THE LEELA

PALACES HOTELS RESORTS

August 21, 2018

The Department of Corporate Services
BSE Limited
1st floor, Rotunda Building
B.S. Marg, Fort
Mumbai – 400 001

Stock Code: 500193

The Listing Department
National Stock Exchange of India Limited
Exchange-Plaza, Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051
HOTELEELA

Dear Sir,

Sub: Submission of Annual Report 2017-18

Pursuant to Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith Annual Report of the Company for the FY 2017-18.

Please take the above on record.

Thanking you,

Yours faithfully
For **Hotel Leelaventure Limited**

HOTEL LEELAVENTURE LTD. Mumbai

Alen Ferns
Company Secretary

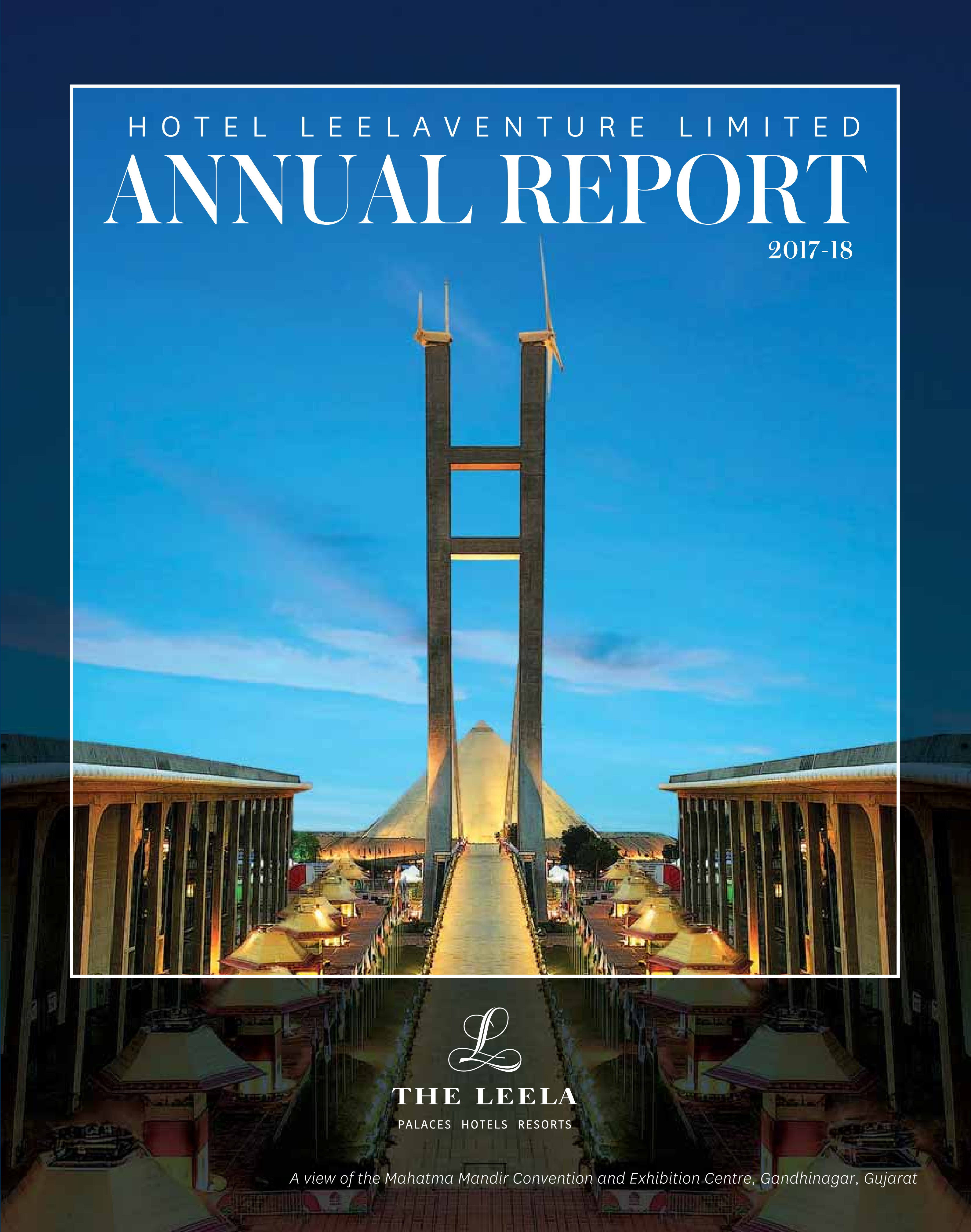
Encl: As above

Regd. Office:
HOTEL LEELAVENTURE LIMITED
The Leela Mumbai, Sahar, Mumbai 400 059 India. Phone: (91-22) 6691 1234; Fax: (91-22) 6691 1212; Email: leela@theleela.com; **www.theleela.com**

HOTEL LEELAVENTURE LIMITED

ANNUAL REPORT

2017-18



THE LEELA

PALACES HOTELS RESORTS

A view of the Mahatma Mandir Convention and Exhibition Centre, Gandhinagar, Gujarat

The Leela's understanding of luxury stems not only from the timeless Indian delight of honouring guests, but also from its rich heritage which has inspired the creation of magnificent hotels with lavish interiors. The richness of the past blends effortlessly with modern technology to create award-winning hotels with a range of fine dining, banquet and recreational facilities. The brand currently is strategically represented in key business and leisure destinations in India with a plan to grow exponentially to other destinations.

The Leela Palaces, Hotels and Resorts is pleased to announce that it has won the competitive bid and management contract to operate India's largest Convention and Exhibition Centre – the 34-acre Mahatma Mandir. Also, the group will be launching Gujarat state capital's largest hotel, The Leela Gandhinagar, a 300-room hotel that is being built within the complex. It is located close to the seat of the Gujarat Government as well as being easily accessible from the airport and key business districts of Gandhinagar and Ahmedabad. The project combines grand space with global standards of service and caters to the growing demand for world-class avenues.

The Leela Gandhinagar, Gujarat scheduled to open in 2019

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.

Contents

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to present to you on behalf of the Board of Directors of Hotel Leelaventure Limited, the 37th Annual Report and Financial Statements for the year ended March 31, 2018.

Overview

The Leela Palaces, Hotels and Resorts remain a key player in the luxury hotel business. I am delighted to inform you that for the third year consecutively, the group has been ranked among the 10 'World's Best Hotel Brands' by Travel + Leisure, USA, in their 2018 Readers' survey. In fact, it has secured the 7th spot in the ratings ahead of several well-known international brands. It is our aim to continue to be recognized as a leading luxury hotel group in India. Our philosophy is deeply rooted in the tradition and ethos of legendary warm Indian hospitality. Our service culture and our values both focus on delivering experiences that make guests feel like unique individuals. It is the seamless coordination; teamwork and dedication among us that will help us in maintaining our high standards. In a rapidly evolving environment around us we may face some significant challenges but I am confident that we will adapt and continue to deliver our Brand promise of outstanding service. We have had an extraordinary background and an excellent legacy that will continue to position us as one of the world's leading hotel groups.

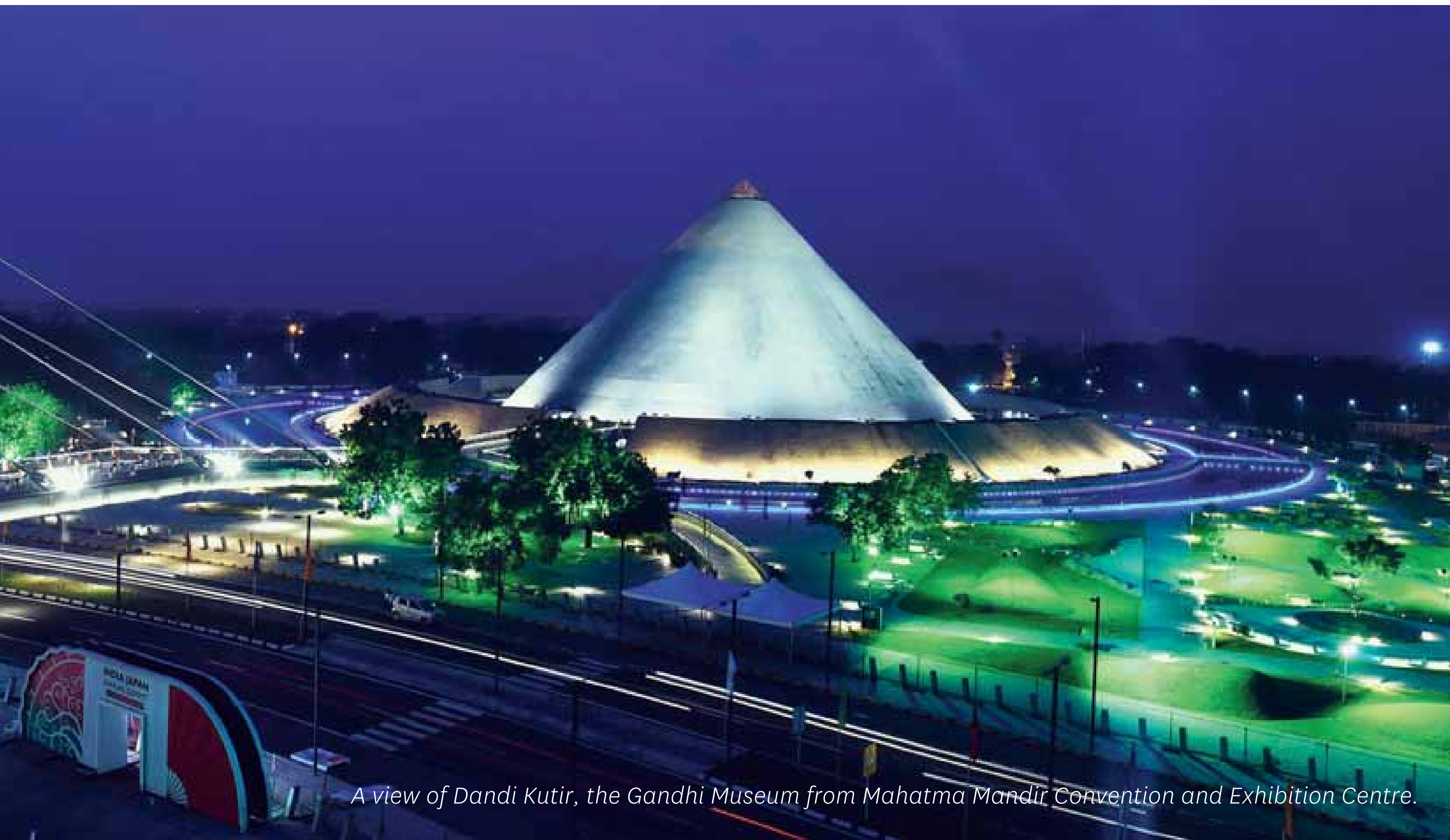
In line with our asset-light strategy, I am pleased to inform you that we have won the competitive bid to operate India's largest Convention and Exhibition Centre – the 34-acre Mahatma Mandir at Gandhinagar, Gujarat. Also, we will be launching Gujarat state capital's largest hotel, The Leela Gandhinagar, a 300-room hotel built 400 metres away from the Mahatma Mandir Convention Centre complex. Easily accessible from the airport and key business districts of Gandhinagar and Ahmedabad, the hotel overlooks the historic Dandi Kutir which symbolizes the values and beliefs of Gandhian principles. The addition of these projects to our MICE portfolio reinforces our plans to expand further into the International conferences and events space. These projects combine grand space with global standards of service and serve the growing demand for world-class venues. Our endeavour will be to help transform Gandhinagar into the convention capital of India. With this contract we have expanded our hotel portfolio to ten acclaimed properties across India. Upcoming projects include a resort in Jaipur, a palace hotel in Agra and business hotels in Bengaluru and Hyderabad which will open in 2019.

Outlook

Tourism in India accounts for 7.5% of the GDP and is the 3rd largest foreign exchange earner for the country. With concerted efforts being made by the Ministry of Tourism to promote India's incredible beauty and heritage abroad, the outlook is encouraging. The number of tourists arriving in India went up by 15.67% and the receipts for tourism increased by 20.8%. With the government planning to showcase the country as a spiritual and wellness destination, India is poised to emerge as an important destination in this space. Furthermore, the expansion of the E-visa scheme to more countries is also expected to increase the tourist flow. In addition, there is a steady growth and a higher movement in Meetings, Incentives, Conventions and Exhibitions (MICE) business. On the domestic front, a consistently growing middle class with an increasing disposable income and a fondness among millennial to travel frequently will also contribute to the overall growth of the industry.

I wish to convey thanks to our valued shareholders and seek their continued support and trust in us. I also acknowledge the support of the Board, Management and Associates of The Leela for their commitment and commendable efforts and look forward to their continued whole hearted support.

Vivek Nair
Chairman and Managing Director
Hotel Leelaventure Ltd



A view of Dandi Kutir, the Gandhi Museum from Mahatma Mandir Convention and Exhibition Centre.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Mrs. Anna Malhotra	Director
Mr. Vinay Kapadia	Director
Mr. Vijay Sharma	Director
Ms. Saija Nair	Director

CHIEF FINANCIAL OFFICER

Mr. Rajan Shah

PRESIDENT

Mr. Rajiv Kaul

COMPANY SECRETARY

Mr. Alen Ferns

STATUTORY AUDITORS

N. S. Shetty & Co.
Chartered Accountants

SOLICITORS & ADVOCATES

Cyril Amarchand Mangaldas

Registered & Corporate Office

The Leela
Sahar
Mumbai - 400 059
E-mail: investor.service@theleela.com
Website: www.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 23420814
Toll Free No. 1800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Bankers / Financial Institutions

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

Corporate Identity Number (CIN): L55101MH1981PLC024097

37th Annual General Meeting

Date	Monday, 20th August, 2018
Time	11.00 A.M.
Venue	St. Andrews Auditorium, St. Dominic Road, Opposite Arya Vidya Mandir School, Behind Holy Family Hospital, Off Hill Road, Bandra (West), Mumbai - 400050

Dear Members

Your Directors present the 37th Annual Report on the business and operations of your Company, together with the audited accounts for the year ended March 31, 2018.

1. **Financial Performance**

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

₹ lakhs

Particulars	Financial Year 2017-18	Financial Year 2016-17
Total Income	**74,312.57**	73,922.29
Profit before depreciation, finance costs, tax amortization and exceptional items	**21,881.37**	21,613.01
(Less): Depreciation	**(12,542.43)**	(14,114.89)
(Less): Finance costs	**(8,366.89)**	(9,044.19)
Profit before tax and exceptional item	**972.05**	(1,546.07)
Add/(Less): Exceptional items	**(3,293.68)**	-
Profit / (Loss) before tax	**(2,321.63)**	(1,546.07)
Less: Provision for tax	**-**	-
Profit / (loss) after tax	**(2,321.63)**	(1,546.07)
Other comprehensive income / (loss)	**137.08**	(172.95)
Total comprehensive income	**(2,184.55)**	(1,719.02)
Earnings per share – basic and diluted – ₹	**(0.43)**	(0.33)

2. **Dividend**

In view of losses, the Directors do not recommend any dividend for the financial year ended 31st March, 2018.

3. **Share Capital**

Change in Authorised Share capital

During the year, the Company, pursuant to the approval accorded by the members through a postal ballot held on 10th July, 2017, has increased its authorized share capital from ₹ 180,00,00,000 (Rupees one hundred eighty crores) consisting of 60,00,00,000 (Sixty Crores) equity shares of ₹2 (Rupees two) each and 60,00,000 (Sixty lakhs) Redeemable Preference Shares of ₹100 (Rupees one hundred) each to ₹ 260,00,00,000 (Rupees two hundred sixty crores) divided into 100,00,00,000 (One hundred crores) equity shares of face value of ₹ 2 (Rupees two) each and 60,00,000 (Sixty lakhs) Redeemable Preference Shares of ₹100 (Rupees one hundred) each.

Change in paid up Share Capital pursuant to allotment of equity shares to JM Financial Asset Reconstruction Company Limited

During the year, the Company, pursuant to the approval accorded by the members at the Annual General Meeting held on 18th September, 2017, has allotted 16,39,43,459 (Sixteen crore thirty nine lakhs forty three thousand four hundred fifty nine) fully paid up equity shares of face value of ₹ 2 (Rupees two) each, at a price of ₹ 16.78 (Rupees sixteen and seventy eight paise) per equity share including premium of ₹ 14.78 (Rupees fourteen and seventy eight Paise) per equity share aggregating to ₹ 275.09 Crores (Rupees two hundred seventy five crores and nine lakhs) to JM Financial Asset Reconstruction Company Limited towards conversion of debts. Accordingly, the issued and paid up share capital of the Company stands increased from ₹ 93,32,16,614 (Rupees ninety three crores thirty two lakhs sixteen thousand six hundred and fourteen) divided into 46,66,08,307 (forty six crores sixty six lakhs eight thousand three hundred and seven) Equity Shares of face value of ₹ 2 (Rupees two) each to ₹ 126,11,03,532 (Rupees one hundred twenty six crores eleven lakhs three thousand five hundred and thirty two) divided into 63,05,51,766 (sixty three crores five lakhs fifty one thousand seven hundred sixty six) Equity Shares of face value of ₹ 2 (Rupees two) each.

4. **Indian Accounting Standards (IND AS)**

Pursuant to the notification issued by the Ministry of Corporate Affairs (MCA) on 16th February, 2015, your Company is required to prepare the financial statements under Indian Accounting Standards (Ind AS) with effect from 1st April 2017, as prescribed under Section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. Accordingly, the Company has adopted Indian Accounting Standards ("Ind AS") with effect from 1st April, 2017 with a transition date of 1st April, 2016 and the financial statements for the year ended 31st March, 2017 have been restated to conform to Ind AS.

5. **Subsidiary Company, its performance and financial position**

Your Company has one wholly owned Subsidiary (WOS), viz. Leela Palaces and Resorts Limited. The net loss for the FY 2017-18 was ₹ 0.03 lakhs, compared to profit of ₹ 0.30 lakhs in FY 2016-17. During the year under review, your Company has not incorporated or acquired any company.

The WOS neither carried out any operations during the year nor has there been any material change in the nature of its business. 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 Company has not attached the Balance Sheet, Profit and Loss Account and other documents of the WOS with the Annual Report of the Company in terms of general exemption circular notified by the Ministry of Corporate Affairs, Government of India.

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

A Statement containing the salient features of the financial statement of the WOS in Form AOC-I (pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is attached to this report as Annexure-I. The audited financial statements and related information of the WOS are also available on the Company's website at https://www.theleela.com/the-leela/about-the-leela/investor-relations. The Company has framed a policy for determining material subsidiary, which has also been uploaded on the company's website.

The Audited Consolidated Financial Statements, prepared in accordance with Accounting Standards (Ind AS) as applicable to your Company form part of this Annual Report.

6. **Secured Non-Convertible Debentures**

During the year under review, the Company has not issued/allotted any Non-Convertible Debentures. In the financial year 2008-09, the Company had issued and allotted 12.50% Secured Redeemable Non-Convertible Debentures (NCD) of the face value ₹ 10,00,000 (Rupees ten lakhs) each on private placement basis aggregating to ₹ 90,00,00,000 (Rupees ninety crores) to LIC of India. The said NCDs are listed on the Wholesale Debt Market Segment of BSE Limited. The Company has paid installments towards redemption of principal amounting to ₹ 2,250 lakhs. The Company has not paid the third and fourth installments towards redemption of principal amount of ₹ 2,250 lakhs each on NCDs due since 30th September, 2016 and 30th September, 2017 respectively. The Company has also been in default in payment of interest on the aforesaid NCDs and the interest is overdue since March 2017. The total interest overdue as on 31st March, 2018 is ₹ 1,015.43 Lakhs.

The Company's operating cash flows are not sufficient to service its term loans and NCDs and the funds of the Company are escrowed with its lenders and the inflows and outflows are also monitored by the lenders. The Company can pay to LIC only on pro-rata basis. The Company is pursuing with LIC for Debt restructuring.

The Trustee for the aforesaid Debentures is Axis Trustee Services Limited. The Details pursuant to Clause 53(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ["SEBI (LODR)"] are given in the Report on Corporate Governance.

7. Directors and Key Managerial Personnel (KMP)

As on the date of this Report, the Company has Six (6) Directors consisting of Four (4) Independent Directors and Two (2) Whole-time Directors.

a) Disqualification of Directors

In terms of the provisions of section 164(2)(b) of the Companies Act 2013, any person who is or has been a Director of a Company, which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall not be eligible to be re-appointed as a Director of that company or appointed in other company for a period of 5 years from the date of default. As explained in para 6 above, the Company has defaulted in payment of installments towards redemption of principal amounts due on Secured Redeemable Non-Convertible Debentures and also defaulted in payment of interest on the aforesaid Debentures. Accordingly, the disqualification under the aforesaid provision got triggered on 30th September, 2017 and is still continuing. Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Anna Malhotra, Independent Director, are disqualified under section 164(2)(b) of the Companies Act 2013.

b) Appointment / Resignation from the Board of Directors

During the year, many of the Directors resigned to avoid disqualifications under Section 164(2)(b), as explained in para 6 and 7(a) above. The Company has been finding it difficult to get new Independent Directors, as the default and disqualification continues.

Airports Authority of India withdrew the nomination of Ms. K. Hemalatha, as its Nominee on the Board with effect from April 1, 2017. Mr. V. P. Shetty and Mr. Anil R. Bhatia, Nominees of JM Financial Asset Reconstruction Company Limited, resigned from the Board with effect from 18th September, 2017. Mr. Navnit Kulwantsigh Batheja, Independent Director, resigned from the Board with effect from 18th September, 2017. Mr. Ashok G. Rajani, Independent Director, resigned from the Board with effect from 19th September, 2017. Mr. Vijay Amritraj, Independent Director, resigned from the Board with effect from 29th September, 2017.

Mr. Vinay H. Kapadia was appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors with effect from 7th October, 2017. The Members, by way of postal ballot on 25th January, 2018 have approved the appointment of Mr. Vinay Kapadia as an Independent Director for a period of five years upto 6th October, 2022.

Mr. Shereveer S. Vakil was appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors with effect from 14th February, 2018. However, he resigned from the Board with effect from 26th April, 2018.

Mr. Vijay Sharma was appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors with effect from 9th May, 2018 and holds office until the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 160 of the Companies Act, 2013 from a shareholder of the Company, signifying his intention to propose the name of Mr. Vijay Sharma, for appointment as a Director of your Company. The proposal regarding the appointment of Mr. Vijay Sharma for a period of five years upto 8th May, 2023 is placed for your approval.

Ms. Saija Nair was appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors with effect from 30th May, 2018 and holds office until the date of the ensuing Annual General Meeting. Your Company has received a notice under Section 160 of the Companies Act, 2013 from a shareholder of the Company, signifying his intention to propose the name of Ms. Saija Nair, for appointment as a Director of your Company. The proposal regarding the appointment of Ms. Saija Nair for a period of five years upto 29th May, 2023 is placed for your approval.

Two Independent Directors resigned from the Board in January 2017 and three Independent Directors resigned from the Board in September 2017, to avoid disqualification under Section 164(2)(b) of the Companies Act, 2013 and the replacement by appointment of new Independent Directors took considerable time. The default to LIC and disqualification continues and the Company has been finding it difficult to get new Independent Directors. Even though the replacement could not be done before the date of the immediate next Board Meeting or 3 months from the date of such vacancies, whichever is later, as provided in Regulation 25 (6) of SEBI (LODR), the Company has been able to fill up the vacancies, with some delay. This also resulted in lack of availability of sufficient number of Independent Directors to broad base the Committees of the Board.

The Board places on record its appreciation for the valuable services rendered by Ms. K. Hemalatha, Mr. V. P. Shetty, Mr. Anil R. Bhatia, Mr. Navnit Kulwantsigh Batheja, Mr. Ashok G. Rajani, Mr. Vijay Amritraj and Mr. Shereveer S. Vakil during their respective tenure as Directors of the Company.

c) Directors retiring by rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, at least 2/3rd of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation and out of the Directors liable to retire by rotation, at least 1/3rd of the Directors shall retire by rotation at every Annual General Meeting. In terms of Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company shall have an optimum combination of Executive and Non-Executive Directors with at least one woman Director and not less than 50% of the Board shall comprise of Non-Executive Directors (NED).

Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman & Managing Director, Executive Directors of the Company, are not liable to retire by rotation in terms of their appointment. The Board of the Company does not have any Non-Independent, Non-Executive Director, who can be subjected to retire by rotation.

In view of the above, there are no Directors who are liable to retire by rotation at the ensuing Annual General Meeting.

d) Declaration by Independent Director

The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

e) 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, your Company has complied with the requirement of having at least one Woman Director on the Board of the Company. Mrs. Anna Malhotra, Independent Director and Ms. Saija Nair, Independent Director are the two Women Directors of the Company.

f) 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.

g) Changes in KMP

The Company has appointed Mr. Rajiv Kaul, President of the Company, as a Key Managerial Personnel with effect from 9th February, 2018.

Mr. Anandghan Bohra, Company Secretary, resigned from the services of the Company with effect from 12th March, 2018 and Mr. Alen Ferns has been appointed as the Company Secretary of the Company with effect from 13th March, 2018.

Mr. Krishna Deshika resigned as the Chief Financial Officer of the Company with effect from 9th May, 2018 and Mr. Rajan Shah, who was working as Vice President-Finance was elevated and appointed as the Chief Financial Officer of the Company with effect from 10th May, 2018.

8. Number of Meetings of the Board

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

The Board of Directors met 7 times during the year viz. on 25th May, 2017, 10th August, 2017, 8th September, 2017, 18th September, 2017, 7th December, 2017, 9th February, 2018 and 27th March, 2018. The intervening gap between two Meetings was within the period prescribed under the Companies Act, 2013 and Regulations 17 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015. Detailed information on the meetings of the Board is included in the Report on Corporate Governance, which forms part of this Annual Report.

9. Audit Committee

The Audit Committee met four times during the year under review. The details with respect to the composition, powers, roles, terms of reference, etc. of the Audit Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

There are no recommendations of the Audit Committee which have not been accepted by the Board.

10. Nomination and Remuneration Committee

The Nomination and Remuneration Committee met four times during the year under review. As on the date of this Report, the Committee comprises of 5 Directors, i.e. four Independent Directors (NED) and the Chairman & Managing Director as a member.

As per provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), the Nomination and Remuneration Committee should consist of 3 or more Non-Executive Directors out of which not less than one-half shall be Independent Directors. However, the Chairman of the Company can be a member, even if he is an Executive Director.

The Nomination and Remuneration Committee consisted of 2 Independent Directors and the Company's Chairman as a member for the period October 2017 to April 2018. However, the Board at its meeting held on 9th May, 2018 has re-constituted the said Committee with 3 Independent Directors and the Company's Chairman as the member.

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

11. Nomination and Remuneration Policy

The Company has formulated and adopted the Nomination and Remuneration Policy in accordance with the provisions of Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The said Policy of the Company, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Executive, Non-Executive and Independent Directors and persons in the Senior Management of the Company, including criteria for determining qualifications, remuneration, positive attributes, independence of a Director and other matters as provided under sub-section (3) of Section 178 of the Companies Act, 2013.

The salient features of the Policy are set out in the Corporate Governance Report which forms part of this Annual Report. The Policy is also available on the website of the Company web-link: https://www.theleela.com/the-leela/about-the-leela/investor-relations.

12. Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 & 25 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance and of the Independent Directors individually as well as the Committees of the Board. The performance evaluation of all the Directors was also carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

13. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee met two times during the year under review. The details with respect to the composition, powers, roles, terms of reference, etc. of the Committee are given in detail in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

14. Other Committees of the Board

The Company has the following Non-mandatory Committees:

(i) Finance Committee.

(ii) Assets Sale and Financial Restructuring Committee.

15. 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 state and confirm that:

(a) in the preparation of the annual accounts for the financial year ending 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) they have 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 or loss of the Company for that period;

(c) they have 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;

(d) they have prepared the annual accounts on a going concern basis;

(e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

16. 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.

17. Corporate Governance

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

A Certificate from Mr. Prashant S. Mehta, Practicing Company Secretary, regarding 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.

18. Whistle Blower Policy/ Vigil Mechanism

The Company has implemented a Whistle Blower Policy pursuant to which whistle blowers can raise concerns relating to Reportable Matters (as defined in the policy) such as fraud, bribery, corruption, illegality, health and safety, environmental issues and wastage/ misappropriation of Company's funds/ assets, etc. Further, the mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of the whistle blower who avails 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://www.theleela.com/the-leela/about-the-leela/investor-relations.

19. Risk Management

The Board has approved a Risk Management Policy, wherein all material risks faced by the Company are identified and assessed. This framework seeks to create transparency, minimize adverse impact on business objective and enhance your Company's competitive advantage. 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.

20. Contracts or Arrangements with Related Parties

Your Company undertakes various transactions with Related Parties in the ordinary course of business. All Related Party Transactions entered into during the year were in the ordinary course of business and on arm's length basis. No material Related Party transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered into during the financial year 2017-18 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 such transactions as approved by the Audit Committee and the Board is available on the website of the Company at www.theleela.com/investor-relations. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the Related Parties.

Your Directors draw attention of the members to Note No. 36.7 to the standalone financial statements, which give the related party disclosures.

21. Internal Financial Control Systems and their adequacy

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. The Company has laid down standards, processes and structures which enable implementation of internal financial control across the organization and ensure that the same are adequate and operating effectively.

Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed. During the year the internal financial controls as laid down are adequate and were operating effectively.

The Company has appointed M/s. DH Consultants Private Limited, Chartered Accountants, as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit Committee.

22. Fixed Deposits

During the year under review, the Company has not accepted any deposits from the public or from the shareholders.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31st March, 2018 and the date of the Directors' report i.e. 30th May, 2018.

24. 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 31st March, 2018 forms part of this report and the same is attached to this report as Annexure-II.

25. Loans, Guarantees or Investments

The Company has not granted any loan or given guarantee or made any investments during the year under review.

26. 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 in the preceding financial years the Company is not required to form a CSR Committee nor required to contribute to the CSR activities as mandated under the provisions of section 135 of the Companies Act 2013.

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

27. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future

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.

28. Disclosure under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company has zero tolerance towards any action on the part of any employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman employee in the Company. The Company's policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year no complaints pertaining to sexual harassment were received.

29. Auditors

(a) Statutory Auditors and Auditors' Report

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Members, at the 36th Annual General Meeting of the Company held on 18th September, 2017, had appointed M/s. N. S. Shetty & Co., Chartered Accountants, as the Company's Statutory Auditors for a period of five years, from the conclusion of the 36th Annual General Meeting till the conclusion of the 41st Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting.

However, in accordance with the Companies Amendment Act, 2017, notified on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors to their continued appointment and also a certificate from them to the effect that their existing appointment is in accordance with the conditions prescribed under the Companies Act, 2013 and the rules made thereunder.

During the period under review, even though there are no audit qualifications or adverse remarks, there are audit observations on the financial statements. The explanation for the same has been provided in Note No.36.1, 36.2, 36.3 and 36.11 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 the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Prashant S. Mehta, Practicing Company Secretary, as its Secretarial Auditor to conduct the secretarial audit of the Company for the FY 2017-18. The report of Secretarial Auditor for the FY 2017-18 is annexed to this report as Annexure - III.

The Secretarial Auditor has made certain observations in his report. Paras 6, 7a, 7b and 10 of the Board report gives details of disqualification of Directors, resignation of several Directors and the difficulties in filling up vacancies caused by such resignation of Directors. The Secretarial Auditors' observations read in the context of Paras 6, 7a, 7b and 10 of the Board Report explain the status and the same may also be treated as the response to the Secretarial Audit observations.

(c) Reporting of Frauds by Auditors

During the year under review, No frauds have been reported by the Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

30. Employee Remuneration

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

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered Office of the Company during working hours. In terms of Section 136 of the Act, the Reports and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid particulars of employees. A copy of this statement may be obtained by the Members by writing to the Company Secretary.

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

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

(a) Conservation of Energy

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

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

(b) Technology Absorption

In the opinion of the Board, the required particulars pertaining to technology absorption under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are not applicable, as hotel is a service industry and the Company does not have any significant manufacturing operations.

(c) Foreign Exchange Earnings and Outgo

The foreign exchange earnings of the Company during the year stood at ₹ 28,590.96 lakhs (previous year ₹ 30,221.02 lakhs) and foreign exchange outgo during the year stood at ₹ 4,509.58 lakhs (previous year ₹ 2,489.89 lakhs).

32. Transfer of unclaimed dividend and Equity Shares to IEPF

Pursuant to applicable provisions of the Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the Investors Education & Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years. Further, according to the aforesaid Rules, shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

As per the above provisions, all unclaimed dividend up to the financial year ended 31st March, 2010 has been transferred by the Company to the said Fund. Shares in respect of which dividend remained unclaimed for seven consecutive years or more have also been transferred to the IEPF Demat Account.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2011 are requested to make their claims to the Company without any delay, to avoid transfer of their dividend/ shares to the IEPF Account.

It may be noted that unclaimed dividend for the financial year 2010-11 declared on 28th June, 2011, can be claimed by the Members by 2nd August, 2018.

The details of the unclaimed Dividends are available on the Company's website at https://www.theleela.com/the-leela/about-the-leela/investor-relations and the Ministry of Corporate Affairs website (www.mca.gov.in).

The shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

33. Other Disclosures / Reporting

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to these items during the year under review:

(a) Details relating to deposits covered under Chapter V of the Act.

(b) Issue of equity shares with differential rights as to dividend, voting or otherwise.

(c) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

(d) Receipt of remuneration or commission from any of the subsidiaries by the Executive Directors of the Company.

34. 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, May 30, 2018

ANNEUXRE - I

FORM AOC-I

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

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

Part "A": Subsidiary

Sr. No.	Particulars	Amount in ₹
1	Name of the subsidiary	Leela Palaces and Resorts Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	N.A.
4	Share Capital	2,72,81,300
5	Reserves and surplus	54,55,37,482
6	Total assets	57,36,96,482
7	Total liabilities	8,77,700
8	Investments	-
9	Turnover - Income	67,710
10	Profit before taxation	-3,325
11	Provision for taxation	-
12	Profit after taxation	-3,325
13	Proposed dividend	-
14	% of shareholding	100%

Notes:

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

Part "B": Associates and Joint Ventures

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

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Rajan Shah Chief Financial Officer

Alen Ferns
Company Secretary

Mumbai, 30th May, 2018

ANNEXURE - II

FORM NO. MGT – 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Accommodation and Food Services Activities - Hotel Room revenue	561	49.8%
2	Food and Beverage Services Activities - Food and Beverage	551	39.5%

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 The Leela Palace, Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023	U70101DL2005PLC134480	Subsidiary	100%	2(87) (ii)

IV. SHARE HOLDING 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 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	**Promoters / Promoter group**									
1	**Indian**									
(a)	Individuals/ HUF	12,45,200	0	12,45,200	0.27	12,45,200	0	12,45,200	0.20	-0.07
(b)	Central Government	0	0		0	0	0	0	0	0
(c)	State Government(s)	0	0		0	0	0	0	0	0
(d)	Bodies Corporate	29,60,49,519	0	29,60,49,519	63.44	29,60,49,519	0	29,60,49,519	46.95	-16.49
(e)	Banks / FI	0	0		0	0	0	0	0	0
(f)	Any Others-Trust	7,92,355	0	7,92,355	0.17	7,92,355	0	7,92,355	0.13	-0.04
	Sub-total (A)(1):	**29,80,87,074**	**0**	**29,80,87,074**	**63.88**	**29,80,87,074**	**0**	**29,80,87,074**	**47.27**	**-16.61**

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2	**Foreign**									
(a)	NRIs - Individuals	0	0		0	0	0	0	0	0
(b)	Other Individuals	0	0		0	0	0	0	0	0
(c)	Bodies Corporate	0	0		0	0	0	0	0	0
(d)	Banks / FI	0	0		0	0	0	0	0	0
(e)	Any Other	0	0	0	0	0	0	0	0	0
	Sub-total (A)(2):	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**29,80,87,074**	**0**	**29,80,87,074**	**63.88**	**29,80,87,074**	**0**	**29,80,87,074**	**47.27**	**-16.61**
B	**Public shareholding**									
1	**Institutions**									
(a)	Mutual Funds	250	0	250	0	250	0	250	0	0
(b)	Banks / FI	6,41,297	0	6,41,297	0.14	7,07,339	0	7,07,339	0.11	-0.03
(c)	Central Government	0	0	0	0	0	0	0	0	0
	State Government (s)	0	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	2,38,19,523	0	2,38,19,523	5.10	2,25,00,523	0	2,25,00,523	3.57	-1.53
(f)	FIIs	50,899	2,500	53,399	0.01	12,57,905	0	12,57,905	0.20	0.19
(g)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(h)	Others (specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(1)	**2,45,11,969**	**2,500**	**2,45,14,469**	**5.25**	**2,44,66,017**	**0**	**2,44,66,017**	**3.88**	**-1.37**
2	**Non-institutions**									
(a)	**Bodies Corporate**									
(i)	Indian	7,19,58,435	30,630	7,19,89,065	15.43	23,51,21,962	23,130	23,51,45,092	37.29	21.86
(ii)	Overseas	0	0	0	0	0	0	0	0	0
(b)	**Individuals**									
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	5,40,33,232	23,04,558	5,63,37,790	12.07	5,40,44,028	19,87,233	5,60,31,261	8.89	-3.18
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	53,54,471	0	5,354,471	1.15	54,57,933	0	54,57,933	0.87	-0.28
(c)	**Others (specify)**									
i)	NRI- holdings	65,16,068	37,97,370	1,03,13,438	2.21	61,48,161	37,10,120	98,58,281	1.56	-0.65
ii)	Trust	12,000	0	12,000	0	11,800	0	11,800	0	0
iii)	IEPF	0	0	0	0	14,94,308	0	14,94,308	0.24	0.24
	Sub-Total (B)(2)	**13,78,74,206**	**61,32,558**	**14,40,06,764**	**30.86**	**30,22,78,192**	**5720483**	**30,79,98,675**	**48.85**	**17.99**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**16,23,86,175**	**61,35,308**	**16,85,21,233**	**36.12**	**32,67,44,209**	**57,20,483**	**33,24,64,692**	**52.73**	**16.61**
C	**Shares held by Custodian for GDRs & ADRs**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Grand Total (A+B+C)	**46,04,73,249**	**61,35,308**	**46,66,08,307**	**100**	**624,831,283**	**57,20,483**	**63,05,51,766**	**100**	**0**

(ii) Shareholding of Promoters / Promoters' Group

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2017			Shareholding held at the end of the year 31.03.2018			% 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	99.97	18,86,49,985	29.92	99.97	-10.51
2	Leela Lace Software Solutions Private Limited. (3 Folio)	5,36,42,359	11.50	99.89	5,36,42,359	8.51	99.89	-2.99
3	Leela Fashions Private Limited.	42,50,000	0.91	100.00	42,50,000	0.67	100	-0.24
4	Rockfort Estate Developers Private Limited.	4,95,07,175	10.61	68.18	4,95,07,175	7.85	68.18	-2.76
5	Krishnan Nair Leela Family Trust (through Trustees Mr. Vivek Nair, Mr. Dinesh Nair)	7,92,355	0.17	0	7,92,355	0.13	0	-0.04
6	Mr. Dinesh Nair	3,74,050	0.08	0	3,74,050	0.06	0	-0.02
7	Mr. Vivek Nair	4,77,460	0.10	0	4,77,460	0.08	0	-0.02
8	Ms. Amruda Nair	3,00,000	0.06	0	3,00,000	0.05	0	-0.01
9	Mrs. P V Leela Amma	75,000	0.02	0	75,000	0.01	0	-0.01
10	Mrs. Lakshmi Nair	18,330	0	0	18,330	0	0	0
11	Mrs. Madhu Nair	360	0	0	360	0	0	0
		29,80,87,074	63.88	94.00	29,80,87,074	47.27	94.00	-16.61

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

Sl. No.	Name of shareholder	Shareholding at the beginning (01.04.2017)		Date of transaction	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (31.03.2018) *	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Leela Lace Holdings Private Limited	18,86,49,985	40.43	N.A.	0	N.A.	18,86,49,985	29.92
2	Leela Lace Software Solutions Private Limited	5,36,42,359	11.50	N.A.	0	N.A.	5,36,42,359	8.51
3	Rockfort Estate Developers Private Limited	4,95,07,175	10.61	N.A.	0	N.A.	4,95,07,175	7.85
4	Leela Fashions Private Limited	42,50,000	0.91	N.A.	0	N.A.	42,50,000	0.67
5	Krishnan Nair Leela Family Trust (Through Trustees Mr.Vivek Nair And Mr.Dinesh Nair)	7,92,355	0.17	N.A.	0	N.A.	7,92,355	0.13
6	Mr. Vivek Nair	4,77,460	0.10	N.A.	0	N.A.	4,77,460	0.08
7	Mr. Dinesh Nair	3,74,050	0.08	N.A.	0	N.A.	3,74,050	0.06
8	Ms. Amruda Nair	3,00,000	0.06	N.A.	0	N.A.	3,00,000	0.05
9	Mrs. P V Leela Amma Nair	75,000	0.02	N.A.	0	N.A.	75,000	0.01
10	Mrs. Lakshmi Nair	18,330	0	N.A.	0	N.A.	18,330	0
11	Mrs. Madhu Nair	360	0	N.A.	0	N.A.	360	0

* There is no change in the number of shares held by the Promoters during the year. However, the percentage of their shareholding in the Company decreased during the year due to increase in the paid up capital of the Company.

(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 of the year (01.04.2017)		Date of transaction	Increase / Decrease in shareholding	Reason	Cumulative Shareholding at the end of the year (31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	JM Financial Asset Reconstruction Co. Ltd.	0	0	24-10-2017	16,39,43,459	Conversion of debts in to equity	16,39,43,459	26.00
2	ITC Limited	4,99,53,055	10.70	N.A.	0	N.A.	4,99,53,055	7.92
3	Life Insurance Corporation of India	1,31,28,963	2.81	N.A.	0	N.A.	1,31,28,96	2.08
4	LIC of India Market Plus Growth Fund	62,97,242	1.35	N.A.	0	N.A.	62,97,242	1.00
5	Russell Credit Limited	48,39,907	1.04	N.A.	0	N.A.	48,39,907	0.77
6	Innovations Investment Management India Private Ltd.	44,19,361	0.95	N.A.	0	N.A.	44,19,361	0.70
7	Gopikishan Shivkishan Damani	25,91,201	0.56	23-02-2018	-16,97,551	Market Sale	8,93,650	0.14
				02-03-2018	-8,02,449	Market Sale	91,201	0.01
8	LIC of India Future Plus Growth Fund	18,34,568	0.39	N.A.	0	N.A.	18,34,568	0.29
9	Polaris Banyan Holding Private Limited	0	0	05-01-2018	13,44,222	Market purchase	13,44,222	0.21
10	Chalakkal Krishnan Kutty	10,40,500	0.22	05-01-2018	-5,000	Market Sale	10,35,500	0.16
				02-02-2018	-2,000	Market Sale	10,33,500	0.16

(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 (01.04.2017)		Cumulative shareholding at the end of the year (31.03.2018)	
		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	0.08
2	Mr. Dinesh Nair	3,74,050	0.08	3,74,050	0.06
3	Mrs. Anna Malhotra	2,500	0	2,500	0
4	Mr. Vijay Amritraj (upto 29th September, 2017)	60,105	0.01	N.A.	N.A.
5	Mr. V. P. Shetty (upto 18th September, 2017)	0	0	N.A.	N.A.
6	Mr. Anil Bhatia (upto 18th September, 2017)	0	0	N.A.	N.A.
7	Mrs. K. Hemalatha (upto 1st April, 2017)	0	0	N.A.	N.A.
8	Mr. Ashok G. Rajani (upto 19th September, 2017)	0	0	N.A.	N.A.
9	Mr. Navnit Batheja (upto 18th September, 2017)	0	0	N.A.	N.A.
10	Mr. Vinay Kapadia (w.e.f. 7th October, 2017)	N.A.	N.A.	0	0
11	Mr. Shereveer S. Vakil (w.e.f. 14th February, 2018)	N.A.	N.A.	0	0
12	Mr. Krishna Deshika	0	0	0	0
13	Mr. Anandghan Bohra (upto 12th March, 2018)	0	0	N.A.	N.A.
14	Mr. Alen Ferns (w.e.f. 13th March, 2018)	N.A.	N.A.	0	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ Lakhs

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,16,286.60	1,926.25	0	4,18,212.85
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued	2,463.59	0	0	2,463.59
Total (I + ii + iii)	**4,18,750.19**	**1,926.25**	**0**	**4,20,676.44**
Change in Indebtedness during the financial year				
Addition	2,244.39	0	0	2,244.39
Reduction	54,827.70	-10,029.00	0	44,798.70
Net Change	-52,583.31	10,029.00	0	-42,554.31
Indebtedness at the end of the financial year				
i) Principal Amount	3,66,166.88	11,955.25	0	3,78,122.13
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued	1,787.35	0	0	1,787.35
Total (i + ii + iii)	**3,67,954.23**	**11,955.25**	**0**	**3,79,909.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ Lakhs

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

* The Executive Directors did not draw any remuneration during the Financial Year 2017-18.

B. Remuneration to other Directors

₹ Lakhs

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
1	**Independent Directors**	**Mrs. Anna Malhotra**	**Mr. Vijay Amritraj (upto 29/09/2017)**	**Mr. Ashok G. Rajani (upto 19/09/2017)**	**Mr. Navnit Batheja (upto 18/09/2017)**	**Mr. Vinay H. Kapaida (w.e.f. 07/10/2017)**	**Mr. Shereveer S. Vakil (w.e.f. 14/02/2018)**	
	Fee for attending board / committee meetings	3.30	0.60	2.40	3.00	3.00	1.50	13.80
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0		0	0	0
	Total (1)	**3.30**	**0.60**	**2.40**	**3.00**	**3.00**	**1.50**	**13.80**

2	**Particulars of Remuneration**				
	Other Non-Executive Directors	**Mr. V. P. Shetty (upto 18/09/2017)**	**Mr. Anil R. Bhatia (upto 18/09/2017)**	**Mrs. K. Hemalatha (upto 01/04/2017)**	**Total Amount**
	Fee for attending board / committee meetings	0.60	1.20	0	1.80
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (2)	**0.60**	**1.20**	**0**	**1.80**
	Total (B) = (1+2)				**15.60**
	Total Managerial Remuneration				**15.60**
	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

₹ Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO	**CFO Mr. Krishna Deshika**	**Company Secretary Mr. Anandghan Bohra (Upto 12.3.2018)**	**Company Secretary Mr. Alen Ferns (W.e.f. 13.3.2018)**	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	210.00	11.49	1.20	222.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0.79	0.40	0	1.19
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0	0
2	Stock Option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission	0	0	0	0	0
	- as % of profit	0	0	0	0	0
	- Others, please specify	0	0	0	0	0
5	Others, please specify	0	0	0	0	0
	Total	**0**	**210.79**	**11.89**	**1.20**	**223.87**

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.

ANNEXURE - III

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2018

Form No. MR-3

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

To,

The Members,

Hotel Leelaventure Limited

Mumbai.

CIN: L55101MH1981PLC024097.

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

Based on my 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, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2018 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (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;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding Companies Act and dealing with the clients;
- (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.

(vii) I have relied on the representation made by the management and its officers for systems and mechanism framed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant filings, documents and records in pursuance thereof, on test-check basis, the Company has generally complied with the following laws as specifically applicable 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, Bonus, Apprentice, Gratuity, Provident Fund, ESIC, Profession Tax, compensation, Industrial Dispute Act, Industrial Relation Act, Factories Act, 1948, Contract Labour (Regulation and Abolition)Act etc;
- (g) Hazardous Waste (Management & Handling)Rules, 1989;
- (h) The Indian Contract Act, 1872;
- (i) Bombay Shops and Establishments Act, 1948;
- (j) Food Safety and Standards Act, 2006 and Rules, 2011 with allied rules and regulations;
- (k) Prevention of Food Adulteration Act, 1954;
- (l) The Legal Metrology Act, 2009;
- (m) The Legal Metrology (Packaged Commodities), Rules, 2011;
- (n) Employees Compensation (Amendment) Act, 2009;
- (o) Luxury Tax Act;
- (p) Entertainment Tax;
- (q) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- (r) All other laws applicable to the Hospitality and Hotel industry and in particular Food & Beverages, the list of which was provided by the Company.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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. However, I report the following:

(i) *The Company has been in default in payment of principal amount since September 2016 and interest since March 2017 to LIC of India, the debenture holder. The Company has intimated regarding the said defaults to the stock exchanges in April, 2018. Due to the aforesaid default, Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Anna Malhotra, Directors of the Company have been disqualified under Section 164(2) of the Act.*

(ii) *In accordance with the provisions of Section 152 of the Act read with Section 149 of the said Act, the Directors are liable to retire by rotation at every Annual General Meeting. However, the Company has not complied with the requirements of the said Act.*

(iii) *The composition of the Board of Directors of the Company was not in compliance with the SEBI (LODR) during the part of the year. However, the Company has complied with the same during the year under review.*

(iv) *During the part of the year under review, the Composition of the Nomination and Remuneration Committee did not consist of minimum three non-executive Directors and is therefore not as per Regulation 19 of the SEBI (LODR). However, the Board at its meeting held on 9th May, 2018 has re-constituted the said committee to be in compliance with the requirements of the SEBI (LODR).*

Further, the Chairperson of the Nomination and Remuneration Committee was not present at the previous Annual General Meeting of the Company.

Adequate notices of Board and Committee Meetings have been given to all Directors. Agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information, clarifications on the agenda items before the meeting for meaningful participation at the meeting.

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

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

The Members may note that during the period under review;

(i) The Company has allotted 16,39,43,459 equity shares of face value of ₹ 2/- at a premium of ₹ 14.78/- per share fully paid up aggregating to ₹ 2,75,09,71,242/- on conversion of loan to JM Financial Asset Reconstruction Company Limited.

(ii) The following resolutions were passed through Postal Ballot:

   (i) Appointment of Mr. Navnit Kulwant Batheja as Independent Director (DIN: 03327581);

   (ii) Increase in authorized share capital of the Company from ₹180,00,00,000 to ₹260,00,00,000;

   (iii) Appointment of Mr. Vinay Hansraj Kapadia as Independent Director (DIN: 0007958301).

Prashant S. Mehta
Company Secretary
Membership No. 5814
CP. No.17341

Place: Mumbai.

Date: May 30, 2018

Note: This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDITORS' REPORT

To
The Members,
Hotel Leelaventure Limited
Mumbai.

CIN: L55101MH1981PLC024097.

My Secretarial Audit Report of even date, for the financial year 2017-18 is to be read along with this letter.

Management's Responsibility:

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility:

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer:

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of account of the Company.

Prashant S. Mehta
Company Secretary
Membership No. 5814
CP. No.17341

Place: Mumbai.
Date: May 30, 2018

ANNEXURE - IV

DETAILS OF RATIO OF REMUNERATION OF DIRECTORS AND RELATED DISCLOSURES

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

Sr. No.	Requirements	Disclosure	
(i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Mr. Vivek Nair Chairman & Managing Director (CMD)	NA
		Mr. Dinesh Nair Co-Chairman & Managing Director (CCMD)	NA
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	The Executive Directors did not draw any salary during the financial year 2017-18. The CFO received an increment of 25% and the Company Secretary received an increment of 5% during the financial year 2017-18.	
(iii)	The percentage increase in the median remuneration of employees	The median remuneration of the employees in the financial year has been increased by 3.5%	
(iv)	The number of permanent employees on the rolls of Company	There were 2,298 permanent employees as on March 31, 2018.	
(v)	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase in salaries of employees other than the managerial personnel in the Financial Year is 9.1%. Since no remuneration was paid to Executives Directors, the percentage increase in the managerial remuneration is not applicable.	
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.	

1. **Overview of Industry**

According to the International Monetary Fund (IMF) estimates, the global economy grew 3.8% in 2017 as against 3.1% in 2016. Global economic growth is likely to be healthy in 2018 and 2019, despite unpredictable headwinds. IMF has raised its estimates for global growth to 3.9% in each of these two years.

India continues to be among the world's fastest growing major economies, despite temporary hiccups caused by demonetisation and Goods and Services Tax ('GST') implementation. The country's GDP growth is pegged at 6.7% in 2017 and is likely to accelerate to 7.4% in 2018 and 7.8% in 2019 on the back of continued traction in private consumption and gradual easing of the teething issues following the implementation of these reforms.

The financial year 2017-18 was associated with two major events, i.e. the liquor ban for bars located 500 meters from highways and implementation of Goods and Services Tax (GST).

Demand and development continues to grow outside major markets. Air travel numbers are up very substantially. 16.90 lakh tourists have availed e-tourist visa facility. Inbound travel numbers are up by 15% to 10 million. Most major markets saw growth across parameters except Goa and Gurugram. Food & Beverages and banquets continue to be significant revenue generators across all segments but the pace of growth has declined. APCs are more or less stagnant.

About 10,000 rooms were added to chain affiliated hotel inventory in the year 2017. As per the reports, All India Occupancy rose by 1.4% to 65.3%. Average room rate has increased by ₹ 89 only and still remains behind the 2013 market. High GST clearly had its impact.

Undoubtedly there is an improvement over last year. The year 2017 has also seen addition of new supply in Mumbai, Bengaluru and in NCR region.

All markets, except Gurugram, gained RevPAR with cities like Bengaluru have gained over 10%. Mumbai and Goa continue to be leaders in Average Daily Rate (ADR).

The bad news is that ADR growth in the industry is very slow. GST @ 28% is penalizing the industry and concept of published rate as criteria to determine the GST rate is not helping the industry at all. High GST has started to divert domestic leisure and MICE demand overseas.

2. **The Leela - Dynamism in our strides**

Your Company 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, Bengaluru	357
(3)	The Leela Palace, Udaipur	80
(4)	The Leela Palace, New Delhi	254
(5)	The Leela Palace, Chennai	326
	Total	**1,408**
(b)	**Managed Hotels:**	
(1)	The Leela Ambience Gurgaon Hotel & Residences Delhi (NCR), Gurugram	411
(2)	The Leela Kovalam	183
(3)	The Leela, Goa	206
(4)	The Leela Ambience Convention Hotel, Delhi	480
	Total	**1,280**
	Grand Total	**2,688**

It is the Company's endeavor to ensure that each of its hotels becomes the market leader in terms of RevPAR 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, Global Hotel Alliance ("GHA") is today the world's largest alliance of independent luxury hotel brands. Based on the airline alliance model, the alliance currently has 35 member brands, all with their own unique character, encompassing over 550 upscale and luxury hotels, spread across 76 countries. GHA uses a shared technology platform to operate an award winning, multi-brand loyalty program, DISCOVERY. By the end of 2017, the total DISCOVERY membership base has crossed 11 million worldwide members. Member brands benefit by accessing this common worldwide pool of members to generate cross brand usage and incremental revenues. This association also helps member brands to benefit from the cost savings on various property management platforms and other distribution channels. For more information, visit gha.com.

Built for the modern global explorer, DISCOVERY was founded on the principle that the best travel experiences come from true immersion in a destination. Catering to global nomads in search of lodgings far from generic, could-be-anywhere hotels, DISCOVERY members experience a property that truly reflects the culture and traditions of its location, while enjoying all the benefits of loyalty, including complimentary Wi-Fi, room upgrades and comfort-enhancing perks. DISCOVERY also recognises loyalty differently by rewarding members with authentic & memorable experiences, which we believe is more valuable than collecting points. Members accrue Local Experience awards to redeem for innovative, authentic adventures meant to connect each traveler more deeply with their destination and its people, and make each stay unforgettable. From visits to local markets, followed by personalised cooking lessons in the native cuisine, and spa services wholly grounded in traditional healing techniques, to behind-the-scenes tours of museums, and private shopping excursions, this one-of-a-kind catalogue of experiences caters to global explorers of every persuasion. For more information, visit discoveryloyalty.com.

(ii) **Preferred Hotels & Resorts**

The Preferred Hotels & Resorts (PHR) represents over 650 independent and distinctive hotels, resorts & residences across 85 countries. 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.

The Preferred Hotels & Resorts Legend Collection, where five of our hotels are featured, 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 through its Global Sales team comprising of 80 sales associates covering Corporate, Group & Leisure segments in 30 global offices. PHR manages over 550 global corporates and works with our Global Sales teams in India to pitch to Procurement heads for our hotels to be accepted in their respective Corporate RFP programs. It also supports our hotels through their Group sales and Leisure teams and in enhancing our share through engaging with the global Travel Management Companies. Our Marketing and PR teams also reach out to their Marketing team for preferred engagement with targeted publications and organizations. This partnership also allows The Leela Palaces, Hotels & Resorts a preferential rate with the American Express Card service.

3. B. Sales, Marketing and PR Representations

The Leela Palaces, Hotels and Resorts continue to engage the services of Sales representation companies across key geographies in the world. These companies are assigned the responsibility to engage with the major tour operators and retail agencies in their respective source markets. These are: Mason Rose in UK, Kartagener Associates Inc. in North America; CA- Hotel Consulting in France and other French speaking markets of Belgium and Switzerland; and H&W Enterprise, sro in Russia & CIS.

4. Investment in Technology

The Company has recently signed-up with Sabre Hospitality Solutions to switch our current central reservations platform to SynXis Central Reservation System. This will help the Company to direct connect with all the 4 Global Distribution Systems and reduce downtime. Similarly, the direct interface with the OTAs and Metasearch partners will avoid the need for the Company to go via a channel manager and help reduce availability and rate parity issues, resulting in improved sales. The switchover is being carried out in various phases so as to stabilize the processes and prevent any revenue leakages. It is expected that this transition will be completed by mid- 2019.

5. Awards and Accolades

The Leela Palace New Delhi

- *Eazy Diner Foodie Awards 2017* - Le Cirque awarded for 'The Best European Restaurant' in Delhi under People's Choice Awards
- *Eazy Diner Foodie Awards 2017* - The Qube awarded for 'The Best Sunday Brunch' in Delhi under Vir's Choice Awards
- *Times Food and Nightlife Awards 2017* - MEGU and Le Cirque awarded as Best Japanese and Best European in Fine Dining Segment, Delhi NCR, March 2017
- *2017 MakeMyTrip HOSI Hotels of the Year Awards:* Louis Sailer awarded as the 'General Manager of the year'
- *Hotelier India Awards 2017:* Adrian Mellor - chef of the year
  Rajat Kalia - F&B Manger of the year

The Leela Palace Udaipur

- *Travel & Leisure USA* – Ranked # 7 among the Top 10 Best Hotels & Resorts in Asia and # 34 among Top 100 hotels in the World - July 2017.
- *BW Hotelier's Indian Hospitality Summit and Awards 2018* - Jury Award for Outstanding Performance: Rajesh Namby, General Manager, The Leela Palace Udaipur - March 2018.
- *TripAdvisor # 2* – "Top 25 Hotels in India".
- *TripAdvisor # 4* – "Top 25 Best Luxury Hotels in India"
- *TripAdvisor # 7* – "Top 25 Hotels in Asia".
- *TripAdvisor # 13* – "Top 25 Hotels in the World".
- *TripAdvisor # 16* – "Top 25 Luxury Hotels in Asia".
- *Hotelier India Awards* – Tusch Daroga - Director of rooms award.

The Leela Palace Bengaluru

- CNT India's Top 100 Business Hotels, May 2017.
- *India Nightlife Conventions & Awards* – Library bar as "Best bar in a hotel" in Bengaluru, September 2017.
- *FHW Bengaluru Restaurant Awards Honours* – Zen for Pan-Asian, July 2017.
- *Times Food and Night Life Awards* – Le Cirque Signature voted "Best European in premium dining", January 2018.
- *BW Hotelier India Awards 2018* – Shalabh Arora, DoSM, awarded "DoSM of the Year - South Region", March 2018.
- *BW Hotelier India Awards 2018* – Bhaskar Masineni, Corporate Chief Engineer, awarded "Special jury for outstanding performance", March 2018.
- *BW Hotelier India Awards 2018* – Mir Zafar Ali, Executive Chef, awarded "Executive Chef of the Year - National level", March 2018.

The Leela Palace Chennai

- *Conde Nast Traveller Top 50 Restaurant Awards*– China XO wins 15th Place December 2017.
- *Conde Nast Traveller Top 50 Restaurant Awards*– Spectra wins 47th Place.
- *Hotelier India Awards* – Hitesh Sangwan, F & B Manager of the year (1st runner up).
- *Hotelier India Awards* – Abdul Kareem, Purchase Manager of the year
- *World HRD Congress Awards* – awarded the best employer brand in Chennai - December 2017.

The Leela Mumbai

- *The Food Food Top 100 Awards 2017*- Citrus won the Top 5 Must Visit Restaurants for Brunch, April 2017.
- *Wine Spectator Award of Excellence 2017* – Le Cirque Signature honored for having one of the most outstanding restaurant wine lists in the world, July 2017.
- *EazyDiner Foodie Awards 2017* – Le Cirque Signature recognized as the Best European Restaurant by Vir Sanghavi, November 2017.
- *Stars of the Industry Awards* – Sameer Sud, General Manager, conferred with the title of 'Hospitality Super Star', February 2018.

The Leela Ambience Gurgaon Hotel and Residences

- *EazyDiner Foodie Awards 2017* – Spectra, awarded as Best Cafe, June 2017.
- *Food Food top 100 awards, 2017*– Spectra awarded as Best World cuisine restaurant, April, 2017.
- *Food Food top 100 awards, 2017*– Spectra awarded as Best Sunday Brunch restaurant, April, 2017.

- *Food Food top 100 awards, 2017*– Chef Leidy Liz Livition, Best rising star female, April, 2017.
- *EazyDiner Foodie Awards 2017* – Michel Koopman, General Manager of the year, June 2017.
- *Big F Awards* – Spectra won the Best all day dining restaurant, September, 2017.
- *Big F awards*- Rubicon won the Best wine stocked bar, September, 2017.
- *Big F Awards*- Zanotta won the Best European restaurant, September, 2017.
- *Big F awards* – Nidhi Verma won the Best in-house PR person of the year, September 2017.
- *Travel + Leisure India's Best Awards 2017*- Best Hotel For Women Travellers (India), November, 2017.

The Leela Ambience Convention Hotel, Delhi

- *Times Influence National Marketing Excellence Awards* – Award for the Best Luxury Convention Hotel in India, July 2017.
- *Today's Traveller Awards* - Award for the Best 5-Star Luxury Convention Hotel in Delhi NCR, July 2017.
- *Globe Luxurie Decode Dubai* - Award for the Best Luxury Convention Hotel in India, August 2017.
- *Hospitality India and Explore the World – Annual International Travel Awards 2017* – Devashree Mahajan awarded the Best Marketing & Communication Person of the Year for her outstanding work and achievements, October 2017.
- *Hospitality India and Explore the World* – Annual International Travel Awards 2017 - Award for the Best Luxury Convention Hotel in India, October 2017.
- *Hospitality India and Explore the World* – Annual International Travel Awards 2017 - Jaideep Anand awarded the Hotelier of the Year Award for his valuable contributions to the Hospitality Industry, October 2017.
- *India Hospitality Awards* - Award for Best Luxury Convention Hotel, November 2017.
- *Nearbuy* - The Golden Circle Awards - Awarded The Golden Key for maintaining outstanding service quality & popularity, December 2017.

The Leela Goa

- *Promising Housekeeper of the Year* – Kiran Kumar, June 2017.
- *The India Hospitality National Awards* - Best Hotel in Corporate Conferencing, July 2017.
- *Smart Travel Asia 2017*- Featured among Top 25 Luxury Leisure Hotels in Asia, September 2017.
- Conde Nast Traveller Reader's Travel Awards 2017- Featured among Top 25 Luxury Hotels in the World, October 2017.
- *Condé Nast Traveller Readers Travel Awards 2017*- Featured in Top 2 Favourite Leisure Hotels in India, November 2017

The Leela Kovalam

- *South Asian Travel Awards 2017 for "Leading Beach Hotel/Resort –* South India", October 2017, Maldives.
- *Experiential Venues Awards 2017* – November 2017 received from Event and Entertainment Association
- *Kerala Tourism Award* – Best Five Star Deluxe Hotel for 2015-16, December 17

The Leela - Corporate

- *Travel + Leisure USA World's Best Awards* – The Leela Palaces, Hotels and Resorts ranked the #10 in the 'Top 15 Hotel Brands in the World', July 2017

6. Opportunities, Threats, Risks and Concerns

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

The Company's gearing has reached high levels due to the investments made in the new hotels in Udaipur, Delhi and Chennai and plots of land at Agra, Hyderabad and Pune. Because of the recession thereafter in the Hotel Industry, the expected profitability estimates could not be achieved. Also due to the subdued nature of the equity market, no equity offerings of any form could be made. A report on the Company's debt position and the steps being taken to overcome the problem of high leveraging is mentioned under point 14 in this report.

7. Risk Management - Leveraging our experience

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

The Company has taken several measures at all its properties to protect the safety and security of its customers. In addition to the physical security measures, the Company has also taken sufficient 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, 2018, the total manpower was 3,902 (including contract labour and Fixed Term Contractors) in the five owned hotels and corporate office.

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 Bengaluru Unit has established and implemented an Occupational Health and Safety Management System which satisfies OHSAS 18001.

Under a well-designed program, 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 programs.

12. **Expansion / upgradation Plans**

The Company has adopted an "Asset Light Strategy" for future growth and plans to operate hotels through Management Contracts, instead of owning hotels and has executed Memorandum of Understanding with some reputed developers to manage their hotels and residences being developed by them. Properties at Gandhinagar, Hyderabad, Bengaluru, Agra, and Chandigarh are at different stages of planning and implementation. The Company is also in discussions for managing an overseas hotel.

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

The Company has adopted Indian Accounting Standards (IND AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017 with a transition date of 1st April, 2016. Accordingly, the Company has prepared its financial statements as on 31st March 2018 in accordance with the Indian Accounting Standards (IND AS). The financial statement of your Company forms part of this annual report and the analysis / highlights are given below:

Operational revenue:

The total operating revenue was ₹ 71,854.41 lakhs in F.Y.2017-18 against ₹ 69,802.43 lakhs in F.Y. 2016-17. Other income was ₹ 2,458.16 lakhs in F.Y. 2017-18 as compared to ₹ 4,119.86 Lakhs in F.Y. 2016-17.

Finance costs and interest liability:

The Company has not been making provision for interest on loans assigned to ARCs, as it expects the ARCs to restructure the debts, including certain waiver/concessions in interest and repayment terms. Pending this, the Company has classified the debt as non-current liabilities in the Balance Sheet and has not provided for interest at rates notified by ARCs.. The ARCs have notified the Company that (i) interest and penal interest are applicable as per the rates contracted prior to admission to CDR; (ii) the finance cost on the debt for the year is ₹ 78,873 lakhs and till 31st March, 2018 is ₹ 3,03,145 lakhs; and (iii) the debt amount is ₹ 5,60,015 lakhs as against ₹ 2,56,870 lakhs accounted by the Company. If interest provision was made in accordance with the intimation received from the ARCs, the finance cost and the loss for the year would have been higher by ₹ 78,873 lakhs (previous year ₹ 73,327 lakhs) and the interest liability till 31st March, 2018 would have been higher by ₹ 3,03,145 lakhs (previous year ₹ 2,24,272 lakhs).

Depreciation and Amortization:

Depreciation for the year was ₹ 12,542.43 lakhs against ₹ 14,114.89 lakhs in previous year.

Profit/ (Loss) after Tax:

The Company incurred a (loss) of ₹ 2,321.63 lakhs during the F.Y. 2017-18 against (loss) of ₹ 1,546.07 lakhs during the previous year.

Property, Plant and Equipment:

The net Property, Plant, Equipment, capital work in progress, intangible assets, investment property and assets held for sale as on 31st March, 2018 was ₹ 4,13,318 lakhs as against ₹ 4,32,256 lakhs as on the last day of the previous year.

Secured and Unsecured Loans:

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

Particulars	As at 31.3.2018	As at 31.3.2017
Secured Loans:		
Long term debt	**3,07,305.08**	3,93,480.56
Current Maturities of Long Term Debt	**58,861.80**	22,806.04
Interest accrued on borrowings	**1,787.35**	2463.59
Unsecured Loans	**11,955.25**	1,926.25
Total	**379,909.48**	**4,20,676.44**

Please refer Note 36.1 to Accounts regarding non-provision of interest on the debts assigned to ARCs.

Share Capital:

As on 31st March, 2018, the paid up share capital of the Company stood at ₹ 12,611.03 lakhs divided into 63,05,51,766 equity shares of face value of ₹ 2 each, against ₹ 9332.17 lakhs divided into 46,66,08,307 equity shares of face value of ₹ 2 each in the previous year.

Net worth:

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

Particulars	As at 31-Mar-18	As at 31-Mar-17
Share Capital	**12,611.04**	9,332.17
Reserves & Surplus (excluding revaluation reserve)	**(7,551.97)**	(34,604.99)
TOTAL	**5,059.07**	(25,272.82)
Less: Intangible Assets / Intangible Assets under development	**229.02**	372.93
Net worth	**4,830.05**	(25,645.75)

14. Debt Reduction Plans

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

The Company sold its Goa hotel in December 2015 for ₹ 721.12 crores and the entire net proceeds were used for debt reduction. The Company has received ₹ 48.19 crores till 31st March, 2018 from the joint development of residences in Bengaluru and used the same for debt reduction. The Company's plan to sell the Hyderabad land is getting delayed due to legal disputes and the plan to sell the Agra land is getting delayed due to delays in Government approvals. The Company is in the process of selling one more hotel or alternatively getting equity from a strategic investor for reduction of debt. The Company will continue to pursue for a viable debt restructuring package.

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 based on the "forward-looking statements".

CORPORATE SOCIAL RESPONSIBILITY

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

Our CSR approach is inspired by a duty to our stakeholders to be a socially responsible partner with the highest integrity and ethics. We believe that our commitment towards socially sustainable practices generates real value for our shareholders, clients, employees, and society at large. We apply high environmental and social standards to our business to support a sustainable future. We seek to keep improving the environmental performance through the efficient use of resources and by applying world-class green practices across the board from hotel design and construction to procurement and operational policies.

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. 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 The Leela Udaipur's team helping local authorities clean up the country's oldest artificial Lake Pichola to initiating week-long Leela cleaning drives of the popular Mobor beach by The Leela Goa.

The Group also reaffirmed its pledge towards protecting the environment by participating in Earth Hour 2018, an initiative of the World Wildlife Fund (WWF), the worldwide movement to celebrate the commitment to our planet. All signages and non-essential lights at The Leela properties around the country were turned down and the essential lights were dimmed to safe level.

On the social sustainability front, The Leela continued it's 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 Mumbai implemented an innovative soap-recycling educational program in partnership with the Sundara foundation. The program is designed to have gently-used and discarded soaps undergo a sanitization process before being distributed in the underprivileged, slum areas of Mumbai. The Leela Palace New Delhi observed a Hand Hygiene Day by distributing soap and sanitizers to vulnerable children, and pledging to donate 250 kilograms of soap on a monthly basis.

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

A report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR)"] is given below:

1. **Company's Philosophy**

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical, accountable and transparent governance practices. Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. The Company has also implemented several best Corporate Governance practices as prevalent globally. The 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 Board Members and Senior Management 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, 2018 the Company's Board of Directors consists of five Directors out of which two are Executive Directors and the remaining three are Independent, Non-Executive Directors. Out of the two Executive Directors one is the Chairman & Managing Director (CMD) and the other is a Co- Chairman & Managing Director (CCMD). The Company also has a Woman Director.

The Directors possess experience and specialized knowledge in diverse fields, such as hoteliering, marketing, business development, banking, finance, administration, corporate governance, etc. The particulars of a Director seeking appointment have been included in the Notice of the Annual General Meeting.

The composition of the Board and category of Directors as on 31st March 2018 is 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
Non- Executive Non- Independent Directors	Mr. V. P. Shetty [1]	Director - Nominee of JM Financial Asset Reconstruction Company Limited	NIL
	Mr. Anil R. Bhatia [2]	Director - Nominee of JM Financial Asset Reconstruction Company Limited	NIL
	Ms. K. Hemalatha [3]	Director- Nominee of Airports Authority of India (AAI)	NIL
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Mr. Vijay Amritraj [4]	Director	60,105
	Mr. Ashok G. Rajani [5]	Director	NIL
	Mr. Navnit K. Batheja [6]	Director	NIL
	Mr. Vinay H. Kapadia [7]	Director	NIL
	Mr. Shereveer S. Vakil [8]	Director	NIL

[1] Resigned from the Board with effect from 18th September, 2017.

[2] Resigned from the Board with effect from 18th September, 2017.

[3] Nomination withdrawn by AAI with effect from 1st April, 2017.

[4] Resigned from the Board with effect from 29th September, 2017.

[5] Resigned from the Board with effect from 19th September, 2017.

[6] Resigned from the Board with effect from 18th September, 2017.

[7] Joined the Board with effect from 7th October, 2017.

[8] Joined the Board with effect from 14th February, 2018 and resigned with effect from 26th April, 2018.

2.2 Board Meetings and Attendance

During the financial year 2017-18 the Board of Directors met 7 times i.e. on 25th May, 2017, 10th August, 2017, 8th September, 2017, 18th September, 2017, 7th December, 2017, 9th February, 2018 and 27th March, 2018 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 them to take informed decisions.

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. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2018, have been made by the Directors.

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, Directors, holding, subsidiary or associate companies. The Company has received necessary declaration from each of the Independent Directors, under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

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.

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

Attendance of each Director at the Board Meetings, 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	Position	Attendance at Board Meetings *		Attendance at AGM held on 18th September, 2017	No. of Directorships in listed companies as on 31st March, 2018 (including the Company)	No. of Committee positions held in listed companies (including the Company) **		No of Shares and convertible instruments held by non-executive Directors
			No. of Board Meetings held during the tenure of the Director in 2017-18	No. of Board Meetings attended during the financial year 2017-18			Chairman of Committees	Member of Committees	
Mr. Vivek Nair	Executive Directors	Chairman & Managing Director	7	7	Yes	1	0	2	477,460
Mr. Dinesh Nair		Co-Chairman & Managing Director	7	7	Yes	1	0	0	374,050
Mr. V. P. Shetty [1]	Non-Executive Nominee Directors	Director	4	2	Yes	N.A.	0	0	0
Mr. Anil R. Bhatia [2]		Director	4	4	Yes	N.A.	0	0	0
Ms. K. Hemalatha [3]		Director	0	0	No	N.A.	0	0	0
Mr. Vijay Amritraj [4]	Non-Executive Independent Directors	Director	4	2	Yes	N.A.	0	0	60,105
Mrs. Anna Malhotra		Director	7	5	No	1	0	0	2,500
Mr. Ashok G. Rajani [5]		Director	4	3	Yes	N.A.	0	0	0
Mr. Navnit K. Batheja [6]		Director	4	4	Yes	N.A.	0	0	0
Mr. Vinay H. Kapadia [7]		Director	4	4	N.A.	1	2	0	0
Mr. Shereveer S. Vakil [8]		Director	2	2	N.A.	1	0	2	0

[1] Resigned from the Board with effect from 18th September, 2017.

[2] Resigned from the Board with effect from 18th September, 2017.

[3] Nomination withdrawn by Airports Authority of India with effect from 1st April, 2017.

[4] Resigned from the Board with effect from 29th September, 2017.

[5] Resigned from the Board with effect from 19th September, 2017.

[6] Resigned from the Board with effect from 18th September, 2017.

[7] Joined the Board with effect from 7th October, 2017.

[8] Joined the Board with effect from 14th February, 2018 and resigned with effect from 26th April, 2018.

* No. of Board Meetings indicated is with reference to date of joining/cessation of the 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.

2.3 Separate meeting of the Independent Directors

During the year, a separate meeting of the Independent Directors of the Company was held on 27th March 2018, which was attended by majority of the Independent Directors.

2.4 Familiarization Program for Independent Directors

The Board has adopted a Familiarization Program for Independent Directors of the Company. The Program aims to provide insights into the Company to enable the Independent Directors to understand the industry and also the business model and business operations of the Company to enable them to contribute significantly to the Company.

This Familiarization Program has been uploaded on the Company's website and the web link for the same is https://theleela.com/img/brand/investor-relations/corporate-governancepolicies/program-independent-directors.pdf.

2.5 Performance evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10), 19(4) and Part D of Schedule II of the SEBI (LODR Regulations), a Board Evaluation Policy has been framed and approved by the Nomination and Remuneration Committee (NRC) and by the Board.

The Board carried out an annual performance evaluation of its own performance, the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the Company at the Board level. The Board intends to establish and follow "best practices" in Board governance in order to fulfil its fiduciary obligation to the Company.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The Directors expressed their satisfaction with the evaluation process.

3. Audit Committee

The Audit Committee of the Board is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the scope and terms of reference.

The powers and role of the Audit Committee are also in consonance with Regulation 18 and Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

As on 31st March 2018, the Committee had three Directors comprising of two Independent Directors and one Executive Director. The members have varied expertise in banking, finance, accounting and legal matters. The Chairman & Managing Director, Co-Chairman & Managing Director, Chief Financial Officer and President are permanent invitees for the meetings. The Statutory Auditors and Internal Auditors also attend the meetings as permanent invitees. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 18th September, 2017.

During the year under review, the Committee met four times i.e. on 25th May, 2017, 8th September, 2017, 7th December, 2017 and 9th February, 2018. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

3.1 Audit Committee meetings and attendance

The particulars of members of the Committee and the details of meetings attended by its members during the financial year 2017-18 are as follows:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mr. Navnit K. Batheja [1]	Chairman	NEID	3	3
Mr. Ashok Rajani [2]	Member	NEID	2	2
Mr. Vivek Nair	Member	WTD	4	4
Mr. Vinay H. Kapadia [3]	Chairman	NEID	1	1
Mr. Shereveer S. Vakil [4]	Member	NEID	1	1

[1] Ceased to be a Member with effect from 18th September, 2017.

[2] Ceased to be a Member with effect from 19th September, 2017.

[3] Inducted as a Member with effect from 7th October, 2017.

[4] Inducted as a Member with effect from 14th February, 2018 and ceased to be a Member with effect from 26th April, 2018.

3.2 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.
- Review of 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 recommend the 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 that 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

As per provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), the Nomination and Remuneration Committee should consist of 3 or more Non-Executive Directors out of which not less than one-half shall be Independent Directors. However, the Chairman of the Company can be a member, even if he is an Executive Director.

The Nomination and Remuneration Committee consisted of 2 Independent Directors and the Company's Chairman as a member for the period October 2017 to April 2018. However, the Board at its meeting held on 9th May, 2018 has re-constituted the said Committee with 3 Independent Directors and the Company's Chairman as the member.

The Nomination & Remuneration Committee's role and terms of reference are in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met four times i.e. 25th May, 2017, 18th September, 2017, 12th January, 2018 and 27th March, 2018.

4.1 Nomination and Remuneration Committee Meetings and Attendance

The particulars of members of the Committee and the details of meetings attended by its members during the financial year 2017-18 are as follows:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhotra [1]	Chairperson	NEID	3	3
Mr. Ashok Rajani [2]	Member	NEID	2	2
Mr. Navnit K. Batheja [3]	Member	NEID	2	2
Mr. Vivek Nair	Member	WTD (CMD)	4	4
Mr. Vinay H. Kapadia[4]	Member	NEID	2	2
Mr. Shereveer S. Vakil [5]	Chairman	NEID	1	1

1 Ceased to be a Member with effect from 9th February, 2018.

2 Ceased to be a Member with effect from 19th September, 2017.

3 Ceased to be a Member with effect from 18th September, 2017.

4 Inducted as a Member with effect from 7th October, 2017.

5 Inducted as a Member with effect from 14th February 2018 and ceased to be a Member with effect from 26th April, 2018.

4.2 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 & removal and carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate criteria for evaluation of Independent Directors and the Board and devise a policy for Board diversity.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

4.3 Remuneration Policy for Directors

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

Remuneration of Executive Directors

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

The Company has uploaded the Remuneration Policy / Criteria on its website 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 remuneration packages of the Executive Directors comprise of salaries and allowances, contribution to provident funds, etc. During the financial year 2017-18, the Company did not pay managerial remuneration to its Executive Directors.

The remuneration payable, if any, to the Executive Directors would be 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 remuneration by way of 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 2017-18 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid (₹)
Mr. V. P. Shetty [1]	60,000
Mr. Anil R. Bhatia [2]	120,000
Ms. K. Hemalatha [3]	0
Mr. Vijay Amritraj [4]	60,000
Mrs. Anna Malhotra	330,000
Mr. Ashok G. Rajani [5]	240,000
Mr. Navnit K. Batheja [6]	300,000
Mr. Vinay H. Kapadia [7]	300,000
Mr. Shereveer S. Vakil [8]	150,000

1 Resigned from the Board with effect from 18th September, 2017.
2 Resigned from the Board with effect from 18th September, 2017.
3 Nomination withdrawn by Airports Authority of India with effect from 1st April, 2017.
4 Resigned from the Board with effect from 29th September, 2017.
5 Resigned from the Board with effect from 19th September, 2017.
6 Resigned from the Board with effect from 18th September, 2017.
7 Joined the Board with effect from 7th October, 2017.
8 Joined the Board with effect from 14th February, 2018 and resigned with effect from 26th April, 2018.

Notes:

a. The Company did not pay any amount to Directors by way of commission.

b. The Company has not issued any stock options to its Directors.

5. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 and Part D of Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Resolutions, 2015, including the scope and terms of reference. The Company Secretary acts as the Secretary to the Committee.

As on 31st March 2018, the Committee comprises of two Independent, Non-Executive Directors and one Executive Director. The Chairman of the Committee is an Independent, Non-Executive Director. During the year under review, the Committee met twice on 25th May, 2017 and 7th December 2017.

5.1 Stakeholders' Relationship Committee Meetings and Attendance

The particulars of members and the details of meetings attended by its members during the financial year 2017-18 are given below:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhotra [1]	Member	NEID	2	2
Mr. Navnit K. Batheja [2]	Chairman	NEID	1	1
Mr. Vivek Nair	Member	WTD	2	2
Mr. Vinay H. Kapadia [3]	Chairman	NEID	1	1
Mr. Shereveer S. Vakil [4]	Member	NEID	0	0

1 Ceased to be a Member with effect from 9th February, 2018
2 Ceased to be a Member with effect from 18th September, 2017.
3 Inducted as a Member with effect from 7th October, 2017.
4 Inducted as a Member with effect from 14th February 2018 and ceased to be a Member with effect from 26th April, 2018.

Mr. Alen Ferns, 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 1708 share transfers comprising 8,75,050 shares and processed 121 requests for dematerialization of 16,41,06,364 shares. There were no valid requests pending for share transfers at the end of the year.

5.2 Role and terms of reference of Stakeholders' Relationship Committee

- To Oversee and review all matters connected with the transfer of the Company's securities, including issue of duplicate share and debenture certificates.
- To Monitor redressal of investors' / shareholders' / security holders' grievances.
- To Oversee the performance of the Company's Registrar and Share Transfer Agents.
- To periodically report to the Board about serious concerns, if any.
- To 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.

5.3 Number of complaints received and redressed during the year 2017-18

Opening Balance	Received during the year 2017-18	Resolved during the year 2017-18	Closing Balance
0	8	8	0

The above complaints were related to non-receipt of Annual Report, requests for service of documents and non-receipt of dividend. None of the Complaints were pending for a period exceeding 30 days. All requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

6. **General Body Meetings and Postal Ballot**

6.1 General Body Meetings

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

Financial Year	General Meeting	Date / Time	Location	Special Resolutions passed
2016-17	36th AGM	18.09.2017 10.30 a.m.	Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai – 400 056	Resolution No. 4: Approval for increase in subscribed capital of the Company caused by the exercise of option attached to the loan raised to convert such loan into shares
2015-16	35th AGM	20.09.2016 11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai – 400 056	NIL
2014-15	34th AGM	22.09.2015 11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai - 400 056	Resolution No. 5: Authority to Board of Directors to borrow in excess of paid up capital and free reserves Resolution No. 6: Authority to Board of Directors for creation of charges/mortgages Resolution No. 7: Enabling resolution for raising long term funds through further issue of Securities Resolution No. 8: Re-appointment and remuneration of Mr. Vivek Nair as Chairman & Managing Director for a period of 5 years Resolution No. 9: Re-appointment and remuneration of Mr. Dinesh Nair as Co-Chairman & Managing Director for a period of 5 years Resolution No. 10: Re-appointment and remuneration of Mr. Krishna Deshika as Director - Finance & CFO for a period of 5 years

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

6.2 Postal Ballot

In compliance with Regulation 44 of the SEBI (LODR Regulations) and pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014, members were provided with the facility to cast their vote electronically through the e-voting services provided by KARVY, on all resolutions set forth in the Postal Ballot Notice. Members were also given an option to vote by physical Ballot.

During the financial year 2017-18 the Company has conducted three postal ballot exercises. The particulars of resolutions passed through Postal Ballot during the financial year are as follows:

a. **Appointment of Mr. Navnit Kulwantsingh Batheja as an Independent Director**

The following Resolution was passed by the Members:

Sr No.	Brief particulars of the Resolution	Total No. of valid votes	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% of votes	No. of Shares	% of votes
1	Approval for appointment of Mr. Navnit Kulwantsingh Batheja as an Independent Director (Ordinary Resolution)	29,92,89,935	29,92,88,828	99.9996	1,107	0.0004

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 24th February, 2017. The physical Ballots were returnable by 8th April, 2017. The E-Voting portal was open for voting from 10th March, 2017 to 8th April, 2017.

The results of the postal ballot were declared on 12th April, 2017. Mr. V. Sundaram of M/s. V. Sundaram & Co., Practicing Company Secretaries, was the scrutinizer for the above postal ballot.

b. Increase in authorized share capital and Alteration of the Capital Clause of the Memorandum of Association

The following Resolutions were passed by the Members:

Brief particulars of the Resolution	Total No. of valid votes	Votes in favour of the resolution		Votes against the resolution	
		No. of Shares	% of votes	No. of Shares	% of votes
Increase in authorized share capital of the Company (Ordinary Resolution)	29,99,15,831	299914332	99.9995	1,499	0.0005
Alteration of the Capital Clause of the Memorandum of Association (Special Resolution)	29,99,14,761	299912692	99.9993	2,069	0.0007

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 2nd June, 2017. The physical Ballots were returnable by 6th July, 2017. The E-Voting portal was open for voting from 6th June, 2017 to 6th July, 2017.

The results of the postal ballot were declared on 10th July, 2017. Mr. Prashant S. Mehta, Practicing Company Secretary, was the scrutinizer for the above postal ballot.

c. Appointment of Mr. Vinay Hansraj Kapadia as an Independent Director

The following Resolution was passed by the Members:

Brief particulars of the Resolution	Total No. of valid votes	Votes in favour of the resolution		Votes against the resolution	
		No. of Shares	% of votes	No. of Shares	% of votes
Appointment of Mr. Vinay Hansraj Kapadia as an Independent Director (Ordinary Resolution)	29,94,62,874	29,94,53,954	99.9970	8,920	0.0030

The voting rights were reckoned as on the paid-up value of the shares registered in the names of the members as on 15th December, 2017. The physical Ballots were returnable by 23rd January, 2018. The E-Voting portal was open for voting from 25th December, 2017 to 23rd January, 2018.

The result of the postal ballot was declared at the Registered Office of the Company on 25th January, 2018. Mr. Prashant S. Mehta, Practicing Company Secretary, was the scrutinizer for the above postal ballot.

7. Disclosures

7.1 Disclosures on materially significant related party transactions

During the financial year 2017-18, there have been no materially significant related party transactions, monetary transactions or relationships between the Company and its Directors, the management, subsidiaries and relatives. Suitable disclosures as required by the Accounting Standards (AS-18) have been made in the notes to the Financial Statements.

The Policy on materiality of 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.

7.2 Disclosure on Non-compliances by the Company related to Capital Markets.

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 / Vigil Mechanism

The Company has implemented the 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 & 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 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 periodically by the Audit Committee.

None of the whistle blowers have been denied access to the Audit Committee of the Board. The above policy has been uploaded on the website of the Company, viz. www.theleela.com.

7.4 CMD / CFO Certification

The CMD and the CFO have issued the certificate as required under 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 Company has in place a detailed Code of Conduct for Board Members and Senior Management adopted by the Board of Directors in terms of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Code of Conduct is available on the website of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the code for the effective period. A declaration by the Chairman & Managing Director affirming compliance to the Code of Conduct is appended to this Report.

7.6 Code of Conduct for Prevention of Insider Trading

The Company has adopted a 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 during the period when the Trading Window is closed and while in possession of unpublished price sensitive information in relation to the Company.

The policy and the procedures are periodically communicated to the employees who are considered as insiders of the Company. Trading window closure is intimated to all employees and to the Stock Exchanges in advance. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

8. Certificate of Compliance with Corporate Governance

A certificate from Mr. Prashant S. Mehta, practicing Company Secretary regarding compliance with the conditions of Corporate Governance forms part of this Annual Report.

9. Subsidiary Company

The Company has one wholly owned Subsidiary, viz. Leela Palaces and Resorts Limited which is a material unlisted Indian subsidiary. An Independent Director of the Company has been appointed as a Director on the Board of said subsidiary. The minutes of the subsidiary company are periodically placed before the Board and reviewed by the Board of Directors. The Policy for determining material subsidiaries has been uploaded and can be accessed on the Company's website www.theleela.com.

10. Means of Communication

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

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

The financial Results of the Company are published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, at least in one English newspaper circulating in the whole or substantially the whole of India and in one Vernacular newspaper of the State of Maharashtra where the Registered Office of the Company is situated. The Company regularly publishes its financial results in Free Press Journal and Navashakti.

11. General Shareholder Information

11.1 Company Information

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

11.2 37th Annual General Meeting

Day / Date	Time	Venue
Monday, the 20th August, 2018	11.00 A.M.	St. Andrews Auditorium, St. Domnic Road, Bandra West, Opposite Arya Vidya Mandir School, Behind Holy Family Hospital, Off Hill Road, Mumbai – 400 050

11.3 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, 2018.
Book Closure Dates	Thursday, 16th August, 2018 to Monday, 20th August, 2018 (both days inclusive) for the purpose of Annual General Meeting.
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2018	August, 2018
30th September, 2018	November, 2018
31st December, 2018	February, 2019
31st March, 2019	May, 2019
Annual General Meeting for the year ending 31st March, 2019	August / September, 2019

11.4 E-Voting

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 and Regulation 44 of the SEBI (Listing obligation and Disclosure Requirements) Regulation, 2015, members have been provided the facility to exercise their right to vote at General Meetings by electronic means, through e-Voting Services provided by Karvy Computershare Pvt. Ltd.

11.5 Stock Exchanges

Listing on Stock Exchanges	**Equity Shares:**
	I) BSE Limited
	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
	II) National Stock Exchange of India Limited
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
	Non-Convertible Debentures:
	Whole-sale Debt Market Segment
	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
Listing Fees	The Company has paid the annual listing fees to the Stock Exchanges for the financial year 2018-19.

11.6 Stock Market Data

The monthly high / low prices of the equity shares of the Company from 1st April, 2017 to 31st March, 2018 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 17	24.35	16.20	91,75,397	29,918	24.20	16.20	466,87,969	9,304
May 17	27.25	19.60	625,65,73	31,146	27.30	19.65	401,17,978	9,621
Jun 17	25.85	20.70	23,24,243	30,922	25.85	20.75	128,17,192	9,521
Jul 17	24.85	21.00	26,43,664	32,515	24.90	21.00	201,66,256	10,077
Aug 17	24.80	19.95	15,35,483	31,730	24.90	20.00	111,08,024	9,918
Sep 17	25.40	19.40	31,31,333	31,284	25.40	19.30	184,76,876	9,789
Oct 17	20.85	19.00	9,44,176	33,213	21.00	18.90	63,40,329	10,335
Nov 17	22.40	19.30	17,28,236	33,149	22.50	19.25	115,89,552	10,227
Dec 17	22.00	19.00	15,15,702	34,057	22.00	18.80	93,41,917	10,531
Jan 18	24.60	20.90	4,783,143	35,965	24.70	20.80	264,01,067	11,028
Feb 18	25.05	18.45	32,43,866	34,184	25.15	18.30	208,06,273	10,493
Mar 18	19.40	16.50	16,36,655	32,969	19.45	16.90	70,45,697	10,114

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

11.7 Distribution of shareholding as on 31st March, 2018

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Total
Upto 5,000	83,705	95.37	305,02,118	4.84
5,001 to 10,000	2,239	2.55	85,41,055	1.35
10,001 to 20,000	1010	1.15	77,62,849	1.23
20,001 to 30,000	250	0.28	31,36,856	0.50
30,001 to 40,000	128	0.15	23,04,415	0.37
40,001 to 50,000	103	0.12	24,22,397	0.38
50,001 to 1,00,000	149	0.17	54,64,858	0.87
Above 1,00,000	181	0.21	57,04,17,218	90.46
TOTAL	**87,765**	**100.00**	**63,05,51,766**	**100.00**

11.8 No. of Shares held in dematerialized and physical mode as on 31st March, 2018

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% of total capital issued
1	Held in dematerialized form in NSDL	57,820	572,75,5470	90.83
2	Held in dematerialized form in CDSL	27,570	520,75,813	8.26
3	Held in Physical form	2,375	57,20,483	0.91
	Total	**87,765**	**63,05,51,766**	**100.00**

11.9 Shareholding Pattern as on 31st March, 2018

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	29,80,87,074	47.27
2	Banks / Public Financial Institutions / Insurance Companies	2,33,55,136	3.70
3	Bodies Corporate / Trusts	23,65,04,176	37.51
4	FIIs	12,57,905	0.20
5	NRIs / OCBs	98,58,281	1.56
6	Resident Individuals	6,14,89,194	9.75
	Total	**63,05,51,766**	**100.00**

As on 31st March, 2018, the Promoters have pledged 28,01,86,964 equity shares representing 44.44% of the paid up capital of the Company, which includes 15,94,19,794 equity shares representing 25.28% 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.

11.10 Reconciliation of Share Capital Audit Report

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The report in regard to the same is submitted to BSE Limited and NSE Limited and is also placed before the Board of Directors.

11.11 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 Practicing 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.

11.12 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) through whom they will send the physical share certificates to the Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificates, the Registrar would verify the same. The Registrar would then request National Securities Depository Ltd. (NSDL) / Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder are then credited with equivalent number of shares. In case of rejection of the request, the decision is communicated to the shareholder.

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

11.13 Outstanding ADR / GDR / Warrants and their impact on equity

During the financial year, the Company has not issued any ADR / GDR / any convertible securities.

11.14 Commodity price risks and commodity hedging activities

The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not required.

11.15 Address for correspondence

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

(a) **Compliance Officer:**

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

(b) **Registrar & Share Transfer Agent for Equity Shares**

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

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

11.16 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

11.17 Investor Correspondence – Contact Details

For Clarification / Queries	Contact Nos.
Company Secretary/ Secretarial Department	Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458
Exclusive E-mail ID for investor grievances	investor.service@theleela.com

11.18 Debenture Trustee for Non-Convertible Debentures and Scrip information

Trustee	**Scrip Particulars**	**Scrip Code**
Axis Trustee Services Limited, Ground 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

12. **Transfer of unpaid / unclaimed Dividend amount to Investor Education and Protection Fund**

During the year under review, the Company has credited ₹ 7.37 lakhs, lying in the unpaid / unclaimed dividend accounts for the financial year 2009-10, 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. The details of the unclaimed Dividends are available on the Company's website at https://www.theleela.com/the-leela/about-the-leela/investor-relations and the Ministry of Corporate Affairs website (www.mca.gov.in).

13. **Mandatory Transfer of Shares to Demat Account of Investors Education and Protection Fund Authority (IEPFA) in case of unpaid/ unclaimed dividend on shares for a consecutive period of seven years**

The Company has sent out individual communication to the concerned Members whose shares are liable to be transferred to Investors Education and Protection Fund Authority (IEPFA) in order to take immediate action in the matter. As required under the IEPF Rules, the Company has also published a Notice informing the Members' who have not claimed their shares for a period of 7 years to claim the same from the Company before they are transferred to IEPFA.

Pursuant to the provisions of section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, transfer and refund) Rules, 2016 ("the rules"), all shares in respect of which dividend has not been en-cashed or claimed by the shareholders for seven consecutive years or more shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) Suspense Account. The Company, after sending intimation to the shareholders, transferred 14,94,308 equity shares belonging to 4,469 shareholders to Investor Education and Protection Fund in December, 2017. This includes 6,30,013 equity shares belonging to 2,778 shareholders transferred directly and 8,64,295 equity shares belonging to 1,691 shareholders lying in the Unclaimed Share Suspense Account. The voting rights on the shares in IEPF shall remain frozen till the rightful owners of such shares claim the shares.

14. Disclosure in respect of Equity Shares transferred to Unclaimed Share Suspense Account

Pursuant to Regulation 39 and corresponding Schedule VI of the Listing regulations, the Company is required to transfer shares which remain unclaimed by the shareholders to an unclaimed share suspense account.

After sending reminders to the shareholders at their latest available address(es) with the Company, the Company had transferred 25,98,970 unclaimed equity shares lying with the Company to "Hotel Leelaventure Limited- Unclaimed Share Suspense Account" in May, 2015,

The shareholders can make their claim with the Company / RTA. The RTA / Company on proper verification of the shareholders' identity and other relevant documents would transfer the shares in their favour. All the corporate benefits, if any, on the above shares would also be transferred to Unclaimed Suspense Account of the Company.

The disclosure as required under Regulation 34(3) read with Schedule V of the Listing Regulations is given below:

Description		No. of Shareholders	No. of Equity Shares
A)	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 1st April, 2017.	4,283	25,47,950
B)	Number of shareholders who approached the company for transfer of shares from the unclaimed suspense account during the year.	20	16,160
C)	Particulars of shares transferred to IEPF Authority during the year from unclaimed suspense account.	1,691	8,64,295
D)	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the year ended 31st March, 2018. (D= A-B-C)	2,572	16,67,495

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

Shareholders may note that both the unclaimed dividend and shares transferred to the IEPF Authority can be claimed back by them after following the procedure prescribed under the IEPF Rules.

15. Adoption of Discretionary Requirements:

The status of adoption of discretionary requirements of Regulation 27(1) as specified under Part E of Schedule II of the SEBI (LODR Regulations) 2015 is provided below:

15.1 **Non-Executive Chairperson:** Not applicable since the Company does not have a Non-Executive Chairperson.

15.2 **Separate posts of Chairman and Managing Director or CEO:** The Chairman's Office is not separate from that of the Managing Director.

15.3 **Shareholders' Rights:** The quarterly, half-yearly and annual financial results of the Company are published in English and Marathi newspapers having wide circulation, communicated to the Stock Exchanges and are uploaded on the Company's web-site.

15.4 **Modified opinion in Audit Report:** The Company's financial statement for the financial year 2017-18 does not contain any modified audit opinion. However, even though there is no audit qualification, there are audit observations.

15.5 **Reporting of Internal Auditor:** The Internal auditors of the Company report to the Audit Committee. Executive Summary of the Internal Audit report 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.

Dispatch of documents in electronic form (GREEN INITIATIVE)

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

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

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, May 30, 2018

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, 2018.

Vivek Nair
Chairman & Managing Director

Place: Mumbai
Date: May 30, 2018

CERTIFICATE ON CORPORATE GOVERNANCE

The Members
Hotel Leelaventure Limited
Mumbai.

I have examined the compliance of conditions of Corporate Governance by Hotel Leelaventure Limited ('the Company'), for the financial year ended 31st March, 2018 as stipulated and as required under Regulation 15(2) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My 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 my opinion, and to the best of the information and according to the explanations given to me, I certify that the Company is generally in compliance with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except those reported in my secretarial audit report of even date.

I 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.

Prashant S. Mehta
Company Secretary
Membership No. 5814
CP. No.17341

Place: Mumbai
Date: May 30, 2018

CEO and CFO CERTIFICATION

The Board of Directors
Hotel Leelaventure Limited
Mumbai

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2018 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) significant changes, if any, in internal control over financial reporting during the year;

    (ii) significant changes in accounting policies during the year and that the same have been disclosed to the notes to the financial statements; 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.

Rajan Shah
Chief Financial Officer

Vivek Nair
Chairman & Managing Director

Place: Mumbai
Date: May 30, 2018

TO THE MEMBERS OF HOTEL LEELAVENTURE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Hotel Leelaventure Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equities of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2018 and its Loss, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in notes to the standalone Ind AS financial statements :-

Note 36.1 relating to non-provision of interest, penal interest and sacrifice amount payable to Asset Reconstruction companies (ARC's) amounting to ₹ 78,873 Lakhs for the year (Previous Year ₹ 73,327 Lakhs). If the interest and other finance cost as notified by the ARCs were provided in the books of accounts, the loss for the year would have been higher by ₹ 78,873 Lakhs (Previous Year ₹ 73,327 Lakhs) and the interest liability till 31st March, 2018 would have been higher by ₹ 3,03,145 lakhs (Previous Year ₹ 2,24,272 lakhs). Further, the Other Equity would have been negative to the extent of ₹ 2,77,320 Lakhs (Previous Year ₹ 2,20,493 Lakhs).

Note 36.2(a) relating to enhancement in rentals, unilateral termination of lease agreement of the Mumbai Hotel by Airports Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. Disputed amount for the period upto 31st March, 2018 cumulatively amounts to ₹ 3,877 lakhs (Previous Year ₹2,659 lakhs). The accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.

Note 36.2(b) regarding disputed demands relating to Royalty, Minimum Guarantee Fees including interest thereon according to AAI cumulatively amounting to ₹ 31,119 lakhs upto 31st July, 2017 (Previous Year ₹ 28,538 lakhs upto 31st December,2016). The additional cost the company may have to incur towards restoration of FSI, which is not ascertainable.

Note 36.11 relating to non-provision for allowances of trade receivables of ₹ 2,790 lakhs which is outstanding for more than a year as the management is confident of recovery.

Material uncertainty related to Going Concern

Matters relating to Emphasis of Matter referred above raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package/refinancing of debt/monetisation of non-core assets, sale of hotels/equity infusion for reduction of debt and favourable judgement / settlement with respect to dispute with AAI and realization of trade receivables, the Company has prepared the financial statements on a "Going Concern" basis.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these standalone Ind AS financial statements are based on the statutory financial statement prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by Picardo & Co. whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 25th May, 2017 and 26th May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable 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 including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.

    (e) The matters described in paragraph relating to Emphasis of Matter 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 31st March, 2018 and taken on record by the Board of Directors, except for Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Anna Malhotra who are disqualified, none of the other directors is disqualified as on 31st March, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    (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, as amended, 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 standalone Ind As financial statements- Refer Note 36.2 and 36.4 (a) to (e) to the Standalone Ind AS financial statements.

        ii. The Company has made provisions as required under the applicable law or Ind AS, 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.

        iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016, are not relevant to these standalone Ind AS financial statements. Hence, reporting under this clause is not applicable.

For **N S Shetty & CO.**

Chartered Accountants

Registration No: 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May, 2018

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

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 all fixed assets are verified in a phased manner over a period of three years. Pursuant to the programme, certain fixed assets were physically 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 the standalone Ind AS Financial Statements are held in the name of the Company.

Particulars	Number of cases	Carrying value as on 31st March, 2018 (₹ In lakhs)	Remarks
Land-Freehold	Five	1,269.01	Title deeds are under dispute
Building constructed on leasehold Land	One	22,729.23	Lease agreement not renewed since 11th January, 2016 (refer note 36.2) to the Standalone Ind AS 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. The discrepancies noticed on such verification between the physical stock and book records were not material and have been properly dealt in the books of account.

iii. 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 act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. Attention is drawn to Note 36.7(ii) to the Standalone Ind AS Financial Statements relating to overdue receivables from two private limited Companies amounting to ₹172.17 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. In our opinion and according to the information and explanations given to us, 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, goods and service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except certain delays in depositing value added tax, luxury tax and service tax in one of the units.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31st March, 2018 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, goods and service tax and cess which have not been deposited with the appropriate authorities as on 31st March, 2018 on account of any dispute are given below:

Name of the statute	**Nature of Dues**	**Amount (₹ in lakhs)***	**Period to which the amount relates**	**Forum where dispute is pending**
Karnataka VAT Act 2003	VAT with interest and penalty	133.92	FY 2005-06 to 2009-10	Matter remanded to joint Commissioner of Commercial Taxes (Appeals) Bangalore by High Court of Karnataka.
Finance Act 1994	Service Tax and Interest	9.32	FY 2010-11 to 2014-15	Commissioner of Service Tax and Excise (Appeals), Jaipur
Rajasthan VAT Act, 2006	VAT with interest	49.81	FY 2011-12 to 2014-15	Rajasthan Tax Board, Ajmer
Goa Tax on Luxuries Act	Luxury Act	5.65	FY 2005-06	Additional Commissioner of Commercial Taxes (Appeals), Margao
Goa Tax on Luxuries Act	Luxury Act	33.93	FY 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	2,591.24	FY 2007-08 to 2011-12	CESTAT, Bangalore

Name of the statute	Nature of Dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Maharashtra VAT 2002	VAT with interest and penalty	1,147.83	FY 2007-08, 2009-10 to 2013-14	Jt. Commissioner of Appeals-VAT Mumbai
Maharashtra VAT 2002	VAT	39.73	FY 2008-09	VAT Tribunal, Mumbai
Finance Act, 1994	Service Tax and interest	700.53	FY 2007-08 to 2011-12	CESTAT, Mumbai
Finance Act, 1994	Service Tax and interest	24.11	FY 2003-04 to 2007-08, 2008-09 to 2009-10	CESTAT, Mumbai
Kerala Agriculture Income Tax	Agriculture Income Tax and interest	17.30	FY 2004-09	Tribunal, Kerala Agricultural and Commercial Tax
Kerala Tax on Luxury 1976	Luxury Tax, interest and penalty	81.12	FY 2010-11, 2011-12	Deputy Commissioner of (Appeals), Thiruvananthapuram
KGST and KVAT Act	KGST and KVAT	45.82	FY 2011-12	Matter remanded back to the Assessing Officer by High Court.

*Net of amounts paid under protest.

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

Name of the Lender	Amount of default as at the balance sheet date (₹ In lakhs)	Period of Default
LIC of India - Debentures	5,515.43	Principal and interest due since September 2016.
Bank of Baroda, London	3,072.14	Principal due since August 2016 and interest since February 2014
State Bank of India, Paris	5,996.00	Principal due since June 2016 and Interest since March 2018.

(b) As explained, the Company has not taken any loan from the Government.

(c) With regard to debts assigned to Asset Restructuring Companies (ARCs), it is stated that the Company is pursuing for certain waiver/concessions in interest and repayment terms. Total outstanding as on 31st March, 2018 is ₹ 5,60,015 Lakhs which includes finance cost of ₹ 3,03,145 Lakhs not recognised in the accounts. (Refer Note No 36.1)

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the term loans taken by the Company have been applied for the purpose for which they were obtained.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Hence reporting under clause (xi) of the order is not applicable to the company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them covered under Section 192 of the Act.

xvi. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

For N S Shetty & CO.
Chartered Accountants
Registration No: 110101W

N S Shetty
Partner
Membership No. 035083

Mumbai, 30th May, 2018

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Refered in Para 2(g) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Report on the Internal Financial Controls over financial reporting 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 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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.

Auditor's 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") issued by ICAI and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with the 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 and financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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 N S Shetty & CO.
Chartered Accountants
Registration No: 110101W

N S Shetty
Partner
Membership No. 035083

Mumbai, 30th May, 2018

BALANCE SHEET AS AT 31 MARCH, 2018

₹ lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 Apri 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	**374,499.34**	390,307.18	403,265.67
Capital work-in-progress		**464.02**	1,247.56	1,189.08
Investment Property	4	**7,497.79**	7,624.74	4,899.38
Intangible assets	5	**229.02**	372.93	871.99
Intangible assets under development		**-**	-	14.47
Financial assets:				
Investments	6	**9,037.47**	9,037.47	9,036.85
Other financial assets	7	**5,986.50**	5,267.41	6,295.57
Tax assets (net)	8	**1,985.82**	1,581.07	1,300.58
Other non-current assets	9	**7,155.39**	7,797.78	11,010.07
Total non-current assets		**406,855.35**	423,236.14	437,883.66
Current assets				
Inventories	10	**3,225.39**	3,009.05	4,369.97
Financial assets				
Trade receivables	11	**8,254.91**	7,157.61	6,356.23
Cash and cash equivalents	12	**2,039.78**	1,588.89	2,519.88
Other balances with banks	13	**448.28**	2,934.70	790.01
Other financial assets	14	**679.15**	578.58	732.55
Other current assets	15	**3,182.72**	2,240.13	1,973.51
Total current assets		**17,830.23**	17,508.96	16,742.15
Non-current assets held for sale		**30,627.80**	32,703.96	32,703.96
Total assets		**455,313.38**	473,449.06	487,329.77
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	**12,611.04**	9,332.17	9,332.17
Other equity	17	**25,825.30**	3,779.01	5,498.03
Total Equity		**38,436.34**	13,111.18	14,830.20
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	18	**307,305.08**	393,480.56	423,831.71
Other financial liabilities	19	**2,123.75**	2,081.50	2,056.28
Provisions	20	**1,664.36**	1,858.09	1,691.47
Total non-current liabilities		**311,093.19**	397,420.15	427,579.46
Current liabilities				
Financial liabilities				
Borrowings	21	**11,955.25**	1,926.25	1,926.25
Trade payables	22	**9,623.87**	8,270.66	7,683.52
Other financial liabilities	23	**64,635.73**	31,042.62	15,640.47
Other liabilities	24	**3,679.44**	3,398.84	3,085.16
Provisions	25	**566.51**	755.31	1,004.11
Total current liabilities		**90,460.80**	45,393.68	29,339.51
Advance received against assets held for sale		**15,323.05**	17,524.05	15,580.60
Total equity and liabilities		**455,313.38**	473,449.06	487,329.77
Notes forming part of the financial statements	1 to 38			

In terms of our report attached

For N S Shetty & Co
Chartered Accountants
Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
Membership No. 035083

Alen Ferns
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

Mumbai, 30th May, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

THE LEELA
PALACES HOTELS RESORTS

₹ lakhs

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	26	**71,854.41**	69,802.43
Other income	27	**2,458.16**	4,119.86
Total income		**74,312.57**	73,922.29
Expenses			
Food and beverages consumed	28	**6,513.14**	6,163.61
Employee benefit expenses and payment to contractors	29	**19,278.82**	19,178.40
Finance costs (refer note 36.1 (c))	30	**8,366.89**	9,044.19
Depreciation and amortisation expenses	31	**12,542.43**	14,114.89
Other expenses	32	**26,639.24**	26,967.27
Total Expenses		**73,340.52**	75,468.36
Profit/(loss) before exceptional items and Tax		**972.05**	(1,546.07)
Exceptional items - Profit/(loss) (net)	**33**	**(3,293.68)**	-
Profit/(loss) before Tax		**(2,321.63)**	(1,546.07)
Tax expense:			
Income tax		-	-
Profit/(loss) after Tax		**(2,321.63)**	(1,546.07)
Other comprehensive income:			
Items that may not be reclassified to the statement of profit and loss			
Remeasurement of defined benefit plan		**137.08**	(172.95)
Income tax relating to items that may not be reclassified to the statement of profit and loss		-	-
Total other comprehensive income, net of tax		**137.08**	(172.95)
Total comprehensive income for the year		**(2,184.55)**	(1,719.02)
Earnings per share (of ₹ 2 each):			
Basic		**(0.43)**	(0.33)
Diluted		**(0.43)**	(0.33)
Notes forming part of the financial statements	1 to 38		

In terms of our report attached

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Rajan Shah Chief Financial Officer

Mumbai, 30th May, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

₹ lakhs

	Particulars	2017-18		2016-17	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(loss) before exceptional items and Tax		**972.05**		(1,546.07)
	Adjustments for:				
	Depreciation and amortisation	**12,542.43**		14,114.89	
	Interest charged	**8,174.60**		9,044.19	
	(Profit)/loss on sale of property, plant and equipment	**81.50**		(40.72)	
	Provision for trade and other receivables	**(15.52)**		(75.12)	
	Interest income	**(366.27)**		(310.44)	
			20,416.74		22,732.80
	Operating Profit before working capital changes		**21,388.79**		21,186.73
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**(216.34)**		1,360.92	
	Trade and other receivables	**(1,081.78)**		(726.25)	
	Other financial assets	**(235.10)**		201.32	
	Other assets	**(267.84)**		95.43	
	Adjustments for increase /(decrease) in operating liabilities:				
	Trade payables	**1,353.18**		587.14	
	Other financial liabilities	**(1,610.81)**		(702.21)	
	Other liabilities	**280.60**		313.69	
			(1,778.09)		1,130.04
	Cash generated from operations		**19,610.70**		22,316.77
	Less : Direct Tax paid (net)		**(404.75)**		(280.49)
	Net cash flow from operating activities		**19,205.95**		22,036.28
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Inflows:				
	Proceeds from sale of property, plant and equipment (net) (including advance receipts)		**416.02**		1,174.44
	Decrease in fixed deposits with banks		**1,948.99**		-
	Interest received		**319.15**		317.90
	Outflows:				
	Increase in fixed deposit with banks		**-**		(1,171.35)
	Investments		**-**		(0.62)
	Net cash flow from investing activities		**2,684.16**		320.37
C	**CASH FLOW FROM FINANCIAL ACTIVITIES**				
	Inflows:				
	Proceeds from term borrowings		**12,529.00**		-
	Less: Outflows				
	Repayment of long term borrowings		**(25,110.01)**		(14,679.98)
	Dividend paid (including transfer to Investor Education & Protection Fund)		**(7.37)**		(14.23)
	Interest paid		**(8,850.84)**		(8,593.43)
	Net cash flow from financing activities		**(21,439.22)**		(23,287.64)
	Net changes in cash and cash equivalents		**450.89**		(930.99)
	Cash and cash equivalents at the beginning of the year		**1,588.89**		2,519.88
	Cash and cash equivalents at the end of the year		**2,039.78**		1,588.89

In terms of our report attached

For N S Shetty & Co
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Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
Membership No. 035083

Alen Ferns
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

Mumbai, 30th May, 2018

STATEMENT OF CHANGES IN EQUITY

THE LEELA
PALACES HOTELS RESORTS

a) **Equity share capital** **₹ lakhs**

As at 1st April, 2016	9,332.17
Changes in the equity share capital during the year	-
As at 31st March, 2017	9,332.17
Changes in the equity share capital during the year	3,278.87
As at 31st March, 2018	12,611.04

b) **Other equity** **₹ lakhs**

	Reserves and surplus						
Particulars	**Capital redemption reserve**	**Security premium**	**Debenture redemption reserve**	**General reserve**	**Retained earnings***	**Other comprehensive income**	**Total**
Balance as at 1 April 2016	8,750.00	41,115.40	6,750.00	6,445.39	(57,562.76)	-	5,498.03
Profit/(loss) for the year	-	-	-	-	(1,546.07)	-	(1,546.07)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(172.95)	(172.95)
Total comprehensive income for the year	-	-	-	-	(1,546.07)	(172.95)	(1,719.02)
Allocations/Appropriations							
Transferred (to) / from retained earnings	-	-	-	-	-	-	-
Balance as at 31st March, 2017	8,750.00	41,115.40	6,750.00	6,445.39	(59,108.83)	(172.95)	3,779.01
Balance as at 1st April, 2017	8,750.00	41,115.40	6,750.00	6,445.39	(59,108.83)	(172.95)	3,779.01
Profit/(loss) for the year	-	-	-	-	(2,321.63)	-	(2,321.63)
Premium on issue of equity shares	-	24,230.84	-	-	-	-	24,230.84
Other comprehensive income for the year, net of tax	-	-	-	-	-	137.08	137.08
Total comprehensive income for the year	-	24,230.84	-	-	(2,321.63)	137.08	22,046.29
Allocations/Appropriations							-
Transferred (to) / from retained earnings	-	-	-	-	-	-	-
Balance as at 31 March 2018	8,750.00	65,346.24	6,750.00	6,445.39	(61,430.46)	(35.87)	25,825.30

(*) - Refer note 34 - 3

In terms of our report attached

For N S Shetty & Co
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Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
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Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

Mumbai, 30th May, 2018

Note 1: Corporate Information

Hotel Leelaventure Limited (“HLVL” or the “Company”), is a public limited company incorporated in India and has its registered office situated at “The Leela Mumbai”, Sahar, Mumbai 400 059.

The Company is primarily engaged in the business of owning, operating & managing hotels and resorts.

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors and authorised for issue on 30th May, 2018.

Note 2: basis of preparation, critical accounting estimates and judgements, significant accounting policies and recent accounting pronouncements:

(i) Compliance with Ind AS

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017. Previous periods have been restated to Ind AS in accordance with Ind AS 101 First time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (Previous GAAP) to Ind AS of Shareholders’ equity as at 31st March, 2017 and 1st April, 2016 and the comprehensive net income for the year ended 31st March, 2017.

These standalone financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the company’s financial position, financial performance and cash flows.

(ii) Basis of preparation

These financial statements have been prepared on a historical cost basis, except for defined benefit plans and certain financial instruments which are measured at fair value at the end of each reporting period.

(iii) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires, management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented.

Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

(a) Useful lives of property, plant and equipment and intangible assets:

The Company has estimated the useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) Impairment testing:

Property, plant and equipment and intangible assets that are subject to amortisation /depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which include turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, and future economic and market conditions.

(c) Income Taxes:

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management’s expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(d) Litigation:

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(e) Defined benefit plans:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

(iv) Significant Accounting Policies:

(a) Revenue recognition:

(i) Income from operations

Revenue from operations is accounted on accrual, is net of indirect taxes, returns and discounts. Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises of sale of rooms, food and beverages and allied services relating to hotel operations and management fees for the management of the hotels. Management fees earned from hotels managed by the Company are usually under long -term contracts with the hotel owner and is recognised when earned in accordance with the terms of the contract.

(ii) Interest:

Interest income is accrued on a time proportion basis using the effective interest rate method.

(b) Property, Plant and Equipment:

Property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

On transition to Ind AS, the Company has elected to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(c) Investment Property:

Up to 31st March, 2016, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The company has elected to avail the exemption granted by Ind AS 101 "First time adoption of Ind AS", to regard those amounts as deemed cost at the date of the transition of Ind AS. (i.e. as on 1st April, 2016)

Investment Property are initially measured at cost, including transaction cost. Subsequent to initial recognition, Investment property are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment Property are derecognised either when they have disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit and Loss in the period of derecognising.

Transfers to or from investment property is made when and only when there is a change in use.

(d) Intangible Assets:

Intangible assets are stated at cost less accumulated amortisation and impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably.

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognised as of 1st April , 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(e) Depreciation and Amortisation:

The Company depreciates its property, plant and equipment and investment property over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013 under straight line method.

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.

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

Computer Software and website is amortised in six years and other intangible assets are amortised in five years.

(f) Investments in subsidiaries:

Investment in a subsidiary is a long-term investment and is carried at cost. On transition to Ind AS, previous GAAP carrying amount as on that date, i.e. 1st April , 2016 is considered as cost.

(g) Inventories:

Stock of food and beverages, stores and operating supplies are stated 'at cost or net realisable value, whichever is lower'. Cost comprise fair value of consideration paid including duties and taxes (other than those refundable), cost of conversion and other costs in bringing the inventories to their present location and condition computed under weighted average cost method. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

(h) Employee benefits:

(i) Short-term 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.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) The Company makes annual contributions to gratuity fund which is a defined benefit plan.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(b) Defined contribution plans such as provident fund are charged to the Statement of Profit and Loss as and when incurred.

(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.

Interest cost for the borrowings made after 1st April, 2016 is computed under effective interest method.

Foreign exchange difference relating to foreign currency borrowings regarded as an adjustment to borrowing cost to the extent not capitalised is disclosed under finance cost.

(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 incomes 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.

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

(m) Leases:

(i) As a lessee:

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as operating lease. Payments made under operating lease are charged to profit and loss account on a straight–line basis over the period of 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.

The interest free security deposits paid for long term leases are recorded at their fair value. The difference between amount of the deposit paid and its fair value is considered as additional rental expense on a straight line basis. The Company also recognises interest income on the deposits using effective interest rate through its profit and loss account over the term of the deposit.

(ii) As a lessor:

Lease income from operating leases where the Company is a lessor is recognised as income on a straight–line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

The interest free security deposits received for long term leases are recorded at their fair value .The difference between amount of deposit received and its fair value is considered as additional rental income under straight line basis over the lease term. The Company also recognises interest expense on the deposits using effective interest rate through its profit and loss account over the term of the deposit.

(n) Government Grants/Incentives:

Government grants/incentives that the Company is entitled to on fulfilment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants/incentives that the Company is entitled to unconditionally on fulfilment of certain conditions, such grants/incentives are recognised at fair value as income when there is reasonable assurance that the grant/incentive will be received.

(o) Income from Joint Development Agreement (JDA):

Income from JDA is accounted under percentage of completion method (POCM) as per the Guidance Note on Accounting for Real Estate Transactions. Balance cost of land and other expense related to JDA is grouped under Assets held for sale.

(p) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

(i) Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law because the Company created valid expectations on the part of the third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

(ii) Contingent Liability is disclosed in case of;

(a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;

(b) A present obligation when no reliable estimate is possible; and

(c) A possible obligation arising from past events where the probability of outflow of resources is remote

(iii) Disclosure of the contingent assets are made when it is probable that there is an inflow of future economic benefits. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(q) Exceptional items:

The company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying performance of the company and provides consistency with the company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the company.

(r) Statement of Cash Flows :

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(s) Earnings per Share :

Basic earnings per share is computed, by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

(t) Financial Instruments:

(1) Financial assets

Initial recognition and measurement

Financial assets are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Classification:

a. Cash and Cash Equivalents

Cash comprises cash/cheques on hand and demand deposits with banks. Cash equivalents are short-term balances with an original maturity of three months or less from the date of acquisition, highly liquid investment that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

b. Debt Instruments

The Company classifies its debt instruments, as subsequently measured at amortised cost or fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and loss using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

c. Equity Instruments

The Company subsequently measures equity investment in a wholly owned subsidiary and investment in certain power generation Companies at cost. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

De-recognition

A financial asset is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(3) Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired and allowance for losses on such assessment is made in the Statement of Profit and Loss.

(v) Recent accounting pronouncements:

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28th March, 2018 Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when the entity has received or paid advance consideration in foreign currency.

The amendment will come in to force from 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

(b) Ind AS 115:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11,"Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April 2018.

Ind AS 115 introduces a new framework of five steps model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with the customers. The new revenue standard is applicable to the Company from 1st April, 2018.

The standard permits two possible methods of transition:

Retrospective approach: Under the approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 –Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (cumulative catch-up approach).

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Note 3 Property, plant and equipment

₹ Lakhs

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2017
	As at 1 April 2016	Additions	Disposals/ discards/ Adjustments	**Balance as at 31 March 2017**	**As at 1 April 2016**	Depreciation expense for the year	Elimination on disposals/ discards/ Adjustments	**Balance as at 31 March 2017**	
Land - freehold	133,742.92	-	-	133,742.92	-	-	-	-	133,742.92
Land - leasehold rights	26,385.92	-	-	26,385.92	-	730.14	-	730.14	25,655.78
Buildings	182,759.41	0.18	(10.20)	182,749.39	-	3,232.77	118.58	3,351.35	179,398.04
Plant and equipment	45,361.08	404.13	(573.32)	45,191.89	-	5,358.65	(556.82)	4,801.83	40,390.06
Furniture and fixtures	13,281.37	13.00	(260.99)	13,033.38	-	3,389.91	(375.40)	3,014.51	10,018.87
Vehicles	1,406.25	210.72	(67.74)	1,549.23	-	706.39	22.33	728.72	820.51
Office equipment	328.72	63.33	598.23	990.28	-	154.67	554.61	709.28	281.00
Total	403,265.67	691.36	(314.02)	403,643.01	-	13,572.53	(236.70)	13,335.83	390,307.18

₹ Lakhs

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2018
	As at 1 April 2017	Additions	Disposals/ discards/ Adjustments	**Balance as at 31 March 2018**	**As at 1 April 2017**	Depreciation expense for the year	Elimination on disposals/ discards/ Adjustments	**Balance as at 31 March 2018**	
Land - freehold	133,742.92	-	-	133,742.92	-	-	-	-	133,742.92
Land - leasehold rights	26,385.92	-	(4,505.15)	21,880.77	730.14	730.14	(360.41)	1,099.87	20,780.90
Buildings	182,749.39	19.10	-	182,768.49	3,351.35	3,242.53	-	6,593.88	176,174.61
Plant and equipment	45,191.89	585.53	(191.05)	45,586.37	4,801.83	4,870.28	(36.29)	9,635.82	35,950.55
Furniture and fixtures	13,033.38	25.94	(16.94)	13,042.38	3,014.51	2,890.09	(8.45)	5,896.15	7,146.23
Vehicles	1,549.23	-	(25.97)	1,523.26	728.72	334.47	(9.71)	1,053.48	469.78
Office equipment	990.28	107.92	(63.58)	1,034.62	709.28	94.67	(3.68)	800.27	234.35
Total	403,643.01	738.49	(4,802.69)	399,578.81	13,335.83	12,162.18	(418.54)	25,079.46	374,499.34

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

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

iii) Builidng includes cost of 25 (previous year 25) shares of ₹50 each in a Co-opertive housing society

₹ Lakhs

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
iv)	Building with carrying value constructed on leasehold land	**52,175.20**	51,145.85	50,105.34
v)	Included in (iv) above Building with carrying value constructed on leasehold land where lease agreement has not been renewed	**23,681.62**	23,205.76	22,729.23

Note 4 Investment Property

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Gross carrying amount		
As per last balance sheet	7,837.45	4,899.38
Additions	-	2,938.07
Disposals/adjustments	-	-
At the end of the year	7,837.45	7,837.45
Accumulated depreciation		
As per last balance sheet	212.71	-
Additions	151.20	212.71
Disposals/adjustments	(24.25)	-
At the end of the year	339.66	212.71
Net carrying amount	7,497.79	7,624.74
Fair Value :		
The company has adopted carrying value of the investment property as per the previous GAAP as deemed cost. Carrying value under previous GAAP is arrived at cost less depreciation. Cost includes cost of acquisition/construction and includes expenses incidental for such acquisition / construction. The Company has not obtained independent valuation of these properties, but is of the opinion that the present fair value is not lesser than carrying value disclosed in the accounts.		

₹ Lakhs

Income arising from investment properties	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	468.17	422.23
Direct operating expenses (including repairs and maintenance) generating rental income	191.90	175.60
Income arising from investment properties before depreciation	276.27	246.63
Depreciation	151.20	212.71
Income arising from investment properties (Net)	125.07	33.92

Note 5 Intangible assets

₹ lakhs

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2017
	As at 1 April 2016	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2017	As at 1 April 2016	Amortisation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2017	
Computer software	589.22	44.91	(200.53)	433.60	-	196.66	(15.77)	180.89	252.71
License/franchise fees	197.89	-	-	197.89	-	125.68	(29.84)	95.84	102.05
Website	84.88	21.10	(59.07)	46.91	-	7.31	21.43	28.74	18.17
Total	871.99	66.01	(259.60)	678.40	-	329.65	(24.18)	305.47	372.93

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2018
	As at 1 April 2017	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2018	As at 1 April 2017	Amortisation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2018	
Computer software	433.60	50.07	30.95	514.62	180.89	166.60	-	347.49	167.13
License/franchise fees	197.89	-	4.12	202.01	95.84	58.93	-	154.77	47.24
Website	46.91	-	-	46.91	28.74	3.52	-	32.26	14.65
Total	678.40	50.07	35.07	763.54	305.47	229.05	-	534.52	229.02

Note 6 Investments

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Investment in equity of subsidiary - Unquoted			
Leela Palaces and Resorts Limited	**9,000.00**	9,000.00	9,000.00
27,28,124 (2017 & 2016 - 27,28,124) fully paid up equity shares of ₹ 10 each			
(b) Investment in equity others - Unquoted			
(i) 12,000 (2017 - 12,000, 2016 - 9,000) equity shares of ₹ 10 each of			
Green Infra Wind Power Generation Limited	**1.20**	1.20	0.90
(ii) 35,000 (2017 & 2016 - 35,000) equity shares of ₹ 100 each of			
Sree Rengaraja Ispat Industries Pvt. Ltd.	**35.00**	35.00	35.00
(iii) 1,268 (2017 - 1,268, 2016 - 700) equity shares of ₹ 100 each of			
Opulent Ventures Pvt. Ltd.	**1.27**	1.27	0.70
Total investment in equity instruments	**37.47**	37.47	36.60
(c) Investment in Government securities	-	-	0.25
Total	**9,037.47**	9,037.47	9,036.85
Aggregate amount of unquoted investment	**9,037.47**	9,037.47	9,036.85

Note 7 Other non-current financial assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits with banks	-	-	1,019.54
Margin money deposits with banks (refer note 13)	**588.89**	51.46	5.27
Security deposits - considered good	**5,097.61**	4,915.95	4,970.76
Other receivables - considered good	**300.00**	300.00	300.00
Total	**5,986.50**	5,267.41	6,295.57

Note 8 Tax assets (Net)

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income Tax assets (net)			
Opening balance for the year	**1,581.07**	1,300.58	870.99
Less : Tax payable for the year	-	-	-
Add : Taxes deducted/collected at source	**703.26**	756.09	429.59
Add/(less) : Refund/adjustment for earlier years	**(298.51)**	(475.60)	-
Closing balance	**1,985.82**	1,581.07	1,300.58

Note 9 Other non-current assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade advances	45.81	45.81	45.81
Less: Allowance for doubtful trade advances	45.81	45.81	45.81
	-	-	-
Balances with Government authorities	2,921.35	2,921.35	2,928.97
Advance for fixed assets	87.78	55.43	2,905.67
Deposit adjustable against future rent payments	4,092.38	4,753.95	5,086.33
Pre-paid expenses	53.88	67.05	89.10
Total	7,155.39	7,797.78	11,010.07

Note 10 Inventories

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Food and beverages	1,488.57	1,186.39	1,114.12
Stores and operating supplies	1,736.82	1,822.66	3,255.85
Total	3,225.39	3,009.05	4,369.97

Note 11 Trade receivables (unsecured, considered good unless otherwise stated)

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Receivables from related parties	172.17	189.19	171.73
Receivables from other than related parties	8,466.89	7,368.10	6,659.30
Less : Allowance for doubtful receivables	(384.15)	(399.68)	(474.80)
Total	8,254.91	7,157.61	6,356.23

Note 12 Cash and cash equivalents

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	56.06	45.71	68.14
Cheques on hand	-	7.09	118.83
Balances with bank in current account	1,833.72	1,536.09	2,332.91
Short-term deposits with bank	150.00	-	-
(with original maturity less than three months)			
Total	2,039.78	1,588.89	2,519.88

Note 13 Other balances with banks

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Term deposits	148.09	2,545.85	413.44
Margin money deposits	882.76	426.62	353.92
Unpaid dividend	6.32	13.69	27.92
	1,037.17	2,986.16	795.28
Less : Term deposits with bank maturing after 12 months from the balance sheet date and margin money deposits classified as non-current financial assets (refer note 7)	588.89	51.46	5.27
Total	**448.28**	2,934.70	790.01

Note 14 Other current financial assets

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Interest receivable	56.62	9.50	16.96
Unbilled revenue	313.09	298.85	404.44
Insurance claims receivable	36.63	1.47	9.05
Security deposits	272.81	268.76	302.10
Total	**679.15**	578.58	732.55

Note 15 Other current assets

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Trade advances	166.23	329.49	276.59
Loans and advances to employees	57.82	42.28	42.35
Advance rentals	332.78	-	-
Pre-paid expenses	1,300.43	1,379.38	1,221.09
Balances with Government authorities	439.91	478.47	340.21
Services export incentives	822.72	-	-
Other receivables - considered good	62.83	10.51	93.27
Total	**3,182.72**	2,240.13	1,973.51

Note 16 Equity share capital

₹ Lakhs

Particulars		**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
a)	Authorised capital			
	100,00,00,000 equity shares of ₹ 2 each with voting rights	20,000.00	12,000.00	12,000.00
	(60,00,00,000 equity shares of ₹ 2 each with voting rights as at 31 March 2017 and 31 March 2016)			
	60,00,000 (60,00,000) Redeemable preference shares of ₹ 100 each	6,000.00	6,000.00	6,000.00
b)	Issued share capital			
	63,05,51,766 equity shares of ₹ 2 each with voting rights	12,611.04	9,332.17	9,332.17
	(46,66,08,307 equity shares of ₹ 2 each with voting rights as at 31 March 2017 and 31 March 2016)			
c)	Subscribed and fully paid up	12,611.04	9,332.17	9,332.17
	63,05,51,766 equity shares of ₹ 2 each with voting rights			
	(46,66,08,307 equity shares of ₹ 2 each with voting rights as at 31 March 2017 and 31 March 2016)	**12,611.04**	**9,332.17**	**9,332.17**
d)	During the year, 16,39,43,459 equity shares of ₹ 2 each fully paid up were issued to JM Financial Asset Reconstruction Company Ltd. at a premium of ₹ 14.78 per equity share by converting part of their loan.			

e) **Reconciliation of number of shares outstanding at the beginning and at the end of the year**

Particulars	**As at 31 March 2018**		As at 31 March 2017	
	No. of shares	**₹ Lakhs**	No. of shares	₹ Lakhs
At the beginning of the year	466,608,307	9,332.17	466,608,307	9,332.17
Add : Issued on conversion of loan to equity shares	163,943,459	3,278.87	-	-
At the end of the year	630,551,766	12,611.04	466,608,307	9,332.17

f) **Shareholders holding more than 5% shares**

Shareholders	**As at 31 March 2018**		As at 31 March 2017		As at 1 April 2016	
	No. of shares	**% of holding**	No. of shares	% of holding	No. of shares	% of holding
Leela Lace Holdings Private Limited	188,649,985	29.92	188,649,985	40.43	188,649,985	40.43
JM Financial Asset Reconstruction Company Limited	163,943,459	26.00	-	-	-	-
Leela Lace Software Solutions Private Limited	53,642,359	8.51	53,642,359	11.50	55,192,359	11.83
ITC Limited	49,953,055	7.92	49,953,055	10.71	49,953,055	10.71
Rockfort Estate Developers Private Limited	49,507,175	7.85	49,507,175	10.61	47,957,175	10.28

Note 17 Other equity

₹ Lakhs

Particulars		**As at 31 March 2018**	As at 31 March 2017
(a)	Capital redemption reserve		
	As at 1st April	8,750.00	8,750.00
	Increase/(decrease) adjustments	-	-
	As at 31st March	8,750.00	8,750.00
(b)	Security premium		
	As at 1st April	41,115.40	41,115.40
	Increase/(decrease) adjustments	24,230.84	-
	As at 31st March	65,346.24	41,115.40
(c)	Debenture redemption reserve		
	As at 1st April	6,750.00	6,750.00
	Increase/(decrease) adjustments	-	-
	As at 31st March	6,750.00	6,750.00
(d)	General reserve		
	As at 1st April	6,445.39	6,445.39
	Increase/(decrease) adjustments	-	-
	As at 31st March	6,445.39	6,445.39
(e)	Retained earnings		
	As at 1st April	(59,108.83)	(57,562.76)
	Add/Less: Profit/(loss) for the year	(2,321.63)	(1,546.07)
	As at 31st March	(61,430.46)	(59,108.83)
(f)	Other comprehensive income		
	As at 1st April	(172.95)	-
	Add/Less: Profit/(loss) for the year	137.08	(172.95)
	As at 31st March	(35.87)	(172.95)
	Total	**25,825.30**	**3,779.01**

Note 18 Non-current borrowings

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Secured			
Debentures	-	2,250.00	4,500.00
Foreign currency loan from banks	6,569.46	11,606.11	16,217.68
Rupee term loan from financial institution	1,820.80	-	131.79
Foreign currency term loan from financial institution	42,044.39	80,756.51	93,230.83
Rupee term loan from ARCs (refer note 36.1)	256,870.43	298,867.94	309,751.41
Total	**307,305.08**	**393,480.56**	**423,831.71**
Current maturities of long term debt (refer note 23)			
Debentures	6,750.00	4,500.00	2,250.00
Rupee loan from banks	-	-	152.98
Foreign currency loan from banks	12,720.14	7,796.21	3,777.55
Rupee term loan from financial institution	423.59	131.77	845.47
Foreign currency term loan from financial institution	38,968.07	10,378.06	-
Rupee term loan from others	-	-	108.87
Total	58,861.80	22,806.04	7,134.87

₹ Lakhs

Particulars	Interest rate (%) - 31 March 18	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016	Details of security	Repayment terms
Debentures						
Non-convertible debentures						
Life Insurance Corp. of India	12.5%	6,750.00	6,750.00	6,750.00	Refer Note A (a) to (g)	Annual instalments of ₹ 2250 lakhs from 30th September 2016 refer note C
		6,750.00	6,750.00	6,750.00		
Rupee loan from banks						
HDFC Bank Ltd.		-	-	76.28	Refer Note A (m)	
ICICI Bank Ltd.		-	-	76.70	Refer Note A (m)	
		-	-	152.98		
Foreign currency loan from banks						
Bank of Baroda	6.15%	4,492.07	4,651.54	4,905.16	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India	6.24%	14,797.53	14,750.78	15,090.07	Refer Note A (j) & (e)	Quarterly structured instalments from June 2016
		19,289.60	19,402.32	19,995.23		
Rupee term loan from financial institution						
HDFC Ltd.		-	-	214.29	Refer Note A (j)	
HDFC Ltd.		-	131.77	762.97	Refer Note A (j), (k) & (e)	
HDFC Ltd.	11.75%	2,244.39	-	-	Refer Note A (j), (k) & (e)	50 EMI from August 2017
		2,244.39	131.77	977.26		
Foreign currency term loan from financial institution						
HDFC Ltd.	6.51%	18,146.16	18,088.83	18,504.90	Refer Note A (j)	Refer Note B
HDFC Ltd.	6.70%	52,054.77	62,268.37	63,700.66	Refer Note A (j), (k), (l) & (e)	6 half yearly instalments from Feb 2018
HDFC Ltd.	6.58%	10,811.53	10,777.37	11,025.27	Refer Note A (j) & (l)	Repayable in June 2019
		81,012.46	91,134.57	93,230.83		
Rupee term loan from ARCs						
J M Financial Asset Reconstruction Company Limited	refer note 36.1(c)	254,112.05	295,963.28	306,736.87	Refer Note A (a) to (i)	Refer Note 36.1 (a) to (c)
Phoenix ARC Pvt. Ltd.	refer note 36.1(c)	2,758.38	2,904.66	3,014.54	Refer Note A (a) to (g)	Refer Note 36.1 (a) to (c)
		256,870.43	298,867.94	309,751.41		
Rupee loan from others						
BMW Financial Services (I) Limited		-	-	108.87	Refer Note A (m)	
		-	-	108.87		
Total Secured Loans		**366,166.88**	**416,286.60**	**430,966.58**		
Instalments overdue		12,146.70	5,799.28	141.61		

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 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) 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. 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.

(i) 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.

(j) First pari passu charge on the immovable properties of the Leela Palace, Bangalore.

(k) Receivables from Bangalore Hotel.

(l) Receivables from Pune Joint Development.

(m) 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.

Note C:

The Company has defaulted on payment of matured Non convertible debentures of ₹2,250 lakhs due on 30th September, 2017 and ₹ 2,250 lakhs due on 30th September, 2016 and the Company did not invest the required 15% of the amount of debentures so matured during the financial year in any of the prescribed mode by the Ministry of Corporate Affairs Circular No.04/2013 dated 11.02.2013.

Note 19 Other non-current financial liabilities

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Trade/security deposits received	2,038.85	1,965.51	1,907.87
Deferred payables	84.90	115.99	148.41
Total	**2,123.75**	**2,081.50**	**2,056.28**

Note 20 Non-current provisions

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Employee benefit obligations:			
- for compensated absences (refer 36.6 (ii))	767.22	794.90	764.21
- for Gratuity (net)- (refer note 36.6 (i))	897.14	1,063.19	927.26
Total	**1,664.36**	**1,858.09**	**1,691.47**

Note 21 Current borrowings - Unsecured

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
From related party: Leela Lace Holdings Pvt. Ltd. at 0% interest	11,955.25	1,926.25	1,926.25
Total	**11,955.25**	**1,926.25**	**1,926.25**

Note 22 Trade payables

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
To micro enterprises and small enterprises (refer note 36.5)	14.86	26.03	2.70
Related parties	2,914.58	2,112.33	1,654.56
Others	6,694.43	6,132.30	6,026.26
Total	**9,623.87**	**8,270.66**	**7,683.52**

Note 23 Other current financial liabilities

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Current maturities of long term debt* (refer note 18)	58,861.80	22,806.04	7,134.87
Interest accrued on borrowings **	1,787.35	2,463.59	2,012.83
Unpaid dividend	6.32	13.69	27.92
Payable on purchase of property, plant and equipment	2,318.95	2,690.36	2,923.62
Liability for expenses	1,517.44	2,318.44	2,895.13
Overdrawn bank balance	67.89	684.37	606.90
Trade/security deposits	75.98	66.13	39.20
Total	**64,635.73**	**31,042.62**	**15,640.47**
* includes unpaid matured debentures	4,500.00	2,250.00	-
** includes interest accrued on debentures	1,015.43	475.35	143.73

Note 24 Other current liabilities

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Statutory liabilities	2,001.21	1,882.56	1,121.56
Deposit adjustable against future rent income	22.41	-	-
Advance from customers	1,655.82	1,516.28	1,963.60
Total	**3,679.44**	**3,398.84**	**3,085.16**

Note 25 Current Provisions

₹ Lakhs

Particulars	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Employee benefit obligations:			
- for bonus	371.45	460.28	422.21
- for compensated absences (refer 36.6 (ii))	195.06	295.03	195.16
- for Gratuity (net)- (refer note 36.6 (i))	-	-	386.74
Total	**566.51**	**755.31**	**1,004.11**

Note 26 Revenue from operations

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from sale of products:		
Food & beverages	28,354.49	25,964.62
Revenue from sale of services:		
Room revenue	35,795.82	35,439.68
Revenue from managed hotels	2,496.35	2,910.94
Income from rental & related services	978.18	886.99
Other services	4,229.57	4,600.20
	43,499.92	43,837.81
Total	**71,854.41**	**69,802.43**

Note 27 Other income

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income from deposit with banks	366.27	310.44
Amortisation of interest on security deposits	219.89	206.02
Export service incentives/subsidy	971.47	9.65
Net foreign exchange gain/(loss)	66.97	2,641.00
Profit on sale of property, plant and equipment (net)	-	40.72
Provisions/ liabilities written back	549.55	604.41
Miscellaneous income	284.01	307.62
Total	**2,458.16**	**4,119.86**

Note 28 Food and beverages consumed

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017
Opening stock	1,186.39	1,114.12
Add: Purchases	6,815.32	6,235.88
	8,001.71	7,350.00
Less: Closing stock	1,488.57	1,186.39
Total	**6,513.14**	**6,163.61**

Note 29 Employee benefit expenses and payment to contractors

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries & wages	13,330.29	13,526.85
Contribution to provident fund and other funds	1,017.35	926.01
Staff welfare expenses	1,266.56	1,163.42
Labour Contract	3,664.62	3,562.12
Total	**19,278.82**	**19,178.40**

Note 30 Finance costs

₹ Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Interest on borrowings	8,031.50	8,650.80
Interest others	68.71	353.37
Exchange difference regarded as borrowing cost *	192.29	-
Financial charges	74.39	40.02
Total	**8,366.89**	**9,044.19**
* - previous year being gain, grouped under other income		

Note 31 Depreciation and amortisation expenses

₹ Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Depreciation of property, plant and equipment	12,162.18	13,572.53
Depreciation of investment property	151.20	212.71
Amortisation of intangible assets	229.05	329.65
Total	**12,542.43**	**14,114.89**

Note 32 Other Expenses

₹ Lakhs

Particulars	**Year ended 31 March 2018**	Year ended 31 March 2017
Consumption of stores and supplies including linen	2,549.82	3,599.23
Power and fuel	5,034.00	4,686.45
Rent	4,214.87	4,152.37
Repairs and maintenance		
- Buildings	993.97	824.61
- Machinery	1,524.57	1,628.36
- Others	1,202.52	1,107.37
Insurance	202.87	220.39
Rates and taxes	2,340.64	2,265.01
Other Operating expenses	926.85	775.02
Communication	231.28	277.16
Travelling and conveyance	606.07	635.46
Guest transport	563.28	612.55
Printing and stationary	159.02	260.98
Royalty and reservation fee	455.42	454.15
Sales & credit card commission	1,784.15	1,668.07
Business promotion	2,533.47	2,499.83
Legal and professional *	988.91	959.95

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Directors' sitting fees	15.60	19.33
Provision/write-off of trade and other receivables	46.21	46.68
Loss on sale of property, plant and equipment (net)	81.50	-
Miscellaneous expenses	184.22	274.30
Total	**26,639.24**	**26,967.27**
* includes Auditors' remuneration:		
Statutory audit	30.00	30.00
Tax audit	-	5.00
Other services	10.65	1.11
Total	**40.65**	**36.11**

Note 33 Exceptional items - profit/(loss)

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Impairment of capital work in progress	(1,041.78)	-
Impairment of leasehold rights	(4,144.74)	-
Income from joint development of property	1,892.84	-
Total	**(3,293.68)**	-

Note 34 Transition to Ind AS

1 These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017 with a transition date of 1st April, 2016. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101 "First-time Adoption of Indian Accounting Standards", as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or other appropriate category of equity).

2 **Exemptions and exceptions availed:**

A **Optional Exemptions:**

a **Deemed Cost**

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipment, investment property and intangible assets as deemed cost as at the transition date.

b **Investments in subsidiary**

The Company has opted para D14 and D15 and accordingly considered the Previous GAAP carrying amount of Investments as deemed cost subject to their impairment requirements under Ind AS 36 as at the transition date.

c **Foreign currency monetary item translation difference account:**

Till the date of transition to Ind AS, as per para 46 A of AS11 "The Effects of Changes in Foreign Exchange rates" 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 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.

The Company has charged off unamortised foreign currency translation account as on the date of transition to retained earnings as per the option given in paragraph D13AA of IND AS 101 "First-time Adoption of Indian Accounting Standards"

B Ind AS mandatory exceptions:

a An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP

b Fair value measurement of financial assets and financial liabilities at the initial recognition.

The fair value of the financial assets and the liabilities at the initial recognition is normally the transaction price i.e the fair value of the consideration given or received except for the following:

(i) Defined benefit plan

(ii) Security deposits under lease contracts

3 Revaluation reserves

On transition to Ind AS, the Company has elected to adopt the carrying value of the property, plant and equipment on the date of transition as its deemed cost. Hence revaluation reserve accounted under previous GAAP outstanding as on the date of transition to Ind AS amounting to ₹41,281.96 lakhs is transferred to retained earnings.

Note 35 Reconciliation between previous GAAP and Ind AS :

a Reconciliation of total equity as at 31 March, 2017 and 1 April, 2016

₹ Lakhs

Particulars	Note	As at 31 March 2017	As at 31 April 2016
Total equity (shareholder's funds) as per previous GAAP		13,534.76	23,785.65
Adjustments:			
Reversal of balance in Foreign Currency Monetary Translation Differences Account (FCMTD)	1	(571.06)	(8,955.45)
Impact on property, plant and equipment on account of changes in foreign exchange fluctuation accounting	1	273.87	-
Fair Value of security deposits	2	(126.39)	-
Total		**(423.58)**	(8,955.45)
Total equity as per Ind AS		**13,111.18**	14,830.20

b Reconciliation of total comprehensive income for the year ended 31 March, 2017

₹ Lakhs

Particulars	Note	Year ended 31 March 2017
Profit/(loss) after Tax as per previous GAAP		(10,250.89)
Adjustments		
Foreign exchange fluctuations relating to long term term loans credited to FCMTD under previous GAAP credited to Statement of Profit & Loss under Ind AS	1	2,201.87
Changes in depreciation and amortisation on account of change in accounting of foreign exchange fluctuation on long term borrowings	1	6,117.10
Foreign exchange fluctuations relating to borrowings attributable to depreciable fixed assets accounted under fixed assets under previous GAAP now credited to Statement of Profit & Loss	1	339.29
Fair valuation of security deposits	2	(126.39)
Remeasurement of Post-employment benefit obligations	3	172.95
Total		**8,704.82**
Profit after tax as per Ind AS		(1,546.07)
Other comprehensive income (Net of Tax)		
Remeasurement of post-employment benefit obligations		(172.95)
Total comprehensive income as per Ind AS		**(1,719.02)**

c Impact of Ind AS adoption on cash flow statement for the year ended 31 March, 2017

₹ Lakhs

Particulars	Previous GAAP	Adjustments	Ind AS
Cash flow from operating activities	19,513.63	2,522.65	22,036.28
Cash flow from investing activities	1,491.71	(1,171.34)	320.37
Cash flow from financing activities	**(20,746.51)**	**(2,541.13)**	**(23,287.64)**
Net increase/(decrease) in cash and cash equivalents	258.83	(1,189.82)	(930.99)
Cash and Cash equivalent as at 1 April, 2016	4,472.17	(1,952.29)	2,519.88
Cash and Cash equivalent as at 31 March, 2017	**4,731.00**	**(3,142.11)**	**1,588.89**

Note:

1 **Foreign currency transactions**

Under previous GAAP, 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 are 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.

On transition to Ind AS, the Company has charged off unamortised foreign currency translation account as on the date of transition to retained earnings as per the option given in paragraph D13AA of IND AS 101 "First- time Adoption of Indian Accounting".

2 **Fair valuation of Financial Assets**

Under the previous GAAP, interest free lease security deposit assets (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Prepaid rent is amortised over the tenure of the deposits, which is partially set off by the notional interest income recognised on such deposit.

3 **Remeasurement of post-employment benefit obligations (net of Tax)**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Accordingly, loss on remeasurements of post-employment benefit obligation has been reclassified to the Other Comprehensive Income for the period.

Additional information to the Financial Statements

36.1 Debt Restructuring

(a) The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June, 2014 declared that the account of the Company stands exited from CDR system on account of failure. Pursuant thereto, on 30th June, 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR debt assigned their debt to JM Financial Asset Reconstruction Company Limited (JMFARC) (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.

(b) The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was ₹ 4,15,014 lakhs, which included Sacrifice amount of ₹ 26,315 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.

(c) The ARCs have notified the Company that (i) interest and penal interest are applicable as per the rates contracted prior to admission to CDR; (ii) the finance cost on the debt for the year is ₹ 78,873 lakhs and till 31st March, 2018 is ₹ 3,03,145 lakhs; and (iii) the debt amount is ₹ 5,60,015 lakhs as against ₹ 2,56,870 lakhs accounted by the Company. The Company has been evaluating various options for a viable restructuring, including sale / monetisation of non-core assets, sale of hotels, equity infusion and debt refinancing by investors, etc. The Company expects the restructuring to include certain waiver/concessions in interest and repayment terms. Pending this, the Company has classified the debt as non-current liabilities in the Balance Sheet and has not provided for interest at rates notified by ARCs. If interest provision was made in accordance with the intimation received from the ARCs, the finance cost and the loss for the year would have been higher by ₹ 78,873 lakhs (previous year ₹ 73,327 lakhs) and the interest liability till 31st March, 2018 would have been higher by ₹ 3,03,145 lakhs (previous year ₹ 2,24,272 lakhs).

36.2 Disputes with Airports Authority of India (AAI)

(a) The lease agreement with AAI relating to the Mumbai hotel was valid till 11th July, 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel, effective from 1st October, 2014 which increases the rental by ₹ 3,877 lakhs for the period upto 31st March, 2018 (upto 31st March, 2017 ₹ 2,659 lakhs). The Company has objected to this increase and has not provided for the same. AAI has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate, on the assumption that the lease will be renewed.

(b) The Company had entered into a lease agreement on 7th February, 1996 with the Airports Authority of India (AAI) in respect of a land admeasuring 11,000 sqm intended for the construction of a 150-room Hotel at Mumbai based on terms stipulated in it of Royalty on turnover with minimum guaranteed amounts (MG) to be mutually agreed and annual ground rent between the parties. The percentage of Royalty and MG was stipulated in the Supplemental Agreement dated 7th February, 1996. The MG was arrived at based on certain revenue projections.

The terms and stipulations specified in the supplemental agreement became impossible of performance for various reasons. Aggrieved by this, the Company opted arbitration proceedings. The sole Arbitrator appointed by AAI by his award dated 29th August, 2012 declared that the MG stipulated in the supplemental agreement has become impossible of performance with effect from 1st June, 2008. AAI challenged the award before the single judge of the Delhi High Court which set aside the award. On appeal by the Company, the Division Bench also affirmed the setting aside of the award. The Special Leave Petition filed by the Company before the Supreme Court was dismissed and the Review Petition has been filed by the Company but not yet heard. According to AAI the amount outstanding is ₹ 31,119 lakhs upto 31st July, 2017 (Previous year ₹ 28,538 lakhs upto 31st December, 2016), the Company has disputed their claim. Further, the Company vide letter dated 6th April, 2017 requested AAI to take over immediate physical possession of the land pending restoration of FSI by the Company. No Provision has been made for the cost of FSI as it is not ascertainable.

The Company has now received expert legal opinion from eminent councils that, without prejudice to its contention that the matter is pending before the Supreme Court, the entire proceedings before the Ld. Arbitrator is a "nullity" in law and void ab initio, as disputes arising from a Lease Deed relating to property are not subject to arbitration; but the resolution of such disputes must be confined to the adjudication either of a Civil Court alone or, in case of any of the 2 parties drawing any special right under any special Act, before the judicial forum specially designated under such special Act and therefore the proceedings before the Ld. Arbitrator were "without jurisdiction" and that consequently, the Company is not liable to pay the demand raised by AAI. The Company is considering filing appropriate proceedings before the City Civil Court, Mumbai. Based on the opinion, no provision has been made because the dispute is still pending.

36.3 For reasons explained in 36.1 and 36.2, the financial statements of the Company have been prepared on a going concern basis.

36.4 Contingent liabilities and commitments (to the extent not provided for)

₹ Lakhs

Particulars	**2017-18**	2016-17	2015-16
Contingent liabilities:			
(a) Disputed liability with AAI			
(i) refer note 36.2 (a)	3,877.00	2,659.00	1,526.00
(ii) refer note 36.2 (b)	31,119.00	28,538.00	23,281.00
(b) Other claims against the Company not acknowledged as debt	15,446.93	21,783.14	19,751.05
(c) Disputed Statutory Liabilities	7,300.79	6,330.43	5,790.21
(d) Other Contingent Liabilities	-	130.99	130.99
(e) Future export obligations/ commitments under import of capital goods at concessional rate of Custom duty	2,554.08	2,554.08	2,554.08
Commitment:			
Estimated amount of contracts remaining to be executed on capital account and not provided for	124.91	29.16	29.40

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

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
(i) Principal amount remaining unpaid to any supplier as at the end of the year	14.86	26.03	2.70
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year	0.61	0.47	0.15
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.41	0.15	Nil
(iv) The amount of interest due and payable for the year	0.61	0.47	0.15
(v) The amount of interest accrued and remaining unpaid at the end of the year	0.67	0.47	0.15
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil	Nil

36.6 Employee benefit plans

Defined contribution plans

(i) The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable under 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:

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 ₹ 20 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company, as per policy. 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.

a Reconciliation of Opening and Closing balances of Defined Benefit Obligation

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
Defined Benefit Obligation at beginning of the year	2,298.43	1,951.57	1,797.40
Current service cost	201.48	178.92	201.49
Past service cost	-	-	596.89
Interest cost	142.25	127.58	134.66
Actuarial (gain)/loss	(138.68)	206.06	(255.00)
Benefits paid	(151.34)	(165.70)	(125.64)
Liabilities assumed/(settled)	-	-	(398.23)
Defined Benefit Obligation at the end of the year	2,352.13	2,298.43	1,951.57

b Reconciliation of opening and closing balances of fair value of plan assets

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
Fair value of plan assets at beginning of the year	1,235.22	286.57	262.20
Expected return of plan assets	100.86	35.54	13.38
Employer contribution	271.86	1,045.70	538.55
Benefits paid	(151.34)	(165.70)	(125.64)
Fair value of plan assets at year end	1,455.00	1,235.22	637.57
Assets acquired/ (settled)	-	-	(56.56)
Actual return on plan assets	(1.60)	33.11	5.65

c Reconciliation of fair value of Assets and Obligations

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of plan assets	1,455.00	1,235.22	637.57
Present value of obligation	2,352.13	2,298.43	1,951.57
Amount recognised in balance sheet ((surplus)/deficit)	897.14	1,063.19	1,314.00

d Expenses recognised during the year

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
In income statement			
Current service cost	201.48	178.92	201.49
Past service cost	-	-	596.89
Interest cost	41.40	92.03	121.28
Net cost	242.88	270.95	919.66
In other comprehensive income			
Actuarial (Gain)/Loss	(138.68)	206.06	(255.00)
Return on plan assets	1.60	(33.11)	(5.65)
Net (income)/expense for the period recognised in OCI	(137.08)	172.95	(260.65)

(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 ₹ 962.28 lakhs (Previous year ₹1,089.93 lakhs), of which long term liability is ₹ 767.22 lakhs (Previous year ₹ 794.90 lakhs) and short term liability is ₹ 195.06 lakhs (Previous year ₹ 295.03 lakhs).

36.7 Related party transactions

(i) Details of related parties:

Subsidiary: Leela Palaces and Resorts Ltd.		
Associates:		
Leela Lace Holdings Pvt. Ltd.	Fransisco Hospitality Pvt. Ltd.	LM Realtors Pvt. Ltd.
Leela Lace Software Solutions Pvt. Ltd.	Leela Capital and Finance Ltd.	LMV Associates Ltd.
Leela Fashions Pvt. Ltd.	Leela Housing Pvt. Ltd.	Genuine Hotels Facilities & Services Pvt. Ltd.
Rockfort Estate Developers Pvt. Ltd.	Leela IT Projects Pvt. Ltd.	Leela Palace (Bangalore) Pvt. Ltd.
Leela Hospitality Pvt. Ltd.	Leela Lace Builders Pvt. Ltd.	Leela Palace Chennai Pvt. Ltd.
Elegant Eateries Pvt. Ltd.	Leela Lace Estates Pvt. Ltd.	Leela Palace New Delhi Pvt. Ltd.
Emmel Real Estate Development Pvt. Ltd.	Leela Realty Ltd.	Season Apparels Pvt. Ltd.
Esteem Constructions Pvt. Ltd.	Leela Villas Pvt. Ltd.	Vibgyor Leasing Pvt. Ltd.
Key Management Personnel (KMP) Mr. Vivek Nair Mr. Dinesh Nair		
Relative of KMP Mrs. Madhu Nair (wife of Mr. Dinesh Nair)		

(ii) Transactions carried out with Related Parties ₹ Lakhs

Particulars	Associates		Key Management Personnel		Relative of Key Management Personnel	
	2017-18	2016-17	**2017-18**	2016-17	**2017-18**	2016-17
Sale of room, food and other services						
Leela Hospitality Pvt. Ltd.	1.69	7.61				
Expenses towards goods & services						
Leela Hospitality Pvt. Ltd.	1.05	6.02				
Income from rental & related services						
Leela Lace Holdings Pvt. Ltd.	58.17	44.18				
Leela Fashions Pvt. Ltd.	133.96	121.82				
Leela Hospitality Pvt. Ltd.	24.76	34.11				
Expense towards lease rent						
Leela Lace Holdings Pvt. Ltd.	1,065.95	1,078.65				
Leela Fashions Pvt. Ltd.	0.25	0.25				
Remuneration paid						
Mr. Krishna Deshika - Chief Financial Officer			210.00	168.00		
Sitting fees						
Mrs. Madhu Nair					-	1.20
					Independent Directors	
Mrs. Anna Malhotra					3.30	2.10
Mr. K U Mada					-	3.30
Mr. Anil Harish					-	2.40
Mr. Ashok G Rajani					2.40	2.40
Mr. M Madhvan Nambiar					-	2.10
Mr. Navneet Batheja					3.00	0.90
Mr. Vijay Amritraj					0.60	0.60
Mr. Vinay Kapadia					3.00	-
Mr. Shereveer Vakil					1.50	-
					Nominee Directors	
Mr. V P Shetty (nominee of JM Financial Asset Reconstruction Company Limited)					0.60	1.80
Mr. Anil Bhatia (nominee of JM Financial Asset Reconstruction Company Limited)					1.20	1.50
Ms. Hemlatha (nominee of Airports Authority of India)					-	0.90

36.7 (ii). Transactions carried out with Related Parties (Contd.)

Particulars	Subsidiary			Associates		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Investments						
Leela Palaces & Resorts Ltd.	9,000.00	9,000.00	9,000.00			
Debit balance outstanding						
Leela Hospitality Pvt. Ltd.				71.60	86.65	104.64
Leela Fashions Pvt. Ltd.				100.57	98.96	67.08
Credit balance outstanding						
Leela Lace Software Solutions Pvt. Ltd.				193.70	193.70	197.86
Leela Lace Holdings Pvt. Ltd.				2,720.88	1,918.63	1,453.12
Unsecured loans outstanding						
Leela Lace Holdings Pvt. Ltd.				11,955.25	1,926.25	1,926.25
Deposits given						
Leela Lace Holdings Pvt. Ltd.				6,931.47	7,074.59	7,373.51
Rockfort Estate Developers Pvt. Ltd.				776.46	776.46	776.46

(iii) The Company has not given loans to any directors or to entities in which directors are interested, but there are dues towards transactions, from Leela Hospitality Pvt. Limited and Leela Fashions Private Limited as detailed in Note 36.7 (ii). However, these companies have informed that they will clear the dues when Leela Lace Holdings Pvt. Ltd. and Leela Lace Software Solutions Pvt. Ltd. get payment from the Company towards their dues. The Company has not cleared the dues to these two companies, in view of the restrictions from the lenders.

36.8 Segment Information

The Company has identified single reportable segment, i.e., hotel, as its business. Accordingly, disclosures relating to the segmentation under Ind AS 108, “Operating Segment” is not required.

36.9 Details of leasing arrangements **₹ Lakhs**

Particulars	**2017-18**	**2016-17**	**2015-16**
(i) The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:			
not later than one year	551.55	762.79	812.80
later than one year and not later than five years	2,070.13	2,473.74	1,593.33
later than five years	823.25	1,103.86	708.46
(ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:			
not later than one year	1,387.07	1,303.78	935.69
later than one year and not later than five years	5,233.10	4,810.89	3,196.70
later than five years	18,928.65	20,844.29	19,162.58

36.10 Earnings per share **₹ Lakhs**

Particulars	**2017-18**	**2016-17**
Basic & Diluted		
Net profit/(loss) for the year (₹ Lakhs)	(2,321.63)	(1,546.07)
Weighted average number of equity shares	538,024,773	466,608,307
Par value per share (₹)	2.00	2.00
Earnings per share (₹)	**(0.43)**	**(0.33)**

36.11 Trade receivable includes ₹ 3,666.89 lakhs from a party out of which ₹ 2,790.48 lakhs is outstanding for more than a year. The Company has sought confirmation of balance and has taken steps to recover these dues and is confident that no provision for allowances is required at present.

Note 37 Fair value measurement:

1 The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

2 The following methods and assumptions were used to estimate the fair values:

a The fair value of trade receivables, trade payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3.

b Company has invested in certain power generating Companies pursuant to the contract for procuring electricity supply at the hotel units. Investment in said Companies are not usually traded in the market. Considering the terms of the electricity supply contract and best information available, cost of investment is considered as fair value of these investments.

c The fair value of security deposits are calculated using effective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

d The Company has been in evaluating various options for a viable restructuring, including sale / monetisation of non-core assets, sale of hotels, equity infusion and debt refinancing by an investor, etc. The restructuring would involve concessions in interest and repayment terms. Pending this, Company has not provided for interest on debt assigned by erstwhile CDR lenders and have therefore not computed the fair value of these borrowings in its financial statements. (Also refer Note 36.1)

e Considering the contracted rate of interest, the carrying amounts of all other term borrowings that are measured at fair value are reasonable approximation of fair value .

f For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

3 Analysis of fair value measurement:

a The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

b During the period under review, level 3 hierarchy is considered for determination of fair value for all the financial assets and liabilities which are measured at fair value.

c Financial Instruments by category:

₹ Lakhs

Particulars	**As at 31 March 2018**		As at 31 March 2017		As at 1 April 2016	
	FVPL	**Amortised cost**	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets						
Non-current:						
Investments:						
Equity investment in a subsidiary	9,000.00	-	9,000.00	-	9,000.00	-
Other equity investment	37.47	-	37.47	-	36.60	-
Government securities	-	-	-	-	-	0.25
Other non-current financial assets		5,986.50	-	5,267.41	-	6,295.57
Current:						
Trade receivables	-	8,254.91	-	7,157.61	-	6,356.23
Cash & cash equivalents	-	2,039.78	-	1,588.89		2,519.88
Other balances with banks	-	448.28	-	2,934.70	-	790.01
Other financial assets	-	679.15	-	578.58	-	732.55
Total	**9,037.47**	**17,408.62**	**9,037.47**	**17,527.19**	**9,036.60**	**16,694.49**

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	FVPL	Amortised cost	FVPL	Amortised cost	FVPL	Amortised cost
Financial liabilities						
Non-current:						
Borrowings	-	307,305.08	-	393,480.56	-	423,831.71
Other liabilities	-	2,123.75	-	2,081.50	-	2,056.28
Current:						
Borrowings	-	11,955.25	-	1,926.25	-	1,926.25
Trade payables	-	9,623.87	-	8,270.66	-	7,683.52
Other financial liabilities	-	64,635.73	-	31,042.62	-	15,640.47
Total	-	**395,643.68**	-	**436,801.59**	-	**451,138.23**

Note 38 Financial Risk Management

Financial risk management objectives and policies:

The activities of the Company expose it to market risk, credit risk and liquidity risk.

The Company's principal financial liabilities comprise interest bearing loans including loans taken over by Asset Reconstruction Companies (ARCs), long term security deposits received, trade and other payables. The main purpose of these financial liabilities is for funding its expansion and also to finance operations. The group has trade and other receivables and cash and short term deposits that arrive directly from its operations. The Company has also paid long term lease deposits.

Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency, payables and loans and borrowings.

The Company manages market risks through finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies which are approved by the finance committee and Audit Committee. The activities of the department includes management of cash resources, borrowing strategies and ensuring compliance with market risk limits and policies.

- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk changes in the market interest rates relates primarily to the Company's long-term debt obligation. As detailed in note 36.1, the Company is pursuing with ARC for a viable restructuring package, with lower interest rate and longer repayment terms.

The Company has also availed foreign currency term loans with variable interest rates linked to LIBOR.

The borrowings in terms of fixed rate and floating rate are as follows

₹ Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
Fixed rate of borrowings	6,750.00	6,750.00	7,011.85
Variable rate of borrowings	102,546.45	110,668.66	114,203.32
0% interest rate borrowings (refer note 21)	11,955.25	1,926.25	1,926.25
Dues to ARCs	256,870.43	298,867.94	309,751.41
Total borrowings	378,122.13	418,212.85	432,892.83

As at the reporting period, the Company had the following variable average interest rate borrowing outstanding

	2017-18	2016-17
Weighted average interest rate	6.4%	6.8%
Balance ₹ lakhs	102,546.45	110,668.66

Interest Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that portion of loans. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

₹ Lakhs

	Impact on profit/(loss)	
	Year ended 31 March 18	Year ended 31 March 17
Interest rates - increase by 100 basis points	(1,066.08)	(1,124.36)
Interest rates - decrease by 100 basis points	1,066.08	1,124.36
1% interest rates on loans outstanding to ARCs	(2,778.69)	(3,043.10)

- Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. The company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency linked revenue, foreign currency denominated expenses and other financial instruments. Due to this any volatility in foreign currency exchange rates will have an impact to the Company.

The position of foreign currency exposure to the Company as at the end of the year expressed in INR are as follows :

₹ Lakhs

Currency US$	As at 31 March 18	As at 31 March 17	As at 1 April 16
Loans (payable)	100,302.06	110,536.89	113,226.06

Foreign exchange sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates on foreign currency denominated liabilities. Company has no foreign currency denominated assets. The significant foreign currency exposure of the Company is limited to USD. With all other variables held constant, the companies profit before tax is affected through the impact on USD denominated liabilities as follows.

₹ Lakhs

	Impact on profit/(loss)	
	Year ended 31 March 18	Year ended 31 March 17
INR/USD increases by 5% (31st March, 2017 - 5%)	(5,015.10)	(5,526.84)
INR/USD decreases by 5% (31st March, 2017 - 5%)	5,015.10	5,526.84

	As at 31 March 18	As at 31 March 17	As at 1 April 16
	US$ Mn	US$ Mn	US$ Mn
Particulars of unhedged foreign currency exposures as at the reporting date	154.21	170.48	170.70

B Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. Customer credit risk is managed by each business unit subject to Company's established policy, procedure and control relating to customer risk management. Further, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and advances based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data the provision for loss on receivables is made.

Ageing of Account receivables:

₹ Lakhs

Particulars	As at 31 March 18	As at 31 March 17	As at 1 April 16
0-3 months	3,389.93	3,229.00	3,917.83
3-6 months	858.41	671.43	1,090.74
beyond 6 months	4,006.57	3,257.18	1,347.66

Movement in provisions for doubtful receivables

₹ Lakhs

Particulars	As at 31 March 18	As at 31 March 17
Opening provision	399.68	474.80
Add: Additional provision made	32.45	41.36
Less: Provision write off	39.65	109.56
Less: Provision reversed	8.33	6.92
Closing provisions	384.15	399.68

C Liquidity risk :

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. This, coupled with current level of debt and imminent repayment obligations, has lead to stress on liquidity profile. The Company closely monitors its liquidity position in consultation with its lenders to ensure that the operations of the Company are not affected adversely due to liquidity and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual obligations.

₹ Lakhs

As at 31 March 2018	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	9,623.87	9,623.87	-	-	-
Borrowings **	121,251.69	45,614.28	25,202.77	49,607.98	826.66
Borrowings from ARC (refer note 36.1)	256,870.43	-	-	-	-
Interest on borrowings **	1,787.35	1,787.35	-	-	-
Other current financial liabilities	3,986.58	3,986.58	-	-	-
Total		61,012.08	25,202.77	49,607.98	826.66

* Trade payables are payable within 60 days

** Borrowing payable within 6 months includes amount overdue

₹ Lakhs

As at 31 March 2017	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	8,270.66	8,270.66	-	-	-
Borrowings **	119,344.91	10,142.42	14,589.87	81,284.40	13,328.22
Borrowings from ARC (refer note 36.1)	298,867.94	-	-	-	-
Interest on borrowings **	2,463.59	2,463.59	-	-	-
Other current financial liabilities	5,772.99	5,772.99	-	-	-
Total		26,649.66	14,589.87	81,284.40	13,328.22

* Trade payables are payable within 60 days
** Borrowing payable within 6 months includes amount overdue

₹ Lakhs

As at 1 April 2016	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	7,683.52	7,683.52	-	-	-
Borrowings **	123,141.42	4,991.56	4,069.56	64,505.37	49,574.93
Borrowings from ARC (refer note 36.1)	309,751.41	-	-	-	-
Interest on borrowings **	2,012.83	2,012.83	-	-	-
Other current financial liabilities	6,492.77	6,492.77	-	-	-
Total		21,180.68	4,069.56	64,505.37	49,574.93

* Trade payables are payable within 60 days

** Borrowing payable within 6 months includes amount overdue

In terms of our report attached

For N S Shetty & Co
Chartered Accountants
Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
Membership No. 035083

Alen Ferns
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

Mumbai, 30th May, 2018

TO THE MEMBERS OF HOTEL LEELAVENTURE LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Hotel Leelaventure Limited (hereinafter referred to as "the Holding Company"), and it's subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2018 ,the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow, and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and the consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group preventing and detecting frauds and other irregularities; 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

In conducting 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 of the consolidated Ind AS financial statements 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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, 2018 and its consolidated loss, consolidated total comprehensive income ,consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

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

Note 36.1 relating to non-provision of interest, penal interest and sacrifice amount payable to Asset Reconstruction companies (ARC's) amounting to ₹78,873 Lakhs for the year (Previous Year ₹73,327 Lakhs). If the interest and other finance cost as notified by the ARCs where provided in the books of accounts, the loss for the year would have been higher by for the year would have been higher by ₹78,873 Lakhs (Previous Year ₹73,327 Lakhs) and the interest liability till 31st March, 2018 would have been higher by ₹3,03,145 lakhs (Previous Year ₹2,24,272 lakhs). Further, the Other Equity would have been negative to the extent of ₹2,77,337 Lakhs (Previous Year ₹2,20,511 Lakhs).

Note 36.2(a) relating to enhancement in rentals, unilateral termination of lease agreement of the Mumbai Hotel by Airports Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. Disputed amount for the period upto 31st March, 2018 cumulatively amounts to ₹3,877 lakhs (Previous Year ₹2,659 lakhs). The accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.

Note 36.2(b) regarding disputed demands relating to Royalty, Minimum Guarantee Fees including interest thereon according to Airports Authority of India (AAI) cumulatively amounting to ₹31,119 lakhs upto 31st July, 2017 (Previous Year ₹28,538 lakhs upto 31st December, 2016). The additional cost the company may have to incur towards restoration of FSI, which is not ascertainable.

Note 36.11 relating to non-provision for allowances of trade receivables of ₹2,790 lakhs which is outstanding for more than a year as the management is confident of recovery.

Material uncertainty related to Going Concern

Matters relating to Emphasis of Matter referred above raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package/refinancing of debt/monetisation of non-core assets, sale of hotels/equity infusion for reduction of debt and favourable judgement / settlement with respect to dispute with Airports Authority of India (AAI) and realization of trade receivables, the Company has prepared the financial statements on a "Going Concern" basis.

Other Matters

The comparative financial information of the Group for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these Consolidated Ind AS financial statements are based on the statutory financial statement prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by Picardo & Co. whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 25th May, 2017 and 26th May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the difference in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

(e) The matters described in paragraph relating to the matters described in paragraph relating to Emphasis of Matter 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 31st March, 2018, taken on record by the Board of Directors, except for Mr.Vivek Nair, Mr.Dinesh Nair and Mrs.Anna Malhotra who are disqualified, none of other directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal finance controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A" which is based on audit reports of Holding and Subsidiary Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's internal financial controls over financial reporting.

(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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

  i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements- Refer Note 36.2 and 36.4 (a) to (e) to the Consolidated Ind AS financial statements;

  ii. The Company has made provisions, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. We have been informed that the Company did not have any pending derivative contracts.

  iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

  iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016, are not relevant to these Consolidated Ind AS financial statements. Hence, reporting under this clause is not applicable.

For N S Shetty & CO.

Chartered Accountants

Registration No: 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May, 2018

ANNEXURE - A TO THE AUDITOR'S 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 audited the internal financial controls over financial reporting of Hotel Leelaventure Limited ("the Holding Company") and its subsidiary company as of 31st March, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance 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 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N S Shetty & CO.

Chartered Accountants

Registration No: 110101W

N S Shetty

Partner

MembershipNo. 035083

Mumbai, 30th May, 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2018

₹ lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 Apri 2016
ASSETS				
Non-current assets				
Property, plant and equipment	**3**	380,148.86	395,956.70	408,915.19
Capital work-in-progress		505.67	1,289.20	1,230.71
Investment Property	**4**	7,497.79	7,624.74	4,899.38
Goodwill		3,254.14	3,254.14	3,254.14
Intangible assets	**5**	229.02	372.93	871.99
Intangible assets under development		-	-	14.47
Financial assets:				
Investments	**6**	37.47	37.47	36.85
Other financial assets	**7**	5,995.00	5,275.91	6,304.07
Tax assets (net)	**8**	1,985.88	1,581.06	1,300.61
Other non-current assets	**9**	7,155.39	7,797.78	11,010.07
Total non-current assets		406,809.22	423,189.93	437,837.48
Current assets				
Inventories	**10**	3,225.39	3,009.05	4,369.97
Financial assets				
Trade receivables	**11**	8,254.91	7,157.61	6,356.23
Cash and cash equivalents	**12**	2,075.55	1,625.33	2,556.64
Other balances with banks	**13**	448.28	2,934.70	790.01
Other financial assets	**14**	680.63	579.45	732.80
Other current assets	**15**	3,182.72	2,240.13	1,973.51
Total current assets		17,867.48	17,546.27	16,779.16
Non-current assets held for sale		30,627.80	32,703.96	32,703.96
Total assets		455,304.50	473,440.16	487,320.60
EQUITY AND LIABILITIES				
Equity				
Equity share capital	**16**	12,611.04	9,332.17	9,332.17
Other equity	**17**	25,807.64	3,761.37	5,480.09
Total Equity		38,418.68	13,093.54	14,812.26
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	**18**	307,305.08	393,480.56	423,831.71
Other financial liabilities	**19**	2,123.75	2,081.50	2,056.28
Provisions	**20**	1,664.36	1,858.09	1,691.47
Total non-current liabilities		311,093.19	397,420.15	427,579.46
Current liabilities				
Financial liabilities				
Borrowings	**21**	11,963.85	1,934.85	1,934.85
Trade payables	**22**	9,623.87	8,270.66	7,683.52
Other financial liabilities	**23**	64,635.91	31,042.76	15,640.64
Other liabilities	**24**	3,679.44	3,398.84	3,085.16
Provisions	**25**	566.51	755.31	1,004.11
Total current liabilities		90,469.58	45,402.42	29,348.28
Advance received against assets held for sale		15,323.05	17,524.05	15,580.60
Total equity and liabilities		455,304.50	473,440.16	487,320.60
Notes forming part of the consolidated financial statements	1 to 38			

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May, 2018

Alen Ferns

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Rajan Shah Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

THE LEELA
PALACES HOTELS RESORTS

₹ lakhs

Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
Income			
Revenue from operations	26	71,854.41	69,802.43
Other income	27	2,458.84	4,120.55
Total income		74,313.25	73,922.98
Expenses			
Food and beverages consumed	28	6,513.14	6,163.61
Employee benefit expenses and payment to contractors	29	19,278.82	19,178.40
Finance costs	30	8,367.26	9,044.19
Depreciation and amortisation expenses	31	12,542.43	14,114.89
Other expenses	32	26,639.57	26,967.58
Total Expenses		73,341.22	75,468.67
Profit/(loss) before exceptional items and Tax		972.03	(1,545.69)
Exceptional items - Profit/(loss) (net)	33	(3,293.68)	-
Profit/(loss) before Tax		(2,321.65)	(1,545.69)
Tax expense:			
Income tax		-	0.08
Profit/(loss) after Tax		(2,321.65)	(1,545.77)
Other comprehensive income:			
Items that may not be reclassified to the statement of profit and loss			
Remeasurement of defined benefit plan		137.08	(172.95)
Income tax relating to items that may not be reclassified to the statement of profit and loss		-	-
Total other comprehensive income, net of tax		137.08	(172.95)
Total comprehensive income for the year		(2,184.57)	**(1,718.72)**
Earnings per share (of ₹ 2 each):			
Basic		(0.43)	(0.33)
Diluted		(0.43)	(0.33)
Notes forming part of the consolidated financial statements	1 to 38		

In terms of our report attached

For N S Shetty & Co
Chartered Accountants
Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
Membership No. 035083
Mumbai, 30th May, 2018

Alen Ferns
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

₹ lakhs

	Particulars	2017-18		2016-17	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(loss) before exceptional items and Tax		**972.03**		**(1,545.69)**
	Adjustments for:				
	Depreciation & amortisation	**12,542.43**		14,114.89	
	Interest charged	**8,174.98**		9,044.19	
	(Profit)/loss on sale of property, plant and equipment	**81.50**		(40.72)	
	Provision for trade & other receivables	**(15.52)**		(75.12)	
	Interest income	**(366.95)**		(311.13)	
			20,416.44		22,732.11
	Operating Profit before working capital changes		**21,388.47**		**21,186.42**
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**(216.34)**		1,360.92	
	Trade and other receivables	**(1,081.78)**		(726.26)	
	Other financial assets	**(235.10)**		201.31	
	Other assets	**(267.84)**		95.43	
	Adjustments for increase /(decrease) in operating liabilities:				
	Trade payables	**1,353.18**		587.14	
	Other financial liabilities	**(1,610.78)**		(702.24)	
	Other liabilities	**280.61**		313.69	
			(1,778.05)		1,129.99
	Cash generated from operations		**19,610.42**		**22,316.41**
	Less : Direct Tax paid (net)		**(404.82)**		(280.51)
	Net cash flow from operating activities		**19,205.60**		**22,035.90**
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Inflows:				
	Proceeds from sale of property, plant and equipment (net) (including advance receipts)		**416.00**		1,174.43
	Decrease in fixed deposits with banks		**1,948.99**		-
	Interest received		**319.22**		317.97
	Outflows:				
	Increase in fixed deposit with banks		-		(1,171.35)
	Investments		-		(0.62)
	Net cash flow from investing activities		**2,684.21**		**320.43**
C	**CASH FLOW FROM FINANCIAL ACTIVITIES**				
	Inflows:				
	Proceeds from term borrowings		**12,529.00**		-
	Less: Outflows				
	Repayment in long term loans		**(25,110.01)**		(14,679.98)
	Dividend paid (including transfer to Investor Education & Protection Fund)		**(7.37)**		(14.23)
	Interest paid		**(8,851.21)**		(8,593.43)
	NET CASH FLOW FROM FINANCING ACTIVITIES		**(21,439.59)**		**(23,287.64)**
	NET CHANGES IN CASH AND CASH EQUIVALENTS		**450.22**		(931.31)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**1,625.33**		**2,556.64**
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2,075.55**		**1,625.33**

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May, 2018

Alen Ferns

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Rajan Shah Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE LEELA
PALACES HOTELS RESORTS

a) **Equity share capital** **₹ lakhs**

As at 1st April, 2016	9,332.17
Changes in the equity share capital during the year	-
As at 31st March 2017	9,332.17
Changes in the equity share capital during the year	3,278.87
As at 31st March 2018	12,611.04

b) **Other equity** **₹ lakhs**

	Reserves and surplus						
Particulars	**Capital redemption reserve**	**Security premium**	**Debenture redemption reserve**	**General reserve**	**Retained earnings***	**Other comprehensive income**	**Total**
Balance as at 1st April, 2016	8,750.00	41,115.40	6,750.00	6,445.39	(57,580.70)	-	5,480.09
Profit/(loss) for the year	-	-	-	-	(1,545.77)	-	(1,545.77)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(172.95)	(172.95)
Total comprehensive income for the year	-	-	-	-	(1,545.77)	(172.95)	(1,718.72)
Allocations/Appropriations							
Transferred (to) / from retained earnings	-	-	-	-	-	-	-
Balance as at 31st March, 2017	8,750.00	41,115.40	6,750.00	6,445.39	(59,126.47)	(172.95)	3,761.37
Balance as at 1st April, 2017	8,750.00	41,115.40	6,750.00	6,445.39	(59,126.47)	(172.95)	3,761.37
Profit/(loss) for the year	-	-	-	-	(2,321.65)	-	(2,321.65)
Premium on issue of equity shares	-	24,230.84	-	-	-	-	24,230.84
Other comprehensive income for the year, net of tax	-	-	-	-	-	137.08	137.08
Total comprehensive income for the year	-	24,230.84	-	-	(2,321.65)	137.08	22,046.27
Allocations/Appropriations							-
Transferred (to) / from retained earnings	-	-	-	-	-	-	-
Balance as at 31st March, 2018	8,750.00	65,346.24	6,750.00	6,445.39	(61,448.12)	(35.87)	25,807.64

* - Refer note 34 - 3

In terms of our report attached

For N S Shetty & Co
Chartered Accountants
Registration No : 110101W

For and on behalf of the Board of Directors

N S Shetty
Partner
Membership No. 035083
Mumbai, 30th May, 2018

Alen Ferns
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Rajan Shah Chief Financial Officer

Note 1: Corporate Information

Hotel Leelaventure Limited ("HLVL" or the "Company") and it's subsidiary, is a public limited company incorporated in India and has its registered office situated at "The Leela Mumbai", Sahar, Mumbai 400 059.

The Company is primarily engaged in the business of owning, operating & managing hotels, palaces and resorts.

The consolidated financial statements for the year ended 31st March, 2018 were approved by the Board of Directors and authorised for issue on 30th May, 2018.

Note 2: Basis of preparation, critical accounting estimates and judgements, significant accounting policies and recent accounting pronouncements:

(i) Compliance with Ind AS

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 First time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (Previous GAAP) to Ind AS of Shareholders' equity as at 31st March, 2017 and 1st April , 2016 and the comprehensive net income for the year ended 31st March, 2017.

These consolidated financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, except for defined benefit plans and certain financial instruments which are measured at fair value at the end of each reporting period.

(iii) Principles of consolidation and equity accounting

(a) Subsidiary

Subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of that entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intra-Group transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Balance Sheet respectively.

(b) Goodwill

(1) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

(2) Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value. The impairment loss on goodwill is reported in the statement of profit and loss.

(iv) Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires, management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

(a) Useful lives of property, plant and equipment and intangible assets:

The Company has estimated the useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

(b) Impairment testing:

Property, plant and equipment and intangible assets that are subject to amortisation /depreciation are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which include turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, and future economic and market conditions.

(c) Income Taxes:

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(d) Litigation:

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(e) Defined benefit plans:

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

(v) Significant Accounting Policies:

(a) Revenue recognition:

(i) Income from operations

Revenue from operations is accounted on accrual, is net of indirect taxes, returns and discounts. Revenue is measured at the fair value of the consideration received or receivable. Revenue comprises of sale of rooms, food and beverages and allied services relating to hotel operations and management fees for the management of the hotels. Management fees earned from hotels managed by the Company are usually under long -term contracts with the hotel owner and is recognised when earned in accordance with the terms of the contract.

(ii) Interest:

Interest income is accrued on a time proportion basis using the effective interest rate method.

(b) Property, Plant and Equipment:

Property, plant and equipment are initially recorded at cost. Cost includes the acquisition cost or the cost of construction, expenses directly related to bringing the asset to the location and condition necessary for making them operational for their intended use and, in the case of qualifying assets, the attributable borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

On transition to Ind AS, the Company has elected to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(c) Investment Property:

Up to 31st March, 2016, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The company has elected to avail the exemption granted by Ind AS 101 "First time adoption of Ind AS", to regard those amounts as deemed cost at the date of the transition of Ind AS. (i.e. as on 1st April, 2016)

Investment Property are initially measured at cost, including transaction cost. Subsequent to initial recognition, Investment property are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment Property are derecognised either when they have disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit and Loss in the period of derecognising.

Transfers to or from investment property is made when and only when there is a change in use.

(d) Intangible Assets:

Intangible assets are stated at cost less accumulated amortisation and impairments, if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably.

On transition to Ind AS, the company has elected to continue with the carrying value of all its intangible assets recognised as of 1st April, 2016 measured as per previous GAAP and use that carrying value as its deemed cost as of the transition date.

(e) Depreciation and Amortisation:

The Company depreciates its property, plant and equipment and investment property over the useful life in the manner prescribed in Schedule II of the Companies Act, 2013 under straight line method.

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.

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

Computer Software and website is amortised in six years and other intangible assets are amortised in five years.

(f) Inventories:

Stock of food and beverages, stores and operating supplies are stated 'at cost or net realisable value, whichever is lower'. Cost comprise fair value of consideration paid including duties and taxes (other than those refundable), cost of conversion and other costs in bringing the inventories to their present location and condition computed under weighted average cost method. Due allowance is estimated and made for defective and obsolete items, wherever necessary.

(g) Employee benefits:

(i) Short-term 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.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) The Company makes annual contributions to gratuity fund which is a defined benefit plan.

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(b) Defined contribution plans such as provident fund are charged to the Statement of Profit and Loss as and when incurred.

(h) 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.

Interest cost for the borrowings made after 1st April, 2016 is computed under effective interest method.

Foreign exchange difference relating to foreign currency borrowings regarded as an adjustment to borrowing cost to the extent not capitalised is disclosed under finance cost.

(i) 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 incomes 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.

(j) 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.

(k) Foreign currency transaction:

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

The 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.

(l) Leases :

(i) As a lessee:

A Lease in which a significant portion of the risks and rewards of ownership are not transferred to the Company is classified as operating lease. Payments made under operating lease are charged to profit and loss account on a straight–line basis over the period of 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.

The interest free security deposits paid for long term leases are recorded at their fair value .The difference between amount of the deposit paid and its fair value is considered as additional rental expense on a straight line basis. The Company also recognises interest income on the deposits using effective interest rate through its profit and loss over the life of the deposit.

(ii) As a lessor:

Lease income from operating leases where the Company is a lessor is recognised as income on a straight–line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

The interest free security deposits received for long term leases are recorded at their fair value .The difference between amount of deposit received and its fair value is considered as additional rental income under straight line basis over the lease term. The Company also recognises interest expense on the deposits using effective interest rate through its profit and loss account over the term of the deposit.

(m) Government Grants/Incentives:

Government grants/incentives that the Company is entitled to on fulfilment of certain conditions, but are available to the Company only on completion of some other conditions, are recognised as income at fair value on completion of such other conditions.

Grants/incentives that the Company is entitled to unconditionally on fulfilment of certain conditions, such grants/incentives are recognised at fair value as income when there is reasonable assurance that the grant/incentive will be received.

(n) Income from Joint Development Agreement (JDA):

Income from JDA is accounted under percentage of completion method (POCM) as per the Guidance Note on Accounting for Real Estate Transactions. Balance cost of land and other expense related to JDA is grouped under Assets held for sale.

(o) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

(i) Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law because the Company created valid expectations on the part of the third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

(ii) Contingent Liability is disclosed in case of;

(a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;

(b) A present obligation when no reliable estimate is possible; and

(c) A possible obligation arising from past events where the probability of outflow of resources is remote.

(iii) Disclosure of the contingent assets are made when it is probable that there is an inflow of future economic benefits. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(p) Exceptional items:

The company discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying performance of the company and provides consistency with the company's internal management reporting. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the company.

(q) Statement of Cash Flows :

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(r) Earnings per Share :

Basic earnings per share is computed, by dividing the profit or loss after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share.

(s) Financial Instruments:

(1) Financial assets

Initial recognition and measurement

Financial assets are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Classification:

a. Cash and Cash Equivalents

Cash comprises cash/cheques on hand and demand deposits with banks. Cash equivalents are short-term balances with an original maturity of three months or less from the date of acquisition, highly liquid investment that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

b. Debt Instruments

The Company classifies its debt instruments, as subsequently measured at amortised cost or fair value through Other Comprehensive Income or fair value through profit or loss based on its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included as a part of the Company's income in the Statement of Profit and Loss using the effective interest rate method.

(ii) Financial assets at fair value through Other Comprehensive Income (FVOCI)

Financial assets are subsequently measured at fair value through Other Comprehensive Income if these financial assets are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest. Movements in the carrying value are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and loss using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on such debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship as well as interest income is recognised in the Statement of Profit and Loss.

c. **Equity Instruments**

The Company subsequently measures equity investment in certain power generation Companies at cost. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payment is established.

De-recognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(2) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(3) Impairment of financial assets

The Company assesses, at each reporting date, whether a financial asset or a group of financial assets is impaired and allowance for losses on such assessment is made in the Statement of Profit and Loss.

(v) Recent accounting pronouncements:

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28th March, 2018 Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when the entity has received or paid advance consideration in foreign currency.

The amendment will come in to force from 1st April, 2018. The Company is evaluating the requirement of the amendment and the impact on the consolidated financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

(b) Ind AS 115:

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11,"Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1st April, 2018.

Ind AS 115 introduces a new framework of five steps model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with the customers. The new revenue standard is applicable to the Company from 1st April, 2018.

The standard permits two possible methods of transition:

Retrospective approach: Under the approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 –Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (cumulative catch-up approach).

The Company is evaluating the requirement of the amendment and the impact on the consolidated financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Note 3 Property, plant and equipment

₹ lakhs

Particulars	Gross carrying amount				Accumulated depreciation				
	As at 1 April 2016	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2017	As at 1 April 2016	Depreciation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2017	Carrying Value as at 31 March 2017
Land - freehold	139,392.44	-	-	139,392.44	-	-	-	-	139,392.44
Land - leasehold rights	26,385.92	-	-	26,385.92	-	730.14	-	730.14	25,655.78
Buildings	182,759.41	0.18	(10.20)	182,749.39	-	3,232.77	118.58	3,351.35	179,398.04
Plant and equipment	45,361.08	404.13	(573.32)	45,191.89	-	5,358.65	(556.82)	4,801.83	40,390.06
Furniture and fixtures	13,281.37	13.00	(260.99)	13,033.38	-	3,389.91	(375.40)	3,014.51	10,018.87
Vehicles	1,406.25	210.72	(67.74)	1,549.23	-	706.39	22.33	728.72	820.51
Office equipment	328.72	63.33	598.23	990.28	-	154.67	554.61	709.28	281.00
Total	408,915.19	691.36	(314.02)	409,292.53	-	13,572.53	(236.70)	13,335.83	395,956.70

₹ lakhs

Particulars	Gross carrying amount				Accumulated depreciation				
	As at 1 April 2017	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2018	As at 1 April 2017	Depreciation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2018	Carrying Value as at 31 March 2018
Land - freehold	139,392.44	-	-	139,392.44	-	-	-	-	139,392.44
Land - leasehold rights	26,385.92	-	(4,505.15)	21,880.77	730.14	730.14	(360.41)	1,099.87	20,780.90
Buildings	182,749.39	19.10	-	182,768.49	3,351.35	3,242.53	-	6,593.88	176,174.61
Plant and equipment	45,191.89	585.53	(191.05)	45,586.37	4,801.83	4,870.28	(36.29)	9,635.82	35,950.55
Furniture and fixtures	13,033.38	25.94	(16.94)	13,042.38	3,014.51	2,890.09	(8.45)	5,896.15	7,146.23
Vehicles	1,549.23	-	(25.97)	1,523.26	728.72	334.47	(9.71)	1,053.48	469.78
Office equipment	990.28	107.92	(63.58)	1,034.62	709.28	94.67	(3.68)	800.27	234.35
Total	409,292.53	738.49	(4,802.69)	405,228.33	13,335.83	12,162.18	(418.54)	25,079.47	380,148.86

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

ii) Amount received towards property 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-opertive housing society

₹ lakhs

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
iv) Building with carrying value constructed on leasehold land	52,175.20	51,145.85	50,105.34
v) Included in (iv) above Building with carrying value constructed on leasehold land where lease agreement has not been renewed	23,681.62	23,205.76	22,729.23

Note 4 Investment Property

₹ lakhs

	As at 31 March 2018	As at 31 March 2017
Gross carrying amount		
As per last balance sheet	7,837.45	4,899.38
Additions	-	2,938.07
Disposals/adjustments	-	-
At the end of the year	7,837.45	7,837.45
Accumulated depreciation		
As per last balance sheet	212.71	-
Additions	151.20	212.71
Disposals/adjustments	(24.25)	-
At the end of the year	339.66	212.71
Net carrying amount	7,497.79	7,624.74
Fair Value :		

The company has adopted carrying value of the investment property as per the previous GAAP as deemed cost. Carrying value under previous GAAP is arrived at cost less depreciation. Cost includes cost of acquisition/construction and includes expenses incidental for such acquisition / construction. The Company has not obtained independent valuation of these properties, but is of the opinion that the present fair value is not lesser than carrying value disclosed in the accounts.

₹ lakhs

Income arising from investment properties	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	468.17	422.23
Direct operating expenses (including repairs and maintenance) generating rental income	191.90	175.60
Income arising from investment properties before depreciation	276.27	246.63
Depreciation	151.20	212.71
Income arising from investment properties (Net)	125.07	33.92

Note 5 Intangible assets

₹ lakhs

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2017
	As at 1 April 2016	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2017	As at 1 April 2016	Amortisation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2017	
Computer software	589.22	44.91	(200.53)	433.60	-	196.66	(15.77)	180.89	252.71
License/franchise fees	197.89	-	-	197.89	-	125.68	(29.84)	95.84	102.05
Website	84.88	21.10	(59.07)	46.91	-	7.31	21.43	28.74	18.17
Total	871.99	66.01	(259.60)	678.40	-	329.65	(24.18)	305.47	372.93

₹ Lakhs

Particulars	Gross carrying amount				Accumulated depreciation				Carrying Value as at 31 March 2018
	As at 1 April 2017	Additions	Disposals/ discards/ Adjustments	Balance as at 31 March 2018	As at 1 April 2017	Amortisation expense for the year	Elimination on disposals/ discards/ Adjustments	Balance as at 31 March 2018	
Computer software	433.60	50.07	30.95	514.62	180.89	166.60	-	347.49	167.13
License/franchise fees	197.89	-	4.12	202.01	95.84	58.93	-	154.77	47.24
Website	46.91	-	-	46.91	28.74	3.52	-	32.26	14.65
Total	678.40	50.07	35.07	763.54	305.47	229.05	-	534.52	229.02

Note 6 Investments

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(a) Investment in equity others - Unquoted			
(i) 12,000 (2017 - 12,000, 2016 - 9,000) equity shares of ₹ 10 each of Green Infra Wind Power Generation Limited	1.20	1.20	0.90
(ii) 35,000 (2017 & 2016 - 35,000) equity shares of ₹ 100 each of Sree Rengaraja Ispat Industries Pvt. Ltd.	35.00	35.00	35.00
(iii) 1,268 (2017 - 1,268, 2016 - 700) equity shares of ₹ 100 each of Opulent Ventures Pvt. Ltd.	1.27	1.27	0.70
Total investment in equity instruments	37.47	37.47	36.60
(b) Investment in Government securities	-	-	0.25
Total	37.47	**37.47**	**36.85**
Aggregate amount of unquoted investment	**37.47**	**37.47**	**36.85**

Note 7 Other non-current financial assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits with banks	-	-	1,019.54
Margin money deposits with banks (refer note 13)	597.39	59.96	13.77
Security deposits - considered good	5,097.61	4,915.95	4,970.76
Other receivables - considered good	300.00	300.00	300.00
Total	**5,995.00**	**5,275.91**	**6,304.07**

Note 8 Tax assets (Net)

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Income Tax assets (net)			
Opening balance for the year	1,581.06	1,300.61	870.99
Less : Tax payable for the year	-	(0.08)	-
Add : Taxes deducted/collected at source	703.33	756.16	429.62
Add/(less) : Refund/adjustment for earlier years	(298.51)	(475.63)	-
Closing balance	**1,985.88**	**1,581.06**	**1,300.61**

Note 9 Other non-current assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade advances	45.81	45.81	45.81
Less: Allowance for doubtful trade advances	45.81	45.81	45.81
	-	-	-
Balances with Government authorities	2,921.35	2,921.35	2,928.97
Advance for fixed assets	87.78	55.43	2,905.67
Deposit adjustable against future rent payments	4,092.38	4,753.95	5,086.33
Pre-paid expenses	53.88	67.05	89.10
Total	**7,155.39**	**7,797.78**	**11,010.07**

Note 10 Inventories

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Food and beverages	1,488.57	1,186.39	1,114.12
Stores and operating supplies	1,736.82	1,822.66	3,255.85
Total	**3,225.39**	**3,009.05**	**4,369.97**

Note 11 Trade receivables (unsecured, considered good unless otherwise stated)

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Receivables from related parties	172.17	189.19	171.73
Receivables from other than related parties	8,466.89	7,368.10	6,659.30
Less : Allowance for doubtful receivables	(384.15)	(399.68)	(474.80)
Total	**8,254.91**	**7,157.61**	**6,356.23**

Note 12 Cash and cash equivalents

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash on hand	56.96	46.58	69.04
Cheques on hand	-	7.09	118.83
Balances with bank in current account	1,868.59	1,571.66	2,368.77
Short-term deposits with bank	150.00	-	-
(with original maturity less than three months)			
Total	**2,075.55**	**1,625.33**	**2,556.64**

Note 13 Other balances with banks

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term deposits	148.09	2,545.85	413.44
Margin money deposits	882.76	426.62	353.92
Unpaid dividend	6.32	13.69	27.92
	1,037.17	2,986.16	795.28
Less : Term deposits with bank maturing after 12 months from the balance sheet date and margin money deposits classified as non-current financial assets (refer note 7)	588.89	51.46	5.27
Total	**448.28**	**2,934.70**	**790.01**

Note 14 Other current financial assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Interest receivable	58.10	10.37	17.21
Unbilled revenue	313.09	298.85	404.44
Insurance claims receivable	36.63	1.47	9.05
Security deposits	272.81	268.76	302.10
Total	**680.63**	**579.45**	**732.80**

Note 15 Other current assets

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade advances	166.23	329.49	276.59
Loans and advances to employees	57.82	42.28	42.35
Advance rentals	332.78	-	-
Pre-paid expenses	1,300.43	1,379.38	1,221.09
Balances with Government authorities	439.91	478.47	340.21
Services export incentives	822.72	-	-
Other receivables - considered good	62.83	10.51	93.27
Total	**3,182.72**	**2,240.13**	**1,973.51**

Note 16 Equity share capital

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Authorised capital			
100,00,00,000 equity shares of ₹ 2 each with voting rights	20,000.00	12,000.00	12,000.00
(60,00,00,000 equity shares of ₹ 2 each with voting rights as at 31st March, 2017 and 31st March, 2016)			
60,00,000 (60,00,000) Redeemable preference shares of ₹100 each	6,000.00	6,000.00	6,000.00
b) Issued share capital			
63,05,51,766 equity shares of ₹ 2 each with voting rights	12,611.04	9,332.17	9,332.17
(46,66,08,307 equity shares of ₹ 2 each with voting rights as at 31st March, 2017 and 31st March, 2016)			
c) Subscribed and fully paid up	12,611.04	9,332.17	9,332.17
63,05,51,766 equity shares of ₹ 2 each with voting rights			
(46,66,08,307 equity shares of ₹ 2 each with voting rights as at 31st March, 2017 and 31st March, 2016)			
	12,611.04	9,332.17	9,332.17
d) During the year, 16,39,43,459 equity shares of ₹ 2 each fully paid up were issued to JM Financial Asset Reconstruction Company Ltd. at a premium of ₹ 14.78 per equity share by converting part of their loan.			

e) Reconciliation of number of shares outstanding at the beginning and at the end of the year

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	₹ lakhs	No. of shares	₹ Lakhs
At the beginning of the year	466,608,307	9,332.17	466,608,307	9,332.17
Add : Issued on conversion of loan to equity shares	163,943,459	3,278.87	-	-
At the end of the year	630,551,766	12,611.04	466,608,307	9,332.17

f) Shareholders holding more than 5% shares

Shareholders	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Leela Lace Holdings Private Limited	188,649,985	29.92	188,649,985	40.43	188,649,985	40.43
JM Financial Asset Reconstruction Company Limited	163,943,459	26.00	-	-	-	-
Leela Lace Software Solutions Private Limited	53,642,359	8.51	53,642,359	11.50	55,192,359	11.83
ITC Limited	49,953,055	7.92	49,953,055	10.71	49,953,055	10.71
Rockfort Estate Developers Private Limited	49,507,175	7.85	49,507,175	10.61	47,957,175	10.28

Note 17 Other equity

₹ Lakhs

	Particulars	As at 31 March 2018	As at 31 March 2017
(a)	Capital redemption reserve		
	As at 1st April	8,750.00	8,750.00
	Increase/(decrease) adjustments	-	-
	As at 31st March	8,750.00	8,750.00
(b)	Security premium		
	As at 1st April	41,115.40	41,115.40
	Increase/(decrease) adjustments	24,230.84	-
	As at 31st March	65,346.24	41,115.40
(c)	Debenture redemption reserve		
	As at 1st April	6,750.00	6,750.00
	Increase/(decrease) adjustments	-	-
	As at 31st March	6,750.00	6,750.00
(d)	General reserve		
	As at 1st April	6,445.39	6,445.39
	Increase/(decrease) adjustments	-	-
	As at 31st March	6,445.39	6,445.39
(e)	Retained earnings		
	As at 1st April	(59,126.47)	(57,580.70)
	Add/Less: Profit/(loss) for the year	(2,321.65)	(1,545.77)
	As at 31st March	(61,448.12)	(59,126.47)
(f)	Other comprehensive income		
	As at 1st April	(172.95)	-
	Add/Less: Profit/(loss) for the year	137.08	(172.95)
	As at 31st March	(35.87)	(172.95)
		25,807.64	3,761.37

Note 18 Non-current borrowings

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Secured			
Debentures	-	2,250.00	4,500.00
Foreign currency loan from banks	6,569.46	11,606.11	16,217.68
Rupee term loan from financial institution	1,820.80	-	131.79
Foreign currency term loan from financial institution	42,044.39	80,756.51	93,230.83
Rupee term loan from ARCs (refer note 36.1)	256,870.43	298,867.94	309,751.41
Total	**307,305.08**	**393,480.56**	**423,831.71**
Current maturities of long term debt (refer note 23)			
Debentures	6,750.00	4,500.00	2,250.00
Rupee loan from banks	-	-	152.98
Foreign currency loan from banks	12,720.14	7,796.21	3,777.55
Rupee term loan from financial institution	423.59	131.77	845.47
Foreign currency term loan from financial institution	38,968.07	10,378.06	-
Rupee term loan from others	-	-	108.87
Total	**58,861.80**	**22,806.04**	**7,134.87**

Note 18 Details of borrowings (continued)

₹ Lakhs

Particulars	Interest rate (%) - 31 Mar 18	As at 31 March 2018	As at 31 March 2017	As at 1st April 2016	Details of security	Repayment terms
Debentures						
Non-convertible debentures Life Insurance Corp. of India	12.5%	6,750.00	6,750.00	6,750.00	Refer Note A (a) to (g)	Annual instalments of ₹ 2250 lakhs from 30th September 2016 Refer note C
		6,750.00	6,750.00	6,750.00		
Rupee loan from banks						
HDFC Bank Ltd.		-	-	76.28	Refer Note A (m)	
ICICI Bank Ltd.		-	-	76.70	Refer Note A (m)	
		-	-	152.98		
Foreign currency loan from banks						
Bank of Baroda	6.15%	4,492.07	4,651.54	4,905.16	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India	6.24%	14,797.53	14,750.78	15,090.07	Refer Note A (j) & (e)	Quarterly structured instalments from June 2016
		19,289.60	19,402.32	19,995.23		
Rupee term loan from financial institution						
HDFC Ltd.		-	-	214.29	Refer Note A (j)	
HDFC Ltd.		-	131.77	762.97	Refer Note A (j), (k) & (e)	
HDFC Ltd.	11.75%	2,244.39	-	-	Refer Note A (j), (k) & (e)	50 EMI from August 2017
		2,244.39	131.77	977.26		
Foreign currency term loan from financial institution						
HDFC Ltd.	6.51%	18,146.16	18,088.83	18,504.90	Refer Note A (j)	Refer Note B
HDFC Ltd.	6.70%	52,054.77	62,268.37	63,700.66	Refer Note A (j), (k) (l) & (e)	6 half yearly instalments from Feb 2018
HDFC Ltd.	6.58%	10,811.53	10,777.37	11,025.27	Refer Note A (j) & (l)	Repayable in June 2019
		81,012.46	91,134.57	93,230.83		
Rupee term loan from ARCs						
J M Financial Asset Reconstruction Company Limited	refer note 36.1(c)	254,112.05	295,963.28	306,736.87	Refer Note A (a) to (i)	Refer Note 36.1 (a) to (c)
Phoenix ARC Pvt. Ltd.	refer note 36.1(c)	2,758.38	2,904.66	3,014.54	Refer Note A (a) to (g)	Refer Note 36.1 (a) to (c)
		256,870.43	298,867.94	309,751.41		
Rupee loan from others						
BMW Financial Services (I) Limited		-	-	108.87	Refer Note A (m)	
		-	-	108.87		
Total Secured Loans		366,166.88	416,286.60	430,966.58		
Instalments overdue		12,146.70	5,799.28	141.61		

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 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) 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. 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.

(i) 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.

(j) First pari passu charge on the immovable properties of the Leela Palace, Bangalore.

(k) Receivables from Bangalore Hotel.

(l) Receivables from Pune Joint Development.

(m) 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.

Note C:

The Company has defaulted on payment of matured Non convertible debentures of ₹ 2,250 lakhs due on 30th September, 2017 and ₹ 2,250 lakhs due on 30th September, 2016 and the Company did not invest the required 15% of the amount of debentures so matured during the financial year in any of the prescribed mode by the Ministry of Corporate Affairs Circular No.04/2013 dated 11.02.2013.

Note 19 Other non current financial liabilities

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Trade/security deposits received	2,038.85	1,965.51	1,907.87
Deferred payables	84.90	115.99	148.41
Total	**2,123.75**	**2,081.50**	**2,056.28**

Note 20 Non-current provisions

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Employee benefit obligations:			
- for compensated absences (refer 36.6 (ii))	767.22	794.90	764.21
- for Gratuity (net)- (refer note 36.6 (i))	897.14	1,063.19	927.26
Total	**1,664.36**	**1,858.09**	**1,691.47**

Note 21 Current borrowings - Unsecured

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
From related party:			
Leela Villas Pvt. Ltd. at 0% interest	8.60	8.60	8.60
Leela Lace Holdings Pvt Ltd. at 0% interest	11,955.25	1,926.25	1,926.25
Total	**11,963.85**	**1,934.85**	**1,934.85**

Note 22 Trade payables

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
To micro enterprises and small enterprises (refer note 36.5)	14.86	26.03	2.70
Related parties	2,914.58	2,112.33	1,654.56
Others	6,694.43	6,132.30	6,026.26
Total	**9,623.87**	**8,270.66**	**7,683.52**

Note 23 Other current financial liabilities

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Current maturities of long term debt* (refer note 18)	58,861.80	22,806.04	7,134.87
Interest accrued on borrowings **	1,787.35	2,463.59	2,012.83
Unpaid dividend	6.32	13.69	27.92
Payable on purchase of property, plant and equipment	2,318.95	2,690.36	2,923.62
Liability for expenses	1,517.62	2,318.58	2,895.30
Overdrawn bank balance	67.89	684.37	606.90
Trade/security deposits	75.98	66.13	39.20
Total	**64,635.91**	**31,042.76**	**15,640.64**
* includes unpaid matured debentures	4,500.00	2,250.00	-
** includes interest accrued on debentures	1,015.43	475.35	143.73

Note 24 Other current liabilities

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Statutory liabilities	2,001.21	1,882.56	1,121.56
Deposit adjustable against future rent income	22.41	-	-
Advance from customers	1,655.82	1,516.28	1,963.60
Total	**3,679.44**	**3,398.84**	**3,085.16**

Note 25 Current Provisions

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Employee benefit obligations:			
- for bonus	371.45	460.28	422.21
- for compensated absences (refer 36.6 (ii))	195.06	295.03	195.16
- for Gratuity (net)- (refer note 36.6 (i))	-	-	386.74
Total	**566.51**	**755.31**	**1,004.11**

Note 26 Revenue from operations

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from sale of products:		
Food & beverages	28,354.49	25,964.62
Revenue from sale of services:		
Room revenue	35,795.82	35,439.68
Revenue from managed hotels	2,496.35	2,910.94
Income from rental & related services	978.18	886.99
Other services	4,229.57	4,600.20
	43,499.92	43,837.81
Total	**71,854.41**	**69,802.43**

Note 27 Other income

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income from deposit with banks	366.95	311.13
Amortisation of interest on security deposits	219.89	206.02
Export service incentives/subsidy	971.47	9.65
Net foreign exchange gain/(loss)	66.97	2,641.00
Profit on sale of property, plant and equipment (net)	-	40.72
Provisions/ liabilities written back	549.55	604.41
Miscellaneous income	284.01	307.62
Total	**2,458.84**	**4,120.55**

Note 28 Food and beverages consumed

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock	1,186.39	1,114.12
Add: Purchases	6,815.32	6,235.88
	8,001.71	7,350.00
Less: Closing stock	1,488.57	1,186.39
Total	**6,513.14**	**6,163.61**

Note 29 Employee benefit expenses and payment to contractors

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries & wages	13,330.29	13,526.85
Contribution to provident fund and other funds	1,017.35	926.01
Staff welfare expenses	1,266.56	1,163.42
Labour Contract	3,664.62	3,562.12
Total	19,278.82	19,178.40

Note 30 Finance costs

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest on borrowings	8,031.50	8,650.80
Interest others	68.71	353.37
Exchange difference regarded as borrowing cost *	192.29	-
Financial charges	74.76	40.02
Total	8,367.26	9,044.19
* - previous year being gain, grouped under other income		

Note 31 Depreciation and amortisation expenses

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation of property, plant and equipment	12,162.18	13,572.53
Depreciation of investment property	151.20	212.71
Amortisation of intangible assets	229.05	329.65
Total	12,542.43	**14,114.89**

Note 32 Other Expenses

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and supplies including linen	2,549.82	3,599.23
Power and fuel	5,034.00	4,686.45
Rent	4,214.87	4,152.37
Repairs and maintenance		
- Buildings	993.97	824.61
- Machinery	1,524.57	1,628.36
- Others	1,202.52	1,107.37
Insurance	202.87	220.39
Rates and taxes	2,340.65	2,265.14
Other Operating expenses	926.85	775.02
Communication	231.28	277.16
Travelling and conveyance	606.07	635.46
Guest transport	563.28	612.55
Printing and stationary	159.02	260.98
Royalty and reservation fee	455.42	454.15
Sales & credit card commission	1,784.15	1,668.07
Business promotion	2,533.47	2,499.83
Legal and professional *	989.23	960.13
Directors' sitting fees	15.60	19.33
Provision/write-off of trade and other receivables	46.21	46.68
Loss on sale of property, plant and equipment (net)	81.50	-
Miscellaneous expenses	184.22	274.30
Total	**26,639.57**	**26,967.58**
* includes Auditors' remuneration:		
Statutory audit	30.18	30.17
Tax audit	-	5.00
Other services	10.65	1.11
Total	40.83	36.28

Note 33 Exceptional items - profit/(loss)

₹ Lakhs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Impairment of capital work in progress	(1,041.78)	-
Impairment of leasehold rights	(4,144.74)	-
Income from joint development of property	1,892.84	-
Total	**(3,293.68)**	-

Note 34 Transition to Ind AS

1 **These are the Company's first financial statements prepared in accordance with Ind AS.**

The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017 with a transition date of 1st April, 2016. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101 "First-time Adoption of Indian Accounting Standards", as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or other appropriate category of equity).

2 **Exemptions and exceptions availed:**

A **Optional Exemptions:**

a **Deemed Cost**

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipment, investment property and intangible assets as deemed cost as at the transition date.

b **Foreign currency monetary item translation difference account:**

Till the date of transition to Ind AS, as per para 46 A of AS11 "The Effects of Changes in Foreign Exchange rates" 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 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.

The Company has charged off unamortised foreign currency translation account as on the date of transition to retained earnings as per the option given in paragraph D13AA of IND AS 101 "First-time Adoption of Indian Accounting Standards."

B **Ind AS mandatory exceptions:**

a An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP

b **Fair value measurement of financial assets and financial liabilities at the initial recognition.**

The fair value of the financial assets and the liabilities at the initial recognition is normally the transaction price i.e the fair value of the consideration given or received except for the following:

(i) Defined benefit plan

(ii) Security deposits under lease contracts

3 **Revaluation reserves**

On transition to Ind AS, the Company has elected to adopt the carrying value of the property, plant and equipment on the date of transition as its deemed cost. Hence revaluation reserve accounted under previous GAAP outstanding as on the date of transition to Ind AS amounting to ₹ 41,281.96 lakhs is transferred to retained earnings.

Note 35 Reconciliation between previous GAAP and Ind AS :

a Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

₹ Lakhs

Particulars	Note	As at 31 March 2017	As at 1 April 2016
Total equity (shareholder's funds) as per previous GAAP		13,517.12	23,767.71
Adjustments:			
Reversal of balance in Foreign Currency Monetary Translation Differences Account (FCMTD)	1	(571.06)	(8,955.45)
Impact on property, plant and equipment on account of changes in foreign exchange fluctuation accounting	1	273.87	-
Fair Value of security deposits	2	(126.39)	-
Total		(423.58)	(8,955.45)
Total equity as per Ind AS		13,093.54	14,812.26

b Reconciliation of total comprehensive income for the year ended 31st March, 2017

₹ Lakhs

Particulars	Note	Year ended 31 March 2017
Profit/(loss) after Tax as per previous GAAP		(10,250.59)
Adjustments		
Foreign exchange fluctuations relating to long term term loans credited to FCMTD under previous GAAP credited to Statement of Profit & Loss under Ind AS	1	2,201.87
Changes in depreciation and amortisation on account of change in accounting of foreign exchange fluctuation on long term borrowings	1	6,117.10
Foreign exchange fluctuations relating to borrowings attributable to depreciable fixed assets accounted under fixed assets under previous GAAP now credited to Statement of Profit & Loss	1	339.29
Fair valuation of security deposits	2	(126.39)
Remeasurement of Post-employment benefit obligations	3	172.95
Total		8,704.82
Profit after tax as per Ind AS		(1,545.77)
Other comprehensive income (Net of Tax)		
Remeasurement of post-employment benefit obligations		(172.95)
Total comprehensive income as per Ind AS		(1,718.72)

c Impact of Ind AS adoption on cash flow statement for the year ended 31 March, 2017

₹ Lakhs

Particulars	Previous GAAP	Adjustments	Ind AS
Cash flow from operating activities	19,513.34	2,522.56	22,035.90
Cash flow from investing activities	1,491.71	(1,171.28)	320.43
Cash flow from financing activities	(20,746.51)	(2,541.13)	(23,287.64)
Net increase/(decrease) in cash and cash equivalents	258.54	(1,189.85)	(931.31)
Cash and Cash equivalent as at 1st April, 2016	4,517.43	(1,960.79)	2,556.64
Cash and Cash equivalent as at 31st March, 2017	4,775.97	(3,150.64)	1,625.33

Note:

1 **Foreign currency transactions**

Under previous GAAP, 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 are 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.

On transition to Ind AS, the Company has charged off unamortised foreign currency translation account as on the date of transition to retained earnings as per the option given in paragraph D13AA of IND AS 101 "First- time Adoption of Indian Accounting".

2 Fair valuation of Financial Assets

Under the previous GAAP, interest free lease security deposit assets (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Prepaid rent is amortised over the tenure of the deposits, which is partially set off by the notional interest income recognised on such deposit.

3 Remeasurement of post-employment benefit obligations (net of Tax)

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Accordingly, loss on remeasurements of post-employment benefit obligation has been reclassified to the Other Comprehensive Income for the period.

Additional information to the Financial Statements

36.1 Debt Restructuring

(a) The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June, 2014 declared that the account of the Company stands exited from CDR system on account of failure. Pursuant thereto, on 30th June, 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR debt assigned their debt to JM Financial Asset Reconstruction Company Limited (JMFARC) (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.

(b) The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was ₹4,15,014 lakhs, which included Sacrifice amount of ₹26,315 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.

(c) The ARCs have notified the Company that (i) interest and penal interest are applicable as per the rates contracted prior to admission to CDR; (ii) the finance cost on the debt for the year is ₹78,873 lakhs and till 31st March, 2018 is ₹3,03,145 lakhs; and (iii) the debt amount is ₹5,60,015 lakhs as against ₹2,56,870 lakhs accounted by the Company. The Company has been evaluating various options for a viable restructuring, including sale / monetisation of non-core assets, sale of hotels, equity infusion and debt refinancing by investors, etc. The Company expects the restructuring to include certain waiver/concessions in interest and repayment terms. Pending this, the Company has classified the debt as non-current liabilities in the Balance Sheet and has not provided for interest at rates notified by ARCs. If interest provision was made in accordance with the intimation received from the ARCs, the finance cost and the loss for the year would have been higher by ₹78,873 lakhs (previous year ₹ 73,327 lakhs) and the interest liability till 31st March, 2018 would have been higher by ₹3,03,145 lakhs (previous year ₹ 2,24,272 lakhs).

36.2 Disputes with Airports Authority of India (AAI)

(a) 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, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel, effective from 1st October, 2014 which increases the rental by ₹3,877 lakhs for the period upto 31st March, 2018 (upto 31st March, 2017 ₹ 2,659 lakhs). The Company has objected to this increase and has not provided for the same. AAI has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate, on the assumption that the lease will be renewed.

(b) The Company had entered into a lease agreement on 7th February, 1996 with the Airports Authority of India (AAI) in respect of a land admeasuring 11,000 sqm intended for the construction of a 150-room Hotel at Mumbai based on terms stipulated in it of Royalty on turnover with minimum guaranteed amounts (MG) to be mutually agreed and annual ground rent between the parties. The percentage of Royalty and MG was stipulated in the Supplemental Agreement dated 7th February, 1996. The MG was arrived at based on certain revenue projections.

The terms and stipulations specified in the supplemental agreement became impossible of performance for various reasons. Aggrieved by this, the Company opted arbitration proceedings. The sole Arbitrator appointed by AAI by his award dated 29th August, 2012 declared that the MG stipulated in the supplemental agreement has become impossible of performance with effect from 1st June, 2008. AAI challenged the award before the single judge of the Delhi High Court which set aside the award. On appeal by the Company, the Division Bench also affirmed the setting aside of the award. The Special Leave Petition filed by the Company before the Supreme Court was dismissed and the Review Petition has been filed by the Company but not yet heard. According to AAI the amount outstanding is ₹ 31,119 lakhs upto 31st July, 2017 (Previous year ₹ 28,538 lakhs upto 31st December, 2016), the Company has disputed their claim. Further, the Company vide letter dated 6th April, 2017 requested AAI to take over immediate physical possession of the land pending restoration of FSI by the Company. No Provision has been made for the cost of FSI as it is not ascertainable.

The Company has now received expert legal opinion from eminent councils that, without prejudice to its contention that the matter is pending before the Supreme Court, the entire proceedings before the Ld. Arbitrator is a "nullity" in law and void ab initio, as disputes arising from a Lease Deed relating to property are not subject to arbitration; but the resolution of such disputes must be confined to the adjudication either of a Civil Court alone or, in case of any of the 2 parties drawing any special right under any special Act, before the judicial forum specially designated under such special Act and therefore the proceedings before the Ld. Arbitrator were "without jurisdiction" and that consequently, the Company is not liable to pay the demand raised by AAI. The Company is considering filing appropriate proceedings before the City Civil Court, Mumbai. Based on the opinion, no provision has been made because the dispute is still pending.

36.3 For reasons explained in 36.1 and 36.2, the financial statements of the Company have been prepared on a going concern basis.

36.4 Contingent liabilities and commitments (to the extent not provided for)

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
Contingent liabilities:			
(a) Disputed liability with Airports Authority of India			
(i) refer note 36.2 (a)	3,877.00	2,659.00	1,526.00
(ii) refer note 36.2 (b)	31,119.00	28,538.00	23,281.00
(b) Other claims against the Company not acknowledged as debt	15,446.93	21,783.14	19,751.05
(c) Disputed Statutory Liabilities	7,300.79	6,330.43	5,790.21
(d) Other Contingent Liabilities	-	130.99	130.99
(e) Future export obligations/ commitments under import of capital goods at concessional rate of Custom duty	2,554.08	2,554.08	2,554.08
Commitment:			
Estimated amount of contracts remaining to be executed on capital account and not provided for	124.91	29.16	29.40

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

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
(i) Principal amount remaining unpaid to any supplier as at the end of the year	14.86	26.03	2.70
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year	0.61	0.47	0.15
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.41	0.15	Nil
(iv) The amount of interest due and payable for the year	0.61	0.47	0.15
(v) The amount of interest accrued and remaining unpaid at the end of the year	0.67	0.47	0.15
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil	Nil

36.6 Employee benefit plans

Defined contribution plans

(i) The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable under 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:

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 ₹20 lakhs. The unfunded portion as well as the amounts in excess of the limit are to be borne by the Company, as per policy. 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.

a) Reconciliation of Opening and Closing balances of Defined Benefit Obligation

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
Defined Benefit Obligation at beginning of the year	2,298.43	1,951.57	1,797.40
Current service cost	201.48	178.92	201.49
Past service cost	-	-	596.89
Interest cost	142.25	127.58	134.66
Actuarial (gain)/loss	(138.68)	206.06	(255.00)
Benefits paid	(151.34)	(165.70)	(125.64)
Liabilities assumed/(settled)	-	-	(398.23)
Defined Benefit Obligation at the end of the year	2,352.13	2,298.43	1,951.57

b) Reconciliation of opening and closing balances of fair value of plan assets

₹ Lakhs

Particulars	2017-18	2016-17	2015-16
Fair value of plan assets at beginning of the year	1,235.22	286.57	262.20
Expected return of plan assets	100.86	35.54	13.38
Employer contribution	271.86	1,045.70	538.55
Benefits paid	(151.34)	(165.70)	(125.64)
Fair value of plan assets at year end	1,455.00	1,235.22	637.57
Assets acquired/ (settled)	-	-	(56.56)
Actual return on plan assets	(1.60)	33.11	5.65

c) Reconciliation of fair value of Assets and Obligations

₹ Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fair value of plan assets	1,455.00	1,235.22	637.57
Present value of obligation	2,352.13	2,298.43	1,951.57
Amount recognised in balance sheet ((surplus)/deficit)	897.14	1,063.19	1,314.00

d) Expenses recognised during the year

₹ lakhs

Particulars	2017-18	2016-17	2015-16
In income statement			
Current service cost	201.48	178.92	201.49
Past service cost	-	-	596.89
Interest cost	41.40	92.03	121.28
Net cost	**242.88**	**270.95**	**919.66**
In other comprehensive income			
Actuarial (Gain)/Loss	(138.68)	206.06	(255.00)
Return on plan assets	1.60	(33.11)	(5.65)
Net (income)/expense for the period recognised in OCI	**(137.08)**	**172.95**	**(260.65)**

(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 ₹ 962.28 lakhs (Previous year ₹1089.93 lakhs), of which long term liability is ₹ 767.22 lakhs (Previous year ₹ 794.90 lakhs) and short term liability is ₹ 195.06 lakhs (Previous year ₹ 295.03 lakhs).

36.7 Related Party Transactions

(i) Details of related parties:

Associates:		
Leela Lace Holdings Pvt. Ltd.	Fransisco Hospitality Pvt. Ltd.	LM Realtors Pvt. Ltd.
Leela Lace Software Solutions Pvt. Ltd.	Leela Capital and Finance Ltd.	LMV Associates Ltd.
Leela Fashions Pvt. Ltd.	Leela Housing Pvt. Ltd.	Genuine Hotels Facilities & Services Pvt. Ltd.
Rockfort Estate Developers Pvt. Ltd.	Leela IT Projects Pvt. Ltd.	Leela Palace (Bangalore) Pvt. Ltd.
Leela Hospitality Pvt. Ltd.	Leela Lace Builders Pvt. Ltd.	Leela Palace Chennai Pvt. Ltd.
Elegant Eateries Pvt. Ltd.	Leela Lace Estates Pvt. Ltd.	Leela Palace New Delhi Pvt. Ltd.
Emmel Real Estate Development Pvt. Ltd.	Leela Realty Ltd.	Season Apparels Pvt. Ltd.
Esteem Constructions Pvt. Ltd.	Leela Villas Pvt. Ltd.	Vibgyor Leasing Pvt. Ltd.
		Zillion Hotels & Resorts Pvt. Ltd.
Key Management Personnel (KMP) Mr.Vivek Nair Mr.Dinesh Nair		
Relative of KMP Mrs.Madhu Nair (wife of Mr.Dinesh Nair)		

(ii) Transactions carried out with Related Parties ₹ Lakhs

Particulars	Associates		Key Management Personnel		Relative of Key Management Personnel	
	2017-18	2016-17	**2017-18**	2016-17	2017-18	2016-17
<u>Sale of room, food and other services</u>						
Leela Hospitality Pvt. Ltd.	1.69	7.61				
<u>Expenses towards goods & services</u>						
Leela Hospitality Pvt. Ltd.	1.05	6.02				
<u>Income from rental & related services</u>						
Leela Lace Holdings Pvt. Ltd.	58.17	44.18				
Leela Fashions Pvt. Ltd.	133.96	121.82				
Leela Hospitality Pvt. Ltd.	24.76	34.11				
<u>Expense towards lease rent</u>						
Leela Lace Holdings Pvt. Ltd.	1,065.95	1,078.65				
Leela Fashions Pvt. Ltd.	0.25	0.25				
<u>Remuneration paid</u>						
Mr. Krishna Deshika - Chief Financial Officer			210.00	168.00		
<u>Sitting fees</u>						
Mrs Madhu Nair					-	1.20
					Independent Directors	
Mrs. Anna Malhotra					3.30	2.10
Mr. K U Mada					-	3.30
Mr. Anil Harish					-	2.40
Mr. Ashok G Rajani					2.40	2.40
Mr. M Madhvan Nambiar					-	2.10

(ii) Transactions carried out with Related Parties ₹ Lakhs

Particulars	Associates		Key Management Personnel		Independent Directors	
	2017-18	2016-17	**2017-18**	2016-17	2017-18	2016-17
Mr. Navneet Batheja					3.00	0.90
Mr. Vijay AMr.itraj					0.60	0.60
Mr. Vinay Kapadia					3.00	-
Mr. Shereveer Vakil					1.50	-
					Nominee Directors	
Mr. V P Shetty (nominee of JM Financial Asset Reconstruction Company Limited)					0.60	1.80
Mr. Anil Bhatia (nominee of JM Financial Asset Reconstruction Company Private Limited)					1.20	1.50
Ms. Hemlatha (nominee of Airports Authority of India)					-	0.90
				Associates		
Particulars				**As at 31 March 2018**	As at 31 March 2017	As at 1 April 2016
Debit balance outstanding						
Leela Hospitality Pvt. Ltd.				71.60	86.65	104.64
Leela Fashions Pvt. Ltd.				100.57	98.96	67.08
Credit balance outstanding						
Leela Lace Software Solutions Pvt. Ltd.				193.70	193.70	197.86
Leela Lace Holdings Pvt. Ltd.				2,720.88	1,918.63	1,453.12
Unsecured loans outstanding						
Leela Lace Holdings Pvt. Ltd.				11,955.25	1,926.25	1,926.25
Leela Villas Pvt. Ltd.				8.60	8.60	8.60
Deposits given						
Leela Lace Holdings Pvt. Ltd.				6,931.47	7,074.59	7,373.51
Rockfort Estate Developers Pvt. Ltd.				776.46	776.46	776.46

(iii) The Company has not given loans to any directors or to entities in which directors are interested, but there are dues towards transactions, from Leela Hospitality Pvt. Limited and Leela Fashions Pvt. Limited as detailed in Note 36.7 (ii). However, these companies have informed that they will clear the dues when Leela Lace Holdings Pvt. Ltd. and Leela Lace Software Solutions Pvt. Ltd. get payment from the Company towards their dues. The Company has not cleared the dues to these two companies, in view of the restrictions from the lenders.

36.8 Segment Information

The Company has identified single reportable segment, i.e., hotel , of its business. Accordingly, disclosures relating to the segmentation under Ind AS 108, "Operating Segment" is not required.

36.9 Details of leasing arrangements ₹ Lakhs

Particulars	2017-18	2016-17	2015-16
(i) The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:			
not later than one year	551.55	762.79	812.80
later than one year and not later than five years	2,070.13	2,473.74	1,593.33
later than five years	823.25	1,103.86	708.46
(ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:			
not later than one year	1,387.07	1,303.78	935.69
later than one year and not later than five years	5,233.10	4,810.89	3,196.70
later than five years	18,928.65	20,844.29	19,162.58

36.10 Earnings per share

Particulars	2017-18	2016-17
Basic & Diluted		
Net profit/(loss) for the year (₹Lakhs)	(2,321.65)	(1,545.77)
Weighted average number of equity shares	538,024,773	466,608,307
Par value per share (₹)	2.00	2.00
Earnings per share (₹)	**(0.43)**	**(0.33)**

36.11 Trade receivable includes ₹3,666.89 lakhs from a party out of which ₹2,790.48 lakhs is outstanding for more than a year. The Company has sought confirmation of balance and has taken steps to recover these dues and is confident that no provision for allowances is required at present.

36.12 Goodwill of ₹3,254.14 lakhs represent the difference between the net worth of the subsidiary company as on date of investment and cost of investment as reduced by the provision for impairment

36.13 Fixed deposit with HDFC Bank Ltd. amounting to ₹8.50 lakhs is pledged with them as security towards bank guarantee for ₹8.50 lakhs issued by them.

36.14 Additional information as required under schedule III to the Companies Act,2013 of enterprises consolidated as Subsidiary / Associates /Joint ventures

₹ Lakhs

Particulars	2017-18		2016-17	
	Hotel Leelaventure Limited	**Leela Palaces & Resorts Limited**	**Hotel Leelaventure Limited**	**Leela Palaces & Resorts Limited**
Relationship	**Parent Company**	**Subsidiary Company**	Parent Company	Subsidiary Company
Net Assets, i.e. total assets minus total liabilities				
As a %age of consolidated net assets	85.1%	14.9%	56.3%	43.7%
Amount ₹ in lakhs	32,690.49	5,728.19	7,365.33	5,728.22
Share in Profit or (Loss)				
As a %age of consolidated profit or (loss)	100.0%	0.0%	100.0%	0.0%
Amount ₹ in lakhs	(2,321.62)	(0.03)	(1,545.78)	0.30
Share in Other Comprehensive Income				
As a %age of other comprehensive income	100.0%	0.0%	100.0%	0.0%
Amount ₹ in lakhs	137.08	-	(172.95)	-
Share in Total Comprehensive Income				
As a %age of total comprehensive income	100.0%	0.0%	100.0%	0.0%
Amount ₹ in lakhs	(2,184.54)	(0.03)	(1,719.02)	0.30

Note 37 Fair value measurement:

1 The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

2 The following methods and assumptions were used to estimate the fair values:

a The fair value of trade receivables, trade payables and other current financial assets and liabilities are considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3.

b Company has invested in certain power generating Companies pursuant to the contract for procuring electricity supply at the hotel units. Investment in said Companies are not usually traded in the market. Considering the terms of the electricity supply contract and best information available, cost of investment is considered as fair value of these investments.

c The fair value of security deposits are calculated using effective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

d The Company has been in evaluating various options for a viable restructuring, including sale / monetisation of non-core assets, sale of hotels, equity infusion and debt refinancing by an investor, etc. The restructuring would involve concessions in interest and repayment terms. Pending this, Company has not provided for interest on debt assigned by erstwhile CDR lenders and have therefore not computed the fair value of these borrowings in its financial statements. (Also refer Note 36.1)

e Considering the contracted rate of interest, the carrying amounts of all other term borrowings that are measured at fair value are reasonable approximation of fair value .

f For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

3 **Analysis of fair value measurement:**

a The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

b During the period under review, level 3 hierarchy is considered for determination of fair value for all the financial assets and liabilities which are measured at fair value.

c Financial Instruments by category:

₹ Lakhs

Particulars	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	FVPL	Amortised cost	FVPL	Amortised cost	FVPL	Amortised cost
Financial assets						
Non-current:						
Investments:						
Other equity investment	37.47	-	37.47	-	36.60	-
Government securities	-	-	-	-	-	0.25
Other non current financial assets		5,995.00	-	5,275.91	-	6,304.07
Current:						
Trade receivables	-	8,254.91	-	7,157.61	-	6,356.23
Cash & cash equivalents	-	2,075.55	-	1,625.33		2,556.64
Other balances with banks	-	448.28	-	2,934.70	-	790.01
Other financial assets	-	680.63	-	579.45	-	732.80
Total	**37.47**	**17,454.37**	**37.47**	**17,573.00**	**36.60**	**16,739.99**
Financial liabilities						
Non current:						
Borrowings	-	307,305.08	-	393,480.56	-	423,831.71
Other liabilities	-	2,123.75	-	2,081.50	-	2,056.28
Current:						
Borrowings	-	11,963.85	-	1,934.85	-	1,934.85
Trade payables	-	9,623.87	-	8,270.66	-	7,683.52
Other financial liabilities	-	64,635.91	-	31,042.76	-	15,640.64
Total	**-**	**395,652.46**	**-**	**436,810.33**	**-**	**451,147.00**

Note 38 Financial Risk Management

Financial risk management objectives and policies:

The activities of the Company expose it to market risk, credit risk and liquidity risk.

The Company's principal financial liabilities comprise interest bearing loans including loans taken over by Asset Reconstruction Companies (ARCs), long term security deposits received, trade and other payables. The main purpose of these financial liabilities is for funding its expansion and also to finance operations. The group has trade and other receivables and cash and short term deposits that arrive directly from its operations. The Company has also paid long term lease deposits.

Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

A **Market Risk:**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency, payables and loans and borrowings.

The Company manages market risks through finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies which are approved by the finance committee and Audit Committee. The activities of the department includes management of cash resources, borrowing strategies and ensuring compliance with market risk limits and policies.

- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk changes in the market interest rates relates primarily to the Company's long-term debt obligation. As detailed in note 36.1, the Company is pursuing with ARC for a viable restructuring package, with lower interest rate and longer repayment terms.

The Company has also availed foreign currency term loans with variable interest rates linked to LIBOR.

The borrowings in terms of fixed rate and floating rate are as follows

₹ Lakhs

	As at 31 March 18	As at 31 March 17	As at 1 April 16
Fixed rate of borrowings	6,750.00	6,750.00	7,011.85
Variable rate of borrowings	102,546.45	110,668.66	114,203.32
0% interest rate borrowings (refer note 21)	11,963.85	1,934.85	1,934.85
Dues to ARCs	256,870.43	298,867.94	309,751.41
Total borrowings	378,130.73	418,221.45	432,901.43

As at the reporting period, the Company had the following variable average interest rate borrowing outstanding

	2017-18	2016-17
Weighted average interest rate	6.4%	6.8%
Balance ₹ lakhs	102,546.45	110,668.66

Interest Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on that portion of loans. With all other variables held constant, the Company's profit/(loss) before tax is affected through the impact on floating rate borrowings, as follows:

₹ Lakhs

	Impact on profit/(loss)	
	Year ended 31 March 18	Year ended 31 March 17
Interest rates - increase by 100 basis points	(1,066.08)	(1,124.36)
Interest rates - decrease by 100 basis points	1,066.08	1,124.36
1% interest rates on loans outstanding to ARCs	(2,778.69)	(3,043.10)

Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. The company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency linked revenue, foreign currency denominated expenses and other financial instruments. Due to this any volatility in foreign currency exchange rates will have an impact to the Company.

The position of foreign currency exposure to the Company as at the end of the year expressed in INR are as follows :

₹ Lakhs

Currency US$	As at 31 March 18	As at 31 March 17	As at 1 April 16
Loans (payable)	100,302.06	110,536.89	113,226.06

Foreign exchange sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates on foreign currency denominated liabilities. Company has no foreign currency denominated assets. The significant foreign currency exposure of the Company is limited to USD. With all other variables held constant, the companies profit before tax is affected through the impact on USD denominated liabilities as follows.

₹ Lakhs

	Impact on profit/(loss)	
	Year ended 31 March 18	Year ended 31 March 17
INR/USD increases by 5% (31st March 2017 - 5%)	(5,015.10)	(5,526.84)
INR/USD decreases by 5% (31st March 2017 - 5%)	5,015.10	5,526.84

	As at 31 March 18	As at 31 March 17	As at 1 April 16
Particulars of unhedged foreign currency exposures as at the reporting date	US$ Mn	US$ Mn	US$ Mn
	154.21	170.48	170.70

B Credit Risk:

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. Customer credit risk is managed by each business unit subject to Company's established policy, procedure and control relating to customer risk management. Further, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and advances based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data the provision for loss on receivables is made.

Ageing of Account receivables: ₹ Lakhs

	As at 31 March 18	As at 31 March 17	As at 1 April 16
0-3 months	3,389.93	3,229.00	3,917.83
3-6 months	858.41	671.43	1,090.74
beyond 6 months	4,006.57	3,257.18	1,347.66

Movement in provisions for doubtful receivables ₹ Lakhs

	As at 31 March 18	As at 31 March 17
Opening provision	399.68	474.80
Add: Additional provision made	32.45	41.36
Less: Provision write off	39.65	109.56
Less: Provision reversed	8.33	6.92
Closing provisions	384.15	399.68

C **Liquidity risk :**

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Competitive intensity has adversely impacted revenue and consequent cash accruals during the year. This, coupled with current level of debt and imminent repayment obligations, has lead to stress on liquidity profile. The Company closely monitors its liquidity position in consultation with its lenders to ensure that the operations of the Company are not affected adversely due to liquidity and is attempting to enhance its sources of funding by increasing cash flow generated from its operations and realisations from other proposed measures.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual obligations.

₹ Lakhs

As at 31st March, 2018	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	9,623.87	9,623.87	-	-	-
Borrowings **	121,260.29	45,614.28	25,211.37	49,607.98	826.66
Borrowings from ARC (refer note 36.1)	256,870.43	-	-	-	-
Interest on borrowings **	1,787.35	1,787.35	-	-	-
Other current financial liabilities	3,986.76	3,986.76	-	-	-
Total		61,012.26	25,211.37	49,607.98	826.66

* Trade payables are payable within 60 days

** Borrowing payable within 6 months includes amount overdue

₹ Lakhs

As at 31st March, 2017	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	8,270.66	8,270.66	-	-	-
Borrowings **	119,353.51	10,142.42	14,598.47	81,284.40	13,328.22
Borrowings from ARC (refer note 36.1)	298,867.94	-	-	-	-
Interest on borrowings **	2,463.59	2,463.59	-	-	-
Other current financial liabilities	5,773.13	5,773.13	-	-	-
Total		**26,649.80**	**14,598.47**	**81,284.40**	**13,328.22**

* Trade payables are payable within 60 days

** Borrowing payable within 6 months includes amount overdue

₹ Lakhs

As at 1 April 2016	Total	Less than 6 months	6 to12 months	1 to 3 years	beyond 3 years
Trade payables*	7,683.52	7,683.52	-	-	-
Borrowings **	123,150.02	4,991.56	4,078.16	64,505.37	49,574.93
Borrowings from ARC (refer note 36.1)	309,751.41	-	-	-	-
Interest on borrowings **	2,012.83	2,012.83	-	-	-
Other current financial liabilities	6,492.94	6,492.94	-	-	-
Total		**21,180.85**	**4,078.16**	**64,505.37**	**49,574.93**

* Trade payables are payable within 60 days

** Borrowing payable within 6 months includes amount overdue

In terms of our report attached

For N S Shetty & Co

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May, 2018

Alen Ferns

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair Chairman and Managing Director

Dinesh Nair Co-Chairman and Managing Director

Rajan Shah Chief Financial Officer

TEN YEAR FINANCIAL HIGHLIGHTS

THE LEELA
PALACES HOTELS RESORTS

₹ lakhs

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
PROFIT AND LOSS ACCOUNT										
Gross Revenue	58,216.46	47,838.01	49,100.13	58,843.97	65,140.65	76,817.62	64,306.68	67,033.59	73,922.29	74,312.57
Expenditure (Excluding Depreciation, Amortization and Interest)	29,747.60	32,493.35	33,415.18	55,326.50	52,875.97	57,323.95	72,803.42	72,116.51	52,309.28	52,431.20
Depreciation & Amortization	6,539.42	6,832.74	6,295.92	10,223.54	13,867.33	18,065.31	22,675.25	23,987.70	14,114.89	12,542.43
Interest	2,672.80	2,446.81	5,608.31	32,125.06	40,534.25	50,163.00	19,751.41	8,790.03	9,044.19	8,366.89
Profit from Discontinuing Operations	-	-	1,854.12	41,766.36	-		3,906.30	19,156.17	-	-
Exceptional items	-	-	-	-	-	-	-	-	-	(3,293.68)
Profit/(Loss) before tax	19,256.64	6,065.11	5,634.84	2,935.23	(42,136.90)	(48,734.64)	(47,017.10)	(18,704.48)	(1,546.07)	(2,321.63)
Tax Expenses	4,758.18	1,963.00	1,850.99	1,072.05	1,208.91	(4,587.45)	(5,429.36)	(688.46)	-	-
Profit/(Loss) after tax	14,498.46	4,102.11	3,783.85	1,863.18	(43,345.81)	(44,147.19)	(41,587.74)	(18,016.02)	(1,546.07)	(2,321.63)
Net Transfer to General Reserves	1,100.00	115.00	-	-	-	-	-	-	-	-
Earning per share - Basic (In ₹)	3.84	1.09	0.99	0.48	(10.82)	(10.15)	(9.06)	(3.86)	(0.33)	(0.43)
Earning per share - Diluted (In ₹)	3.13	0.92	0.93	0.48	(10.82)	(10.15)	(9.06)	(3.86)	(0.33)	(0.43)
BALANCE SHEET										
Share Capital	7,556.50	7,556.50	7,756.50	7,756.50	8,373.02	9,032.25	9,332.17	9,332.17	9,332.17	12,611.04
Reserves and Surplus	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	3,779.01	25,825.30
Borrowings	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	4,20,676.44	3,79,909.48
Fixed Assets (Net)	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	4,32,256.37	4,13,317.97
Investments	4,623.69	4,613.83	4,614.08	4,624.38	4,624.38	4,624.38	9,000.25	9,036.85	9,037.47	9,037.47

NOTICE is hereby given that the **THIRTY SEVENTH ANNUAL GENERAL MEETING** of **HOTEL LEELAVENTURE LIMITED** will be held at St. Andrews Auditorium, St. Domnic Road, Bandra West, Opposite Arya Vidya Mandir School, Behind Holy Family Hospital, Off Hill Road, Mumbai – 400 050 on **Monday, 20th August, 2018 at 11.00 A.M.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.

SPECIAL BUSINESS:

2. 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 Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16 (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Vijay Sharma (DIN 00138852), who was appointed as an Additional Director of the Company in the category of Independent Director, by the Board of Directors with effect from 9th May, 2018 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member signifying his intention to propose Mr. Vijay Sharma as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company in the category of Independent Director for a term of 5 (five) years upto 8th May, 2023."

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 Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16 (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Saija Nair (DIN 03623949), who was appointed as an Additional Director of the Company in the category of Independent Director, by the Board of Directors with effect from 30th May, 2018 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member signifying his intention to propose Ms. Saija Nair as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company in the category of Independent Director for a term of 5 (five) years upto 29th May, 2023."

4. 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 177, 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") read with Companies (Management and Administration) Rules, 2014 and subject to the provisions of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the provisions of the Memorandum and Articles of Association of the Company and such other approvals as may be necessary, consent of the members be and is hereby accorded to the Board of Directors of the Company to sell / transfer 34,102 sq. mtrs. of land owned by the Company in Yerwada, Pune to Leela Lace Holdings Private Limited, a related party as defined under the Act, for a consideration of ₹ 130 crores, as is where is basis and on such terms and conditions as may be agreed to by the Board and Leela Lace Holdings Private Limited.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform or cause / proposed to do all such acts, deeds, matters and things including delegate such authority, as may be required or deemed necessary or incidental thereto and to settle and finalize all issues that may arise in this regard, without further referring to the members of the Company, including without limitation, negotiating, finalizing and executing necessary agreements, memoranda, deeds of novation/ assignment/ conveyance and such other documents as may be deemed necessary or expedient in its own discretion and in the best interest of the Company.

   RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respect."

By order of the Board of Directors
For **Hotel Leelaventure Limited**

Alen Ferns
Company Secretary

Registered Office:
The Leela, Sahar, Mumbai - 400 059
CIN: L55101MH1981PLC024097
Mumbai, 3rd July, 2018

NOTES FOR MEMBERS' ATTENTION:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of the business from Item No. 2 to Item No. 4 as set out above and the details pursuant to Regulation 26 (4) & 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards-2 on General Meetings, in respect of Directors proposed to be appointed/re-appointed at the Annual General Meeting, is annexed hereto.

2. 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. A member holding more than 10 (ten) percent of the total share capital carrying voting rights may appoint single person as a proxy and such person shall not act as proxy for any other member.

3. 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.

4. Corporate Members intending to send their authrorised 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.

5. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, 16th August, 2018 to Monday, 20th August, 2018** (both days inclusive) for the purpose of Annual General Meeting.

6. Members are requested to:

   (i) send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matters and bank account details to the Company's Registrars;

   (ii) consolidate shareholding in multiple folios in the same name or in the same order of names into a single folio;

   (iii) notify immediately any change of address: (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, in respect of their physical shares, if any, quoting their folio number;

   (iv) note that in terms of section 72 of the Companies Act, 2013, they are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in the prescribed form in duplicate to the registered office of the Company or the Registrars. The nomination forms will be made available to the members on request.

7. 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 the same, 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.

8. 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.

9. 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 received 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.

10. 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.

11. Members desiring any relevant information or clarification on the Accounts at the Annual General Meeting are requested to write to the Company Secretary at least seven days in advance of the meeting, so as to enable the Management to compile the information and provide replies at the meeting.

12. Pursuant to applicable provisions of the Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all unpaid or unclaimed dividends are required to be transferred by the Company to the Investors Education & Protection Fund (IEPF) established by the Central Government, after completion of 7 (seven) years. Further, according to the aforesaid Rules, shares in respect of which dividend has not been paid or claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

13. As per the above provisions, all unclaimed dividend up to the financial year ended 31st March, 2010 has been transferred by the Company to the said Fund. Shares in respect of which dividend remained unclaimed for seven consecutive years or more have also been transferred to the IEPF Demat Account. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2011 are requested to make their claims to the Company without any delay, to avoid transfer of their dividend/ shares to the IEPF Account.

14. The Company has sent notice to all the Members, whose Dividends are lying unclaimed against their name for seven consecutive years or more. 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.

15. Electronic copy of the Annual Report for the financial year 2017-18 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

16. Electronic copy of the Notice of the 37th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.

17. To support the 'Green Initiative', Members who have not registered their email addresses are required to register the same with the Company/ Depository. For members who have not registered their email address, physical copies of the Annual Report along with the Notice of the 37th 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.

18. Please note that the Notice of the 37th Annual General Meeting and the Annual Report for the financial year 2017-18 will also be available on the Company's website www.theleela.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.service@theleela.com or to the Registrar's e-mail id: einward.ris@karvy.com.

19. Members/Proxies are requested to kindly bring their copies of the Annual Report to the Meeting. As per the requirement of the Secretarial Standard – 2 on "General Meetings" the route map showing directions to reach the venue of the Meeting is annexed to the Notice.

20. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Members have been provided with the facility to cast their vote electronically through the e-voting services provided by KARVY, on all resolutions set forth in this Notice.

    Process and manner for members opting for e-voting are as under:

    I. In case of Members receiving an e-mail from Karvy Computershare Private Limited (for members whose e-mail addresses are registered with the Company / Depository Participant)

    a. Launch an internet browser by typing the URL:https://evoting.karvy.com.

    b. Enter the login credentials (i.e. User ID and password). Your Folio No. or DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

    c. After entering the above details click on - login.

    d. You will now reach password change menu, wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

    e. You need to login again with the new credentials.

    f. On successful login, the system will prompt you to select the E-Voting Event Number for Hotel Leelaventure Limited.

    g. On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

    h. Members holding shares under multiple folios/ demat accounts shall choose the voting process separately for each of the folios/ demat accounts.

    i. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

    j. You may then cast your vote by selecting an appropriate option and click on "Submit".

    k. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have not voted on the Resolution(s).

    l. Corporate/ Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to Scrutinizer at e-mail ID: acs.pmehta@gmail.com with a copy marked to evoting@karvy.com. The scanned images of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

    II. In case a member receives physical copy of the Notice of Annual General Meeting and Attendance Slip

    a. User ID and initial password is provided in Attendance Slip.

    b. Please follow all steps from Sr. No. (a) to (l) as mentioned in (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 10th August 2018. **The remote e-voting period shall commence at 9.00 a.m. on 17th August, 2018 and will end at 5.00 p.m. on 19th August, 2018**. The remote e-voting module shall be disabled by Karvy at 5.00 p.m. on 19th August, 2018. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

    V. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

    VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

    VII. Mr. Prashant S. Mehta, Practising Company Secretary (Membership No.5814) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

    VIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

    IX. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, to the Chairman or a person authorised by him in writing, who will countersign the same and declare the result of the voting forthwith.

    X. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.theleela.com and on the website of Karvy immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.

ANNEXURE TO NOTICE

Statement pursuant to Section 102(1) of the Companies Act, 2013:

The statement pursuant to Section 102(1) of the Companies Act, 2013 for Item no. 2 to Item No. 4 of the accompanying notice is as under:

Item No. 2

Appointment of Mr. Vijay Sharma as Independent Director

The Board, at its meeting held on 9th May, 2018, appointed Mr. Vijay Sharma as an Additional Director of the Company, pursuant to Section 161 of the Companies Act, 2013, read with Article 119 of the Articles of Association of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 100,000 proposing the candidature of Mr. Vijay Sharma for the office of Independent Director, to be appointed as such under the provisions of Section 149, 152 of the Companies Act, 2013.

Mr. Vijay Sharma, aged 63 years, is a Science Graduate (BSc.). He is entrepreneur with over 35 years of experience in the field of construction, engineering and manpower contracting in India and abroad. He also has stakes in hotels in UAE and India.

The Company has received (i) consent in writing from Mr. Vijay Sharma to act as director in Form DIR-2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Vijay Sharma to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution seeks the approval of Members for the appointment of Mr. Vijay Sharma as an Independent Director of the Company up to 8th May, 2023 pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Vijay Sharma, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Vijay Sharma as an Independent Director setting out the terms and conditions is available for inspection without any fee by the Members at the Company's registered office during normal business hours on working days up to the date of Annual General Meeting.

No Director, Key Managerial Personnel or their relatives, except Mr. Vijay Sharma to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends passing of the resolution as set out under Item No. 2 for the approval of the Members as an ordinary resolution.

Item No. 3

Appointment of Ms. Saija Nair as Independent Director

The Board, at its meeting held on 30th May, 2018, appointed Ms. Saija Nair as an Additional Director of the Company, pursuant to Section 161 of the Companies Act, 2013, read with Article 119 of the Articles of Association of the Company.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 100,000 proposing the candidature of Ms. Saija Nair for the office of Independent Director, to be appointed as such under the provisions of Section 149, 152 of the Companies Act, 2013.

Ms. Saija Nair, aged 45 years, is a Commerce Graduate with over 15 years of experience in the field of marketing and business development. At present, she is a Director on the Board of Saija Fashions Private Limited, which is engaged in the business of garment fashions.

The Company has received (i) consent in writing from Ms. Saija Nair to act as director in Form DIR-2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Ms. Saija Nair to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution seeks the approval of Members for the appointment of Ms. Saija Nair as an Independent Director of the Company up to 29th May, 2023 pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She is not liable to retire by rotation.

In the opinion of the Board of Directors, Ms. Saija Nair, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the Management. A copy of the draft letter for the appointment of Ms. Saija Nair as an Independent Director setting out the terms and conditions is available for inspection without any fee by the Members at the Company's registered office during normal business hours on working days up to the date of Annual General Meeting.

No Director, Key Managerial Personnel or their relatives, except Ms. Saija Nair to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends passing of the resolution as set out under Item No. 3 for the approval of the Members as an ordinary resolution.

Item No.4

Sale of the Company's land in Pune to Leela Lace Holdings Private Limited, a related party

The Company has been pursing various steps to reduce its debts by sale of core and non-core assets in the last few years. As a part of the debt reduction plan and pursuant to the recommendation of the Audit Committee, the Board of Directors at its meeting held on 3rd July, 2018 approved the sale and transfer of 34,102 sq. mtrs. of land owned by the Company in Yerwada, Pune to Leela Lace Holdings Private Limited, a promoter group company for a consideration of ₹ 130 crores, as is where is basis. The entire consideration will be utilised by the Company towards repayment of loan availed from HDFC Limited by mortgaging the said land.

M/s. S. N. Samdani & Associates, Government Registered Valuer, has valued the land at ₹ 73.65 crores on 'as is where is basis'. The valuation report dated 30th June, 2018 issued by them is available for inspection by the Members.

The transaction being a related party transaction, has been approved by the Audit Committee in its meeting held on 3rd July, 2018 in terms of section 177 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR)'] (as amended from time to time). It has also been approved by the Board in its meeting held on 3rd July, 2018 in terms of Section 188 of the Companies Act, 2013.

As per Regulation 23 of SEBI ('LODR') a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements. Further in terms of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), selling, transfer or disposing of property of any kind, amounting to 10% or more of net worth of the company or Rupees one hundred crore, whichever is lower, would be considered material and needs the approval of the shareholders.

The net worth of the Company as on 31st March, 2018 is ₹ 48.30 crores and the consolidated turnover of the Company for the financial year is ₹ 743.13 crores.

Since the value of the transaction is ₹ 130 crores, it exceeds 10% of the annual consolidated turnover (₹ 74.3 crores) of the Company for the financial year 2017-18 and also 10% of the Net worth (₹ 4.8 crores) of the Company. Hence, it is considered as a material transaction and the approval of the shareholders is required under the provision of the Companies Act and SEBI (LODR) referred above.

Leela Lace Holdings Private Limited holds 18,86,49,985 equity shares constituting 29.92% of the paid up capital of the Company and Mr. Vivek Nair and Mr. Dinesh Nair are Directors on the Board of both the companies.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

a)	**Name of the related party**	:	Leela Lace Holdings Private Limited
b)	**Name of the Director or key managerial personnel who is related, if any**	:	Mr. Vivek Nair, Chairman & Managing Director and Mr. Dinesh Nair, Co-Chairman and Managing Director
c)	**Nature of relationship**	:	Promoter Directors of both the companies
d)	**Nature, material terms, monetary value and particulars of the contract or arrangement**	:	Sale and transfer of land for a consideration of ₹ 130 crores, on as is where is basis
e)	**Any other information relevant or important for the members to take a decision on the proposed resolution**	:	All the important information forming part of the Statement setting out Material Facts pursuant to Section 102(1) of the Companies Act, 2013 have been mentioned in the foregoing paragraphs

Pursuant to Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related parties shall abstain from voting in respect of the resolution, irrespective of whether the entity is a party to the particular transaction or not.

Except Mr. Vivek Nair and Mr. Dinesh Nair, no Director or Key Managerial Personnel or their relatives, is interested or concerned in the resolution.

The Board recommends passing of the resolution as set out under Item No. 4 for the approval of the Members as an ordinary resolution.

By order of the Board of Directors
For **Hotel Leelaventure Limited**

Alen Ferns
Company Secretary

Registered Office:
The Leela, Sahar, Mumbai - 400 059
CIN: L55101MH1981PLC024097

Mumbai, 3rd July, 2018

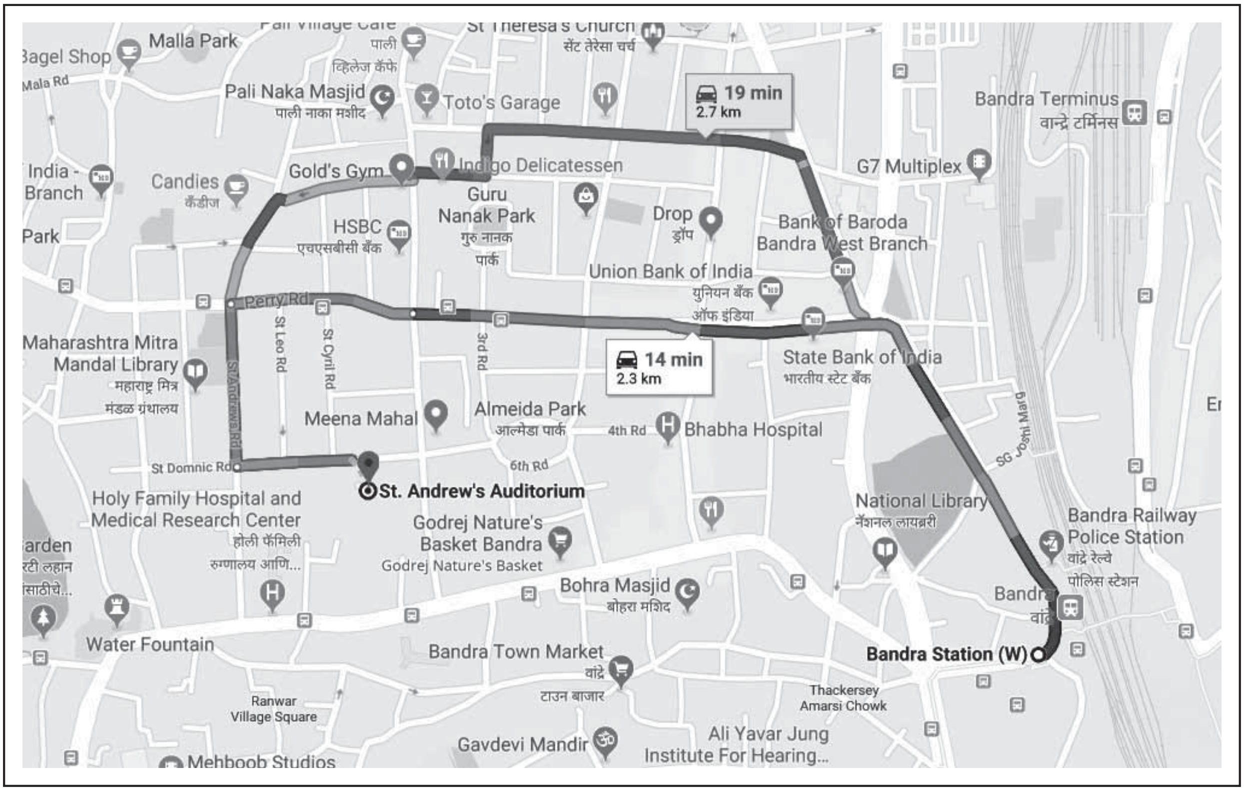
Details of Directors seeking appointment / re-appointment at the forthcoming annual general meeting

[Pursuant to Regulation 26(4) & 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standard-2 on General Meetings]

Name of the Directors	Mr. Vijay Sharma	Ms. Saija Nair
Date of Birth	8th August, 1954	7th December, 1972
Date of first appointment on the Board	9th May, 2018	30th May, 2018
Qualification	BSc.	B.Com
Experience / Expertise in specific functional areas / brief resume of the Director	Mr. Vijay Sharma has over 35 years of experience in the field of general management and business administration.	Ms. Saija Nair has over 15 years of experience in the field of marketing and business development.
Terms and conditions of appointment	As per the letter of appointment of Independent Directors uploaded on the website of the Company (www.theleela.com) pursuant to clause IV(6) of Schedule IV of the Companies Act, 2013	As per the letter of appointment of Independent Directors uploaded on the website of the Company (www.theleela.com) pursuant to clause IV(6) of Schedule IV of the Companies Act, 2013
Details of remuneration sought to be paid	Sitting of ₹ 30,000 for attending the meeting of the Board of Directors and the Committees of the Board	Sitting of ₹ 30,000 for attending the meeting of the Board of Directors and the Committees of the Board
Disclosure of relationship with other Directors, Managers and Key Managerial Personnel of the Company	Not inter-se related to any other Director or Key Managerial Personnel. The Company does not have a Manager.	Not inter-se related to any other Director or Key Managerial Personnel. The Company does not have a Manager.
Number of meetings of the Board of Directors attended during the financial year 2017-18	Not applicable	Not applicable
Other Directorships held	Nil	Nil
Membership / Chairmanship of Committees of other Boards	Nil	Nil
Shareholding in the Company	Nil	Nil

Route Map to the AGM Venue

Venue : St. Andrews Auditorium, St. Domnic Road, Bandra West, Opposite Arya Vidya Mandir School,
Behind Holy Family Hospital, Off Hill Road, Mumbai – 400 050



Landmark : Holy Family Hospital
Distance from Bandra Station : 2.3 Km.

THE LEELA

PALACES HOTELS RESORTS

HOTEL LEELAVENTURE 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

NOTICE TO ALL SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

Securities and Exchange Board of India (SEBI), vide Gazette notification dated June 8, 2018, has amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has mandated that with effect from 5th December, 2018 transfer of securities would be carried out only in dematerialized form.

In terms of the above amendment, request for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with the depository with effect from 5th December, 2018. **Therefore, Registrars and Transfer Agent and Company will not be accepting any request for transfer of shares in physical form with effect from 5th December, 2018.**

This restriction shall not be applicable to the request received for transmission or transposition of physical shares.

In view of the above amendment, the shareholders, holding shares in physical form, are requested to get their shares dematerialized at the earliest to avoid any inconvenience in future for transferring those shares.

The steps involved in dematerializing shares are as follows:

1. Open a demat account with a Depository Participant (DP).
2. Submit physical share certificate(s) to the DP along with a Demat Request Form (DRF).
3. DP would inform the Depository (NSDL or CDSL) regarding the demat request.
4. The DP would thereafter submit the share certificate(s) along with DRF to the Registrar of the Company.
5. The Registrar would validate the documents and convey Acceptance/Rejection of the demat request to the concerned Depository.
6. Upon successful dematerialization of the share(s), the Registrar would update the Registrar of Members.
7. The concerned Depository would also update its record and inform the DP.
8. The DP would then credit the share(s) into the demat account of the investor.

For any assistance in the matter, you may please communicate with the Company (email id: investor.service@thelela.com) or with the Company's Registrar 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
Email Id: einward.ris@karvy.com

The above information has also been uploaded on the website of the Company, viz.www.theleela.com.

THE LEELA

PALACES HOTELS RESORTS

HOTEL LEELAVENTURE 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: ……………………..……….,

P.T.O.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 37th Annual General Meeting of the Company, to be held on 20th day of August, 2018 at 11.00 a.m. at St. Andrews Auditorium, St. Domnic Road, Bandra West, Opposite Arya Vidya Mandir School, Behind Holy Family Hospital, Off Hill Road, Mumbai – 400 050 and at any adjournment thereof in respect of such resolutions as are indicated below:

Reso. No.	**Description**	**For**	**Against**
1	Adoption of Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.		
2	Appointment of Mr. Vijay Sharma (DIN 00138852) as an Independent Director.		
3	Appointment of Ms. Saija Nair (DIN 03623949) as an Independent Director.		
4	Sale of the Company's land in Pune to Leela Lace Holdings Private Limited, a related party.		

Signed this…… day of……… 2018

Signature of shareholder .... Affix revenue stamp ....

Notes:

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

THE LEELA

PALACES HOTELS RESORTS

HOTEL LEELAVENTURE 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

E-COMMUNICATION REGISTRATION FORM

To,
Karvy Computershare Private Limited
Unit: Hotel Leelaventure Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda,
Hyderabad - 500 032

GREEN INITIATIVE IN CORPORATE GOVERNANCE

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Directors' Report, Auditor's Report, etc. in electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No. / DP ID & Client ID No.	:	....
Name of 1st Registered Holder	:	....
Name of Joint Holder(s), if any	:	....
Registered Address of the Sole/ 1st Registered Holder	:	....
No. of Shares held	:	....
E-mail ID (to be registered)	:	....

Date: .... Signature: ....

Notes:

1) On registration, all communications will be sent to the e-mail ID registered.
2) Shareholders are requested to keep the Company's Registrar-Karvy Computershare Private Limited informed as and when there is any change in the e-mail address.

NOTES

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 1959

THE LEELA AMBIENCE GURGAON HOTEL & RESIDENCES
Ambience Island, National Highway 8
Gurgaon - 122 002
T. +91 (124) 477 1234
F. +91 (124) 477 1235

THE LEELA AMBIENCE CONVENTION HOTEL, DELHI
1, CBD, Maharaja Surajmal Road, Near Yamuna Sports Complex, Delhi – 110032
T. +91 (11) 7172 1234
F. +91 (11) 7172 1235

THE LEELA KOVALAM
Kovalam Beach Road, Kovalam,
Trivandrum - 695 527
T. +91 (471) 305 1234
F. +91 (471) 248 1522

global hotel alliance

Preferred HOTELS & RESORTS

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
T. +079 300 79 061
F. +079 300 79 061
rso.gujarat@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,
Adyar Sea face,
M.R.C Nagar, Chennai – 600 028
T. +91 (44) 3366 1234
F. +91 (44) 3366 1212
rso.chennai@theleela.com

HYDERABAD
Leela Palaces, Hotels & Resorts
8-2-601/V/2, 1st floor, Banjara Hills, Road No.10,
Near Noor Nagar, Hyderabad - 500 034
T. +91 (40) 2354 7506
F. +91 (40) 2354 6713
rso.hyderabad@theleela.com

KOLKATA
Leela Palaces, Hotels & Resorts
DBS House, 10/2 Hungerford Street, Kolkata - 700 017
T. +91 (33) 4050 9200
F. +91 (33) 4050 9300
rso.kolkata@theleela.com

MUMBAI
The Leela Mumbai, Sahar, Andheri (East)
Mumbai - 400 059
T. +91 (22) 6691 1234
F. +91 (22) 6691 1455
rso.mumbai@theleela.com

NEW DELHI
The Leela Palace, New Delhi
Chanakyapuri, Diplomatic Enclave,
New Delhi - 110 023
T. +91 (11) 3933 1234
F. +91 (11) 3933 1235
rso.delhi@theleela.com

SALES AND MARKETING OFFICES IN INDIA

PUNE
Leela Palaces, Hotels & Resorts
Regus Platinum Centre , Level 8, Suyog Platinum Towers, 1 Naylor Road, Off Mangaldas Road,
Bundgarden, Pune – 411001
T. +91 (20) 66487514/15
F. +91 (20) 66487503
rso.pune@theleela.com

INTERNATIONAL SALES REPRESENTATION OFFICES

LONDON
Mason Rose, Studio place, Knightsbridge,
London SW1X 8EL
T. +44 020 7201 8050
F. +44 020 7201 8050
iso.uk@theleela.com

FRANCE
CA Consulting
Hospitality Representative & Consultant (HRC)
28 rue du Mont Thabor 75001
Paris France
T. + 33 1 46 22 26 74 / + 33 1 42 60 52 24
Email: iso.france@theleela.com

NORTH AMERICA (USA AND CANADA)
Kartagener Associates Inc.
80 River Street, Suite 4E
Hoboken, NJ 07030
USA
T. 212 239 7995
Toll free: 800 524 7979
F. (646) 650-5737
Email: iso.usa@theleela.com

RUSSIA AND CIS
H & W Enterprise, S.R.O Moscow, Baltiyskaya Street, Bldg. 15, Office 703 Business Centre “Almazny”
T. +7 499 654 03 22
F. +7 966 020 68 88
iso.russia@theleela.com

The Leela Reservations Worldwide
India Toll Free: 1800 1031 444 | USA Toll Free: 855 670 3444 | UK Toll Free: 08000 261 111
Hong Kong Toll Free: 800 906 444 | Singapore Toll Free: 1800 223 4444
Mail us at: reservations@theleela.com | Website: www.theleela.com

THE LEELA PALACES, HOTELS AND RESORTS


The Leela Palace New Delhi


The Leela Palace Chennai


The Leela Palace Bengaluru


The Leela Goa


The Leela Mumbai


The Leela Ambience Gurugram


The Leela Kovalam


The Leela Palace Udaipur


The Leela Ambience Convention Hotel Delhi

FUTURE OPENINGS


The Leela Hotel and Residences Bhartiya City, Bengaluru


The Leela Gandhinagar


The Leela Hyderabad


The Leela Palace Jaipur


The Leela Palace Agra

HOTEL LEELAVENTURE LIMITED

The Leela Mumbai, Sahar, Mumbai - 400 059, India. Tel: +91-22-6691 1234
Fax: +91-22-6691 1212 | www.theleela.com