace Holdings Private Limited	188,649,985	40.43	188,649,985	40.43
(ii) Leela Lace Software Solutions Private Limited	55,192,359	11.83	55,192,359	11.83
(iii) ITC Limited	49,953,055	10.71	49,953,055	10.71
(iv) Rockfort Estate Developers Private Limited	47,957,175	10.28	47,957,175	10.28

## Note 3 Reserves and surplus

₹ lakhs

Particulars	As at 31 March 2016	As at 31 March 2015
(a) <b>Capital redemption reserve</b>		
As per last balance sheet	8,750.00	8,750.00
(b) <b>Securities premium account</b>		
As per last balance sheet	41,115.40	37,915.32
Add : premium on shares issued during the year	-	3,200.08
Closing balance	41,115.40	41,115.40
(c) <b>Debenture redemption reserve</b>		
As per last balance sheet	7,200.00	7,200.00
Less: transferred to statement of profit and loss	450.00	-
Closing balance	6,750.00	7,200.00
(d) <b>Revaluation reserve</b>		
As per last balance sheet	68,272.37	69,002.01
Less: withdrawal on account of sale/discard	26,990.40	-
Less: utilized for set off against depreciation*	-	729.64
Closing balance	41,281.97	68,272.37
*relating to prior years		
(e) <b>General reserve</b>		
As per last balance sheet	6,445.39	6,445.39

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

Particulars	` lakhs	
	As at 31 March 2016	As at 31 March 2015
(f) Surplus / (deficit) in statement of profit and loss		
As per last balance sheet	(99,331.38)	(54,863.26)
Add: transferred from revaluation reserve	26,990.40	-
Add: transferred from debenture redemption reserve	450.00	-
Add: adjustment relating to fixed assets	-	(2,884.33)
Add: profit/(loss) for the year	(18,016.24)	(41,583.79)
Closing balance	(89,907.22)	(99,331.38)
<b>Total</b>	<b>14,435.54</b>	<b>32,451.78</b>

## Note 4 Long term borrowings

Particulars	As at 31 March 2016		As at 31 March 2015	
	Non-Current	Current Maturities	Non-Current	Current Maturities
<b>Secured</b>				
(a) Debentures	4,500.00	2,250.00	6,750.00	1,125.00
(b) Rupee term loan from banks	-	152.98	165.47	176.30
(c) Foreign currency loan from banks	16,217.68	3,777.55	18,777.00	1,251.80
(d) Rupee term loan from financial institutions	131.79	845.47	933.32	919.46
(e) Foreign currency term loan from financial institutions	93,230.83	-	87,974.03	-
(f) Rupee term loan assigned to ARC's	309,751.41	-	383,414.25	-
(g) Rupee term loan from others	-	108.87	128.58	271.15
<b>Sub total</b>	<b>423,831.71</b>	<b>7,134.87</b>	<b>498,142.65</b>	<b>3,743.71</b>
Less : Amount disclosed under other current liabilities (refer note 10)	-	7,134.87	-	3,743.71
<b>Total secured long term borrowings</b>	<b>423,831.71</b>	<b>-</b>	<b>498,142.65</b>	<b>-</b>
<b>Unsecured</b>				
Rupee term loan from a related party	1,926.25	-	1,350.25	-
<b>Net long term borrowings</b>	<b>425,757.96</b>	<b>-</b>	<b>499,492.90</b>	<b>-</b>

## Details of Borrowings

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
<b>Secured</b>				
12.5% Non Convertiable Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	6,750.00	7,875.00	Refer Note A (a) to (h)	Annual installement of ` 2250 lakhs from 30th Sep 2016

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
<b>Rupee Term Loan from banks</b>				
<b>Vehicle Loan :</b>				
HDFC Bank Limited	76.28	190.09	Refer Note A (m)	EMI
ICICI Bank Limited	76.70	151.68	Refer Note A (m)	EMI
<b>Total</b>	<b>152.98</b>	<b>341.77</b>		

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
<b>Foreign currency loan from banks</b>				
Bank of Baroda	4,905.16	5,789.58	Refer Note A (a) to (h)	Quarterly structured instalments from August 2013
State Bank of India	15,090.07	14,239.22	Refer Note A (k) & (e)	20 equal quarterly instalments from June 2016
<b>Total</b>	<b>19,995.23</b>	<b>20,028.80</b>		
<b>Rupee term loan from financial institutions</b>				
HDFC Limited	214.29	583.57	Refer Note A (k)	28 equal quarterly instalments from 'January 2010
HDFC Limited	762.97	1,269.21	Refer Note A (k) & (e)	51 EMI from April, 2013
<b>Total</b>	<b>977.26</b>	<b>1,852.78</b>		
<b>Foreign Currency Loans from Financial Institutions</b>				
HDFC Limited	18,504.90	17,461.51	Refer Note A (k)	Refer Note A
HDFC Limited	63,700.66	60,108.91	Refer Note A (k) & (e)	6 equal half yearly instalments from Feb 2018 onwards
HDFC Limited	11,025.27	10,403.61	Refer Note A (k) & (l)	Repayable in June 2019
<b>Total</b>	<b>93,230.83</b>	<b>87,974.03</b>		
<b>Rupee term loan assigned to ARC's</b>				
JM Financial Asset Reconstruction Co. Pvt Ltd	306,736.87	379,656.27	Refer Note A (a) to (j)	Refer Note 31.3 (a) to (c)
Phoenix ARC Pvt Ltd	3,014.54	3,757.98	Refer Note A (a) to (h)	Refer Note 31.3 (a) to (c)
<b>Total</b>	<b>309,751.41</b>	<b>383,414.25</b>		



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

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2016	Amount Outstanding as at 31.03.2015	Details of Security	Repayment Terms
Rupee term loan from others				
BMW Financial Services (I) Ltd	108.87	319.85	Refer Note A (m)	EMI
Kotak Mahindra Prime Limited	-	79.88	Refer Note A (m)	EMI
<b>Total</b>	<b>108.87</b>	<b>399.73</b>		
Total of secured loans	430,966.58	501,886.36		
Unsecured				
Leela Lace Holdings Pvt. Ltd.	1,926.25	1,350.25		Refer note B (b)
<b>Grand Total</b>	<b>432,892.83</b>	<b>503,236.61</b>		

Instalments overdue as on 31st March 2016 is ` 141.61 lakhs. (Previous year ` 665.42 lakhs)

### 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 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.
- First ranking pari passu charge on all of the fixed assets (both movable and immovable) and the second ranking pari passu charge on the Current Assets of hotel property at Goa, till the date of sale.
- 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.
- 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 Deferred tax (liabilities/assets)

Particulars	As at 31 March, 2016	As at 31 March, 2015
Deferred tax liabilities on account of depreciation differences	22,376.05	27,235.87
Deferred tax assets on account of unabsorbed depreciation	22,376.05	26,547.41
<b>Net deferred tax liability</b>	<b>-</b>	<b>688.46</b>

### Note 6 Other long term liabilities

Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade / security deposits received	1,947.07	1,991.82
Deferred payables	148.41	183.03
<b>Total</b>	<b>2,095.48</b>	<b>2,174.85</b>

### Note 7 Long term provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Provision for employee benefits (Refer note 32.4)		
(i) Provision for compensated absences	764.21	932.67
(ii) Provision for gratuity (net)	927.26	1,535.20
<b>Total</b>	<b>1,691.47</b>	<b>2,467.87</b>

### Note 8 Short term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Working capital facilities from banks -secured	-	144.87
(b) Others	8.60	-
<b>Total</b>	<b>8.60</b>	<b>144.87</b>

Amount overdue as on 31st March 2016 is ` Nil (Lakhs) (Previous year ` nil Lakhs)

- (i) Working capital facilities from IDBI Bank Ltd ( Previous year) were secured by:

- First ranking pari passu charge on inventory, receivables and other current assets of the hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- Second ranking pari passu charge on the fixed assets of the hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the windmills.
- Securities listed in note 4 (A) (d) to (g)

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

## Note 9 Trade payables

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Trade payables		
Acceptances	-	-
Others	6,676.09	6,489.74
<b>Total</b>	<b>6,676.09</b>	<b>6,489.74</b>

## Note 10 Other current liabilities

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Current maturities of long term debt (Refer note 4)	7,134.87	3,743.71
(b) Interest accrued and due on borrowings	1,783.50	1,132.03
(c) Interest accrued but not due on borrowings	229.32	211.94
(d) Unpaid dividends	27.92	47.32
(e) Advance received for sale of property	15,580.60	13,572.00

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(f) Other payables		
(i) Statutory liabilities	1,121.56	1,082.10
(ii) Payables on purchase of fixed assets	2,923.62	3,031.20
(iii) Liability for expenses	3,869.61	3,511.10
(iv) Advance from customers	1,963.60	2,158.75
(v) Overdrawn bank balance	606.90	541.54
<b>Total</b>	<b>35,241.50</b>	<b>29,031.69</b>

## Note 11 Short term provisions

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Provision for employee benefits (Refer note 32.4)		
(i) Provision for bonus	422.21	337.07
(ii) Provision for compensated absences	195.16	196.63
(iii) Provision for gratuity (net)	386.74	-
<b>Total</b>	<b>1,004.11</b>	<b>533.70</b>

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

## Note 12 Tangible assets

lakhs

A. Tangible assets	Gross block					Accumulated depreciation and impairment						Net block			
	Balance as at 1 April 2015	Additions	Disposals	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation expense for the year	Eliminated on disposal of assets	Impairment of assets	Other adjustments	Sale of business undertaking	Balance as at 31 March 2016	Balance as at 31 March 2015
(a) Land															
Freehold	170,323.94	-	-	-	-	22,731.00	147,592.94	-	-	-	-	-	-	147,592.94	170,323.94
Leasehold *	37,085.02	-	-	-	-	5,408.44	31,676.58	5,289.58	726.12	-	-	-	725.04	26,385.92	31,795.44
(b) Buildings	254,483.08	105.01	-	713.44	(101.89)	27,417.60	227,782.04	26,778.84	3,861.07	-	15,085.07	-	5,419.21	187,476.27	227,704.24
(c) Plant and equipment	101,553.36	423.38	318.85	5.95	(66.80)	12,991.50	88,605.54	41,213.10	7,496.41	169.81	4,444.98	-	10,190.26	45,811.12	60,340.26
(d) Furniture and fixtures	40,163.96	108.54	86.40	119.14	-	3,972.64	36,332.60	21,358.03	3,982.95	124.12	1,632.51	-	3,798.15	13,281.38	18,805.93
(e) Vehicles	4,886.18	14.71	46.11	12.20	-	599.88	4,267.10	2,420.98	970.18	45.69	63.13	-	547.78	1,406.28	2,465.20
(f) Office equipment	1,169.51	22.88	28.88	0.12	(62.31)	-	1,101.32	1,030.68	75.45	42.33	2.03	-	25.67	61.16	138.83
Total	609,665.05	674.52	480.24	850.85	(231.00)	73,121.06	537,358.12	98,091.21	17,112.18	381.95	21,227.72	-	20,706.11	422,015.07	511,573.84
Previous year	615,018.00	2,395.44	7,362.80	566.52	(952.11)	-	609,665.05	80,718.57	19,419.22	5,933.88	0.00	3,887.30	-	511,573.84	534,299.42

- 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.
- ` 850.85 lacs increase (Previous year ` 566.52 lakhs increase) on account of exchange variations in the long term currency monetary items relating to depreciable assets are debited to respective fixed assets.
- Depreciation and amortisation for the year includes ` 924.63 lakhs relating to Goa undertaking.
- Figures have been regrouped wherever necessary.

## Note 13 Intangible assets

B	Intangible assets	Gross block					Accumulated depreciation and impairment					Net block			
		Balance as at 1 April 2015	Additions	Disposals	Effect of foreign currency exchange differences	Other adjustments	Sale of business undertaking	Balance as at 31 March 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 2016	Balance as at 31 March 2015
	(a) Computer software	1,680.59	36.28	2.19	-	-	48.35	1,666.33	168.00	-	111.22	32.70	12.73	589.21	902.66
	(b) License fees/franchise fee	765.84	-	-	-	-	-	765.84	147.47	1.34	-	-	-	197.90	344.03
	(c) Website	157.75	-	-	-	-	-	157.75	25.89	-	-	(32.70)	-	84.88	78.07
	Total	2,604.18	36.28	2.19	-	-	48.35	2,589.92	341.36	1.34	111.22	-	12.73	871.99	1,324.76
	Previous year	1,534.47	117.60	-	-	952.11	-	2,604.18	400.02	-	-	286.73	-	1,324.76	941.81

Depreciation and amortisation for the year includes ` 1.19 lakhs relating to Goa undertaking.

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

## Note 14 Non-current investments

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Investments (at cost):		
<b>A. Trade, Unquoted</b>		
(a) Investment in equity others , Unquoted		
(i) 9000 (Previous year Nil) equity shares of ` 10 each of Green Infra Wind Power Generation Limited	0.90	-
(ii) 35000 (Previous year Nil) equity shares of ` 100 each of Sree Rangaraja Ispat Industries Pvt Ltd.	35.00	-
(iii) 700 (Previous year Nil) equity shares of Rs. 100 each of Opulant Ventures Pvt Ltd	0.70	-
	<u>36.60</u>	<u>-</u>
(b) Investment in government securities	0.25	0.25
<b>Total</b>	<u><u>36.85</u></u>	<u><u>0.25</u></u>

## Note 15 Foreign currency monetary translation difference account

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Opening balance	10,807.51	12,007.48
Add: Additions during the year	5,607.92	3,720.12
Less: amortised during the year	7,459.98	4,920.09
Closing balance	<u><u>8,955.45</u></u>	<u><u>10,807.51</u></u>

Additions during the year ` 5607.91 lakhs (Previous Year ` 3720.12 lakhs) is on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets.

## Note 16 Long term loans and advances

(Unsecured, considered good unless otherwise stated)

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Advance for fixed Assets	2,905.67	2,935.53
(b) Security deposits	10,221.71	10,227.71
(c) Prepaid expenses	-	53.32
(d) Others	2,724.77	2,792.75
<b>Total</b>	<u><u>15,852.15</u></u>	<u><u>16,009.31</u></u>

## Note 17 Other non current assets

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Receivable on sale of fixed assets	300.00	3,00.00
<b>Total</b>	<u><u>300.00</u></u>	<u><u>3,00.00</u></u>

## Note 18 Inventories

(At lower of cost and net realisable value)

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Raw materials	1,114.12	1,460.21
(b) Stores and operating supplies	3,255.85	3,800.16
<b>Total</b>	<u><u>4,369.97</u></u>	<u><u>5,260.37</u></u>

## Note 19 Trade receivables

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,181.70	900.08
Considered doubtful	466.37	426.31
	<u>2,648.07</u>	<u>1,326.39</u>
Less: Provision for doubtful trade receivables	466.37	426.31
<b>Sub total</b>	<u>2,181.70</u>	<u>900.08</u>
Other trade receivables (unsecured)		
Considered good	4,174.53	4,222.29
Considered doubtful	8.42	-
	<u>4,182.95</u>	<u>4,222.29</u>
Less: Provision for doubtful trade receivables	8.42	-
<b>Sub total</b>	<u>4,174.53</u>	<u>4,222.29</u>
<b>Total</b>	<u><u>6,356.23</u></u>	<u><u>5,122.37</u></u>

## Note 20 Cash and cash equivalents

` lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Cash on hand	69.04	89.98
(b) Cheques on hand	118.83	-
(c) Balances with banks		
(i) In current accounts	2,368.77	1,376.36
(ii) In deposit accounts *	1,830.77	807.51
(iii) In earmarked accounts		
- Unpaid dividend accounts	27.92	47.32
- Balances held as margin money or security against borrowings, guarantees and other commitments	102.10	239.56
<b>Total</b>	<u><u>4,517.43</u></u>	<u><u>2,560.73</u></u>

\* Includes ` 11.72 lakhs (previous year ` 128.01 lakhs ) with maturity of more than 12 months

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

### Note 21 Short term loans and advances (unsecured, considered good)

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Trade advances		
Considered good	276.59	288.84
Considered doubtful	45.81	45.81
	<u>322.40</u>	<u>334.65</u>
Less: Provision for doubtful trade advances	45.81	45.81
	<u>276.59</u>	<u>288.84</u>
(b) Loans and advances to employees	42.35	84.89
(c) Prepaid expenses	1,310.20	1,058.78
(d) Balances with government authorities		
(i) VAT credit receivable	29.66	0.94
(ii) Service tax credit receivable	187.57	158.72
(iii) Advance income tax (net of provisions)	1,300.61	870.99
(iv) Others	327.18	167.92
(e) Other advances	60.21	83.69
<b>Total</b>	<u><u>3,534.37</u></u>	<u><u>2,714.77</u></u>

### Note 22 Other current assets

lakhs		
Particulars	As at 31 March, 2016	As at 31 March, 2015
(a) Unbilled revenue	404.44	231.06
(b) Interest accrued on deposits	17.21	20.03
(c) Insurance claims	9.05	11.29
<b>Total</b>	<u><u>430.70</u></u>	<u><u>262.38</u></u>

### Note 23 Revenue from operations

lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Sale of products (Refer Note (i) below)	24,248.41	24,255.11
Sale of services (Refer Note (ii) below)	41,842.41	39,390.03
<b>Total</b>	<u><u>66,090.82</u></u>	<u><u>63,645.14</u></u>
Note (i) Sale of products comprises:		
Food and beverages	24,248.41	24,255.11
<b>Total</b>	<u><u>24,248.41</u></u>	<u><u>24,255.11</u></u>

lakhs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Note (ii) Sale of services comprises;		
Room revenue	33,468.07	31,042.72
Revenue from managed hotels	1,885.57	1,363.83
Income from rental & related services	1,206.52	1,619.93
Other services	5,282.25	5,363.55
<b>Total</b>	<u><u>41,842.41</u></u>	<u><u>39,390.03</u></u>

### Note 24 Other income

lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Interest income (Refer note below)	162.77	183.72
Net gain on sale of current investments	-	6.70
Net gain on foreign currency transactions and translation (other than considered as finance cost)	42.92	72.46
Subsidy	94.98	82.31
Liabilities/provisions no longer required written back	442.87	32.55
Profit on fixed assets sold	-	221.79
Miscellaneous income	199.51	63.08
<b>Total</b>	<u><u>943.05</u></u>	<u><u>662.61</u></u>
Note: Interest income comprises:		
from bank deposits	26.50	82.19
others	136.27	101.53
<b>Total</b>	<u><u>162.77</u></u>	<u><u>183.72</u></u>

### Note 25 Cost of materials consumed

lakhs		
Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Opening stock	1,301.98	1,670.22
Add: Purchases	5,958.23	5,624.35
	<u>7,260.21</u>	<u>7,294.57</u>
Less: Closing stock	1,114.12	1,301.98
<b>Cost of materials consumed</b>	<u><u>6,146.09</u></u>	<u><u>5,992.59</u></u>

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

## Note 26 Employee benefit expenses

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Salaries and wages	16,409.02	16,425.44
Contributions to provident and other funds	1,322.11	997.31
Staff welfare expenses	1,490.15	1,327.61
<b>Total</b>	<b>19,221.28</b>	<b>18,750.36</b>

## Note 27 Finance costs

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
(a) Interest expense on:		
(i) Term loans (Refer note 32.2 (c))	8,614.76	19,213.75
(ii) Working capital borrowings	16.67	114.86
(b) Other borrowing costs	158.75	422.84
<b>Total</b>	<b>8,790.18</b>	<b>19,751.45</b>

## Note 28 Depreciation and amortisation

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Depreciation on tangible assets (Refer note 12)	16,187.55	17,936.51
Less : Withdrawal from revaluation reserve*	-	581.37
	<b>16,187.55</b>	<b>17,355.14</b>
Amortisation of intangible assets (Refer note 13)	340.17	400.02
Amortisation of foreign exchange translation difference (Refer note 15)	7,459.98	4,920.09
<b>Total</b>	<b>23,987.70</b>	<b>22,675.25</b>

\* Relating to prior years adjusted in previous year

## Note 29 Other expenses

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Consumption of stores and supplies including linen	2,608.22	2,817.90
Power and fuel	5,111.28	5,647.46
Rent	3,648.42	3,666.92
Repairs and maintenance - buildings	718.91	595.06
Repairs and maintenance - machinery	1,178.40	1,188.17
Repairs and maintenance - others	1,865.18	1,783.06
Insurance	236.28	244.63

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Rates and taxes	1,986.71	1,770.99
Communication	283.99	255.50
Travelling and conveyance	830.09	833.26
Guest transport	645.85	525.26
Printing and stationary	271.60	246.55
Royalty and reservation fee	449.12	405.71
Sales commission	1,499.91	1,354.35
Business promotion	2,430.83	2,492.19
Donations and contributions	0.35	3.75
Legal and professional	938.42	1,115.37
Auditors remuneration (Refer note below)	36.17	38.24
Directors' remuneration	150.69	605.01
Directors' sitting fees	23.42	20.00
Provision/write-off of trade and other receivables	202.13	3,738.73
Loss on fixed assets sold / scrapped / written off	13.05	-
Prior period items (net)	128.03	157.30
Miscellaneous expenses	153.50	224.38
<b>Total</b>	<b>25,410.55</b>	<b>29,729.79</b>
(i) Auditors remuneration comprises (net of service tax)		
Statutory audit	30.00	30.00
For Taxation matters	5.00	5.00
Reimbursement of expenses	1.17	3.24
<b>Total</b>	<b>36.17</b>	<b>38.24</b>

## Note 30 Exceptional items

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
Write off of capital work in progress	-	13,805.08
Provision for impairment of Chennai hotel	21,338.94	-
Provision for impairment of asset held for sale	-	3,268.68
Diminution in value of Investment in subsidiary	-	1,254.00
<b>Total</b>	<b>21,338.94</b>	<b>18,327.76</b>



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

### Note 31 Discontinuing Operations

During the year with effective date of 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	
	Year ended 31 March, 2016	Year ended 31 March, 2015
<b>Profit from ordinary activities</b>		
Sale of products	1,872.19	2,976.71
Sale of services	4,625.22	8,262.08
Other operating revenue	377.85	610.58
Other income	59.93	44.66
<b>Total revenue</b>	<b>6,935.19</b>	<b>11,894.03</b>
Cost of materials consumed	458.08	707.37
Employee benefits expense	1,954.82	2,480.81
Finance costs	5.92	6.24
Depreciation and amortisation expense	925.82	1,334.45
Other expenses	2,437.06	3,458.86
<b>Total expenses</b>	<b>5,781.70</b>	<b>7,987.73</b>
<b>Profit before tax from ordinary activities</b>	<b>1,153.49</b>	<b>3,906.30</b>
Add / (less): Gain / (loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operation	18,002.68	-
Tax expense	-	-
<b>Profit after tax of discontinuing operations</b>	<b>19,156.17</b>	<b>3,906.30</b>

	lakhs	
	Year ended 31 March, 2016	Year ended 31 March, 2015
<b>Particulars</b>		
Carrying amount of assets as at the Balance Sheet date relating to the discontinuing business to be disposed off	-	55,355.36
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinuing business to be settled	-	1,597.24

### Note 32 Additional information to the Financial Statements

32.1 Goodwill of ₹ 3254.14 lakhs represent the difference between the networth of the subsidiary companies as on the date of investment and cost of investment. The Company has made a provision for impairment of goodwill amounting to ₹ Nil (previous year ₹ 1254 lakhs) based on the estimated value of assets of the subsidiary as the Company intends to sell the same.

#### 32.2 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 Private Limited (JMFARC) 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 ₹ 415013.77 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 approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the 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 ₹ 460696 lakhs (previous year ₹ 457572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of ₹ 72704 lakhs (previous year ₹ 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is ₹ 150945 lakhs (previous year ₹ 78241 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 Company sold its Goa Hotel in December 2015, and the entire amount net of expenses was utilised for repayment of part of its debt to ARCs and other lenders.
- The consolidated net worth of the Company and its subsidiary, after excluding revaluation reserves is negative to the extent of ₹ 30610 lakhs as on 31st March 2016. Even though the net worth has turned negative during the year, the same could again become positive, when the financial restructuring materialises.
- For reasons explained in note (a) to (e) above, the financial statements of the Company have been prepared on a going concern basis.

		lakhs	
32.3	Contingent liabilities and commitments (to the extent not provided for)	2015-16	2014-15
(a)	Claims against the Company not acknowledged as debts	19,751.05	15,207.56
(b)	Disputed Statutory Liabilities	5,790.21	5,624.56
(c)	Other Contingent Liabilities	130.99	-
(d)	Estimated amount of contracts remaining to be executed on capital account and not provided for	29.40	337.48

- 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.
- The lease agreement with Airports Authority of India (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 and the Company had accepted the revised terms. However the lease agreement is yet to be signed. Pending execution of the lease agreement, AAI has been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. Depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.
- 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 ₹ 2241 lakhs for the period upto 31st March 2016. The Company has objected to this increase and has not provided for the same.

- (h) 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 Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 has declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI has challenged the Award before the Delhi High Court, which is pending. The Minimum Guaranteed Royalty for the subsequent period including interest amount is ₹ 23281 lakhs as per AAI and no provision has been made because of the dispute.

### 32.4 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 ₹ 547.61 lakhs (previous year ₹ 544.65 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	2015-16	2014-15
Components of employer expense		
Current service cost	186.73	144.50
Interest cost	149.41	144.37
Expected return on plan assets	(17.55)	(25.61)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	596.89	-
Actuarial losses/(gains)	(256.48)	166.70
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>659.01</b>	<b>429.96</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		

	₹ lakhs	
Particulars	2015-16	2014-15
Present value of defined benefit obligation	1,951.57	1,797.40
Fair value of plan assets	(637.57)	(262.20)
Funded status [surplus / (deficit)]	(1,314.00)	(1,535.20)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(1,314.00)</b>	<b>(1,535.20)</b>

	₹ lakhs	
Particulars	2015-16	2014-15
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1,797.41	1,480.55
Current service cost	186.73	144.50
Interest cost	149.41	144.37
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	(398.23)	-
Actuarial (gains) / losses	(255.00)	168.13
Past service cost	596.89	-
Benefits paid	(125.64)	(140.14)
Present value of DBO at the end of the year	1,951.58	1,797.41
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	262.20	372.40
Acquisition adjustment (distributed on divestiture)	(56.56)	-
Expected return on plan assets	17.55	25.61
Actual company contributions	187.55	2.91
Actuarial gain / (loss)	1.48	1.42
Benefits paid	(125.64)	(140.14)
Plan assets at the end of the year	286.57	262.20
Actual return on plan assets	19.02	27.03
<b>Composition of the plan assets is as follows:</b>		
Insurer managed funds	100%	100%
<b>Actuarial assumptions</b>		
Discount rate	7.90%	7.90%
Expected return on plan assets	8.00%	8.00%
Salary escalation	7.00%	10% For first 3 years & 7% thereafter

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

₹ lakhs

Experience adjustments	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Gratuity					
Present value of DBO	1,951.57	1,797.40	1,480.55	1,546.75	1,253.23
Fair value of plan assets	637.57	262.20	372.40	439.74	461.70
Funded status [surplus / (deficit)]	(1,314.00)	(1,535.20)	(1,108.15)	1,107.01	(791.52)
Experience gain / (loss) adjustments on plan liabilities	(180.55)	(51.90)	(133.02)	(7.98)	16.44
Experience gain / (loss) adjustments on plan assets	1.48	1.42	(4.75)	23.93	6.99

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 ₹ 959.37 lakhs (Previous year ₹ 1129.30 lakhs), of which long term liability is ₹ 742.25 lakhs (Previous year ₹ 932.67 lakhs) and short term liability is ₹ 195.16 lakhs (Previous year ₹ 217.12 lakhs).

### 32.5 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.

### 32.6 Related party transactions

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

Description of relationship	Name of related parties
Subsidiaries	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 Armcess Engineering Pvt. Ltd. Zantho Pharmaceuticals Pvt. Ltd. Leela Lace Estate Pvt. Ltd. Emmel Realtors and Developers Pvt. Ltd. Leela Villas Pvt. Ltd. Leela Lace Info Park Pvt. Ltd. Leela Constates Pvt. Ltd.

Description of relationship	Name of related parties
Key Management Personnel (KMP) :	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. Fransisco Hospitality Pvt. Ltd. Leela Realty Ltd L.M Realtors Pvt Ltd. LMV Associates Limited Leela Hospitality Pvt Ltd.
	Mr. Vivek Nair Mr. Dinesh Nair Mr. Krishna Deshika
Relatives of KMP	Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Amruda Nair (daughter of Mr. Vivek 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

₹ lakhs

(ii) Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<b>Transactions carried out with Related Parties</b>				
<u>Sale of room, food and other services</u>				
Leela Lace Holdings Pvt. Ltd.		-		
Leela Lace Software Solutions Pvt. Ltd		0.10 (4.64)		
Leela Hospitality Pvt. Ltd.		1.63 (2.96)		
Mr. Vivek Nair			86.84 (-)	
Mr. Dinesh Nair			9.76 (-)	

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

(ii) Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
lakhs				
<u>Income from rental &amp; related services</u>				
Leela Lace Holdings Pvt. Ltd.		319.69 (558.76)		
Leela Fashions Pvt. Ltd.		40.63 (40.63)		
Leela Hospitality Pvt. Ltd.		42.61 (29.82)		
<u>Lease rent</u>				
Leela Lace Holdings Pvt. Ltd.		1,194.47 (1,288.36)		
Leela Lace Software Solutions Pvt. Ltd.		30.31 (102.92)		
Leela Fashions Pvt. Ltd.		0.25 (0.25)		
<u>Sale of residential flats</u>				
Leela Lace Holdings Pvt. Ltd.		- (222.00)		
<u>Investments</u>				
Leela Palaces & Resorts Ltd.	9,000.00 (9,000.00)			
<u>Sale of Investments in subsidiaries</u>				
Leela Realty Ltd.		- (8.56)		
<u>Remuneration paid</u>				
Mr. Vivek Nair (upto 30th April 2015)			16.72 (200.70)	
Mr. Dinesh Nair (upto 30th April 2015)			16.72 (200.70)	
Mr. Krishna Deshika (upto 16th January, 2016 as Director Finance & Chief Finance Officer and with effect from 25th Feb 2016 as Chief Financial Officer)			134.29 (147.84)	
Ms. Amruda Nair (upto 30th September, 2014)				- (23.05)
Ms. Aishwarya Nair (upto 30th April 2015)				3.98 (46.20)
Ms. Samyukta Nair (upto 30th April 2015)				3.98 (46.20)
<u>Sitting fees</u>				
Mrs. Madhu Nair				0.60 (0.70)
<u>Debit balance outstanding</u>				
Leela Hospitality Pvt. Ltd.		104.64 (113.58)		
Leela Fashions Pvt. Ltd.		67.08 (26.20)		
<u>Credit balance outstanding</u>				
Leela Lace Software Solutions Pvt. Ltd.		197.86 (176.73)		
Leela Lace Holdings Pvt. Ltd.		1,453.12 (1,190.88)		
<u>Unsecured loans received</u>				
Leela Lace Holdings Pvt. Ltd.		1,926.25 (1,350.25)		
<u>Deposits given</u>				
Leela Lace Holdings Pvt. Ltd.		7,273.51 (7,273.51)		

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

(ii) Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Rockfort Estate Developers Pvt. Ltd.		776.46 (776.46)		
<u>Allotment of shares</u> Rockfort Estate Developers Pvt. Ltd.		- (3,500.00)		

\*Figures in brackets relate to previous year.

32.7 The Company has not given loans to any directors or to persons in which directors are interested, but there are dues towards transactions, from Leela Hospitality Limited and Leela Fashions Limited as detailed in Note 32.6 (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.

32.8	Particulars	2015-16	2014-15
	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	812.80	964.86
	later than one year and not later than five years	1,593.33	3,142.99
	later than five years	708.46	1,030.77
(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	935.69	1,408.44
	later than one year and not later than five years	3,196.70	3,780.09
	later than five years	19,162.58	26,263.70

32.9	Particulars	2015-16	2014-15
	<b>Earnings per share</b>		
	<b>Basic &amp; Diluted</b>		
	Net profit / (loss) for the year	(18,016.24)	(41,583.79)
	Weighted average number of equity shares	46,66,08,307	45,90,89,907
	Par value per share (₹)	2.00	2.00
	Earnings per share (₹)	(3.86)	(9.06)

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

32.10 (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.

32.11 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

Mumbai, 26th May 2016

Anandghan Bohra

Company Secretary

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	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>PROFIT AND LOSS ACCOUNT</b>										
Gross revenue	46,275.63	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
Expenditure (excluding interest)	19,916.68	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
Depreciation	3,375.41	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
Interest	4,032.89	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
Profit/(Loss) before tax	18,950.65	22,316.76	19,256.64	6,065.11	3,780.72	(38,831.14)	(42,136.90)	(48,734.64)	(50,923.40)	(37,860.65)
Profit from Discontinuing Operations	-	-	-	-	1,854.12	41,766.36	-	-	3,906.30	19,156.17
Tax expenses	6,326.58	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	12,624.07	14,998.45	14,498.46	4,102.11	3,783.85	1,863.17	(43,345.81)	(44,147.19)	(41,587.74)	(18,016.02)
Net transfer to General Reserves	1,400.00	8,900.74	1,100.00	115.00	-	-	-	-	-	-
Earning per share - Basic (In `)	3.41	3.97	3.84	1.09	0.99	0.48	(10.82)	(10.15)	(9.06)	(3.86)
Earning per share - Diluted (In `)	3.00	3.10	3.13	0.92	0.93	0.48	(10.82)	(10.15)	(9.06)	(3.86)
<b>BALANCE SHEET</b>										
Share Capital	7,406.06	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
Reserves and Surplus	82,712.23	85,460.42	1,86,446.05	1,97,858.09	2,02,531.21	1,51,306.97	1,13,887.62	74,471.06	32,469.50	14,453.48
Borrowings	95,356.85	2,03,907.03	2,44,766.46	2,88,395.16	3,80,906.14	4,25,402.70	4,66,445.82	4,97,231.75	5,04,725.45	4,34,905.65
Fixed Assets (Net)	1,71,080.62	2,62,251.32	4,36,952.90	4,93,322.75	5,62,069.54	5,57,700.76	5,76,539.17	5,69,129.81	5,30,825.04	4,42,944.47
Investments	5,991.79	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

The equity shares of the company were split into face value of ` 2 from ` 10 per share on 15 September 2006. The EPS and book value per share from the financial year 2006-07 onwards is stated accordingly.



## NOTICE

NOTICE is hereby given that the THIRTY FIFTH 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 Tuesday, 20th September, 2016 at 10.30 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - (a) the Audited Financial Statement of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and the Auditors thereon;
  - (b) the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2016 and the report of the Auditors thereon.
2. To appoint a Director in place of Mrs. Madhu Nair (DIN: 00011223), who retires by rotation and, being eligible, offers herself for re-appointment.
3. 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, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s. Picardo & Co, Chartered Accountants (Registration No. 107917W), who have offered themselves for reappointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Act, and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to service tax and reimbursement of out of pocket expenses incurred by them in connection with the audit of the Accounts of the Company.”

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, 26th May, 2016

### 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 Saturday, the 17th September, 2016 to Tuesday, the 20th September, 2016 (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 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 clarifications 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 2007-08 to the IEPF. Members who have not yet encashed the dividend warrant(s) for the financial year 2008-09 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 2015-16 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(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 35th 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 Participants(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 35th 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 35th Annual General Meeting and the Annual Report for the financial year 2015-16 will also be available on the Company's website [www.theleela.com](http://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](mailto:investor.service@theleela.com) or to the Registrar's e-mail id: [einward.ris@karvy.com](mailto: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 Participants(s))**
    - 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 you 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: [vsundaramfcs1@hotmail.com](mailto:vsundaramfcs1@hotmail.com) with a copy marked to [evoting@karvy.com](mailto: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 (I) 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 13th September, 2016. The remote e-voting period shall commence at 9.00 a.m. on Saturday, the 17th September, 2016 and will end at 5.00 p.m. on Monday, the 19th September, 2016. The remote e-voting module shall be disabled by Karvy at 5.00 p.m. on 19th September, 2016.
- V. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 5th August, 2016, may obtain the login ID and password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com).
- VI. 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.
- VII. 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.
- VIII. Mr. V. Sundaram, Practising Company Secretary (Membership No. 2023) 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.
- IX. 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.
- X. 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 authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.theleela.com](http://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.
16. (a) For the benefit of Members who do not have access to e-voting facility, a Ballot Form is being sent along with the Notice of the Annual General Meeting, to enable them to send their assent or dissent by post. Detailed instructions on voting through post are given on the reverse of the Ballot Form.
- (b) The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post within the prescribed time to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- (c) Members have option to vote either through e-voting or through physical Ballot Form. If a member has opted for e-voting, then he / she should not vote through the physical Ballot Form also and vice-a-versa. However, in case members have cast their votes both via physical ballot and e-voting, then the voting through e-voting shall prevail and the voting done through the physical ballot shall be treated as invalid.
17. 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	Mrs. Madhu Nar (DIN 00011223)
Brief resume of the director	Mrs. Madhu Nair {B.A. (Hons.) Sociology}, aged 54 years, has a wide and varied experience in the field of interior design and project coordination spanning over two decades. She is a promoter director and joined the Board on 28 <sup>th</sup> September, 2001.
Expertise in specific functional areas	Interior design and project coordination
Other Directorships in listed companies and membership of Committees	Nil
No. of shares held in the Company	350 shares

Mrs. Madhu Nair is related to Mr. Dinesh Nair, Co-Chairman & Managing Director and Mr. Vivek Nair, Chairman & Managing Director.

Except Mrs. Madhu Nair, Mr. Dinesh Nair and Mr. Vivek Nair, no other Director and Key Management Personnel or their relatives are in any way interested or concerned 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 35th Annual General Meeting of the Company, to be held on 20th day of September, 2016 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 Annual Accounts and Reports thereon for the financial year ended 31st March, 2016		
2	To appoint a Director in place of Mrs. Madhu Nair, who retires by rotation and, being eligible, offers herself for re- appointment		
3	Re-appointment of M/s. Picardo & Co., Chartered Accountants, as Statutory Auditors and fixing of their remuneration		

Signed this..... day of..... 2016

Signature of shareholder .....

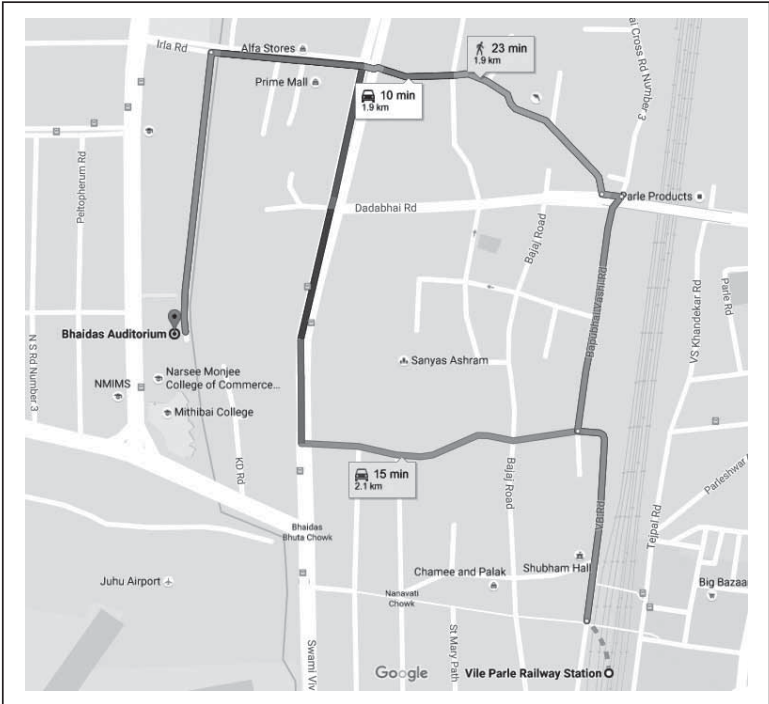
Affix  
revenue  
stamp

Notes:

- \* 1. Please 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 FORTY-EIGHT 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.



**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

## BALLOT FORM

1. Name and Registered Address :  
of the Sole / First named  
Shareholder

2. Name(s) of Joint Holder(s), (If :  
any)

3. Registered Folio No./  
DP ID No. and Client ID No.

4. No. of Share(s) held

5. I / We hereby exercise my / our vote(s) in respect of the resolutions set out in the notice of the 35th Annual General Meeting of the Company to be held on 20th September, 2016 by recording my / our assent or dissent to the said Resolutions by placing tick (✓) mark in the appropriate box below:

Reso. No.	Description	No. of Shares	For	Against
			I/We assent to the resolutions	I/We dissent to the resolutions
1	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2016			
2	To appoint a Director in place of Mrs. Madhu Nair, who retires by rotation and, being eligible, offers herself for re- appointment			
3	Re-appointment of M/s. Picardo & Co., Chartered Accountants, as Statutory Auditors and fixing of their remuneration			

Place:

Date:

Signature



## INSTRUCTIONS

### General Instructions:

1. This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting, i.e. either by e-voting or through Ballot. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Ballot Form of that Member shall be treated as invalid.
3. For detailed instructions on e-voting, please refer to the notes appended to the Annual General Meeting (AGM) Notice.
4. Facility of voting through Poll paper shall also be made available at the AGM. Members attending the AGM, who have not already cast their vote by remote e-voting or through Ballot Form shall be able to exercise their right at the AGM.
5. The Scrutinizer will collate the votes cast at the AGM, votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the AGM Notice.
6. Members who have cast their vote by remote e-voting or through Ballot Form prior to the AGM may also attend the AGM, but shall not be entitled to vote again at the AGM.

### Process and manner for Members opting to vote by using the Physical Ballot Form:

1. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V. Sundaram, Practicing Company Secretary, in the enclosed self-addressed prepaid envelope. The envelope bears the name and address of the Registered Office of the Company, and is to the attention of the Scrutinizer. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered / speed post at the expense of the Member, will also be accepted.
2. The Form should be signed by the Member as per the specimen signature registered with the Company / Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder. There will be one Form for every Folio/ Client ID irrespective of the number of joint holders. A Power of Attorney (POA) holder may vote on behalf of a Member, mentioning the registration number of the POA or enclosing an attested copy of the POA. Exercise of vote is not permitted through proxy.
3. For shares held by Financial Institutions, companies, bodies corporate, trusts, societies, etc. the duly completed Form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with attested specimen signature(s) of the duly authorized signatory(ies).
4. Votes should be cast in case of each resolution, either in favour or against by putting the tick (✓) mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the Member's total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
5. The voting rights of the shareholders shall be in proportion to their share of the paid-up equity share capital of the Company as on 13th September, 2016 ("Cut-Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners. A person whose name is recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by Depositories as on the Cut-Off Date only shall be entitled to cast their vote.
6. Duly completed Forms should reach the Scrutinizer not later than the close of working hours (5.00 p.m.) on 19th September, 2016. Ballot Forms received after this date will be strictly treated as if the reply from the Members has not been received.
7. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sr. No.6 above.
8. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
9. The Scrutinizer's decision on the validity of a Ballot will be final.
10. Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
11. The results of the voting shall be declared not later than two days from the conclusion of the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.theleela.com](http://www.theleela.com) and communicated to the Stock Exchanges where the Company is listed, viz. BSE Ltd. and National Stock Exchange of India Ltd.
12. Members may address any query to the Company Secretary, at Tel. No. 91 22 6691 1182 / 83; Fax No. 91 22 6691 1458 or by e-mail to [investor.service@theleela.com](mailto:investor.service@theleela.com).

Hotel Leelaventure Limited

To  
The Share Department  
Hotel Leelaventure Limited  
The Leela Mumbai,  
Sahar, Mumbai: 400 059

Updation of Shareholder Information

I/We request you to record the following information against my/our Folio No.:

General Information:

Folio No.:	
Name of the first named Shareholder:	
PAN:*	
CIN/Registration No.:* (applicable to Corporate Shareholders)	
Mobile No.:	
Email Id:	

\*Self attested copy of the documents(s) enclosed.

Bank Details:

IFSC: (11 digit)	MICR: (9 digit)
Bank A/c Type:	Bank A/c No.:*
Name of the Bank	
Bank Branch Address:	

\*A blank cancelled cheque is enclosed to enable verification of bank details.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained by you till I/We hold the securities under the above mentioned folio No.

Place:

Date:

\_\_\_\_\_  
Signature of Sole/First holder

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

### THE LEELA MUMBAI

Sahar, Mumbai - 400 059  
T. +91 (22) 6691 1234  
F. +91 (22) 6691 1212

### THE LEELA PALACE BANGALORE

23, Old Airport Road, Bangalore - 560 008  
T. +91 (80) 2521 1234  
F. +91 (80) 2521 2222

### THE LEELA PALACE UDAIPUR

Lake Pichola, P. O. Box No. 125  
Udaipur - 313 001  
T. +91 (294) 670 1234  
F. +91 (294) 670 1212

### THE LEELA PALACE NEW DELHI

Chanakyapuri, Diplomatic Enclave,  
New Delhi - 110 023  
T. +91 (11) 3933 1234  
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  
T. +91 (832) 662 1234  
F. +91 (832) 287 1059

### THE LEELA AMBIENCE GURGAON HOTEL & RESIDENCES DELHI (NCR) GURGAON

Ambience Island, National Highway 8  
Gurgaon - 122 002, DELHI N.C.R.  
T. +91 (124) 477 1234  
F. +91 (124) 477 1235

### THE LEELA KOVALAM

Trivandrum - 695 527  
T. +91 (471) 305 1234  
F. +91 (471) 248 1522

## SALES AND MARKETING OFFICES IN INDIA

### AHMEDABAD

Leela Palaces, Hotels & Resorts  
B5 B-square, 7th Floor,  
67-69 Shree Krishna Center,  
Near Mithakhali Six Roads, Mithakhali,  
Ahmedabad - 380009  
Mobile: +91 972773 8331  
karan.godhwani@theleela.com

### BANGALORE

The Leela Palace Bangalore  
23 Kodihalli, Old Airport Road  
Bengaluru - 560 008, Karnataka  
T. +91 (80) 3057 1234  
F. +91 (80) 2521 7492  
rso.bangalore@theleela.com

### CHENNAI

The Leela Palace Chennai,  
Block No 94, Sathya Dev Avenue Extension,  
M. R. C Nagar, Raja Annamalai Puram,  
Chennai - 600 028  
T. +91 (44) 3366 1234  
F. +91 (44) 3366 1212  
rso.chennai@theleela.com

### HYDERABAD

Leela Palaces, Hotels & Resorts  
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