



HOTEL LEELAVENTURE LIMITED  
ANNUAL REPORT  
2013-14



**THE LEELA**

PALACES HOTELS RESORTS

# THE LEGEND STILL LIVES



He walked the earth for over 92 summers.  
He walked miles farther than most men do.

On paths few dare to take. He built empires  
along the way. Crafted castles of luxury.  
For those who sought rest and refuge from  
the ordinariness of life, and set out to visit  
the sublime. He walked with every guest.  
His presence shone in every act and gesture  
of graciousness. In the warm embrace of  
Indian hospitality that has come to be  
known by one name. The Leela.





### A DREAMER. A KARMAYOGI.

A warrior. A freedom fighter. A gardener. A textile tycoon. A spiritual follower. An artist. A connoisseur. A hotelier. A king. Many facets of Captain Nair bloomed during his lifetime. Each role he performed earnestly, fervently. Undeterred by adverse circumstance or the absence of 'luck', a term he deemed non-existent in his dictionary.

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### THE MAN WHO WAS A HOST TO EXALTED GUESTS FROM AROUND THE WORLD.

Captain Nair naturally sought the company of others who were as committed to excellence. They were to him a constant affirmation of his own dedication to the conquest of the human spirit. He knew deeply, that action was limited only by one's vision.

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### A SON OF THE SOIL. A FATHER OF FORESTS.

Spiritual in his every thought and deed, Captain Nair was an avid believer in Indian culture. The age old Hindu philosophy of Athithi Devo Bhava, was, he averred, what made Indian hospitality unique. Through his hotels in different corners of this vast country, he paid homage to the country's glorious past and its rich natural reserves.

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# CHAIRMAN'S STATEMENT



Dear Shareholder,

As you may be aware, our Founder Chairman, Capt. C. P. Krishnan Nair passed away on 17<sup>th</sup> May this year at the age of 92. He has left a vacuum at The Leela which will be impossible to fill. He was an inspirational leader who continued to guide us even after retiring as Chairman. His vision, dedication, dynamism and guidance will be sadly missed by all of us who have worked with him. His endearing relationship with the shareholders would surely be missed.

The year gone by has been challenging in many ways ranging from political uncertainty in India to challenges in the improvement of both the Indian and Global economy. A surfeit of hotel rooms added over the years which coincided with the slowdown in the economy affected the demand for rooms, as a result of which there was no significant improvement either in occupancy or in average room rates. The segment most affected was the one relating to the business traveller both from India and abroad in our business hotels. However, our resort in Goa recorded all-time highs in revenues and profitability ratios.

The high level of quality of our properties and brand has helped us to maintain our competitive edge and sustainable earnings. We constantly strive to improve our brand image with personalised services extended by our associates and our knowledge on the evolving needs of our guests which help us to deliver unique guest experiences.

In June 2014, 14 out of our 18 lenders assigned their debts in favour of JM Financial Asset Reconstruction Company Private Limited (JMF-ARC). We are now in discussions with JMF-ARC for a revised restructuring package. Our plan is to divest a significant stake in some of our hotels and continue to operate these hotels under the Leela brand name, under a long term management contract.

## Outlook

The Indian economy is expected to continue to see challenges in the immediate future. However, I remain confident in the long-term growth prospects of the Indian economy especially with the several initiatives demonstrated by the new Union Government. The Indian tourism and hospitality industry has emerged as one of the key drivers of growth in the economy. Tourism is the highest employment generator at 53 million and a significant source of foreign exchange for the country at US\$ 20 billion. With the revival of business sentiment and the active support of the Government to boost Travel & Tourism, a significant increase is expected in the arrival of foreign tourists and also a greater number of Indians are expected to be travelling to domestic destinations than before. This will have a positive impact on the occupancies and rates and hence the business over the next few years.

In a major move, the Government has decided to include Hotels in the Infrastructure Funding List of the Reserve Bank of India, thus giving the much needed relief to most of the new hotels who have been under stress due to the mismatch of the tenure of the loans (restricted to 10 years only) and the cash flows generated by hotels which have become very capital intensive. With this, hotels with a capital expenditure of over INR 200 crores, (excluding the cost of land) would be eligible to borrow from banks for a tenure of upto 25 years (opposed to 10 years) as recently announced in the 5/25 scheme of the Reserve Bank of India. Also, the rate of interest charged for new projects by banks would be lower as they can now lend without the Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR) being maintained.

The following announcements by the Government in the Union Budget for 2014-15 would benefit the Tourism Sector:

1. Funds for the Buddhist circuit allocated by the Government in the Union Budget would help in providing world-class tourist amenities including all necessary infrastructure such as hotels, last mile connectivity, roads, facilitation centres, wayside amenities, etc. The Buddhist circuit envisaged is Bodhgaya, Varanasi, Nalanda and Sarnath.
2. The Government has committed to implement GST at the earliest which would bring down the present heavy levies of multiple taxation.
3. 31 new tourism circuits in the country have been identified and funds for infrastructure improvement will be allocated.
4. The Government has also taken the initiative to issue mandatory e-visas to citizens of several countries from October 2014 which would ease the process to obtain visas for foreign tourists at 9 important international airports in the country.

The foreign tourist arrivals are projected by the Government of India and the Planning Commission to be doubled from 6.5 million to 13 million in the 12<sup>th</sup> Five Year Plan (2012-2017). The employment generated in the Tourism sector would then go up from 53 million at present to 87 million. However, for this to happen, accommodation infrastructure is to be created. The number of hotel guestrooms need to go up from the present 120,000 to 300,000 guestrooms; an increase of 180,000 guestrooms and the capital expenditure of about INR 200,000 crores would have to be incurred for these additional rooms to be constructed and make operational. This itself is a monumental task.

The prospects, therefore, for the Tourism Sector look promising and we are certain that it would be able to realize its true potential soon.

I would like to thank you, all our shareholders, for your trust and your wholehearted support.

Best Regards,



Vivek Nair  
Chairman & Managing Director

# BOARD OF DIRECTORS



Vivek Nair



Dinesh Nair



Venu Krishnan



Krishna Deshika



Madhu Nair



Anna Malhotra



Vijay Amritraj



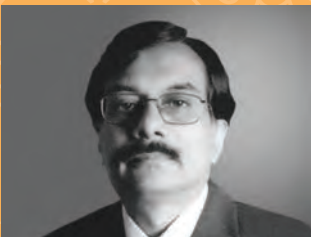
Anil Harish



K. U. Mada



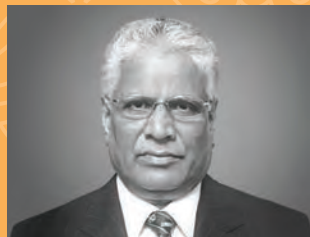
Indur Kripalani



Madhavan Nambiar



Anil Kumar Sharma



V. P. Shetty



Anil R. Bhatia



Vikram Singh Mehta



R. Venkatachalam

## Board of Directors

Mr. Vivek Nair	Chairman & Managing Director
Mr. Dinesh Nair	Co-Chairman & Managing Director
Mr. Venu Krishnan	Deputy Managing Director (Upto 31st July, 2014)
Mr. Krishna Deshika	Director – Finance & CFO
Mrs. Madhu Nair	Director
Mrs. Anna Malhotra	Director
Mr. M. Narasimham	Director (Upto 13th February, 2014)
Dr. K. U. Mada	Director
Mr. Vijay Amritraj	Director
Mr. Anil Harish	Director
Mr. M. Madhavan Nambiar	Director
Mr. Indur Kirpalani	Director
Mr. A. K. Dasgupta	Director (Upto 20th September, 2013)
Mr. Anil Kumar Sharma	Director - Nominee of Airports Authority of India
Mrs. Uttara Dasgupta	Director - Nominee of State Bank of India (Upto 11th August, 2014)
Mr. T. Ravindranath	Director - Nominee of Syndicate Bank (Upto 11th August, 2014)
Mr. V. P. Shetty	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited (w.e.f. 11th August, 2014)
Mr. Anil Bhatia	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited (w.e.f. 11th August, 2014)
Mr. Vikram Singh Mehta	Director (w.e.f. 11th August, 2014)
Mr. R. Venkatachalam	Director (w.e.f. 11th August, 2014)

## Company Secretary

Dinesh Kalani

## Statutory Auditors

Picardo & Co.  
Chartered Accountants

## Solicitors & Advocates

Amarchand & Mangaldas & Suresh A. Shroff & Co.

## Registered & Corporate Office

The Leela, Mumbai  
Sahar, Mumbai - 400 059  
Website: [www.theleela.com](http://www.theleela.com)  
E-mail: [investor.service@theleela.com](mailto:investor.service@theleela.com)  
Corporate Identity Number: L55101MH1981PLC024097

## Bankers

IDBI Bank Limited  
HDFC Bank Limited  
Oriental Bank of Commerce

## Registrar & Share Transfer Agents

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

## Investor relations centre of the Registrar & Share Transfer Agents

912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai – 400 021  
Tel : + 91 22 6613 4700  
Fax : + 91 22 2282 5484

## 33rd Annual General Meeting

<b>Venue</b>	:	<b>RangSharda Auditorium, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050</b>
<b>Date</b>	:	<b>Thursday, the 18th September, 2014</b>
<b>Time</b>	:	<b>10.00 A.M.</b>

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# DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the 33rd Annual Report of the Company, along with Audited Accounts for the financial year ended 31st March, 2014.

## 1. Financial Results

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

₹ Lakhs

	Financial Year 2013-14	Financial Year 2012-13
Revenue from operations and other income	76,817.62	65,140.65
Operating and other Expenses	57,323.95	53,790.07
Earnings before interest, Depreciation, Taxes and Amortisation (EBIDTA)	19,493.67	12,264.68
Interest	50,163.00	40,534.25
Depreciation	18,065.31	13,867.33
Profit/(Loss) before tax	(48,734.64)	(42,136.90)
Provision for taxes / deferred tax	(4,587.45)	1,208.91
Profit/(Loss) after tax for the year	(44,147.19)	(43,345.81)
Balance brought forward	(10,694.46)	32,651.35
Amount available for appropriation	(54,841.65)	(10,694.46)
Appropriations	-	-
Balance carried to Balance Sheet	(54,841.65)	(10,694.46)
EPS - basic and diluted (in ₹)	(10.15)	(10.82)

## 2. Dividend and Transfer of amounts to Investor Education and Protection Fund

In view of losses, the directors do not recommend any dividend for the financial year ended 31st March, 2014.

During the year under review, the Company has credited ₹ 7.02 lakhs, lying in the unpaid / unclaimed dividend accounts for the financial year 2005-06, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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

## 3. Corporate Debt Restructuring

The Company had restructured its debts under the Corporate Debt Restructuring (CDR) mechanism. The status of implementation is explained in the relevant section in the Management's Discussion and Analysis Report.

## 4. Credit Rating

The last Credit Rating issued to the Company by CARE Limited was on 25th April, 2012. However, the credit rating is under suspension at present, as the Company is under Corporate Debt Restructuring.

## 5. Changes in Paid up Capital

In terms of the approval accorded by the shareholders of the Company at the last Annual General Meeting held on 20th September, 2013, the Company has allotted 329,61,460 fully paid up equity shares of ₹ 2 each, at a price of ₹ 19.72 per equity share (including premium of ₹ 17.72 per equity share) aggregating to ₹ 65 crores to a promoter group company during the year under review.

With the aforesaid allotment, the paid up share capital of the Company stands increased from ₹ 83,73,02,264 divided into 41,86,51,132 equity shares of the face value of ₹ 2 each to ₹ 90,32,25,184 divided into 45,16,12,592 equity shares of the face value ₹ 2 each.

## 6. Expansion / up-gradation Plans

Your Company owns and operates six hotels in Mumbai, Goa, Bangalore, Udaipur, New Delhi and Chennai, besides operating two hotels in Gurgaon and Kovalam under Management Contract. The total room inventory stands at 2,213 guest rooms including those under Management.

## 7. Monetisation of non-core Assets

The status of sale / monetization of non-core assets is as follows:

The joint development project on 4.21 acres of land in Pune for construction of high end residential flats has received the requisite approvals and the work has commenced.

The joint development project on 2 acres of land next to The Leela Palace, Bangalore for developing high-end residences is in the process of getting the requisite approvals.

The Company has entered into an agreement for sale of Chennai I. T. Park. The sale is expected to be completed during the current financial year.

The Company has entered into an MOU to sell its land in Hyderabad and the deal is expected to be concluded by December 2014.

## 8. Management's Discussion and Analysis (MDA)

As required by Clause 49 of the Listing Agreements with the Stock Exchanges, Management's Discussion and Analysis Report for the year under review is appended herewith and forms part of this report.

## 9. Report on Corporate Governance

As required by Clause 49 of the Listing Agreements, a separate section containing the Report on Corporate Governance together with the Certificate on compliance with the conditions of Corporate Governance, issued by a Practising Company Secretary, is appended hereto and forms part of this Annual Report.

As part of good Corporate Governance practice, the Company has voluntarily obtained Secretarial Audit Report from a Practising Company Secretary with regard to compliance of rules and regulations under the applicable provisions of the Companies Act and the Listing Agreements entered into with the Stock Exchanges. A copy of the said report is appended to this report.

## 10. Changes in Directorate

Mr. M. Narasimham, Director, resigned from the Board with effect from 13th February, 2014 due to health reasons. The Board places on record its deep sense of appreciation for the valuable contributions during his long tenure with the Company.

Mr. Indur Kirpalani, who retires by rotation, has conveyed that he is not seeking re-appointment at the ensuing Annual General Meeting. The Board has decided not to fill the vacancy. The Board places on record their appreciation of the valuable contributions made by him.

In terms of Section 149 of the Companies Act, 2013, it is proposed to appoint Mrs. Anna Malhotra, Dr. K. U. Mada, Mr. Vijay Amritraj, Mr. Anil Harish and Mr. M. Madhavan Nambiar as Independent Directors for a term of five consecutive years, upto 31st March, 2019. Details of the proposal for their appointment are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 33rd Annual General Meeting.

Mrs. Madhu Nair, Non-Executive Director, retires by rotation at the forthcoming Annual General Meeting and has offered herself for re-appointment.

The Board recommends the above appointments / re-appointments.



#### 11. Auditors and Auditors' Report

M/s. Picardo & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received a certificate from the Statutory Auditors to the effect that their re-appointment, if made, would be within the limits prescribed and that they are not disqualified for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, it is proposed to re-appoint M/s. Picardo & Co. as the Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

Without qualifying their report, the Auditors have observed in their report that (a) the impairment loss, if any, on sale of assets to be disposed of for deleveraging the Balance Sheet cannot be ascertained in the absence of binding offers and (b) impairment loss relating to a project in Mumbai held up for a substantial period amounting to ₹ 13,805 lakhs, has not been recognised.

Management's Response on their observations is as follows:

The Management is confident of successfully implementing the asset disposal plans and meeting its liabilities. Regarding the impairment loss, if any, on sale of assets, the Management is confident that while there could be loss on sale of some assets, there would be profit on sale of other assets and hence no impairment is expected on the sale as a whole. Regarding the property in Mumbai, the Management is confident of an amicable settlement and implementation of the Project.

The notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

#### 12. Particulars of Employees

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Rules thereunder, form part of this Report.

However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to the members of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining such particulars may write to the Company Secretary of the Company.

#### 13. Subsidiary Companies and Consolidated Financial Statements

The Company has two non-operative subsidiary companies, Leela Realty Limited and Leela Palaces and Resorts Limited.

The Company has not attached the Balance Sheet, Profit and Loss Account and other documents of the above subsidiary companies 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 and its subsidiaries for inspection by any member of the Company. As required under the aforesaid circular, a summarized statement of financial position of the subsidiaries has been appended to this Annual Report. The audited financial statements and related information of subsidiaries are also available on our website, [www.theleela.com](http://www.theleela.com).

The Audited Consolidated Financial Statements, prepared in accordance with the Accounting Standard 21 and Clause 32 of the Listing Agreement, form part of this Annual Report.

#### 14. Fixed Deposits

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

#### 15. Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors, based on the information and representations received from the operating management, hereby confirm that:

- (a) in the preparation of the Annual Accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) the Directors had prepared the Annual Accounts of the Company on a 'going concern basis'.

#### 16. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, are as follows:

##### (a) Conservation of Energy and Water:

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 in all properties on gradual basis to monitor and control power consumption.
- Main chiller plants and steam boilers have been tuned for best efficiency to conserve energy.
- Building management system installation and electricity distribution systems equipped with power factor correction panel monitors that controls energy wastage of equipment.
- 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 installed 23 windmills with a capacity to generate 13.5 MW power, a renewable energy source in the State of Maharashtra (4.5MW), Karnataka (5 MW) and Tamil Nadu (4 MW). Windmills continue to produce renewable energy for use in own hotels.

**(b) Technology Absorption:**

In the opinion of the Board, the required particulars pertaining to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable, as hotel is service industry and the Company does not have any significant manufacturing operations.

**(c) Foreign Exchange Earnings and Outgo:**

The foreign exchange earnings of the Company during the year stood at ₹ 27,525.59 lakhs (previous year ₹ 29,370.54 lakhs) and foreign exchange outgo during the year stood at ₹ 3,962.63 lakhs (previous year ₹ 5,216.88 lakhs).

**17. Acknowledgements**

The Board wishes to place on record its appreciation for the assistance and support received from all 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 they have reposed in the Company and the management.

Your directors attribute immense importance to the contribution of the family of staff 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 of competitive industry as one of the finest Hotel Groups in India.

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

**Vivek Nair  
Chairman & Managing Director**

Mumbai, 27th May, 2014

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Overview of Industry

At the macro level, the country continued to face the challenges like low GDP growth, high inflation, slowdown in the investment cycle, current account deficit and volatile foreign exchange market during the year. A surfeit of hotel rooms added over the years which coincided with the slowdown in the economy affected occupancy and average room rates.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth in the economy. Tourism is the highest employment generator at 53 million and a significant source of foreign exchange for the country at US\$ 20 billion.

The Indian economy is expected to continue to see challenges in the immediate future, but is expected to grow substantially in the medium to long term. With the revival of business sentiment and the active support of the Government to boost Travel & Tourism, a significant increase is expected in the arrival of foreign tourists and also a greater number of Indians are expected to be travelling to domestic destinations than before. This will have a positive impact on the occupancies and rates and hence the business over the next few years.

## The Leela - Dynamism in our strides

Your Company now operates eight hotels with 2,213 guest rooms. The details of the hotels are as follows:

(a)	Owned Hotels:	No. of Rooms
(1)	The Leela, Mumbai	390
(2)	The Leela, Goa	206
(3)	The Leela Palace, Bangalore	357
(4)	The Leela Palace, Udaipur	80
(5)	The Leela Palace, New Delhi	260
(6)	The Leela Palace, Chennai	326
	<b>Total</b>	<b>1,619</b>
(b)	Managed Hotels:	
(1)	The Leela Ambience Gurgaon Hotel & Residences Delhi (NCR) Gurgaon	411
(2)	The Leela Kovalam	183
	<b>Total</b>	<b>594</b>
	<b>Grand Total</b>	<b>2,213</b>

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.

## A. Sales & marketing alliances

### (i) Global Hotel Alliance (GHA):

The Company is a member of Global Hotel Alliance (GHA) which is the world's largest alliance of independent hotel brands. The association helps to create cost savings for its member brands and offers the benefits of a multi-brand loyalty programme, "GHA Discovery" which has over 4 million members encompassing over 400 upscale and luxury hotels with over 100,000 rooms across 63 different countries.

### (ii) Preferred Hotel Group (PHG):

The Company is a part of Preferred Hotel Group (PHG) which provides sales and marketing, reservation and technological support across the world. Through PHG, The Leela gets preferential partnership with some of the world's largest Travel Management Companies which helps to gain larger exposure for the brand and generate sales. This partnership allows The Leela a preferential rate with the American Express Card service. The sales teams of PHG help the Company reach out to the global and regional procurement heads of global corporations and MICE planners.

### (iii) Kempinski:

The Company and Kempinski (a German hotel group) have mutually agreed to end their 25 year old relationship, with effect from 1st October, 2013.

## B. Sales, Marketing and PR Representations

The Company continues to engage the services of JWT India, MRM Worldwide and Ann Scott Associates for its marketing and PR functions.

## C. Investment in Technology

To enhance operational and revenue management efficiencies, the Company has invested in the following technology platforms:

- (i) **IDeaS:** It is the hospitality industry's leading provider of pricing and revenue management Software, Services and Consulting.
- (ii) **Revinate:** It is a software platform designed exclusively for the hospitality industry to monitor online reputation by using online reviews and social media to learn from and connect with travellers.
- (iii) **The Leela Reservations Worldwide:** The Company has engaged Praxis Services Pvt. Ltd. to operate 24x7 central reservations of the Company, The Leela Reservations Worldwide (LRW). In addition to a common reservation ID that is responded to by trained associates, the Company also provides the guests, the facility to call toll-free anywhere from India, USA, UK, Hong Kong and Singapore.

## Opportunities, threats, risks and concerns

The hotel business is dependent on global and domestic economic conditions. Your Company also has the risk of heavy dependence on a few specific locations in India and 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.

## Risk Management - leveraging our experience

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

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

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

## Efficient internal control systems

The Company has a well-structured internal audit function. Under the guidance and supervision of an independent Audit Committee, the internal audit department gets regular audits conducted to ensure that control systems and procedures are adhered to.

The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every hotel by one of the two empaneled prominent audit firms. 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.

#### Human resources and industrial relations - The intangible imperatives

The Company attaches the highest importance to human resources and focuses on high degree of professional learning and development, concern and care towards its employees. The Company continued to sustain and grow on the performance culture developed over a period, throughout the organisation.

Some of the key initiatives rolled out during the year are as follows:

- A focused concentration on carefully attracting the best talent available in the market, which has helped the Company to drive a culture oriented towards high performance and excellence.
- The Guest feedback collection system has been reviewed and an international vendor has been selected to implement a robust and technologically advanced system to capture guest feedback. The entire exercise of preparing a questionnaire which will capture the guests' experience at the hotel has been completed. This new platform will help the team to align all its efforts in delivering relevant high quality services to the guest whilst seeking to constantly improve on standards.
- To ensure that there is transparency and higher level of integrity with the feedback system, Employee Satisfaction Surveys have been rolled out totally online across all the units. All feedback was received confidentially, analyzed and worked upon to enhance work place efficiencies and make your Company an 'Employer of Choice'. Presentations and action planning sessions were conducted with the respective hotel teams and action plans were formulated to foster greater engagement levels among the team.
- The "Leela Management Training Program" backed by a strong "Leela Academy of Learning", have continued to provide the cutting edge difference ensuring that there is a pipeline of nurtured and developed talent in all the areas of Hotel Operations viz: Front Office, Food & Beverage Service, Kitchen, Housekeeping and Sales & Marketing. This holds immense value in the context of a serious dearth of trained talent in the market. This is another key facet which helps us to work towards our objective of being an 'Employer of Choice'. Several of our executives are from our in-house academy, with the General Manager at The Leela Goa and the General Manager at The Leela Mumbai being graduates of the Management Training program.
- Industrial relations throughout the year were cordial in all Units of the Company.
- As on 31st March, 2014, the Company had 3,727 employees.

#### Corporate Social Responsibility and Environmental Initiatives

Your Company recognizes the need to minimise the impact of its operations, on the environment. The Company maintains large gardens in and around all 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.

#### 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 work activities.

Your Company is committed to ensure healthy and safe working environment for all concerned and to improve the Health and Safety performance. Through a

systematic process, the Company aims to:

- comply with the requirements of all relevant statutory, regulatory and other provisions.
- provide and maintain safe & healthy work place through operational procedures, safe systems and methods of work.
- provide sufficient information, instruction, training and supervision to enable all employees to identify, minimize and manage hazards and to contribute positively to safety at work.
- conduct audits and mock drills on site to ensure that operations are in compliance with health and safety management requirements and for emergency preparedness.
- ensure 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.

#### Analysis / highlights of operating performance and financial results:

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

##### i) Operational Revenue:

The total operating revenue increased by 11%, from ₹ 64,471.62 lakhs in F. Y. 2012-13 to ₹ 71,844.24 lakhs in F. Y. 2013-14.

##### (ii) Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA):

During the year, the EBIDTA increased from ₹ 12,264.68 lakhs to ₹ 19,493.67 lakhs.

##### (iii) Interest and Depreciation:

Interest Cost increased from ₹ 40,534.25 lakhs in F. Y. 2012-13 to ₹ 50,163.00 lakhs in F. Y. 2013-14. Depreciation for the year was ₹ 18,065.31 lakhs against ₹ 13,867.33 lakhs in previous year. The increase is due to the Chennai hotel.

##### (iv) Profit after Tax:

The Company incurred a loss of ₹ 44,147.19 lakhs during the F. Y. 2013-14 against loss of ₹ 43,345.81 lakhs in F. Y. 2012-13.

##### (v) Fixed Assets:

The gross fixed assets (including capital work progress) as on 31st March, 2014 was ₹ 650,441.05 lakhs and net fixed assets was ₹ 569,129.81 lakhs.

##### (vi) Secured and Unsecured Loans:

The details of the Company's debts are as follows:

	₹ Lakhs	
	31.3.2014	31.3.2013
<b>Long-term borrowings:</b>		
Secured Loans (Refer Note No. 4 of accounts)	257,886	271,432
Current Maturities of Long Term Debt (Refer Note No. 4 of accounts)	180,383	161,125
Short-term Debts (Refer Note No. 8 of accounts)	52,233	33,372
<b>Total</b>	<b>490,502</b>	<b>465,929</b>

##### (vii) Write-offs / Write-back / Provision for bad debts:

A sum of ₹ 243.88 lakhs has been written off from inventory items, which had become obsolete and unusable.

A sum of ₹ 82.64 lakhs has been written-off / provided towards bad debts during the financial year 2013-14.

Sundry creditors / liabilities amounting to ₹ 136.11 lakhs, on which no claims have been made in past three years, have been written back.

#### **Corporate Debt Restructuring (CDR)**

The Company is implementing the CDR package. One of the conditions of the CDR package was that the Company should realise ₹ 2,031 crores in FY 2013-14 from sale of its Delhi Hotel and reduce the debt to that extent. However, due to slowdown in the global and Indian economy and the continued recession in the hotel industry, the Company could not sell either the Delhi Hotel or any other hotels to meet this obligation. The Company had promptly met its debt service obligations till December, 2013, but has not been able to meet its debt service obligations since then for the same reason. As advised by the lenders, the Company explored the possibility of availing a bridge loan, but the same could

not materialize as the parties could not agree on mutually acceptable terms and conditions. The Company is pursuing with the lenders for an acceptable alternate solution.

#### **Cautionary Statement**

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

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Leela Palaces, Hotels and Resorts has continued to build on its 25-year old tradition of CSR programs designed to protect the environment and support local communities.

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 from hotel design and construction to procurement and operational policies.

Keeping in line with our Founder Chairman, Capt. Nair's vision, since its inception, The Leela group has focused on converting land on which the hotels are built into green zones to benefit all surrounding community. Towards this goal, as an internal policy, nearly thirty percent of every Leela hotel has been marked as 'green haven' where instead of utilising space for extra rooms or additional business inventories, it has been populated with thousands of rare trees, plants, foliage and landscaped gardens that extend beyond the property premises to benefit entire neighborhoods. This reflects not only our larger commitment to supporting the United Nations Environment Programme's (UNEP) Billion Tree Campaign, a global initiative to encourage tree planting but also our promise to make a difference in every local community, one tree at a time. This is a promise that is renewed every year.

This year, we proudly joined Earth Hour 2014, 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 all eight properties around the country were turned down and the essential lights were dimmed to safe level. To counterbalance, hotels used candles to light up the various spaces along with creating a chain of candlelight dinners across its award-winning restaurants, to communicate the global call for climate change awareness to guests in an accessible and aesthetic manner.

We celebrated The World Environment Day by planting myriad tree saplings across The Leela properties to promote greening through plantation, and continued to achieve reduction in energy and water consumption, waste management while limiting carbon emission.

These eco-friendly initiatives continued to complement the structures of the hotels which are built around the principles of sustainable design and operations with accountable green practices focused on reducing our carbon footprint day-to-day. Following The Leela Palace New Delhi, the recently opened The Leela Palace Chennai was also accorded the highest rating – Platinum LEED certification - for excellence in sustainable design and integrating best green practices; and the National Energy Conservation Award 2013 was once again conferred on The Leela Palace Bangalore for its notable contribution towards energy savings.

On the social sustainability front, The Leela continued its involvement with nurturing underprivileged children and families, blood donation drives and health check-up camps for employees, community development through skill-based training, support of local artisans and promotion of traditional craftsmanship.

This year, each property further strengthened partnerships with local NGOs in each destination to ensure charitable donations where uniforms, books and magazines, kitchen utensils are donated to underprivileged groups and individuals. The Leela hotels also continued to build on a Training Programme, named Hunar Se Rozgar Tak, to create employable skills in the local youth from 18-25 years and who are minimum 8th standard pass. The courses cover diverse skill sets from Food & Beverage Service to housekeeping to improving the trainees in behavior and attitudes in order to enhance their market acceptability.

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

## AWARDS AND ACCOLADES

### LATE CAPT C. P. KRISHNAN NAIR

- India-UAE Business Icon Award at the Asia Business Leadership Forum Awards 2013, conferred by His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and CEO of Emirates Airline, and Chairman of the Dubai Supreme Fiscal Authority, December 2013
- Emerging Kerala - Lifetime Achievement Award in recognition of outstanding contributions and achievements as a Keralite, by Chief Minister of Kerala, Shri Oommen Chandy, November 2013
- Honorary Doctorate in Literature for exemplary contribution towards Environment and Hospitality, by Jodhpur National University, October 2013

### THE LEELA / RAJIV KAUL

- Hotelier India Awards - Rajiv Kaul awarded Hall of Fame, December 2013

### THE LEELA GOA

- The Times Food Awards 2014 - Susegado restaurant awarded Best Shack Bar, December 2013
- Goa Environment Ministry - Winner of Best Environmental Practice Competition, June 2013

### THE LEELA BANGALORE

- National Energy Conservation Award 2013 - Ministry of Power, Government of India, December 2013.

### THE LEELA PALACE UDAIPUR

- Hotelier India Awards 2013 - Sudhir Mishra awarded Laundry Manager of the Year, December 2013
- Travel + Leisure India & South Asia - The Maharaja Suite named one of the Nation's Top 25 Presidential Suites, November 2013
- Today's Traveller Awards 2013 - Best Deluxe Luxury Hotel, September 2013
- 2013 World Luxury Spa Awards - ESPA awarded Best Luxury Spa, April 2013

### THE LEELA PALACE NEW DELHI

- GeoSpa asiaSpa India Awards 2013 - Tania Bardhan awarded Best Spa Manager, May 2014
- Travel and Leisure's India's Best Awards 2013 - Best Business Hotel for Women Travellers (Runners up), April 2014
- Timeout Food Awards 2014 - MEGU wins Best Designed Restaurant, March 2014
- Timeout Food Awards 2014 - Le Cirque awarded Best European Restaurant (in a 5-star), March 2014
- 2014 TripAdvisor Travellers' Choice Awards – one of the Top Luxury Hotels in India, January 2014
- 2014 TripAdvisor Travellers' Choice Awards – one of the Top Hotels in India, January 2014
- Times Food Guide 2014 – The Qube conferred upon Best Multi Cuisine Restaurant in Delhi & NCR, January 2014
- Times Food Guide 2014 – Le Cirque conferred upon Best European Restaurant in Delhi & NCR, January 2014
- Ambrosia Awards 2014 – The Library awarded Best Bar of the Year, January 2014
- Conde Nast Traveler USA, Gold List 2014 – one of World's Best Hotels in India, January 2014
- Association of Hospitality Professionals – Le Cirque awarded Most Popular Choice restaurant, December 2013
- Condé Nast Traveller Readers' Travel Awards 2013 - The Spa by ESPA awarded Favourite Hotel Spa in India, December 2013

- Hotelier India Awards 2013 - Rajesh Namby named F & B Manager of the Year, December 2013
- Condé Nast Traveler Reader's Choice Awards 2013 - The Best Hotel in Delhi, November 2013
- Today's Traveller Award - Ultra Luxury Hotel in the city, August 2013
- Robb Report, India - one of Best Hotels in the World, August 2013
- Expedia Insiders' Select 2013 - one of the top-ranking properties across the globe, August 2013
- Delhi Gourmet Club - The Qube awarded Best Burger in Delhi, July 2013
- CNBC Awaaz Travel Awards 2013 - Best Business Hotel in India, June 2013
- CNBC Awaaz Travel Awards - Le Cirque awarded Best International Cuisine Restaurant in India, June 2013
- GeoSpa India Asia Spa Awards 2012 - Anil Mandal awarded Spa Therapist of the Year, May 2013

### THE LEELA PALACE CHENNAI

- Travel + Leisure India & South Asia, Readers Choice Awards 2013 - The Best New Hotel, March 2014
- World Travel Brands Awards 2013 - Fast Emerging Luxury Business Hotel in Chennai, December 2013
- Times Food Awards 2013 - Spectra awarded Best Sunday Brunch and Library Blu awarded Best Bar, November 2013
- Wallpaper UK – one of the Best Urban Hotels 2013, October 2013
- Today's Traveller Awards 2013 - Best New 5 Star Hotel in Chennai, September 2013
- World Spa & Travel Magazine USA - Best New Luxury Hotels Worldwide, August 2013
- CNBC Awaaz Travel Awards 2013 – China XO awarded Best Dining Experience in India, June 2013
- Travel + Leisure US, It List 2013 - one of the Best New Hotels, June 2013
- Conde Nast Traveller UK, Hot List 2013 - one of the World's Best New Hotels, May 2013

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

- IndianRestaurantSpy.com – Spectra awarded Best Multi-cuisine restaurant of the Year, April 2014
- The Times Food Guide 2014 – Spectra awarded Best Japanese Fine Dine, Best Oriental Fine Dine, Best Multi-cuisine Fine Dine and Best All Day Dining Fine Dine, January 2014
- The Times Food Guide 2014 – Rubicon awarded Best Bar - Luxurious Night Out and Best for Wine - Luxurious Night Life, January 2014
- Condé Nast Traveler's Gold List 2014 - one of the Top Hotels in the World, December 2013
- Condé Nast Traveler Reader's Choice Awards – Best Hotel in India, November 2013
- World Luxury Awards - Luxury Business Hotel 2013, November, 2013
- Hospitality India Magazine - Best MICE Hotel in Gurgaon, October, 2013
- Hotel India Awards - Best MICE Hotel in India, September, 2013
- Expedia® Insiders' Select™ 2013 – included in Top ranked properties across the globe list, August 2013

### THE LEELA KOVALAM

- GeoSpa asiaSpa India Awards 2013 – Divya Spa awarded Best Spa Cuisine, April 2014

# REPORT ON CORPORATE GOVERNANCE

## 1. Statement on Company's Philosophy on Code of Governance

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 Directors and Senior Managers adopted by the Board of Directors in terms of Clause 49 of the Listing Agreement has further enhanced the standards of Corporate Governance in the Company.

## 2. Board of Directors

### 2.1 Composition and size of the Board

As on 31st March, 2014, the Board comprised of 14 Directors, of which 7 were Independent Directors, 3 Non-Executive Non-Independent Directors and 4 Executive Directors. The Chairman is an Executive Promoter Director.

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

Category	Name of Directors	Designation	No. of Shares held as on 31.3.2014
Promoter Directors	Mr. Vivek Nair	Chairman & Managing Director	246,460
	Mr. Dinesh Nair	Co-Chairman & Managing Director	374,050
Executive Directors	Mr. Venu Krishnan	Deputy Managing Director	Nil
	Mr. Krishna Deshika	Director – Finance & CFO	Nil
Non- Executive Non- Independent Directors	Mrs. Madhu Nair	Director	360
	Mr. Anil Kumar Sharma	Director- Nominee of AAI	Nil
	Mr. Indur Kirpalani	Director	530,740
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Mr. M. Narasimham <sup>1</sup>	Director	NIL
	Dr. K. U. Mada	Director	11,500
	Mr. Vijay Amritraj	Director	60,105
	Mr. Anil Harish	Director	NIL
	Mr. A. K. Dasgupta <sup>2</sup>	Director	NIL
	Mr. M. Madhavan Nambiar	Director	NIL
	Mrs. Uttara Dasgupta <sup>3</sup>	Director- Nominee of SBI	NIL
	Mr. T. Ravindranath <sup>4</sup>	Director- Nominee of Syndicate Bank	NIL

1 Resigned with effect from 13th February, 2014.

2 Retired by rotation at the last Annual General Meeting held on 20th September, 2013.

3 Joined the Board with effect from 20th May, 2013 (As a nominee / Independent Director representing State Bank of India).

4 Joined the Board with effect from 13th August, 2013 (As a nominee / Independent Director representing Syndicate Bank).

### 2.2. Meetings of the Board of Directors

The Board of Directors met 6 times during the year - on 20th May, 2013, 13th August, 2013, 20th September, 2013, 12th November, 2013, 13th February, 2014 and 12th March, 2014 and the gap between two Board meetings did not exceed four calendar months. The meetings of the Board of Directors were held at the Registered Office of the Company. Meetings were scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes were circulated well in advance to all the Board members to enable the Board to take informed decisions.

When deemed expedient, the Board also approves by Circular Resolution important urgent items of business as permitted under the Companies Act, 1956 and which cannot be deferred till the next Board Meeting.

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

During the financial year ended 31st March, 2014, Mr. M. Narasimham, Independent Director, resigned from the Board of Directors with effect from 13th February, 2014 due to health reasons. Mr. A. K. Dasgupta opted to retire by rotation at the last Annual General Meeting held on 20th September, 2013. Mrs. Uttara Dasgupta joined the Board from 20th May, 2013 as a nominee of State Bank of India. Mr. T. Ravindranath joined the Board from 13th August, 2013 as a nominee of Syndicate Bank. Mr. Indur Kirpalani, who retires by rotation at the ensuing Annual General Meeting, opted not to seek re-appointment. The particulars of Directors seeking appointment/reappointment have been included in the Notice of the Annual General Meeting.



### 2.3. Board Meetings and Attendance

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

Name	Category <sup>*</sup>	Attendance Particulars		No. of Directorships in other public limited companies as on 31st March, 2014	No. of Committee positions held in other public limited companies	
		No. of Board Meetings attended during the financial year 2013-14	AGM held on 20th September, 2013		Chairman of Committees	Member of Committees
Mr. Vivek Nair	CMD	5	Yes	5	-	1
Mr. Dinesh Nair	CCMD	6	Yes	4	-	1
Mr. Venu Krishnan	DMD	6	Yes	3	-	-
Mr. Krishna Deshika	DF	6	Yes	-	-	-
Mrs. Madhu Nair	NED	4	Yes	-	-	-
Mrs. Anna Malhotra	NEID	6	Yes	1	-	1
Mr. M. Narasimham <sup>1</sup>	NEID	-	No	-	-	-
Dr. K.U. Mada	NEID	6	Yes	3	2	3
Mr. Vijay Amritraj	NEID	2	Yes	-	-	-
Mr. Anil Harish	NEID	5	Yes	13	4	5
Mr. Indur Kirpalani	NED	-	No	-	-	-
Mr. A. K. Dasgupta <sup>2</sup>	NEID	1	Yes	-	-	-
Mr. M. Madhavan Nambiar	NEID	5	Yes	7	-	-
Mr. Anil Kumar Sharma	NED	4	Yes	-	-	-
Mrs. Uttara Dasgupta <sup>3</sup>	NEID	6	Yes	-	-	-
Mr. T. Ravindranath <sup>4</sup>	NEID	2	Yes	-	-	-

<sup>1</sup> Resigned with effect from 13th February, 2014.

<sup>2</sup> Retired by rotation with effect from 20th September, 2013.

<sup>3</sup> Joined the Board with effect from 20th May, 2013 (As a nominee / Independent Director representing State Bank of India).

<sup>4</sup> Joined the Board with effect from 13th August, 2013 (As a nominee / Independent Director representing Syndicate Bank).

\* CMD: Chairman and Managing Director, CCMD: Co-Chairman & Managing Director, DMD: Deputy Managing Director, DF: Director- Finance & CFO, NEID: Non Executive & Independent Director, NED: Non-Executive Director.

None of the Directors of the Board serves as member of more than ten committees, nor is Chairman of more than five committees of Board across all public companies, in which he / she is a Director.

“Committees” considered for this purpose are those specified in Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders’ / Investors’ Grievance Committee.

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

The Company pays its Non-Executive Directors sitting fees of ₹ 20,000 per meeting of the Board of Directors and Committees thereof attended by them.

### 3. Audit Committee

#### 3.1 Details of the composition of the Audit Committee and attendance of the members

At present, the Audit Committee of the Company comprises of five Directors of which, four are Non-Executive Independent Directors. Members have varied expertise in banking, finance, project management, accounting and legal matters. The Chairperson of the Audit Committee was present at the last Annual General Meeting held on 20th September, 2013. The Co-Chairman & Managing Director, Deputy Managing Director and Director-Finance & CFO are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The Company Secretary acts as Secretary to the Audit Committee. The Committee oversees the work carried out by the management and internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

During the year under review, the Audit Committee met 4 times – on 20th May, 2013, 13th August, 2013, 12th November, 2013 and 13th February, 2014.

The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

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

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhorta	Chairperson	NEID	4	4
Mr. Vivek Nair	Member	ED	4	3
Dr. K. U. Mada	Member	NEID	4	4
Mr. Anil Harish	Member	NEID	4	3
Mr. M. Madhavan Nambiar <sup>1</sup>	Member	NEID	4	2

<sup>1</sup> joined with effect from 12th November, 2013.

### 3.2 Terms of Reference of Audit Committee

The terms of reference of this Committee are, inter alia, to cover the matters specified under Clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956. The Audit Committee of the Board, inter alia, provides assurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures; and
- compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter-alia, to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee; and
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment and removal of external auditors, fixation of audit fees and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management, the financial statements before submission to the Board, focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by the management;
  - qualifications in draft audit report;

- significant adjustments arising out of audit;
- the going concern assumption;
- compliance with Accounting Standards;
- compliance with Stock Exchange and legal requirements concerning financial statements;
- matters required to be included in the Directors' Responsibility Statement of Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
- qualifications in the draft audit report; and
- Related party transactions.

- Reviewing with the management and external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading this department, reporting structure, coverage and frequency of internal audit;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board; and
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, the Companies Act and other statutes, as amended from time to time.

## 4. Shareholders' / Investors' Grievance Committee

### 4.1 Composition, Meeting and Attendance

The Committee comprises of two Non-Executive Independent Directors and one Executive Director. The Committee met on 20th May, 2013 and 12th November, 2013 during the year. The particulars of members and their attendance at the meetings are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Dr. K. U. Mada	Chairman	NEID	2	2
Mrs. Anna Malhotra	Member	NEID	2	2
Mr. Venu Krishnan	Member	ED	2	2

Mr. Dinesh Kalani, 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 60 share transfers comprising 281,445 shares and processed 254 requests for de-materialization of 3,04,778 shares and 1 request for re-materialization of 20 shares. There were no valid requests pending for share transfers at the end of the year.

#### 4.2. Broad Terms of Reference

To examine and redress the complaints and grievances of the shareholders / investors of the Company such as transfer of shares, issue of duplicate shares, non-receipt of dividend / annual reports / interest / redemption warrants on debentures, etc.

The Committee also looks into matters which can facilitate / smoothen investor services and relations. Where deemed expedient, it also directs the RTA to ensure prompt redressal of genuine complaints of investors. The Committee also examines and recommends to the Board the appointment / removal of RTA and the fees payable to them.

#### 4.3 Number of complaints received and redressed during the year 2013-14

Opening Balance	Received during the year 2013-14	Resolved during the year 2013-14	Closing Balance
0	30	30	0

#### 4.4 Compliance Officer

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

### 5. Remuneration Committee

#### 5.1 Composition, Meeting and Attendance

The Committee comprises of three Non-Executive Independent Directors. The Committee met on 20th May, 2013 and 13th August, 2013 during the year. The particulars of members and their attendance at the meetings are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Dr. K. U. Mada	Chairman	NEID	2	2
Mrs. Anna Malhotra	Member	NEID	2	2
Mr. M. Madhavan Nambiar	Member	NEID	2	2

#### 5.2 Remuneration Policy and Terms of Reference

The broad terms of reference of the Remuneration Committee are to recommend to the Board, salary (including increments), perquisites and commission to be paid to the Company's Executive Directors and the relatives of the directors. The payment of remuneration is guided mainly by the factors like responsibilities shouldered, Company / individual performance during the year, competitive structures and industry benchmarks.

The Company has not granted any Stock Options to any of the Directors during the year.

#### 5.3 Other Committees of Directors

In addition to the above referred Committees which are mandatory under the Corporate Governance Code, the Board has also constituted other Committees of Directors like the Finance Committee and Share Transfer Committee.

### 6 Remuneration to Directors

#### 6.1 Remuneration to Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. The details of sitting fees paid during the financial year 2013-14 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid (₹)
Mrs. Madhu Nair	80,000
Mrs. Anna Malhotra	2,80,000
Dr. K.U. Mada	2,80,000
Mr. Vijay Amritraj	40,000
Mr. Anil Harish	1,60,000
Mr. A. K. Dasgupta <sup>1</sup>	20,000
Mr. M. Madhavan Nambiar	1,80,000
Mr. Anil Kumar Sharma	80,000
Mrs. Uttara Dasgupta <sup>2</sup>	1,20,000
Mr. T. Ravindranath <sup>3</sup>	40,000
Mr. Indur Kirpalani	0

<sup>1</sup> Retired by rotation with effect from 20th September, 2013.

<sup>2</sup> Joined the Board with effect from 20th May, 2013 (As a nominee Director representing State Bank of India).

<sup>3</sup> Joined the Board with effect from 13th August, 2013 (As a nominee Director representing Syndicate Bank).

#### 6.2 Remuneration to Executive Directors

The remuneration of Executive Directors are decided on the recommendation of the Remuneration Committee and approved by the Board of Directors and shareholders. The Company has also obtained approval of the Central Government for the remuneration being paid to executive directors.

The remuneration packages of four Executive Directors comprise of salaries and allowances, contribution to provident funds and/or commission. The payments made for the financial year 2013-14 are as follows:

Name of the Executive Directors	Designation	Salary and Allowances	Company's contribution to Provident Fund	Sitting Fees	Commission
Mr. Vivek Nair	Chairman & Managing Director	216,00,000	25,92,000	NIL	NIL
Mr. Dinesh Nair	Co-Chairman & Managing Director	216,00,000	25,92,000	NIL	NIL
Mr. Venu Krishnan	Deputy Managing Director	150,00,000	17,28,000	NIL	NIL
Mr. Krishna Deshika	Director- Finance & CFO	141,60,000	7,20,000	NIL	NIL

Mr. Vivek Nair, Mr. Dinesh Nair and Mr. Venu Krishnan were appointed by the shareholders for a period of five years with effect from 1st April, 2011 and Mr. Krishna Deshika was appointed for a period of five years with effect from 17th January, 2011. The Company has been paying remuneration within the ceiling approved by the shareholders and the Ministry of Corporate Affairs (MCA).

As the first approval of the MCA was valid for three years for payment of remuneration to all the four Executive Directors, the Company sought the approval of MCA for the remaining two years and has received the approval on 13th December, 2013.

## 7. General Body Meetings and Postal Ballot

### 7.1 Location, date and time of the Annual General Meetings (AGM) and Court-convened Meeting (CCM) for last 3 years are as follows:

Financial Year	General Meeting	Date	Time	Location
2012-13	32nd AGM	20.09.2013	11.00 a.m.	Grand Ball Room The Leela, Sahar Mumbai – 400 059
2011-12	31st AGM	20.09.2012	11.00 a.m.	Grand Ball Room The Leela, Sahar Mumbai – 400 059
2011-12	Court Convened Meeting	21.12.2011	11.00 a.m.	Rangsharda Auditorium K.C.Marg, Near Leelavati Hospital Bandra Reclamation Bandra (West) Mumbai – 400 050
2010-11	30th AGM	28.06.2011	11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme Vile Parle (West) Mumbai – 400 056

All the resolutions as set out in the notices were passed unanimously / by requisite majority by a show of hands by the Members of the Company present at the said Annual General Meetings. The resolution as set out in the court convened meeting was approved by the members through a poll.

### 7.2 Special Resolution passed in three previous Annual General Meetings

Annual General Meeting (AGM)	Special Resolutions
32nd AGM 20.09.2013	Resolution No. 8 – Issue of equity shares on preferential basis to a promoter group entity of the Company u/s 81(1A).
	Resolution No. 9 – Issue of Securities u/s 81(1A) upto ₹ 1000 crores
	Resolution No. 12 – Re-appointment of Ms. Amruda Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the Company), as Head - Asset Management
	Resolution No. 13 – Re-appointment of Ms. Aishwarya Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the company), as Head - F & B Merchandise
31st AGM 20.09.2012	Resolution No. 14 – Re-appointment of Ms. Samyukta Nair, daughter of Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company as Head - Design & Operations
	Resolution No. 9 – Issue of securities u/s 81(1A) upto ₹ 1,000 crores
30th AGM 28.06.2011	Resolution No. 10 – Issue of equity shares on preferential basis to a promoter group entity of the Company u/s 81(1A).
	Resolution No. 9 – Issue of Securities u/s 81(1A) upto ₹ 1,000 crores

### 7.3 Postal Ballot

No special resolution was passed through postal ballot during the financial year 2013-14.

## 8. Disclosures

### (a) Disclosure on materially significant related party transactions

There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Attention of the members is drawn to the disclosure of transactions with related parties set out in Note no. 30.11 of the standalone Financial Statements forming part of the Annual Report. All related party transactions are negotiated on arms length basis.

### (b) Disclosure on Non-compliances by the Company

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

## 9. Means of Communication

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

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Annual Reports
- Quarterly Corporate Governance Report
- Investor Presentation made to analysts

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

## 10. Subsidiary Companies

The Company does not have any material unlisted subsidiary and hence the requirement to have an Independent Director of the Company on the Board of such subsidiary does not apply to the Company. The minutes of the subsidiary companies are periodically placed before and reviewed by the Board of Directors.

## 11. Certificate of Compliance with Corporate Governance

A certificate from a practising Company Secretary regarding compliance by the Company with the Corporate Governance is attached hereto as an annexure to the report.

## 12. Status of Compliance with Non- Mandatory Requirements

### (a) The Board:

The Board is headed by an executive Chairman. The Board has not laid down any specific maximum tenure for the Independent Directors.

### (b) Remuneration Committee:

The Company has a Remuneration Committee, the details whereof are furnished in para 5 of this Report.

### (c) Shareholders Rights:

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

### (d) Audit Qualifications:

During the period under review, there is an audit observation in the financial statements. The explanation for the same has been provided in Note no. 30.1 and 30.3 of the standalone Financial Statements and also in the Directors' Report.

### (e) Training of Board Members:

The Directors of the Company are senior professionals of high standing and wide experience in corporate sector and the industry in which the Company operates. They are kept informed of the business model, growth factors and the risk profile of the Company. Hence, the Company has not laid down any formal training mechanism for its Directors.

### (f) Mechanism for evaluating Non-Executive Board Members:

The Non-Executive Directors of the Company are professionals from diverse fields relevant to the Company's business requirements and have long standing experience and expertise in their respective fields. Non-Executive Directors add substantial value to the deliberations of the Board and Committees thereof, besides giving guidance on matters referred to them from time to time. They also play an important role in safeguarding the interests of the stakeholders.

In the light of the above, the Chairman under authority from the Board evaluates the performance of each Non-Executive Director.

### (g) Whistle Blower Policy:

Though the Company does not have a formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. The Company promotes ethical behaviour in all its business activities. All employees are free to approach the Audit Committee to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

For and on behalf of the Board of Directors

Vivek Nair  
Chairman & Managing Director

Mumbai, 27th May, 2014

## DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT UNDER CLAUSE 49 OF THE LISTING AGREEMENTS

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, 2014.

Vivek Nair

Mumbai, 27th May, 2014

Chairman & Managing Director

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## CEO and CFO CERTIFICATION

The Board of Directors,  
Hotel Leelaventure Limited  
Mumbai

- We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 and to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- 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.
- 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.
- We have indicated to the auditors and the Audit Committee:
  - that there are no significant changes in internal control over financial reporting during the year;
  - that there are no significant changes in accounting policies during the year; and
  - that there are no instances of significant fraud of which we have become aware.

Mumbai, 27th May, 2014

Krishna Deshika  
Director - Finance & CFO

Vivek Nair  
Chairman & Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
Hotel Leelaventure Limited  
Mumbai

I have examined the compliance of conditions of Corporate Governance by Hotel Leelaventure Limited, for the financial year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Mumbai, 27th May, 2014

For V. Sundaram & Co.  
Company Secretaries

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

# GENERAL SHAREHOLDER INFORMATION

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L55101MH1981PLC024097.

## 1.1 33rd Annual General Meeting

Day / Date	Time	Venue
Thursday, 18th September, 2014	10.00 a.m.	Rangsharda Auditorium, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050

## 1.2 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, 2014.
Book Closure Dates	Monday, 15th September, 2014 to Thursday, 18th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
Listing on Stock Exchanges	<b>Equity Shares :</b>
	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
	<b>Non-convertible Debentures :</b>
	Whole-sale Debt Market Segment
	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2014	11th August, 2014
30th September, 2014	On or before 14th November, 2014
31st December, 2014	On or before 14th February, 2015
31st March, 2015	On or before 30th May, 2015
Annual General Meeting for the year ending 31st March, 2015	On or before 30th September, 2015

The Company has paid the annual listing fees to the Stock Exchanges as well as custodial fees to the depositories as applicable for the financial year 2014-15.

## 1.3 Stock Market Data

The monthly high / low prices of the equity shares of the Company from 1st April, 2013 to 31st March, 2014 are given below:

Month	BSE Limited				National Stock Exchange			
	High (₹)	Low (₹)	Volume (Nos.)	SENSEX (Closing)	High (₹)	Low (₹)	Volume (Nos.)	S&P CNX NIFTY (Closing)
Apr 13	24.50	20.10	7,17,822	19,504.18	24.35	20.05	17,39,809	5,930.20
May 13	22.00	18.60	6,16,876	19,760.30	22.00	18.50	21,13,508	5,985.95
Jun 13	19.00	16.50	3,94,965	19,395.81	19.40	16.50	13,75,043	5,842.20
Jul 13	19.50	16.25	10,73,535	19,345.70	19.60	16.45	30,13,733	5,742.00
Aug 13	17.30	15.00	9,75,099	18,619.72	17.30	14.95	17,25,869	5,471.80
Sep 13	16.10	14.25	6,02,442	19,379.77	16.00	14.30	26,31,324	5,735.30
Oct 13	17.50	14.50	14,55,534	21,164.52	17.50	14.45	50,54,478	6,299.15
Nov 13	16.25	14.00	11,09,268	20,791.93	16.35	14.40	28,24,149	6,176.10
Dec 13	17.90	14.70	20,82,251	21,170.68	17.90	14.75	64,48,019	6,304.00
Jan 14	18.30	14.60	11,85,110	20,513.85	18.30	14.50	36,73,299	6,089.50
Feb 14	17.07	14.50	12,49,977	21,120.12	17.10	14.50	49,58,448	6,276.95
Mar 14	17.50	15.15	23,14,567	22,386.27	17.30	15.10	74,50,190	6,704.20

Sources: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com) respective websites

#### 1.4 Distribution of Shareholding as on 31st March, 2014

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Total
Upto 5,000	1,17,020	98.5	4,83,66,881	10.71
5,001 to 10,000	995	0.83	74,48,894	1.65
10,001 to 20,000	376	0.32	53,86,942	1.19
20,001 to 30,000	163	0.14	41,00,315	0.91
30,001 to 40,000	61	0.05	21,76,102	0.48
40,001 to 50,000	39	0.03	18,50,476	0.41
50,001 to 1,00,000	65	0.06	47,51,245	1.05
Above 1,00,000	82	0.07	37,75,31,737	83.60
<b>TOTAL</b>	<b>1,18,801</b>	<b>100</b>	<b>45,16,12,592</b>	<b>100</b>

#### 1.5 No. of Shares held in dematerialized and physical mode as on 31st March, 2014

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% of total capital issued
1	Held in dematerialized form in NSDL	78,081	39,38,86,953	87.32
2	Held in dematerialized form in CDSL	33,045	4,83,39,546	10.60
3	Held in Physical form	7,675	93,86,093	2.08
	<b>Total</b>	<b>1,18,801</b>	<b>45,16,12,592</b>	<b>100</b>

#### 1.6 Shareholding Pattern as on 31st March, 2014

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	28,31,84,467	62.71
2	Banks / Public Financial Institutions / Insurance Companies	2,50,93,493	5.56
3	Bodies Corporate / Trusts	6,48,93,777	14.37
4	FII's	35,71,632	0.79
5	NRIs / OCBs	1,08,47,685	2.40
6	Resident Individuals	6,40,21,538	14.17
	<b>Total</b>	<b>45,16,12,592</b>	<b>100</b>

The Promoters have pledged 26,47,44,150 equity shares representing 58.62% of the outstanding shares of the Company, which includes 14,44,24,079 shares representing 31.98% pledged by the promoter group companies in terms of Corporate Debt Restructuring (CDR) package in favour of Security Trustee of CDR Lenders.

The Shareholding Pattern is posted on the Company's website ([www.theleela.com](http://www.theleela.com)) and also filed electronically with BSE Limited and National Stock Exchange of India Limited.

#### 1.7 Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee. The Share Certificates in physical form are generally processed weekly and returned within 15 days from the date of receipt, if the documents are proper and valid in all respects. A summary of the transfer / transmission so approved is placed before the Board at periodic intervals. The Company obtains from a Practising Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges, and files a copy of the certificate with the Stock Exchanges concerned.

#### 1.8 Dematerialisation of shares and liquidity

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 so as to avoid inconvenience in future.

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

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

#### 1.9 Registrar & Share Transfer Agent for Equity Shares

M/s. Sharepro Services (India) Pvt. Ltd. has been appointed as one point agency for dealing with shareholders. Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

##### M/s. Sharepro Services (India) Pvt. Limited

Unit: Hotel Leelaventure Limited  
13 A/B Samhita Warehousing Complex,  
2nd Floor, Off. AndheriKurla Road  
Sakinaka Telephone Exchange Lane  
Sakinaka, Andheri (East)  
Mumbai - 400 072  
Tel : + 91 22 6772 0300 / 6772 0400 / 6772 0344  
Fax : + 91 22 2859 1568  
E-mail: [hotelleela@shareproservices.com](mailto:hotelleela@shareproservices.com)  
Website: [www.shareproservices.com](http://www.shareproservices.com)  
Contact persons: Mr. K. G. Abraham / Mr. Pascol Pereira

##### Investor relations centre of Registrar:

M/s. Sharepro Services (India) Pvt. Limited  
912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai - 400 021  
Tel : + 91 22 6613 4700  
Fax : + 91 22 2282 5484



#### 1.10 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

#### 1.11 Investor Correspondence – Contact Details

	Clarification / queries	Name	Contact Nos.
(a)	Company Secretary	Mr. Dinesh Kalani	<a href="mailto:dinesh.kalani@theleela.com">dinesh.kalani@theleela.com</a> Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458
(b)	Share / Secretarial matters	Exclusive E-mail ID for investor grievances	<a href="mailto:investor.service@theleela.com">investor.service@theleela.com</a> Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458

#### 1.12 Debenture Trustee for Non-convertible Debentures and Scrip information

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

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

During the year under review, the Company has credited ₹ 7.02 Lacs, lying in the unpaid / unclaimed dividend accounts for the financial year 2005- 06, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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.

#### 1.14 Unclaimed / unexchanged Equity Shares in the Company

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

In terms of Clause 5A(II) of the Listing Agreement, the Company has already sent 3 reminders to the concerned shareholders asking them to claim their shares by submitting old certificates along with the prescribed documents. The Company will be transferring the unclaimed shares lying with the Company to “Unclaimed Share Suspense Account” in compliance with the Clause 5A.

#### 1.15 Dispatch of documents in electronic form (GREEN INITIATIVE)

In terms of Section 20 of the Companies Act, 2013, a company can send documents like notice, annual report, etc., in electronic form to its shareholders. Further, in terms of Clause 32 of the listing agreement, which was amended vide Circular No. CIR/CFD/DIL/2011 dated October 5, 2011 issued by SEBI, listed companies are required to supply soft copies of the said documents to all shareholders who have registered their email address(es) for the purpose. Accordingly, the said documents will be sent by e-mail to those members who have registered their e-mail address(es) with their DP / the Company.

Members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to write to the Company / Registrar or avail the option provided on the web-site of the Registrar of the Company at [www.shareproservices.com](http://www.shareproservices.com) for registration of e-mail address directly.

#### 1.16 Investor Information Kit

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

#### 1.17 Registered office

The Leela Mumbai, Sahar, Mumbai - 400 059.

#### 1.18 Address of Hotels

The addresses of the Hotels of the Company are as follows:

##### (A) Owned hotels:

- (1) The Leela Mumbai, Sahar, Mumbai – 400 059
- (2) The Leela Goa, Mobor, Cavelossim, Goa - 403 731
- (3) The Leela Palace Bangalore, 23, Old Airport Road, Bangalore – 560 008
- (4) The Leela Palace Udaipur, Lake Pichola, P.O. Box No. 125, Udaipur – 313 001
- (5) The Leela Palace New Delhi, Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023
- (6) 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 Delhi (NCR) Gurgaon, Ambience Island, National Highway – 8, Gurgaon – 122 002, Delhi N.C.R.
- (2) The Leela Kovalam, Trivandrum – 695 527, Kerala

# SECRETARIAL AUDIT REPORT

The Board of Directors  
Hotel Leelaventure Limited  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions as given below and the adherence to good corporate practices by Hotel Leelaventure Limited CIN: L55101MH1981PLC024097 ("the Company") for the financial year ended on March 31, 2014. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, RTA and other representatives during the conduct of secretarial audit, we hereby report that:

1. In our opinion, the Company has, during the period under review complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner reported hereinafter.
  - The Companies Act, 1956 and of 2013 wherever applicable and the Rules made under those Acts;
  - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act;
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with BSE Limited.
  - The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);
2. The requisite statutory registers and other records required under the Act and the Rules made thereunder have been maintained in accordance with the Act either in physical or electronic mode as applicable.
3. The requisite forms, returns and documents required under the Act and the Rules made thereunder to be filed with the Registrar of Companies and other authorities have been duly complied with.
4. The Company has a Board consisting of 14 members and it met 6 times during the year under review and the minutes of the meetings have been recorded properly in the minutes book maintained for the purpose.
5. As required under the Listing Agreements and Companies Act, the Company has the following Committees:
  - Audit Committee: The Committee met 4 times during the year under review and the minutes are properly recorded.
  - Shareholders/Investors Grievance Committee: The Committee met two times during the year under review and the minutes are properly recorded.
  - Remuneration Committee: The Committee met two times during the year under review and the minutes are properly recorded.
6. The Annual General Meeting for the financial year 2012 - 13 was held on 20th September, 2013. The minutes of the said meeting has been properly recorded in the minutes book maintained for the purpose.
7. The re-appointment of Directors, who retire by rotation, has been made in accordance with the Act. Mr. A. K. Dasgupta did not opt for re-appointment at the last Annual General Meeting held on 20th September, 2013. Mrs. Uttara Dasgupta joined the Board effective from 20th May, 2013 as a nominee of State Bank of India. Mr. T. Ravindranath joined the Board effective from 13th August, 2013 as a nominee of Syndicate Bank. Mr. M. Narasimham resigned from the Board with effect from 13th February, 2014.
8. a. Due disclosures under the provisions of the applicable statutes have

been made by the Company. The Company has also complied with the requirements of the Listing Agreements with the Stock Exchanges. The Company has complied with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

- b. The promoters of the Company have filed statements with the Stock Exchanges under the Regulation 30 (3) of the Takeover Regulations within the prescribed time.
9. The Company has complied with the requirements of the Depositories Act, 1996 as amended, pertaining to dematerialization of shares and wherever required, share certificates have been issued and delivered to shareholders within the statutory period and the transfers / transmissions thereof have been carried out and registered as per the requirements.
10. The new share certificates in respect of the sub-divided shares of ₹ 2 each were exchanged for those shareholders who submitted their old share certificates in physical mode.
11. Transfer of monies lying in unclaimed dividend account to the Investor Protection and Education Fund wherever applicable have been duly complied with as per the requirements of the Act.
12. The Company has complied with the requisite provisions of the Companies Act 1956 till notification of the Companies Act, 2013 and thereafter of the new act in respect of monies borrowed from Banks and Financial Institutions.
13. Charges created / modified / satisfied by the Company were notified to the ROC and were entered in the Register maintained for the purpose.
14. The Company has, wherever required, obtained the necessary approvals of the Board, Committee thereof, shareholders, the Central Government or other authority (ies) as per the requirements of the Act.
15. The Company has not accepted any Fixed Deposits during the year under review. The Annual Return and the Annual Report have been filed with the ROC as required under the Act. The Company has not defaulted in respect of the Provisions of Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as Directors of any other Company.
16. The Company has complied with the relevant clauses of the Listing Agreement with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, and conditions of Corporate Governance as required under clause 49 within the prescribed time limit.
17. The Company has complied with the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 as amended, from time to time. The Company has within the time limit specified in the Regulations, submitted the information received from the employees / Directors / stakeholders as shareholders with regard to any purchase or sale in excess of requisite percentage of the paid up share capital to the Stock Exchanges.
18. The Directors of the Company have made proper disclosures of their interest in other companies and the same have been noted in the Register maintained under section 301 of the Companies Act 1956.
19. The Company has complied with the provisions of section 372A of the Companies Act, 1956 in respect of investments made by way of Equity Shares in subsidiaries and other companies during the year ended 31st March, 2014. The necessary entries have been made as per the statutory requirements.
20. The Company has been taking adequate measures with regard to Risk Management and is being deliberated on the concerned issues and the same is being placed before the board. The company periodically apprises various issues.
21. The Company has also instituted the Code of Conduct for Directors and Senior Executives of the Company and has complied with the said Code as required under the Clause 49 of the Listing Agreement.

For V. Sundaram & Co.  
Company Secretaries

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

Mumbai, 27th May, 2014

# INDEPENDENT AUDITORS' REPORT

To  
**The Members of Hotel Leelaventure Limited**  
**Report on the Financial Statements**

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

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

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

## **Emphasis of Matter**

Without qualifying our Report, we draw attention to:

- (a) Note No 4 and 8 regarding the Company's liabilities and Note No 30.3 regarding Management's plans for meeting the same. Impairment loss of assets which the Company is planning to sell for deleveraging the Balance Sheet is not recognised. Pending receipt of binding offers, we are unable to comment on the consequential effects on the financial statements.
- (b) Note 30.1 relating to non-recognition of impairment loss relating to a project in Mumbai held up for substantial period amounting to ₹ 13,805 lakhs on the basis of Management's assessment that an amicable settlement would be reached and project would be implemented.

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

- 1 As required by the Companies (Auditor's Report) Order, 2003(" the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2 As required by Section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, to the extent applicable, referred to in Section 211(3C) of the Act.
  - e) On the basis of written representations received from the directors as on 31st March, 2014, taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2014 from being appointed as a director in terms of Section 274(i) (g) of the Act.

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

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Mumbai, 27th May, 2014

## ANNEXURE TO THE AUDITORS' REPORT [referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

- (i) **In respect of its Fixed assets:**
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
- (b) As explained to us, all the fixed assets were physically verified by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) **In respect of its Inventories:**
- (a) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and nature of the business.
- (c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories, compared to the book records.
- (iii) **In respect of loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301, of the Companies Act, 1956:**
- (i) (a) The Company has given interest free unsecured advances in the nature of loans to two subsidiaries. In respect of the said loans, the maximum amount outstanding at any time during the year and the year- end balance is ₹ 5560.95 Lakhs.
- (b) In our opinion and according to the information and explanations given to us, terms and conditions of these interest free unsecured advances are not prima facie prejudicial to the interest of the Company.
- (c) As informed to us, there is no stipulation for repayment of principal amount and there are no overdue amounts.
- (ii) (a) The Company has taken unsecured loans from two private limited Companies listed in the register maintained under Section 301 of the Act. The maximum balance outstanding at any time during the year was ₹ 3000 lakhs and outstanding as at the end of the year is Nil.
- (b) The rate of interest and other terms and conditions of these unsecured loans are in our opinion, prima facie not prejudicial to the interest of the Company.
- (c) In respect of the said loans and the interest thereon, there are no overdue amounts.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions to be entered in the register maintained under Section 301 of the Act, have been entered in the register.
- (b) According to the information and explanation given to us, the Company has not entered into any contracts /arrangements which need to be entered in the register maintained under Section 301 of the Act, and exceeding the value of ₹ 5 Lakhs in respect of each party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Act. Therefore, the provisions of Clause (vi) of the paragraph 4 of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act in respect of any of the activities of the Company.
- (ix) (a) Based on information and explanation furnished to us there are delays in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Sales-Tax, Service Tax, Cess and other statutory dues with the appropriate authorities during the year under review. There are no undisputed amounts payable in respect of the aforesaid dues which were outstanding as on 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with appropriate authorities as on 31st March, 2014 on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act 2003	VAT with interest and penalty	133.92	Financial Year 2005-06 to 2009-10	Matter remanded to Assessing Officer by High Court of Karnataka.
Customs Act	Customs Duty and Penalty	75.09	1989 -90 and 2000-01	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
Customs Act	Customs Duty and Penalty	2.00	1990-1991	Commissioner of Customs, Mumbai

**ANNEXURE TO THE AUDITORS' REPORT [referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]**

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Goa Tax on Luxuries Act	Luxury Tax	33.92	2007-08	Appellate Authority, The Assistant Commissioner of Commercial Taxes, Margao
Maharashtra VAT, 2002	VAT with interest and penalty	39.73	2008-09	Maharashtra Sales Tax Tribunal
Maharashtra VAT, 2002	VAT with interest and penalty	99.48	2009-10	Joint Commissioner of Sales Tax, Appeals, Mumbai
Central Excise Act, 1944	Penalty under Excise Act	3.12	2003-2005	CESTAT –WZB, Mumbai
Kerala Tax on Luxuries Act, 1976	Luxury Tax	34.31	2006-07	Deputy Commissioner (Appeals) Thiruvananthapuram
Kerala Gneral Sales Tax Act	Sales tax and interest	26.80	2005-06	Do
Kerala Agricultural Income Tax Act	Agricultural Income Tax and Interest	25.77	2004-09	Tribunal, Kerala Agricultural and Commercial Tax

- (x) The accumulated losses of the Company exceeds 50% of its net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has defaulted in repayment of dues to banks/financial institutions/debenture holders during the year under review. ₹ 6,369.68 Lakhs of Interest due from January 2014 onwards and ₹ 1,94,843.66 Lakhs of principal due as on 31<sup>st</sup> March, 2014 is not paid.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company during the year under audit.
- (xiv) The Company during the year under review has not dealt or traded in shares, securities, debentures and other investments except investment in mutual funds, for which proper records of the transactions and contracts are maintained. All investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from financial institutions or banks.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have not been used during the year for long term investment.
- (xviii) The company has made preferential allotment of shares to companies covered in the Register maintained under section 301 of the Act and the price at which shares have been issued is prima facie not prejudicial to the interest of the Company.
- (xix) The Company has created securities / charges in respect of secured debentures issued.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

**K. V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Mumbai, 27th May, 2014

# BALANCE SHEET as at 31 March, 2014

Particulars	Note No.	₹ lakhs	
		As at 31 March, 2014	As at 31 March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	9,032.25	8,373.02
(b) Reserves and surplus	3	<u>74,471.06</u>	<u>1,13,887.62</u>
		83,503.31	1,22,260.64
<b>Share application money pending allotment</b>	30.15	3,500.00	-
<b>Non-current liabilities</b>			
(a) Long term borrowings	4	2,57,885.89	2,71,431.88
(b) Deferred tax liabilities (net)	5	7,243.25	12,252.92
(c) Other long term liabilities	6	2,267.08	2,111.83
(d) Long term provisions	7	<u>1,842.84</u>	<u>2,017.39</u>
		<u>2,69,239.06</u>	<u>2,87,814.02</u>
<b>Current liabilities</b>			
(a) Short term borrowings	8	52,232.96	33,372.14
(b) Trade payables	9	6,431.91	4,488.75
(c) Other current liabilities	10	2,13,087.87	1,86,709.84
(d) Short term provisions	11	<u>514.95</u>	<u>513.54</u>
		<u>2,72,267.69</u>	<u>2,25,084.27</u>
<b>TOTAL</b>		<u><u>6,28,510.06</u></u>	<u><u>6,35,158.93</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	5,28,749.91	5,43,397.46
(ii) Intangible assets	13	941.81	947.28
(iii) Capital work-in-progress	30.1	15,817.47	16,603.30
(iv) Fixed assets held for sale	30.14	<u>23,620.62</u>	<u>15,591.13</u>
		5,69,129.81	5,76,539.17
(b) Non current investments	14	4,624.38	4,624.38
(c) Foreign currency monetary translation difference	15	12,007.48	8,762.94
(d) Long term loans and advances	16	19,273.05	19,875.48
(e) Other non current assets	17	<u>3,575.42</u>	<u>3,575.42</u>
		<u>6,08,610.14</u>	<u>6,13,377.39</u>
<b>Current Assets</b>			
(a) Inventories	18	6,400.41	7,133.70
(b) Trade receivables	19	7,158.86	5,884.49
(c) Cash and cash equivalents	20	2,768.45	3,542.62
(d) Short term loans and advances	21	3,211.41	4,705.80
(e) Other current assets	22	<u>360.79</u>	<u>514.93</u>
		<u>19,899.92</u>	<u>21,781.54</u>
<b>TOTAL</b>		<u><u>6,28,510.06</u></u>	<u><u>6,35,158.93</u></u>
Notes forming part of the financial statements	1 to 30		

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnaya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

# STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2014

Particulars	Note No.	₹lakhs	
		Year ended 31 March, 2014	Year ended 31 March, 2013
<b>INCOME</b>			
Revenue from operations	23	71,844.24	64,471.62
Other income	24	4,973.38	669.03
<b>Total income</b>		<u>76,817.62</u>	<u>65,140.65</u>
<b>EXPENSES</b>			
(a) Cost of materials consumed	25	6,187.02	5,102.42
(b) Employee benefit expenses	26	19,761.72	18,641.38
(c) Finance costs	27	50,163.00	40,534.25
(d) Depreciation and amortisation	28	18,065.31	13,867.33
(e) Other expenses	29	31,375.21	29,461.52
<b>Total expenses</b>		<u>1,25,552.26</u>	<u>1,07,606.90</u>
Profit / (Loss) before exceptional items and tax		<u>(48,734.64)</u>	<u>(42,466.25)</u>
Exceptional items	30.4	-	(329.35)
<b>Profit / (Loss) after exceptional items</b>		<u>(48,734.64)</u>	<u>(42,136.90)</u>
<b>Tax Expense:</b>			
(a) MAT credit asset written down		-	3,301.81
(b) Net current tax expense relating to prior years		422.22	217.28
(c) Deferred tax		<u>(5,009.67)</u>	<u>(2,310.18)</u>
		<u>(4,587.45)</u>	<u>1,208.91</u>
<b>Profit / (Loss) for the year</b>		<u>(44,147.19)</u>	<u>(43,345.81)</u>
<b>Earnings per share (of ₹ 2 each):</b>			
Basic and diluted		(10.15)	(10.82)
<b>Notes forming part of the Financial Statements</b>	1 to 30		

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnayya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

# CASH FLOW STATEMENT for the year ended 31 March, 2014

		₹ lakhs	
Particulars		2013-14	2012-13
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before Tax and Extraordinary Items	(48,734.64)	(42,136.90)
	Adjustments for :		
	Depreciation & Amortisation	18,065.31	13,867.33
	Interest Charged	50,163.00	40,534.25
	Loss / (Profit) on sale of assets	(2,786.00)	185.86
	Loss / (Profit) on sale of investments	(15.35)	(167.06)
	Bad debts written off	96.71	116.58
	Provision for employee benefits	(173.14)	522.36
	Interest income	(1,616.24)	(112.19)
		<u>63,734.29</u>	<u>54,947.13</u>
	Operating Profit before working capital changes	<u>14,999.65</u>	<u>12,810.23</u>
	Changes in :		
	Trade and other receivables	(409.58)	538.34
	Inventories	733.29	(1,149.03)
	Trade and other payables	2,110.64	3,823.44
		<u>2,434.35</u>	<u>3,212.75</u>
	Cash generated from operations	<u>17,434.00</u>	<u>16,022.98</u>
	Direct Taxes	281.34	(689.28)
	<b>Net Cash Flow from Operating Activities</b>	<u>17,715.34</u>	<u>15,333.70</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Proceeds from sale of fixed assets	4,436.74	199.28
	Investment in fixed assets / projects	(7,513.35)	(27,501.20)
	Proceeds from sale of investments	15.35	10,176.26
	Advance received against assets held for sale	-	12,017.00
	Interest received	1,625.72	91.21
	<b>Net Cash Flow from Investing Activities</b>	<u>(1,435.54)</u>	<u>(5,017.45)</u>
<b>C</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
	Increase / (Decrease) in long term loans	(1,957.69)	40,402.81
	Increase / (Decrease) in Cash Credit	(354.44)	381.05
	Increase / (Decrease) in short term funds	(4,795.08)	500.00
	Issue of Shares	659.23	616.52
	Loan advanced to Subsidiary	(0.61)	(124.39)
	Debenture issue expenses relating to prior years	-	(132.51)
	Securities premium received	5,840.77	9,383.48
	Share Application money received	3,500.00	-
	Issue / (Redemption) of Foreign Currency Convertible Bonds	-	(35,248.19)
	Dividend paid (Including Dividend Tax)	(7.36)	(2.44)
	Interest paid	(19,938.79)	(24,191.46)
	<b>Net Cash Flow from Financing Activities</b>	<u>(17,053.97)</u>	<u>(8,415.13)</u>
	<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>(774.17)</u>	<u>1,901.12</u>
	<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	<u>3,542.62</u>	<u>1,641.50</u>
	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>2,768.45</u>	<u>3,542.62</u>

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 27th May, 2014

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 1 Significant Accounting Policies

### a) Convention

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 1956.

### b) Use of Estimates

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

### c) Fixed Assets

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

Valuation of freehold land and leasehold rights on properties situated at Mumbai, Bangalore and Goa was carried out during March 2009. The fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation was carried out in all the cases by professional valuers, the basis of valuation being realisable value as determined by the valuer.

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

### d) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than ₹ 5,000 each are fully depreciated. Premium and other capitalised cost relating to leasehold land is amortised over the period of lease. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

Buildings constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease will be renewed in the normal course. Depreciation on Computer Software is provided over a period of six years. License fee and Franchise fee are amortised over five years.

### e) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost.

### f) Inventories

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

### g) Employee benefit

#### i) Post-employment benefit plans

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

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

#### ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

#### iii) Long-term employee benefits

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

### h) Recognition of income and Expenditure

Revenue/Incomes and Costs/Expenditures are accounted on accrual.

### i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Gains/Losses (net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

### j) Taxation

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

(ii) Wealth Tax for the year has been provided as required under the Wealth Tax Act and Rules, 1957.

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

(iv) 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, if there is 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 exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

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

### l) Foreign Currency Transaction

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

In line with option given by the Ministry of Corporate Affairs vide Notification No G.S.R.225 (E) dated 31st March, 2009, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and depreciated over the balance life of the asset, and in other cases

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

are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortized over the balance period of such long-term asset/liability but not beyond 31st March, 2020, by recognising income or expense in each of the periods except the exchange differences which are regarded as adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs.

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

### m) Assets taken on lease

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the Profit and Loss Account.

### n) Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liability is disclosed in case of

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

Contingent Assets are not recognized in the financial statements.

### o) Government Grants

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

## Note 2 Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	No of Shares	Amount	No of Shares	Amount
(a) <b>Authorised</b>				
Equity shares of ₹2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) <b>Issued</b>				
Equity shares of ₹ 2 each with voting rights	451,612,592	9,032.25	418,651,132	8,373.02
(c) <b>Subscribed and fully paid up</b>				
Equity shares of ₹ 2 each with voting rights	451,612,592	9,032.25	418,651,132	8,373.02
<b>Total</b>	<b>451,612,592</b>	<b>9,032.25</b>	<b>418,651,132</b>	<b>8,373.02</b>
	<b>No of Shares</b>		<b>No of Shares</b>	
(d) <b>Equity Shares at the beginning of the year</b>	418,651,132		387,824,992	
Add: Preferential allotment	32,961,460		30,826,140	
Equity shares at the end of the year	451,612,592		418,651,132	
	<b>No of Shares</b>	<b>% of Shares held</b>	<b>No of Shares</b>	<b>% of Shares held</b>
(e) <b>The details of shareholders holding more than 5% shares</b>				
(i) Leela Lace Holdings Private Limited	188,649,985	41.77	188,649,985	45.06
(ii) Leela Lace Software Solutions Private Limited	55,285,467	12.24	55,285,467	13.21
(iii) ITC Limited	49,953,055	11.06	49,953,055	11.93
(iv) Rockfort Estate Developers Private Limited	32,961,460	7.30	-	-

## Note 3 Reserves and surplus

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) <b>Capital redemption reserve</b>		
As per last balance sheet	8,750.00	8,750.00
(b) <b>Securities premium account</b>		
As per last balance sheet	32,074.55	25,037.95
Add : Premium on shares issued during the year	5,840.77	9,383.48
Less : Premium on redemption of FCCBs	-	2,346.88
Closing balance	37,915.32	32,074.55
(c) <b>Debenture redemption reserve</b>		
As per last balance sheet	7,200.00	7,200.00
(d) <b>Revaluation reserve</b>		
As per last balance sheet	70,112.14	71,222.28
Less: Utilized for set off against depreciation	1,110.14	1,110.14
Closing balance	69,002.00	70,112.14
(e) <b>General reserve</b>		
As per last balance sheet	6,445.39	6,445.39
(f) <b>Surplus / (deficit) in statement of profit and loss</b>		
As per last balance sheet	(10,694.46)	32,651.35
Add: profit/(loss) for the year	(44,147.19)	(43,345.81)
Closing balance	(54,841.65)	(10,694.46)
<b>Total</b>	<b>74,471.06</b>	<b>113,887.62</b>

## Note 4 Long term borrowings

Particulars	₹ lakhs			
	As at 31 March, 2014		As at 31 March, 2013	
	Non - Current	Current Maturities	Non - Current	Current Maturities
<b>Secured</b>				
(a) Debentures	4,500.00	4,500.00	6,750.00	2,250.00
(b) Rupee term loan from banks	147,838.00	153,671.69	166,055.27	135,597.70
(c) Foreign currency loan from banks	18,630.94	601.00	15,637.13	3,943.27
(d) Rupee term loan from financial institutions	21,652.56	11,591.73	23,490.10	10,263.64
(e) Foreign currency term loan from financial institutions	64,864.64	9,619.57	58,702.15	8,705.66
(f) Others	399.75	398.99	797.23	365.47
<b>Sub Total</b>	<b>257,885.89</b>	<b>180,382.98</b>	<b>271,431.88</b>	<b>161,125.74</b>
Less : Amount disclosed under other current liabilities (refer note 10)	-	180,382.98	-	161,125.74
<b>Net Long Term borrowings</b>	<b>257,885.89</b>	<b>-</b>	<b>271,431.88</b>	<b>-</b>

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

₹ lakhs

Name of the Bank / Financial Institution	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013	Details of Security	Repayment Terms
<b>Secured</b>				
12.5% Non Convertible Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	9,000.00	9,000.00	Refer Note A (a) to (g)	Equal annual instalments of ₹2,250 lakhs from 31st March, 2014
<b>Total</b>	<b>9,000.00</b>	<b>9,000.00</b>		
<b>Rupee Term Loan from Banks</b>				
Bank of Baroda	15,000.00	15,000.00	Refer Note A (b) to (h)	} Refer Note B (a)
Bank of India	46,704.02	46,700.25	Refer Note A (a) to (g)	
IDBI Bank Ltd	3.30	6.00	Refer Note A (a) to (g)	
Indian Overseas Bank	37,118.00	37,118.00	Refer Note A (a) to (g)	
Oriental Bank of Commerce	1,129.65	1,129.65	Refer Note A (a) to (g)	
State Bank of Bikaner & Jaipur	4,938.51	4,938.37	Refer Note A (a) to (g)	
State Bank of Hyderabad	3,954.59	3,954.59	Refer Note A (a) to (g)	
State Bank of India	45,103.00	45,103.00	Refer Note A (a) to (g)	
State Bank of Mysore	15,324.68	15,324.57	Refer Note A (a) to (g)	
State Bank of Patiala	3,650.99	3,650.78	Refer Note A (a) to (g)	
State Bank of Travancore	10,487.09	10,487.68	Refer Note A (a) to (g)	
Syndicate Bank	4,230.00	4,230.00	Refer Note A (a) to (g)	
Syndicate Bank	69,881.00	69,881.00	Refer Note A (b) to (h)	
The Federal Bank Limited	3,162.31	3,162.31	Refer Note A (a) to (g)	
Union Bank of India	24,393.13	24,392.03	Refer Note A (a) to (g)	
Vijaya Bank	15,929.74	15,931.99	Refer Note A (a) to (g)	
<b>Vehicle Loan :</b>				
HDFC Bank Limited	281.12	364.54	Refer Note A (k)	EMI
ICICI Bank Limited	218.56	278.21	Refer Note A (k)	EMI
<b>Total</b>	<b>301,509.69</b>	<b>301,652.97</b>		
<b>Foreign Currency Loan from Banks</b>				
Bank of Baroda	5,559.23	5,439.00	Refer Note A (a) to (g)	Quarterly instalments from August 2013
State Bank of India	13,672.71	14,141.40	Refer Note A (i) & (e)	20 equal quarterly instalments from June 2016
<b>Total</b>	<b>19,231.94</b>	<b>19,580.40</b>		
<b>Rupee Term Loan from Financial Institutions</b>				
Export Import Bank of India	20,953.73	20,953.74	Refer Note A (a) to (g)	Refer Note B (a)
HDFC Limited	583.57	1,500.00	Refer Note A (i)	28 equal quarterly instalments from January 2010
HDFC Limited	10,000.00	10,000.00	Refer Note A (j)	Repayable in March 2016
HDFC Limited	1,706.99	1,300.00	Refer Note A (i) & (e)	48 EMI from April 2013
<b>Total</b>	<b>33,244.29</b>	<b>33,753.74</b>		

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

₹ lakhs

Name of the Bank / Financial Institution	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013	Details of Security	Repayment Terms
<b>Foreign Currency Loans from Financial Institutions</b>				
HDFC Limited	16,766.79	15,173.85	Refer Note A (i)	Refer Note B (b)
HDFC Limited	57,717.42	52,233.96	Refer Note A (i)	6 equal half yearly instalments from February, 2015
<b>Total</b>	<b>74,484.21</b>	<b>67,407.81</b>		
<b>Loan from Others</b>				
BMW Financial Services (I) Ltd	491.70	646.12	Refer Note A (k)	EMI
Kotak Mahindra Prime Limited	307.04	516.58	Refer Note A (k)	EMI
<b>Total</b>	<b>798.74</b>	<b>1,162.70</b>		
<b>Grand Total</b>	<b>438,268.87</b>	<b>432,557.62</b>		
Instalments overdue as on 31st March, 2014 is ₹ 1,47,166.40 lakhs (Previous year ₹ Nil),				

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

- First ranking pari passu charge on all of the fixed assets (both movable and immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the Windmills.
- Second ranking pari passu charge on the Current Assets of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- Revenue from Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development of residences in Bangalore.
- Pledge of Promoters' shareholding in the Company subject to minimum of 51% of their holding.
- Personal Guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- Corporate Guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the Non-core Assets which are to be sold under CDR package.
- Second ranking pari passu charge on the fixed assets (both movable & immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the windmills.
- First pari passu charge on the hotel property of the Leela Palace, Bangalore.
- First pari passu charge on the hotel properties of the Leela Palace, Bangalore and receivables from Joint Development of residences in Pune.
- Hypothecation of vehicles.

### Note B :

- In 31 quarterly structured instalments commencing 30th June, 2014, last instalment payable on 31st December, 2021.
- To be converted to RTL on 1st August, 2018 and repayable in 5 annual instalments thereafter.

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

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Deferred tax liabilities on account of</b>		
Depreciation differences	26,157.04	22,284.40
<b>Total</b>	<b>26,157.04</b>	<b>22,284.40</b>
<b>Deferred tax assets on account of</b>		
Unabsorbed depreciation	18,913.79	10,031.48
<b>Total</b>	<b>18,913.79</b>	<b>10,031.48</b>
<b>Net Deferred Tax Liability</b>	<b>7,243.25</b>	<b>12,252.92</b>

### Note 6 Other long term liabilities

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade / Security deposits received	2,047.06	1,853.54
Deferred payables	220.02	258.29
<b>Total</b>	<b>2,267.08</b>	<b>2,111.83</b>

### Note 7 Long term provisions

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Provision for employee benefits</b>		
(i) Provision for compensated absences	734.69	910.38
(ii) Provision for gratuity (net)	1,108.15	1,107.01
<b>Total</b>	<b>1,842.84</b>	<b>2,017.39</b>

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

## Note 8 Short term borrowings

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Working capital facilities from banks -secured	3,850.78	4,205.22
(b) Short term loan from HDFC Ltd - secured	704.92	-
(c) Short term loan from HDFC Ltd - unsecured	-	4,000.00
(d) Funded interest term loan from banks - secured	47,677.26	23,666.92
(e) Inter corporate deposit-unsecured	-	1,500.00
<b>Total</b>	<u>52,232.96</u>	<u>33,372.14</u>

Amount overdue as on 31st March, 2014 is ₹ 47,677.26 Lakhs (Previous year ₹ Nil).

- (i) Working capital facilities from a consortium of Banks are secured by:
- First ranking pari passu charge on inventory, receivables and other current assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
  - Second ranking pari passu charge on the fixed assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the windmills.
  - Assets listed in note 4 (A) (d) to (g).
- (ii) Short term loan from HDFC Ltd is secured by mortgage of certain residential flats and personal gurantee of promoters Mr. Vivek Nair and Mr. Dinesh Nair.
- (iii) Refer Note 4 A (a) to (g) for security on Funded interest term loan.

## Note 9 Trade payables

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
<b>Trade payables</b>		
Acceptances	-	-
Others	6,431.91	4,488.75
<b>Total</b>	<u>6,431.91</u>	<u>4,488.75</u>

## Note 10 Other current liabilities

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Current maturities of long term debt (Refer Note 4)	180,382.98	161,125.74
(b) Interest accrued but not due on borrowings	360.24	516.06
(c) Interest accrued and due on borrowings	6,369.68	-
(d) Unpaid dividends	59.51	66.87
(e) Advance received for sale of property	12,017.00	12,017.00
(f) Other payables		
(i) Statutory liabilities	1,292.36	1,268.59
(ii) Payables on purchase of fixed assets	6,886.15	5,984.10
(iii) Liability for expenses	3,379.14	4,223.01
(iv) Advance from customers	2,340.81	1,508.47
<b>Total</b>	<u>213,087.87</u>	<u>186,709.84</u>

## Note 11 Short term provisions

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
Provision for employee benefits		
(i) Provision for bonus	303.67	288.58
(ii) Provision for compensated absences	211.28	224.96
<b>Total</b>	<u>514.95</u>	<u>513.54</u>

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

**Note 12 Tangible Assets**

Assets	Gross block						Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2013	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2014	Eliminated on disposal of assets	Other adjustments	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Land												
Freehold	172,349.56	93.55	-	-	-	7,769.43	164,673.68	-	-	-	164,673.68	172,349.56
Leasehold	36,985.74	-	-	-	-	-	36,985.74	722.45	-	3,612.02	33,373.72	34,096.17
(b) Buildings	252,515.51	3,142.49	653.32	1,135.26	-	-	256,139.94	4,202.63	199.48	22,650.74	233,489.20	233,867.92
(c) Plant and Equipment	101,631.95	3,484.01	1,028.86	405.52	-	927.16	103,565.46	5,392.84	878.86	33,324.15	70,241.31	72,681.32
(d) Furniture and Fixtures	41,065.45	675.73	388.40	187.02	-	3.75	41,536.05	3,684.63	362.69	18,494.34	23,041.71	25,888.42
(e) Vehicles	5,859.96	21.27	311.99	19.16	-	-	5,588.40	479.14	176.52	1,760.75	3,827.65	4,401.83
(f) Office equipment	964.98	15.46	2.77	0.19	-	(1.35)	979.21	26.08	2.25	876.57	102.64	112.24
<b>Total</b>	<b>611,373.15</b>	<b>7,432.51</b>	<b>2,385.34</b>	<b>1,747.15</b>	<b>-</b>	<b>8,698.99</b>	<b>609,468.48</b>	<b>14,507.77</b>	<b>1,619.80</b>	<b>80,718.57</b>	<b>528,749.91</b>	<b>543,397.46</b>
Previous year	502,931.99	76,528.33	1,281.76	7,039.14	31,191.16	5,035.71	611,373.15	12,413.30	896.61	67,975.69	543,397.46	446,472.99

- i. Land (Leasehold) includes development expenses, stamp duty and other direct charges.
- ii. Amount received towards a property under joint development from a co-investor is credited to Land Account.
- iii. Building includes cost of 40 (Previous Year 76) shares of ₹ 10 each in a Co-Operative Housing Society.
- iv. Additions on account of "Foreign currency exchange differences" and "Borrowing cost capitalised" include expenses capitalised during prior years and included under capital work in progress.
- v. Figures have been regrouped wherever necessary.

**Note 13 Intangible Assets**

Assets	Gross block				Accumulated depreciation and impairment				Net block			
	Balance as at 1 April, 2013	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2014	Eliminated on disposal of assets	Other adjustments	Balance as at 31 March, 2014	Balance as at 31 March, 2013	
(a) Computer software	880.15	144.47	-	-	-	-	1,024.62	152.75	-	410.63	613.99	622.27
(b) License Fees/Franchise Fee	258.77	93.34	-	-	-	-	352.11	57.98	-	128.18	223.93	188.57
(c) Website	157.75	-	-	-	-	-	157.75	32.55	-	53.86	103.89	136.44
<b>Total</b>	<b>1,296.67</b>	<b>237.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,534.48</b>	<b>243.28</b>	<b>-</b>	<b>592.67</b>	<b>941.81</b>	<b>947.28</b>
Previous year	975.82	286.34	-	5.48	29.03	-	1,296.67	203.91	-	349.39	947.28	830.34

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

## Note 14 Non-current investments

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
Investments (At cost):		
<b>A. Trade, Unquoted</b>		
(a) Investment in Equity of Subsidiaries		
(i) Leela Palaces and Resorts Limited 9,99,994 (Previous year 9,99,994) fully paid up Equity Shares of ₹10 each	4,604.17	4,604.17
(ii) Leela Realty Limited 19,960 (Previous year 19,960) fully paid up Equity Shares of ₹100 each	19.96	19.96
<b>Sub Total</b>	<b>4,624.13</b>	<b>4,624.13</b>
(b) Investment in government securities	0.25	0.25
<b>Total</b>	<b>4,624.38</b>	<b>4,624.38</b>

## Note 15 Foreign currency monetary translation difference account

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
Opening balance	8,762.94	6,424.22
Additions during the year	7,668.94	4,699.02
Less: amortised during the year	4,424.40	2,360.30
Closing balance	<b>12,007.48</b>	<b>8,762.94</b>

- (a) ₹ 1747.15 lakhs increase (Previous Year ₹ 1205.59 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited to respective fixed assets / capital work-in-progress account.
- (b) ₹ 7668.94 lakhs increase (Previous Year ₹ 4669.02 lakhs) on account of exchange variations in the long term foreign currency monetary items relating to non-depreciable assets are debited to foreign currency monetary translation difference account.
- (c) The balance in foreign currency translation difference account would be amortised over the balance period of the long term liability but not beyond 31st March, 2020 by recognition as income or expenditure.

## Note 16 Long term loans and advances

(Unsecured, considered good unless otherwise stated)

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Advance for fixed Assets	350.69	927.71
(b) Advance to subsidiaries	5,560.95	5,560.34
(c) Security deposits	10,650.55	10,636.08
(d) Prepaid expenses	97.29	148.52
(e) Others	2,613.57	2,602.83
<b>Total</b>	<b>19,273.05</b>	<b>19,875.48</b>

## Note 17 Other non current assets

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
Receivable on sale of fixed assets	3,575.42	3,575.42
<b>Total</b>	<b>3,575.42</b>	<b>3,575.42</b>

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

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Raw materials	1,670.22	1,574.37
(b) Stores and operating supplies	4,730.19	5,559.33
<b>Total</b>	<b>6,400.41</b>	<b>7,133.70</b>

## Note 19 Trade receivables

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,723.66	1,783.33
Considered doubtful	161.73	162.30
	2,885.39	1,945.63
Less: Provision for doubtful trade receivables	161.73	162.30
	2,723.66	1,783.33
Other trade receivables (unsecured, considered good)	4,435.20	4,101.16
<b>Total</b>	<b>7,158.86</b>	<b>5,884.49</b>

## Note 20 Cash and cash equivalents

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Cash on hand	90.83	119.47
(b) Balances with banks		
(i) In Current accounts	1,774.48	1,938.44
(ii) In deposit accounts	691.53	607.18
(iii) In earmarked accounts		
- Unpaid dividend accounts	59.51	66.87
- Balances held as margin money or security against borrowings, guarantees and other commitments	152.10	810.66
<b>Total</b>	<b>2,768.45</b>	<b>3,542.62</b>

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

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

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Trade advances	249.59	519.65
(b) Loans and advances to employees	66.83	66.00
(c) Prepaid expenses	1,050.95	989.61
(d) Balances with government authorities		
(i) VAT credit receivable	0.87	0.96
(ii) Service tax credit receivable	130.51	462.94
(iii) Advance income tax (net of provisions)	1,306.33	2,009.89
(iv) Others	255.71	192.24
(e) Other advances	150.62	464.51
<b>Total</b>	<b>3,211.41</b>	<b>4,705.80</b>

### Note 22 Other current assets

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
(a) Unbilled revenue	324.51	469.55
(b) Interest accrued on deposits	34.40	43.88
(c) Insurance claims	1.88	1.50
<b>Total</b>	<b>360.79</b>	<b>514.93</b>

### Note 23 Revenue from operations

Particulars	₹ lakhs	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Sale of products (Refer Note (i) below)	25,250.32	20,927.95
Sale of services (Refer Note (ii) below)	46,593.92	43,543.67
<b>Total</b>	<b>71,844.24</b>	<b>64,471.62</b>
Note (i) Sale of products comprises;		
Food and beverages	25,250.32	20,379.65
Sale of power	-	202.05
Other sale	-	346.25
<b>Total</b>	<b>25,250.32</b>	<b>20,927.95</b>
Note (ii) Sale of services comprises;		
Room revenue	37,953.19	35,585.56
Revenue from managed hotels	1,500.89	1,555.78
Income from rental & related services	1,770.74	1,850.89
Other services	5,369.10	4,551.44
<b>Total</b>	<b>46,593.92</b>	<b>43,543.67</b>

### Note 24 Other income

Particulars	₹ lakhs	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Interest income (Refer Note below)	1,616.24	112.19
Net gain on sale of current investments	15.35	167.06
Net gain on foreign currency transactions and translation (other than considered as finance cost)	94.80	102.90
Subsidy	83.81	62.06
Liabilities / provisions no longer required written back	117.00	122.22
Profit on fixed assets sold	2,786.00	-
Prior period items (net)	52.41	-
Miscellaneous Income	207.77	102.60
<b>Total</b>	<b>4,973.38</b>	<b>669.03</b>
Note: Interest income comprises:		
from bank deposits	90.96	79.52
on loans and advances	1,525.28	32.67
<b>Total</b>	<b>1,616.24</b>	<b>112.19</b>

### Note 25 Cost of materials consumed

Particulars	₹ lakhs	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Opening stock	1,574.37	1,572.32
Add: Purchases	6,282.87	5,104.47
	7,857.24	6,676.79
Less: Closing stock	1,670.22	1,574.37
<b>Cost of Materials Consumed</b>	<b>6,187.02</b>	<b>5,102.42</b>

### Note 26 Employee benefit expenses

Particulars	₹ lakhs	
	Year ended 31 March, 2014	Year ended 31 March, 2013
Salaries and wages	17,075.07	16,395.95
Contributions to provident and other funds	771.93	947.72
Staff welfare expenses	1,914.72	1,297.71
<b>Total</b>	<b>19,761.72</b>	<b>18,641.38</b>

### Note 27 Finance costs

Particulars	₹ lakhs	
	Year ended 31 March, 2014	Year ended 31 March, 2013
(a) Interest expense on:		
(i) Term loans	49,302.05	38,826.77
(ii) Working capital borrowings	359.73	548.20
(b) Other borrowing costs	501.22	1,159.28
<b>Total</b>	<b>50,163.00</b>	<b>40,534.25</b>
Borrowing costs capitalised during the year Nil (Previous year ₹ 6,576.66 Lakhs)		



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

## Note 28 Depreciation and amortisation

₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Depreciation on tangible assets (Refer note 12)	14,507.77	12,413.26
Less : Withdrawal from revaluation reserve	<u>1,110.14</u>	<u>1,110.14</u>
	13,397.63	11,303.12
Amortisation of intangible assets (Refer note 13 )	243.28	203.91
Amortisation of foreign exchange translation difference (Refer note 15 )	4,424.40	2,360.30
<b>Total</b>	<u><u>18,065.31</u></u>	<u><u>13,867.33</u></u>

## Note 29 Other expenses

₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Consumption of stores and supplies including linen	3,357.67	3,075.55
Power and fuel	6,647.23	5,585.93
Rent	3,939.43	3,777.89
Repairs and maintenance - buildings	823.41	582.30
Repairs and maintenance - machinery	1,536.98	1,221.82
Repairs and maintenance - others	2,211.80	2,060.28
Insurance	326.11	270.01
Rates and taxes	2,395.17	2,167.03
Communication	344.35	399.05
Travelling and conveyance	965.61	1,046.96
Guest transport	543.50	444.23
Printing and stationery	293.27	315.50
Royalty and reservation fee	419.03	894.71
Sales commission	1,947.27	1,977.19
Business promotion	2,846.15	2,705.46
Donations and contributions	1.79	5.88
Legal and professional	1,170.92	987.93
Auditors remuneration (Refer Note below)	34.46	35.14
Membership and subscription	435.09	440.81
Directors' remuneration	799.92	799.92
Directors' sitting fees	12.80	12.02
Bad trade and other receivables, loans and advances written off	96.71	116.58
Loss on fixed assets sold / scrapped / written off	-	185.86
Prior period items (net)	-	188.19
Miscellaneous expenses	226.54	165.28
<b>Total</b>	<u><u>31,375.21</u></u>	<u><u>29,461.52</u></u>

₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Note: Auditors remuneration comprises (net of service tax )		
Statutory audit	28.00	28.00
For Taxation matters	4.00	4.00
Reimbursement of expenses	2.46	3.14
<b>Total</b>	<u><u>34.46</u></u>	<u><u>35.14</u></u>

## Note 30 Additional information to the Financial Statements

**30.1** Capital work-in-progress includes ₹ 13,805.08 lakhs, (previous year ₹ 13,805.08 lakhs) for an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI). The amount includes royalty and interest paid till 30th June, 2007 in terms of Award passed by the Sole Arbitrator on 17th May, 2008. In a subsequent arbitration, the Sole Arbitrator by his Award dated 29th August, 2012 has declared that the Minimum Guaranteed Amounts stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI has challenged the Award before the Delhi High Court, which is pending. The Minimum Guaranteed Royalty for the subsequent period is not provided for, because of the dispute. The Company intends to resume the project after the dispute is settled and no provision is made for impairment considering the value in use after completion.

**30.2** The Lease agreement with Airport Authority of India (AAI) relating to the Mumbai hotel was valid till 11th July, 2012. Pending the decision for renewal of lease by 30 years, AAI has been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th April, 2014. However depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.

## 30.3 Corporate Debt Restructuring (CDR)

- The Company had applied for restructuring of its debts, under the Corporate Debt Restructuring (CDR) mechanism. The proposal was to restructure all the debts other than the debt from HDFC Limited, ECB from SBI Singapore and the Vehicle Loans. The CDR Empowered Group approved the restructuring on 12th September, 2012 and the CDR Cell issued the Letter of Approval (LOA) 25th September, 2012. The Master Restructuring Agreement (MRA) incorporating the terms of the LOA was signed with the lenders on 28th September, 2012. The Company has also created security in favour of the Security Trustee for CDR lenders, on its pooled assets in place of the security earlier created on specific assets separately in favour of individual lenders.
- In terms of the LOA and MRA, the Company's debts have been restructured with longer repayment schedule stretching upto FY 2021-22 and lower interest rates. The interest for the period from February 2012 to December 2013 was funded by the lenders, by way of Funded Interest Term Loans ( FITL). However, the CDR lenders would have a right of recompense, for their sacrifices, at the time of Company's exit from CDR. The sacrifice amount for which the lenders have a right of recompense works out to ₹ 26,652 lakhs during the tenure of the CDR, of which the amount for the period upto 31st March, 2014 is ₹ 15,416 lakhs.
- In terms of the CDR package, the Company is required to reduce its debts by ₹ 2031 crores by selling a Hotel in F. Y. 2013-14, and also by selling / monetising its non-core assets like the land in Hyderabad,

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

land in Bangalore and IT Park in Chennai. While the sale/monetisation of non-core assets is taking place, the Company could not sell any Hotel during F. Y. 2013-14 due to the present economic environment. Consequently, the Company has also not been able to meet its debt service obligations. The Company is in discussions with the CDR lenders for extension of time for sale of hotels and for debt servicing.

4. In order to deleverage the balance sheet, the Company is planning to sell some of its Hotels and follow an Asset Light Strategy. Negotiations are on for sale, but the Company has not received any binding offers as on date. No provision is made for impairment, as the net realisable value from sale is not ascertainable.

30.4 Exceptional item ₹ Nil ( Previous year ₹ 329.35 lakhs) represents interest benefit relating to the previous year, net of expenses, under CDR mechanism.

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

₹ lakhs

Particulars	2013-14	2012-13
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts	6,178.12	7,594.63
(b) Letters of credit open and Outstanding	-	653.07
(c) Disputed Statutory Liabilities	2,674.40	2,859.51
Other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,562.85	5,715.74

30.6 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	2013-14	2012-13
(i) Principal amount remaining unpaid to any supplier as at the end of the year	12.34	29.44
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year	Nil	Nil
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(iv) The amount of interest due and payable for the year	Nil	Nil
(v) The amount of interest accrued and remaining unpaid at the end of the year	Nil	Nil
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

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

₹ lakhs

Name of the party	Relationship	As at 31 March, 2014	Maximum Balance during the year
<b>(i) Loans and advances Given</b>			
Leela Palaces and Resorts Limited	Subsidiary	5,560.56 (5,560.04)	5,560.56 (5,890.79)
Leela Realty Limited	Subsidiary	0.39 (0.29)	0.39 (0.29)
Mumbai International Convention and Exhibition Centre Ltd.	Associate	- (1.06)	- (1.06)
<b>(ii) Investments in Shares of the Company</b>			
		No of Shares	
Leela Lace Holdings Pvt. Ltd.	Associate	18,86,49,985 (18,86,49,985)	
Leela Lace Software Solutions Pvt. Ltd.	Associate	5,52,85,467 (5,52,85,467)	
Leela Fashions Pvt. Ltd.	Associate	42,50,000 (42,50,000)	
Rockfort Estate Developers Pvt Limited	Associate	3,29,61,460 (-)	
<b>(iii) Investment by Leela Lace Holdings Pvt. Ltd. in a subsidiary</b>			
Leela Palaces and Resorts Limited		1 (1)	
Previous year's figures are in brackets.			

₹ lakhs

Particulars	2013-14	2012-13
<b>30.8</b>		
<b>(i) Value of imports calculated on CIF basis:</b>		
Raw materials	253.27	638.65
Stores and supplies including linen	1,285.28	2,589.29
Capital goods	1,238.72	1,393.82
<b>Total</b>	<b>2,777.27</b>	<b>4,621.76</b>
<b>(ii) Expenditure in Foreign Currency:</b>		
Royalty	-	677.46
Advertisement & publicity	1,145.13	984.81
Professional and consultation fees	537.85	542.40
Interest	1,115.63	1,696.17
Others	1,164.02	1,315.84
<b>Total</b>	<b>3,962.63</b>	<b>5,216.68</b>

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

₹ lakhs

(iii) Details of consumption of imported and indigenous items	2013-14		2012-13	
	₹ lakhs	% of Consumption	₹ lakhs	% of Consumption
<b>Raw materials</b>				
Imported	1,630.32	26%	1,887.83	37%
Indigenous	4,556.71	74%	3,214.59	63%
<b>Total</b>	<b>6,187.03</b>	<b>100%</b>	<b>5,102.42</b>	<b>100%</b>
<b>Stores and supplies including linen</b>				
Imported	1,498.61	45%	908.10	30%
Indigenous	1,859.06	55%	2,167.45	70%
<b>Total</b>	<b>3,357.67</b>	<b>100%</b>	<b>3,075.55</b>	<b>100%</b>
<b>Particulars</b>	<b>2013-14</b>		<b>2012-13</b>	
(iv) Earnings in Foreign Exchange:				
Sale of products & services	27,525.59		29,370.54	

### 30.9 Employee benefit plans

#### Defined contribution plans:

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 629.57 lakhs (Year ended 31 March, 2013 ₹ 512.06 lakhs) for Provident Fund contributions in the Statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### Defined benefit plans

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

##### i. Gratuity

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded 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. Eligibility occurs upon completion of five years of service.

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

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

₹ lakhs

Particulars	2013-14	2012-13
<b>Components of employer expense</b>		
Current service cost	178.49	151.98
Interest cost	133.93	116.27
Expected return on plan assets	(31.34)	(33.80)
Curtailed cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	(289.43)	81.05
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(8.36)</b>	<b>315.50</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	1,480.55	1,546.75
Fair value of plan assets	(372.40)	(439.74)
Funded status [surplus / (deficit)]	(1,108.15)	(1,107.01)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(1,108.15)</b>	<b>(1,107.01)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1,546.75	1,253.23
Current service cost	178.49	151.98
Interest cost	133.93	116.27
Curtailed cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	-	-
Actuarial (gains) / losses	(284.68)	104.98
Past service cost	-	-
Benefits paid	(93.94)	(79.70)
Present value of DBO at the end of the year	1,480.55	1,546.75
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	439.74	461.70
Acquisition adjustment (distributed on divestiture)	-	-
Expected return on plan assets	31.34	33.80
Actual company contributions	-	0.02
Actuarial gain / (loss)	(4.75)	23.93
Benefits paid	(93.94)	(79.70)
Plan assets at the end of the year	372.40	439.74
Actual return on plan assets	26.59	57.72
<b>Composition of the plan assets is as follows:</b>		
Insurer managed funds	100%	100%
<b>Actuarial assumptions</b>		
Discount rate	9.35%	8.65%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% For first 4 years & 7% thereafter	10% For first 4 years & 7% thereafter

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

Experience adjustments	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity:					
Present value of DBO	1,480.55	1,546.75	1,253.23	1,150.78	958.23
Fair value of plan assets	372.40	439.74	461.70	496.45	498.77
Funded status [surplus / (deficit)]	(1,108.15)	(1,107.01)	(791.52)	(654.33)	(459.46)
Experience gain / (loss) adjustments on plan liabilities	(133.02)	(7.98)	16.44	(52.68)	(70.58)
Experience gain / (loss) adjustments on plan assets	(4.75)	23.93	6.99	6.07	5.99

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

### ii. Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹ 945.96 lakhs (Previous year ₹ 1,135.34 lakhs).

### 30.10 Segment Information

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

### 30.11 Related party transactions

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

Description of relationship	Name of related parties
Subsidiaries	(a) Leela Realty Ltd. (b) Leela Palaces and Resorts Ltd.
Associates	1) Leela Lace Holdings Pvt. Ltd. 2) Leela Lace Software Solutions Pvt. Ltd. 3) Leela Fashions Pvt. Ltd. 4) Rockfort Estate Developers Pvt. Ltd. 5) Season Apparels Pvt. Ltd. 6) Leela Innovation Centre Pvt. Ltd. 7) Elegant Eateries Pvt. Ltd. 8) Leela Housing Pvt Ltd 9) Aushim Soft Pvt. Ltd. 10) Leela Soft Pvt. Ltd. 11) Armcess Engineering Pvt. Ltd. 12) Zantho Pharmaceuticals Pvt. Ltd. 13) Leela Lace Estate Pvt. Ltd. 14) Emmel Realtors and Developers Pvt. Ltd. 15) Leela Villas Pvt. Ltd. 16) Leela Lace Info Park Pvt. Ltd. 17) Leela Constates Pvt. Ltd.

Description of relationship	Name of related parties
	18) Buenavista Travels Pvt. Ltd. 19) Leela realcon Pvt. Ltd. 20) Leela IT Projects Pvt. Ltd. 21) Palakkad Infrastructure Pvt. Ltd. 22) Leela Lace Builders Pvt. Ltd. 23) Vibgyor Leasing Pvt. Ltd. 24) Zillion Hotels & Resorts Pvt. Ltd. 25) Mumbai International Convention and Exhibition Centre Ltd 26) Leela Techno Parks Pvt. Ltd 27) Fransisco Hospitality Pvt. Ltd.
Key Management Personnel (KMP) :	
Whole Time Directors	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
Relatives of KMP	Late Capt. C.P. Krishnan Nair (father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Amruda Nair (daughter of Mr. Vivek Nair) Ms. Samyukta Nair (daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (daughter of Mr. Vivek Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

#### (ii) Transactions carried out with Related Parties:

Particulars	Subsidiaries	Associates	₹ lakhs	
			Key Management Personnel	Relative of Key Management Personnel
<b>Sale of room, food and other services</b>				
Leela Lace Holdings Pvt. Ltd.		0.99 (1.29)		
Leela Lace Software Solutions Pvt. Ltd		1.84 (-)		

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

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<b>Income from rental &amp; related services</b>				
Leela Lace Holdings Pvt. Ltd.		532.66 (627.47)		
Leela Fashions Pvt. Ltd		40.63 (40.63)		
<b>Lease rent</b>				
Leela Lace Holdings Pvt. Ltd.		1,250.03 (1,311.99)		
Leela Lace Software Solutions Pvt. Ltd		102.92 (3.73)		
<b>Investments</b>				
Leela Palaces & Resorts Ltd.	4,604.17 (4,604.17)			
Leela Realty Ltd.	19.96 (19.96)			
<b>Remuneration paid</b>				
Mr. Vivek Nair			241.92 (241.92)	
Mr. Dinesh Nair			241.92 (241.92)	
Mr. Venu Krishnan			167.28 (167.28)	
Mr. Krishna Deshika			148.80 (148.80)	
Ms. Amruda Nair				40.08 (39.47)
Ms. Aishwarya Nair				40.08 (39.47)
Ms. Samyukta Nair				40.08 (39.47)
<b>Sitting fees</b>				
Late Capt. C. P. Krishnan Nair				0.00 (0.80)
Mrs. Madhu Nair				0.80 (1.00)
<b>Debit balance outstanding</b>				
Leela Palaces & Resorts Ltd	5,560.56 (5,560.04)			
Leela Realty Ltd	0.39 (0.29)			
Leela Lace Holdings Pvt Ltd		- (294.16)		
Leela Fashions Pvt. Ltd		- (39.61)		

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Mumbai International Convention and Exhibition Centre Ltd		- (1.06)		
<b>Credit balance outstanding</b>				
Leela Lace Holdings Pvt. Ltd		721.77 (262.53)		
Leela Lace Software Solutions Pvt. Ltd		83.81 (3.36)		
Rockfort Estate Developers Pvt. Ltd.		- (1,501.81)		
<b>Interest paid</b>				
Leela Lace Holdings Pvt. Ltd		- (52.45)		
Leela Fashions Pvt. Ltd		- (16.03)		
Leela Lace Software Solutions Pvt. Ltd.		- (1.54)		
Rockfort Estate Developers Pvt. Ltd.		- (9.31)		
<b>Deposits given</b>				
Leela Lace Holdings Pvt. Ltd.		7,273.51 (7,273.51)		
Leela Fashions Pvt. Ltd		100.00 (100.00)		
Rockfort Estate Developers Pvt. Ltd.		776.46 (776.46)		
<b>Allotment of Shares</b>				
Rockfort Estate Developers Pvt. Ltd.		6,500.00 (-)		
Leela Lace Software Solutions Pvt. Ltd.		- (10,000.00)		
<b>Share application money received pending allotment</b>				
Leela Lace Holdings Pvt. Ltd.		3,500.00 (-)		
Previous year's figures are in brackets.				

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

### 30.12 Details of leasing arrangements

₹ lakhs

	Particulars	2013-14	2012-13
(i)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	894.27	690.61
	later than one year and not later than five years	2,510.50	1,852.12
	later than five years	767.62	642.08
(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	1,573.05	1,406.59
	later than one year and not later than five years	4,305.47	5,121.94
	later than five years	27,259.73	28,208.33

### 30.13 Earnings per share

₹ lakhs

	Particulars	2013-14	2012-13
	<b>Basic &amp; Diluted:</b>		
	Net profit / (loss) for the year	(44,147.19)	(43,345.81)
	Weighted average number of equity shares	43,50,86,709	40,04,93,269
	PAR value per share (₹)	2.00	2.00
	Earnings per share (₹)	(10.15)	(10.82)
	Note : Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same.		

**30.14** Cost of IT Park at Chennai and the Land at Hyderabad for which the Company has entered into an agreement to sell is considered as asset held for sale.

**30.15** The Company has received ₹ 3,500 lakhs from one promoter group entity towards Share application money to meet the debt service obligations. The Company proposes to allot shares after obtaining requisite approval from regulatory authority and the shareholders in the forthcoming Annual General Meeting at a price including such premium to be determined as per the SEBI (ICDR) regulations.

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

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnaya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

# AUDITORS' REPORT On Consolidated Financial Statements

To The Board of Directors of  
Hotel Leelaventure Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Hotel Leelaventure Limited (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## Emphasis of Matter

6. Without qualifying our Report, we draw attention to:
  - (a) Note No 4 and 8 regarding the Company's liabilities and Note No 30.4 regarding Management's plans for meeting the same. Impairment loss of assets which the Company is planning to sell for deleveraging the Balance Sheet is not recognised. Pending receipt of binding offers, we are unable to comment on the consequential effects on the financial statements.
  - (b) Note 30.2 relating to non-recognition of impairment loss relating to a project in Mumbai held up for substantial period amounting to ₹ 13,805 lakhs on the basis of Management's assessment that an amicable settlement would be reached and project would be implemented.

## Other Matters

7. Financial statements of two subsidiaries, audited by us, which have not commenced commercial operations, reflect a net worth of ₹ 42.40 Lakhs as at 31st March, 2014.

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

K.V. Gopalakrishnaya  
Partner  
Membership No 21748

Mumbai, 27<sup>th</sup> May, 2014

# CONSOLIDATED BALANCE SHEET as at 31 March, 2014

Particulars	Note No.	₹ lakhs	
		As at 31 March, 2014	As at 31 March, 2013
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share capital	2	9,032.25	8,373.02
(b) Reserves and surplus	3	74,450.55	1,13,870.42
		<u>83,482.80</u>	<u>1,22,243.44</u>
Share application money pending allotment	30.13	3,500.00	-
<b>Non-current liabilities</b>			
(a) Long term borrowings	4	2,57,885.89	2,71,431.88
(b) Deferred tax liabilities (net)	5	7,243.25	12,252.92
(c) Other long term liabilities	6	2,267.08	2,111.83
(d) Long term provisions	7	1,842.84	2,017.39
		<u>2,69,239.06</u>	<u>2,87,814.02</u>
<b>Current liabilities</b>			
(a) Short term borrowings	8	52,232.96	33,372.14
(b) Trade payables	9	6,431.91	4,488.75
(c) Other current liabilities	10	2,13,088.32	1,86,710.17
(d) Short term provisions	11	514.95	513.54
		<u>2,72,268.14</u>	<u>2,25,084.60</u>
<b>TOTAL</b>		<u><u>6,28,490.00</u></u>	<u><u>6,35,142.06</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	5,34,299.42	5,48,946.97
(ii) Intangible assets	13	941.81	947.28
(iii) Goodwill	30.1	4,561.14	4,561.14
(iv) Capital work-in-progress	30.2	15,859.12	16,645.00
(v) Fixed assets held for sale	30.12	23,620.62	15,591.13
		<u>5,79,282.11</u>	<u>5,86,691.52</u>
(b) Non current investments	14	1.08	1.08
(c) Foreign currency monetary translation difference	15	12,007.48	8,762.94
(d) Long term loans and advances	16	13,712.10	14,315.16
(e) Other non current assets	17	3,575.42	3,575.42
		<u>6,08,578.19</u>	<u>6,13,346.12</u>
<b>Current Assets</b>			
(a) Inventories	18	6,400.41	7,133.70
(b) Trade receivables	19	7,158.86	5,884.49
(c) Cash and cash equivalents	20	2,780.34	3,557.03
(d) Short term loans and advances	21	3,211.41	4,705.78
(e) Other current assets	22	360.79	514.94
		<u>19,911.81</u>	<u>21,795.94</u>
<b>TOTAL</b>		<u><u>6,28,490.00</u></u>	<u><u>6,35,142.06</u></u>
<b>Notes forming part of the consolidated financial statements</b>		<b>1 to 30</b>	

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnaya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2014



**THE LEEEA**  
PALACES HOTELS RESORTS

₹ lakhs

Particulars	Note No.	Year ended 31 March, 2014	Year ended 31 March, 2013
<b>INCOME</b>			
Revenue from operations	23	71,844.24	64,471.62
Other income	24	4,973.38	669.03
Total income		<u>76,817.62</u>	<u>65,140.65</u>
<b>Expenses</b>			
(a) Cost of materials consumed	25	6,187.02	5,102.42
(b) Employee benefit expenses	26	19,761.72	18,641.38
(c) Finance costs	27	50,163.01	40,534.79
(d) Depreciation and amortisation	28	18,065.31	13,867.33
(e) Other expenses	29	31,378.51	29,463.96
<b>Total Expenses</b>		<u>1,25,555.57</u>	<u>1,07,609.88</u>
<b>Profit / (Loss) before exceptional items and tax</b>		(48,737.95)	(42,469.23)
Exceptional items	30.4	-	(329.35)
<b>Profit / (Loss) after exceptional items</b>		(48,737.95)	(42,139.88)
<b>Tax Expense:</b>			
(a) MAT credit asset written down		-	3,301.81
(b) Net current tax expense relating to prior years		422.22	217.28
(c) Deferred tax		(5,009.67)	(2,310.18)
		<u>(4,587.45)</u>	<u>1,208.91</u>
<b>Profit / (Loss) for the year</b>		(44,150.50)	(43,348.79)
<b>Earnings per share (of ₹ 2 each):</b>			
Basic and diluted		(10.15)	(10.82)
<b>Notes forming part of the consolidated financial statements</b>	<b>1 to 30</b>		

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnaya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

# CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March, 2014

		₹ lakhs	
Particulars		2013-14	2012-13
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before Tax and Extraordinary Items	(48,737.95)	(42,139.88)
	Adjustments for :		
	Depreciation & Amortisation	18,065.31	13,867.34
	Interest Charged	50,163.01	40,534.79
	Loss / (Profit) on sale of assets	(2,786.00)	185.86
	Loss / (Profit) on sale of investments	(15.35)	(167.06)
	Bad debts written off	96.71	116.58
	Provision for employee benefits	(173.14)	522.36
	Interest income	(1,616.24)	(112.19)
		<u>63,734.30</u>	<u>54,947.68</u>
	Operating Profit before working capital changes	<u>14,996.35</u>	<u>12,807.80</u>
	Changes in :		
	Trade and other receivables	(409.58)	538.33
	Inventories	733.29	(1,149.03)
	Trade and other payables	2,110.76	3,806.26
		<u>2,434.47</u>	<u>3,195.56</u>
	Cash generated from operations	<u>17,430.82</u>	<u>16,003.36</u>
	Direct Taxes	281.34	(689.28)
	<b>Net Cash Flow from Operating Activities</b>	<u>17,712.16</u>	<u>15,314.08</u>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Proceeds from sale of fixed assets	4,436.74	199.28
	Investment in fixed assets / projects	(7,513.29)	(27,728.38)
	Proceeds from sale of investments	15.35	10,176.26
	Advance received against assets held for sale	-	12,017.00
	Interest received	1,625.72	91.21
	<b>Net Cash Flow from Investing Activities</b>	<u>(1,435.48)</u>	<u>(5,244.63)</u>
<b>C</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
	Increase / (Decrease) in long term loans	(1,957.69)	40,402.81
	Increase / (Decrease) in Cash Credit	(354.44)	381.05
	Increase / (Decrease) in short term funds	(4,795.08)	500.00
	Issue of Shares	659.23	616.52
	Debenture issue expenses relating to prior years	-	(132.51)
	Securities Premium received	5,840.77	9,383.48
	Share Application Money received	3,500.00	-
	Issue / (Redemption) of Foreign Currency Convertible Bonds	-	(35,248.19)
	Dividend paid (Including Dividend Tax)	(7.36)	(2.44)
	Interest paid	(19,938.80)	(24,191.98)
	<b>Net Cash Flow from Financing Activities</b>	<u>(17,053.37)</u>	<u>(8,291.26)</u>
	<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>(776.69)</u>	<u>1,778.19</u>
	<b>CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR</b>	3,557.03	1,778.84
	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	2,780.34	3,557.03

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 27th May, 2014

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 Significant Accounting Policies

### a) Convention

The consolidated financial statements comprise the individual financial statements of Hotel Leelaventure Limited and its subsidiaries as on 31st March, 2014 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

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

- b) The financial statements of the subsidiaries, in the consolidation are drawn up to the same reporting date as the Company i.e. 31st March, 2014
- c) The financial statements of the following subsidiary companies have been consolidated.

Name of the Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Leela Realty Limited	99.80%	99.80%
Leela Palaces and Resorts Limited	99.99%	99.99%

### d) Minority interest

The minority interest as on 31st March 2014 is not material (Previous year not material) and is not disclosed separately.

### e) Use of Estimates

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

### f) Fixed Assets

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

Valuation of freehold land and leasehold rights on properties situated at Mumbai, Bangalore and Goa was carried out during March 2009. The fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation was carried out in all the cases by professional valuers, the basis of valuation being realisable value as determined by the valuer.

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

### g) Depreciation and Amortisation

Depreciation on fixed assets is provided on straight-line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than ₹ 5,000 each are fully depreciated. Premium and other capitalised cost relating to leasehold land is amortised over the period of lease. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

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

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

### h) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost.

### i) Inventories

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

### j) Employee benefit

#### i) Post-employment benefit plans

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

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise it is amortised on straight-line basis over the average period until the benefits become eligible for being vested.

#### ii) Short-term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave.

#### iii) Long-term employee benefits

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

### k) Recognition of Income and Expenditure

Revenue / Incomes and Costs / Expenditures are accounted on accrual.

### l) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Gains / Losses (net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

### m) Taxation

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

(ii) Wealth Tax for the year has been provided as required under the Wealth Tax Act and Rules, 1957.

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

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

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

### n) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised wherever the carrying amount of the assets exceeds 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 recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### o) Foreign Currency Transaction

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

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

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

### p) Assets taken on lease

In respect of operating lease transactions, the assets are not capitalised in the books of the Company and the lease payments are charged to the Profit and Loss Account.

### q) Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

Contingent Liability is disclosed in case of

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

Contingent Assets are not recognised in the financial statements.

### r) Government Grants

Revenue Grants are recognised in the Profit and Loss Account in accordance with the related scheme and in the period in which these are accrued.

## 2 Share Capital

₹ lakhs

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	No of Shares	Amount	No of Shares	Amount
<b>(a) Authorised</b>				
Equity shares of ₹ 2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
<b>(b) Issued</b>				
Equity shares of ₹ 2 each with voting rights	451,612,592	9,032.25	418,651,132	8,373.02
<b>(c) Subscribed and fully paid up</b>				
Equity shares of ₹ 2 each with voting rights	451,612,592	9,032.25	418,651,132	8,373.02
<b>Total</b>	<b>451,612,592</b>	<b>9,032.25</b>	<b>418,651,132</b>	<b>8,373.02</b>
	<b>No of Shares</b>		<b>No of Shares</b>	
<b>(d) Equity Shares at the beginning of the year</b>	418,651,132		387,824,992	
Add: Preferential allotment	32,961,460		30,826,140	
Equity shares at the end of the year	451,612,592		418,651,132	
	<b>No of Shares</b>	<b>% of Shares held</b>	<b>No of Shares</b>	<b>% of Shares held</b>
<b>(e) The details of Shareholders holding more than 5% shares</b>				
(i) Leela Lace Holdings Private Limited	188,649,985	41.77	188,649,985	45.06
(ii) Leela Lace Software Solutions Private Limited	55,285,467	12.24	55,285,467	13.21
(iii) ITC Limited	49,953,055	11.06	49,953,055	11.93
(iv) Rockfort Estate Developers Private Limited	32,961,460	7.30	-	-

3 Reserves and Surplus

₹ lakhs

Particulars	₹ lakhs	
	As at 31 March, 2014	As at 31 March, 2013
<b>(a) Capital redemption reserve</b>		
As per last balance sheet	8,750.00	8,750.00
<b>(b) Securities premium account</b>		
As per last balance sheet	32,074.55	25,037.95
Add : Premium on shares issued during the year	5,840.77	9,383.48
Less : Premium on redemption of FCCBs	-	2,346.88
Closing balance	<u>37,915.32</u>	<u>32,074.55</u>
<b>(c) Debenture redemption reserve</b>		
As per last balance sheet	<u>7,200.00</u>	<u>7,200.00</u>
<b>(d) Revaluation reserve</b>		
As per last balance sheet	70,112.15	71,222.29
Less: Utilized for set off against depreciation	1,110.14	1,110.14
Closing balance	<u>69,002.01</u>	<u>70,112.15</u>
<b>(e) General reserve</b>		
As per last balance sheet	<u>6,446.48</u>	<u>6,446.48</u>
<b>(f) Surplus / (deficit) in statement of profit and loss</b>		
As per last balance sheet	(10,712.76)	32,636.03
Add: profit/(loss) for the year	<u>(44,150.50)</u>	<u>(43,348.79)</u>
Closing balance	<u>(54,863.26)</u>	<u>(10,712.76)</u>
<b>Total</b>	<u><u>74,450.55</u></u>	<u><u>113,870.42</u></u>

4 Long Term Borrowings

₹ lakhs

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Non -Current	Current Maturities	Non -Current	Current Maturities
<b>Secured</b>				
(a) Debentures	4,500.00	4,500.00	6,750.00	2,250.00
(b) Rupee term loan from banks	147,838.00	153,671.69	166,055.27	135,597.70
(c) Foreign currency loan from banks	18,630.94	601.00	15,637.13	3,943.27
(d) Rupee term loan from financial institutions	21,652.56	11,591.73	23,490.10	10,263.64
(e) Foreign currency term loan from financial institutions	64,864.64	9,619.57	58,702.15	8,705.66
(f) Others	399.75	398.99	797.23	365.47
<b>Sub Total</b>	<u>257,885.89</u>	<u>180,382.98</u>	<u>271,431.88</u>	<u>161,125.74</u>
Less : Amount disclosed under other current liabilities (refer note 10)	-	180,382.98	-	161,125.74
<b>Net Long Term borrowings</b>	<u>257,885.89</u>	<u>-</u>	<u>271,431.88</u>	<u>-</u>

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

₹ lakhs

Name of the Bank/ Financial Institution	Amount Outstanding as at 31.03.2014	Amount Outstanding as at 31 March, 2013	Details of Security	Repayment Terms
<b>Secured</b>				
<b>12.5% Non Convertible Debentures</b>				
Life Insurance Corp. of India (Issued on 19th December 2008)	9,000.00	9,000.00	Refer Note A (a) to (g)	Equal annual instalments of ₹2250 lakhs from 31st March, 2014
<b>Total</b>	<b>9,000.00</b>	<b>9,000.00</b>		
<b>Rupee Term Loan from Banks</b>				
Bank of Baroda	15,000.00	15,000.00	Refer Note A (b) to (h)	Refer Note B (a)
Bank of India	46,704.02	46,700.25	Refer Note A (a) to (g)	
IDBI Bank Ltd	3.30	6.00	Refer Note A (a) to (g)	
Indian Overseas Bank	37,118.00	37,118.00	Refer Note A (a) to (g)	
Oriental Bank of Commerce	1,129.65	1,129.65	Refer Note A (a) to (g)	
State Bank of Bikaner & Jaipur	4,938.51	4,938.37	Refer Note A (a) to (g)	
State Bank of Hyderabad	3,954.59	3,954.59	Refer Note A (a) to (g)	
State Bank of India	45,103.00	45,103.00	Refer Note A (a) to (g)	
State Bank of Mysore	15,324.68	15,324.57	Refer Note A (a) to (g)	
State Bank of Patiala	3,650.99	3,650.78	Refer Note A (a) to (g)	
State Bank of Travancore	10,487.09	10,487.68	Refer Note A (a) to (g)	
Syndicate Bank	4,230.00	4,230.00	Refer Note A (a) to (g)	
Syndicate Bank	69,881.00	69,881.00	Refer Note A (b) to (h)	
The Federal Bank Limited	3,162.31	3,162.31	Refer Note A (a) to (g)	
Union Bank of India	24,393.13	24,392.03	Refer Note A (a) to (g)	
Vijaya Bank	15,929.74	15,931.99	Refer Note A (a) to (g)	
<b>Vehicle Loan :</b>				
HDFC Bank Limited	281.12	364.54	Refer Note A (k)	EMI
ICICI Bank Limited	218.56	278.21	Refer Note A (k)	EMI
<b>Total</b>	<b>301,509.69</b>	<b>301,652.97</b>		
<b>Foreign Currency Loan from Banks</b>				
Bank of Baroda	5,559.23	5,439.00	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India	13,672.71	14,141.40	Refer Note A (i) & (e)	20 equal quarterly instalments from June 2016
<b>Total</b>	<b>19,231.94</b>	<b>19,580.40</b>		
<b>Rupee Term Loan from Financial Institutions</b>				
Export Import Bank of India	20,953.73	20,953.74	Refer Note A (a) to (g)	Refer Note B (a)
HDFC Limited	583.57	1,500.00	Refer Note A (i)	28 equal quarterly instalments from January 2010
HDFC Limited	10,000.00	10,000.00	Refer Note A (j)	Repayable in March 2016
HDFC Limited	1,706.99	1,300.00	Refer Note A (i) & (e)	48 EMI from April 2013
<b>Total</b>	<b>33,244.29</b>	<b>33,753.74</b>		

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

Name of the Bank/ Financial Institution	Amount Outstanding as at 31 March, 2014	Amount Outstanding as at 31 March, 2013	Details of Security	Repayment Terms
<b>Foreign Currency Loans from Financial Institutions</b>				
HDFC Limited	16,766.79	15,173.85	Refer Note A (i)	Refer Note B (b)
HDFC Limited	57,717.42	52,233.96	Refer Note A (i)	6 equal half yearly instalments from February 2015
<b>Total</b>	<b>74,484.21</b>	<b>67,407.81</b>		
<b>Loan from Others</b>				
BMW Financial Services (I) Ltd	491.70	646.12	Refer Note A (k)	EMI
Kotak Mahindra Prime Limited	307.04	516.58	Refer Note A (k)	EMI
<b>Total</b>	<b>798.74</b>	<b>1,162.70</b>		
<b>Grand Total</b>	<b>438,268.87</b>	<b>432,557.62</b>		
Instalments overdue as on 31st March, 2014 is ₹ 1,47,166.40 lakhs (Previous year ₹ Nil).				

## Note A : The Loans are secured by :

- First ranking pari passu charge on all of the fixed assets (both movable and immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the Windmills.
- Second ranking pari passu charge on the Current Assets of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- Revenue from Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development of residences in Bangalore.
- Pledge of 'of Promoters' shareholding in the Company subject to minimum of 51% of their holding.
- Personal Guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- Corporate Guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the Non-core Assets which are to be sold under CDR package.
- Second ranking pari passu charge on the fixed assets (both movable & immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and the windmills.
- First pari passu charge on the hotel property of the Leela Palace, Bangalore.
- First pari passu charge on the hotel properties of the Leela Palace, Bangalore and receivables from Joint Development of residences in Pune.
- Hypothecation of vehicles.

## Note B :

- In 31 quarterly structured instalments commencing 30th June, 2014, last instalment payable on 31st December, 2021.
- To be converted to RTL on 1st August, 2018 and repayable in 5 annual instalments thereafter.

## Note 5 Deferred tax (liabilities/assets)

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Deferred tax liabilities on account of</b>		
Depreciation differences	26,157.04	22,284.40
<b>Total</b>	<b>26,157.04</b>	<b>22,284.40</b>
<b>Deferred tax assets on account of</b>		
Unabsorbed depreciation	18,913.79	10,031.48
<b>Total</b>	<b>18,913.79</b>	<b>10,031.48</b>
<b>Net Deferred Tax Liability</b>	<b>7,243.25</b>	<b>12,252.92</b>

## Note 6 Other long term liabilities

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade / Security deposits received	2,047.06	1,853.54
Deferred payables	220.02	258.29
<b>Total</b>	<b>2,267.08</b>	<b>2,111.83</b>

## Note 7 Long term provisions

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>(a) Provision for employee benefits</b>		
(i) Provision for compensated absences	734.69	910.38
(ii) Provision for gratuity (net)	1,108.15	1,107.01
<b>Total</b>	<b>1,842.84</b>	<b>2,017.39</b>

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

### Note 8 Short term borrowings

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Working capital facilities from banks -secured	3,850.78	4,205.22
(b) Short term loan from HDFC Ltd - secured	704.92	-
(c) Short term loan from HDFC Ltd - unsecured	-	4,000.00
(d) Funded interest term loan from banks - secured	47,677.26	23,666.92
(e) Inter corporate deposit- unsecured	-	1,500.00
<b>Total</b>	<b>52,232.96</b>	<b>33,372.14</b>

Amount overdue as on 31st March, 2014 is ₹ 47,677.26 Lakhs (Previous year ₹ Nil).

- (i) Working capital facilities from a consortium of Banks are secured by:
- First ranking pari passu charge on inventory, receivables and other current assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
  - Second ranking pari passu charge on the fixed assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and windmills.
  - Assets listed in note 4 (A) (d) to (g)
- (ii) Short term loan from HDFC Ltd is secured by mortgage of certain residential flats and personal guarantee of promoters Mr. Vivek Nair and Mr. Dinesh Nair.
- (iii) Refer Note 4 A (a) to (g) for security on Funded interest term loan.

### Note 9 Trade payables

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Trade payables</b>		
Acceptances	-	-
Others	6,431.91	4,488.75
<b>Total</b>	<b>6,431.91</b>	<b>4,488.75</b>

### Note 10 Other current liabilities

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Current maturities of long term debt (including overdue) (Refer Note 4)	180,382.98	161,125.74
(b) Interest accrued but not due on borrowings	360.24	516.06
(c) Interest accrued and due on borrowings	6,369.68	-
(d) Unpaid dividends	59.51	66.87
(e) Advance received for sale of property	12,017.00	12,017.00
(f) Other payables		
(i) Statutory liabilities	1,292.56	1,268.59
(ii) Payables on purchase of fixed assets	6,886.15	5,984.10
(iii) Liability for expenses	3,379.39	4,223.39
(iv) Advance from customers	2,340.81	1,508.42
<b>Total</b>	<b>213,088.32</b>	<b>186,710.17</b>

### Note 11 Short term provisions

₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
<b>Provision for employee benefits</b>		
(i) Provision for bonus	303.67	288.58
(ii) Provision for compensated absences	211.28	224.96
<b>Total</b>	<b>514.95</b>	<b>513.54</b>



Note 12 Tangible Assets

Assets	Gross block						Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2013	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2014	Eliminated on disposal of assets	Other adjustments	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
(a) Land												
Freehold	177,899.07	93.55	-	-	-	7,769.43	170,223.19	-	-	-	170,223.19	177,899.07
Leasehold	36,985.74	-	-	-	-	-	36,985.74	722.45	-	3,612.02	33,373.72	34,096.17
(b) Buildings	252,515.51	3,142.49	653.32	1,135.26	-	-	256,139.94	4,202.63	199.48	22,650.74	233,489.20	233,867.92
(c) Plant and Equipment	101,631.95	3,484.01	1,028.86	405.52	-	927.16	103,565.46	5,392.84	878.86	33,324.15	70,241.31	72,681.32
(d) Furniture and Fixtures	41,065.45	675.73	388.40	187.02	-	3.75	41,536.05	3,684.63	362.69	18,494.34	23,041.71	25,888.42
(e) Vehicles	5,859.96	21.27	311.99	19.16	-	-	5,588.40	479.14	176.52	1,760.75	3,827.65	4,401.83
(f) Office equipment	964.98	15.46	2.77	0.19	-	(1.35)	979.21	26.08	2.25	876.57	102.64	112.24
<b>Total</b>	<b>616,922.66</b>	<b>7,432.51</b>	<b>2,385.34</b>	<b>1,747.15</b>	<b>-</b>	<b>8,698.99</b>	<b>615,017.99</b>	<b>14,507.77</b>	<b>1,619.80</b>	<b>145.09</b>	<b>80,718.57</b>	<b>548,946.97</b>
Previous year	508,254.32	76,755.50	1,281.77	7,039.14	31,191.16	5,035.71	616,922.66	12,413.19	896.50	-	67,975.69	451,795.32

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

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

iii. Building includes cost of 40 (Previous Year 76) shares of ₹ 10 each in a Co-Operative Housing Society.

iv. Additions on account of "Foreign currency exchange differences" and "Borrowing cost capitalised" include expenses capitalised during prior years and included under capital work in progress.

v. Figures have been regrouped wherever necessary.

Note 13 Intangible Assets

Assets	Gross block				Accumulated depreciation and impairment				Net block			
	Balance as at 1 April, 2013	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2014	Eliminated on disposal of assets	Other adjustments	Balance as at 31 March, 2014	Balance as at 31 March, 2013	
(a) Computer software	880.15	144.47	-	-	-	-	1,024.62	152.75	-	410.63	613.99	622.27
(b) License Fees/Franchise Fee	258.77	93.34	-	-	-	-	352.11	57.98	-	128.18	223.93	188.57
(c) Website	157.75	-	-	-	-	-	157.75	32.55	-	53.86	103.89	136.44
<b>Total</b>	<b>1,296.67</b>	<b>237.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,534.48</b>	<b>243.28</b>	<b>-</b>	<b>592.67</b>	<b>941.81</b>	<b>947.28</b>
Previous year	975.82	286.35	-	5.48	29.02	-	1,296.67	203.91	-	349.39	947.28	830.34

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

### Note 14 Non-current investments ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Investments (At cost):		
(i) Land	0.83	0.83
(ii) Trade, Unquoted		
(b) Investment in government securities	0.25	0.25
<b>Total</b>	<b>1.08</b>	<b>1.08</b>

### Note 15 Foreign currency monetary translation difference account ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
Opening balance	8,762.94	6,424.22
Additions during the year	7,668.94	4,699.02
Less : amortised during the year	4,424.40	2,360.30
Closing balance	12,007.48	8,762.94

(a) ₹ 1747.15 lakhs increase (Previous Year ₹ 1205.59 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited to respective fixed assets / capital work-in-progress account.

(b) ₹ 7668.94 lakhs increase (Previous Year ₹ 4669.02 lakhs) on account of exchange variations in the long term foreign currency monetary items relating to non-depreciable assets are debited to foreign currency monetary translation difference account.

(c) The balance in foreign currency translation difference account would be amortised over the balance period of the long term liability but not beyond 31st March 2020 by recognition as income or expenditure.

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Advance for fixed Assets	350.69	927.71
(b) Security deposits	10,650.55	10,636.08
(c) Prepaid expenses	97.29	148.52
(d) Others	2,613.57	2,602.85
<b>Total</b>	<b>13,712.10</b>	<b>14,315.16</b>

### Note 17 Other non current assets ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
Receivable on sale of fixed assets	3,575.42	3,575.42
<b>Total</b>	<b>3,575.42</b>	<b>3,575.42</b>

### Note 18 Inventories (At lower of cost and net realisable value) ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Raw materials	1,670.22	1,574.37
(b) Stores and operating supplies	4,730.19	5,559.33
<b>Total</b>	<b>6,400.41</b>	<b>7,133.70</b>

### Note 19 Trade receivables ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	2,723.66	1,783.33
Considered doubtful	161.73	162.30
	2,885.39	1,945.63
Less: Provision for doubtful trade receivables	161.73	162.30
	2,723.66	1,783.33
Other trade receivables (unsecured, considered good)	4,435.20	4,101.16
<b>Total</b>	<b>7,158.86</b>	<b>5,884.49</b>

### Note 20 Cash and cash equivalents ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Cash on hand	91.73	120.37
(b) Balances with banks		
(i) In Current accounts	1,785.47	1,951.95
(ii) In deposit accounts	691.53	607.18
(iii) In earmarked accounts		
- Unpaid dividend accounts	59.51	66.87
- Balances held as margin money or security against borrowings, guarantees and other commitments	152.10	810.66
<b>Total</b>	<b>2,780.34</b>	<b>3,557.03</b>

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Trade advances	249.59	519.65
(b) Loans and advances to employees	66.83	66.00
(c) Prepaid expenses	1,050.95	989.61
(d) Balances with government authorities		
(i) VAT credit receivable	0.87	0.96
(ii) Service tax credit receivable	130.51	462.94
(iii) Advance income tax (net of provisions)	1,306.33	2,009.89
(iv) Others	255.71	192.24
(e) Other advances	150.62	464.49
<b>Total</b>	<b>3,211.41</b>	<b>4,705.78</b>

### Note 22 Other current assets ₹ lakhs

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Unbilled revenue	324.51	469.56
(b) Interest accrued on deposits	34.40	43.88
(c) Insurance claims	1.88	1.50
<b>Total</b>	<b>360.79</b>	<b>514.94</b>

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

## Note 23 Revenue from operations ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Sale of products (Refer Note (i) below)	25,250.32	20,927.95
Sale of services (Refer Note (ii) below)	46,593.92	43,543.67
<b>Total</b>	<b>71,844.24</b>	<b>64,471.62</b>
<b>Note (i) Sale of products comprises;</b>		
Food and beverages	25,250.32	20,379.65
Sale of power	-	202.05
Other sale	-	346.25
<b>Total</b>	<b>25,250.32</b>	<b>20,927.95</b>
<b>Note (ii) Sale of services comprises;</b>		
Room revenue	37,953.19	35,585.56
Revenue from managed hotels	1,500.89	1,555.78
Income from rental & related services	1,770.74	1,850.89
Other services	5,369.10	4,551.44
<b>Total</b>	<b>46,593.92</b>	<b>43,543.67</b>

## Note 24 Other income ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Interest income (Refer Note below)	1,616.24	112.19
Net gain on sale of current investments	15.35	167.06
Net gain on foreign currency transactions and translation (other than considered as finance cost)	94.80	102.90
Subsidy	83.81	62.06
Liabilities / provisions no longer required written back	117.00	122.22
Profit on fixed assets sold	2,786.00	-
Prior period items (net)	52.41	-
Miscellaneous Income	207.77	102.60
<b>Total</b>	<b>4,973.38</b>	<b>669.03</b>
<b>Note:</b> Interest income comprises:		
from bank deposits	90.96	79.52
on loans and advances	1,525.28	32.67
<b>Total</b>	<b>1,616.24</b>	<b>112.19</b>

## Note 25 Cost of materials consumed ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Opening stock	1,574.37	1,572.32
Add: Purchases	6,282.87	5,104.47
	7,857.24	6,676.79
Less: Closing stock	1,670.22	1,574.37
<b>Cost of Materials Consumed</b>	<b>6,187.02</b>	<b>5,102.42</b>

## Note 26 Employee benefit expenses ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Salaries and wages	17,075.07	16,395.95
Contributions to provident and other funds	771.93	947.72
Staff welfare expenses	1,914.72	1,297.71
<b>Total</b>	<b>19,761.72</b>	<b>18,641.38</b>

## Note 27 Finance costs ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
(a) Interest expense on:		
(i) Term loans	49,302.05	38,826.77
(ii) Working capital borrowings	359.73	548.20
(b) Other borrowing costs	501.23	1,159.82
<b>Total</b>	<b>50,163.01</b>	<b>40,534.79</b>

Borrowing costs capitalised during the year Nil (Previous year ₹ 6,576.66 Lakhs)

## Note 28 Depreciation and amortisation ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Depreciation on tangible assets (Refer note 12)	14,507.77	12,413.26
Less : Withdrawal from revaluation reserve	1,110.14	1,110.14
	13,397.63	11,303.12
Amortisation of intangible assets (Refer note 13)	243.28	203.91
Amortisation of foreign currency translation difference (Refer note 15)	4,424.40	2,360.30
<b>Total</b>	<b>18,065.31</b>	<b>13,867.33</b>

## Note 29 Other expenses ₹ lakhs

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Consumption of stores and supplies including linen	3,357.67	3,075.55
Power and fuel	6,647.23	5,585.93
Rent	3,939.43	3,777.89
Repairs and maintenance - buildings	823.41	582.30
Repairs and maintenance - machinery	1,536.98	1,221.82
Repairs and maintenance - others	2,211.80	2,060.28
Insurance	326.11	270.01
Rates and taxes	2,395.20	2,167.84
Communication	344.35	399.05
Travelling and conveyance	965.61	1,046.96
Guest transport	543.50	444.23
Printing and stationery	293.27	315.50
Royalty and reservation fee	419.03	894.71
Sales commission	1,947.27	1,977.19
Business promotion	2,846.15	2,705.46
Donations and contributions	1.79	5.88
Legal and professional	1,173.86	989.22
Auditors remuneration (Refer Note below)	34.79	35.48
Membership and subscription	435.09	440.81
Directors' remuneration	799.92	799.92
Directors' sitting fees	12.80	12.02
Bad trade and other receivables, loans and advances written off	96.71	116.58
Loss on fixed assets sold / scrapped / written off	-	185.86
Prior period items (net)	-	188.19
Miscellaneous expenses	226.54	165.28
<b>Total</b>	<b>31,378.51</b>	<b>29,463.96</b>

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

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Note: Auditors remuneration comprises (net of service tax )		
Statutory audit	28.00	28.00
Taxation matters	4.00	4.00
Reimbursement of expenses	2.79	3.48
<b>Total</b>	<b>34.79</b>	<b>35.48</b>

### Note 30 Additional information to the Financial Statements

30.1 Goodwill of ₹ 4,561.14 lakhs represent the difference between the networth of the subsidiary companies as on the date of investment and cost of investment.

30.2 Capital work-in-progress includes ₹ 13,805.08 lakhs, (previous year ₹ 13,805.08 lakhs) for an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI). The amount includes royalty and interest paid till 30th June, 2007 in terms of Award passed by the Sole Arbitrator on 17th May, 2008. In a subsequent arbitration, the Sole Arbitrator by his Award dated 29th August, 2012 has declared that the Minimum Guaranteed Amounts stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008. AAI has challenged the Award before the Delhi High Court, which is pending. The Minimum Guaranteed Royalty for the subsequent period is not provided for, because of the dispute. The Company intends to resume the project after the dispute is settled and no provision is made for impairment considering the value in use after completion.

30.3 The Lease agreement with Airport Authority of India (AAI) relating to the Mumbai hotel was valid till 11th July, 2012. Pending the decision for renewal of lease by 30 years, AAI has been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th April, 2014. However, depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.

### 30.4 Corporate Debt Restructuring (CDR)

- The Company had applied for restructuring of its debts, under the Corporate Debt Restructuring (CDR) mechanism. The proposal was to restructure all the debts other than the debt from HDFC Limited, ECB from SBI Singapore and the Vehicle Loans. The CDR Empowered Group approved the restructuring on 12th September, 2012 and the CDR Cell issued the Letter of Approval (LOA) 25th September, 2012. The Master Restructuring Agreement (MRA) incorporating the terms of the LOA was signed with the lenders on 28th September, 2012. The Company has also created security in favour of the Security Trustee for CDR lenders, on its pooled assets in place of the security earlier created on specific assets separately in favour of individual lenders.
- In terms of the LOA and MRA, the Company's debts have been restructured with longer repayment schedule stretching upto F. Y. 2021-22 and lower interest rates. The interest for the period from February 2012 to December 2013 was funded by the lenders, by way of Funded Interest Term Loans ( FITL). However, the CDR lenders would have a right of recompense, for their sacrifices, at the time of Company's exit from CDR. The sacrifice amount for which the lenders have a right of recompense works out to ₹ 26,652 lakhs during the tenure of the CDR, of which the amount for the period upto 31st March, 2014 is ₹ 15,416 lakhs.
- In terms of the CDR package, the Company is required to reduce its debts by ₹ 2,031 crores by selling a Hotel in F. Y. 2013-14, and also

by selling /monetising its non-core assets like the land in Hyderabad, land in Bangalore and IT Park in Chennai. While the sale/monetisation of non-core assets is taking place, the Company could not sell any Hotel during F. Y. 2013-14 due to the present economic environment. Consequently, the Company has also not been able to meet its debt service obligations. The Company is in discussions with the CDR lenders for extension of time for sale of hotels and for debt servicing.

- In order to deleverage the balance sheet, the Company is planning to sell some of its Hotels and follow an Asset Light Strategy. Negotiations are on for sale, but the Company has not received any binding offers as on date. No provision is made for impairment, as the net realisable value from sale is not ascertainable.

30.5 Exceptional item ₹ Nil (Previous year ₹ 329.35 lakhs) represents interest benefit relating to the previous year, net of expenses, under CDR mechanism.

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

₹ lakhs

Particulars	2013-14	2012-13
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts	6,178.12	7,594.63
(b) Letters of credit open and outstanding	-	653.07
(c) Disputed statutory liabilities	2,674.40	2,859.51
Other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1,562.85	5,715.74

### 30.7 Employee benefit plans

#### Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 629.57 lakhs (Year ended 31 March, 2013 ₹ 512.06 lakhs) for Provident Fund contributions in the Statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### Defined benefit plans

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

#### i. Gratuity

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded 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. Eligibility occurs upon completion of five years of service.

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

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

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

₹ lakhs

Particulars	2013-14	2012-13
Components of employer expense		
Current service cost	178.49	151.98
Interest cost	133.93	116.27
Expected return on plan assets	(31.34)	(33.80)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	(289.43)	81.05
Total expense recognised in the Statement of Profit and Loss	(8.36)	315.50
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,480.55	1,546.75
Fair value of plan assets	(372.40)	(439.74)
Funded status [surplus / (deficit)]	(1,108.15)	(1,107.01)
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(1,108.15)</b>	<b>(1,107.01)</b>
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	1,546.75	1,253.23
Current service cost	178.49	151.98
Interest cost	133.93	116.27
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (Settled on divestiture)	-	-
Actuarial (gains) / losses	(284.68)	104.98
Past service cost	-	-
Benefits paid	(93.94)	(79.70)
Present value of DBO at the end of the year	1,480.55	1,546.75
Change in fair value of assets during the year		
Plan assets at beginning of the year	439.74	461.70
Acquisition adjustment (Distributed on divestiture)	-	-
Expected return on plan assets	31.34	33.80
Actual company contributions	-	0.02
Actuarial gain / (loss)	(4.75)	23.93
Benefits paid	(93.94)	(79.70)
Plan assets at the end of the year	372.40	439.74
Actual return on plan assets	26.59	57.72
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	9.35%	8.65%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% For first 4 years & 7% thereafter	10% For first 4 years & 7% thereafter

Experience adjustments	2013-14	2012-13	2011-12	2010-11	2009-10
Gratuity					
Present value of DBO	1,480.55	1,546.75	1,253.23	1,150.78	958.23
Fair value of plan assets	372.40	439.74	461.70	496.45	498.77
Funded status [surplus / (deficit)]	(1,108.15)	(1,107.01)	(791.52)	(654.33)	(459.46)
Experience gain / (loss) adjustments on plan liabilities	(133.02)	(7.98)	16.44	(52.68)	(70.58)
Experience gain / (loss) adjustments on plan assets	(4.75)	23.93	6.99	6.07	5.99

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

## ii. Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹ 945.96 lakhs (Previous year ₹ 1,135.34 lakhs).

## 30.8 Segment Information

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

## 30.9 Related party transactions

### (i) Details of related parties:

Description of relationship	Name of related parties
Associates	1) Leela Lace Holdings Pvt. Ltd.
	2) Leela Lace Software Solutions Pvt. Ltd.
	3) Leela Fashions Pvt. Ltd.
	4) Rockfort Estate Developers Pvt. Ltd.
	5) Season Apparels Pvt. Ltd.
	6) Leela Innovation Centre Pvt. Ltd.
	7) Elegant Eateries Pvt. Ltd.
	8) Leela Housing Pvt Ltd
	9) Aushim Soft Pvt. Ltd.
	10) Leela Soft Pvt. Ltd.
	11) ArmcessEngineering Pvt. Ltd.
	12) Zantho Pharmaceuticals Pvt. Ltd.
	13) Leela Lace Estate Pvt. Ltd.
	14) Emmel Realtors and Developers Pvt. Ltd.
	15) Leela Villas Pvt. Ltd.
	16) Leela Lace Info Park Pvt. Ltd.
	17) Leela Constates Pvt. Ltd.
	18) Buenavista Travels Pvt. Ltd.
	19) Leela realcon Pvt. Ltd.
	20) Leela IT Projects Pvt. Ltd.
	21) Palakkad Infrastructure Pvt. Ltd.
	22) Leela Lace Builders Pvt. Ltd.
	23) Vibgyor Leasing Pvt. Ltd.
	24) Zillion Hotels & Resorts Pvt. Ltd.
	25) Mumbai International Convention and Exhibition Centre Ltd
	26) Leela Techno Parks Pvt. Ltd
	27) Fransisco Hospitality Pvt. Ltd.

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

<b>Key Management Personnel (KMP) :</b> Whole Time Directors	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
Relatives of KMP	Late Capt. C.P. Krishnan Nair (father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (wife of Mr. Dinesh Nair) Ms. Amruda Nair (daughter of Mr. Vivek Nair) Ms. Samyukta Nair (daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (daughter of Mr. Vivek Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

(ii) Transaction carried out with Related Parties:

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
<b>Sale of room, food and other services</b>				
Leela Lace Holdings Pvt. Ltd.		0.99 (1.29)		
Leela Lace Software Solutions Pvt. Ltd		1.84		
		(-)		
<b>Income from rental &amp; related services</b>				
Leela Lace Holdings Pvt. Ltd.		532.66 (627.47)		
Leela Fashions Pvt. Ltd		40.63 (40.63)		
<b>Lease rent</b>				
Leela Lace Holdings Pvt. Ltd.		1,250.03 (1,311.99)		
Leela Lace Software Solutions Pvt. Ltd		102.92 (3.73)		
<b>Remuneration paid</b>				
Mr. Vivek Nair			241.92 (241.92)	
Mr. Dinesh Nair			241.92 (241.92)	
Mr. Venu Krishnan			167.28 (167.28)	
Mr. Krishna Deshika			148.80 (148.80)	
Ms. Amruda Nair				40.08 (39.47)
Ms. Aishwarya Nair				40.08 (39.47)
Ms. Samyukta Nair				40.08 (39.47)
<b>Sitting fees</b>				
Late Capt. C.P. Krishnan Nair				0.00 (0.80)
Mrs. Madhu Nair				0.80 (1.00)
<b>Debit balance outstanding</b>				
Leela Lace Holdings Pvt Ltd		- (294.16)		
Leela Fashions Ltd		- (39.61)		

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Mumbai International Convention and Exhibition Centre Ltd		- (1.06)		
<b>Credit balance outstanding</b>				
Leela Lace Holdings Pvt. Ltd		721.77 (262.53)		
Leela Lace Software Solutions Pvt. Ltd		83.81 (3.36)		
Rockfort Estate Developers Pvt. Ltd.		- (1,501.81)		
<b>Interest paid</b>				
Leela Lace Holdings Pvt. Ltd		- (52.45)		
Leela Fashions Pvt. Ltd		- (16.03)		
Leela Lace Software Solutions Pvt. Ltd.		- (1.54)		
Rockfort Estate Developers Pvt. Ltd.		- (9.31)		
<b>Deposits given</b>				
Leela Lace Holdings Pvt. Ltd.		7,273.51 (7,273.51)		
Leela Fashions Pvt. Ltd		100.00 (100.00)		
Rockfort Estate Developers Pvt. Ltd.		776.46 (776.46)		
<b>Allotment of Shares</b>				
Rockfort Estate Developers Pvt. Ltd.			6,500.00 (-)	
Leela Lace Software Solutions Pvt. Ltd.			- (10,000.00)	
<b>Share application money received pending allotment</b>				
Leela Lace Holdings Pvt. Ltd.			3,500.00 (-)	

Previous year's figures are in brackets

### 30.10 Details of leasing arrangements

₹ lakhs

	Particulars	2013-14	2012-13
(i)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	894.27	690.61
	later than one year and not later than five years	2,510.50	1,852.12
	later than five years	767.62	642.08
(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	1,573.05	1,406.59
	later than one year and not later than five years	4,305.47	5,121.94
	later than five years	27,259.73	28,208.33

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

## 30.11 Earnings per share

₹ lakhs

Particulars	2013-14	2012-13
<b>Basic &amp; Diluted:</b>		
Net profit / (loss) for the year	(44,150.50)	(43,348.80)
Weighted average number of equity shares	435,086,709	400,493,269
PAR value per share (₹)	2.00	2.00
Earnings per share (₹)	(10.15)	(10.82)

Note : Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same.

30.12 Cost of IT Park at Chennai and the Land at Hyderabad for which the Company has entered into an agreement to sell is considered as asset held for sale.

30.13 The Company has received ₹ 3,500 lakhs from one promoter group entity towards Share application money to meet the debt service obligations. The Company proposes to allot shares after obtaining requisite approval from regulatory authority and the shareholders in the forthcoming Annual General Meeting at a price including such premium to be determined as per the SEBI (ICDR) regulations.

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

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V. Gopalakrishnaya**

Partner

Membership No.21748

Mumbai, 27th May, 2014

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

**Vivek Nair**

Chairman and Managing Director

**Dinesh Nair**

Co-Chairman and Managing Director

**Venu Krishnan**

Deputy Managing Director

**Krishna Deshika**

Director Finance & CFO

**STATEMENT / FINANCIAL INFORMATION PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

Sr. No.	Name of the Subsidiaries	Leela Realty Limited (Formerly Amin Group Hotel Limited)	Leela Palaces and Resorts Limited (Formerly Iskon Estate Private Limited)
1	Corporate Identification Number (CIN)	U55200MH1981PLC023888	U70101DL2005PLC134480
2	Country of Incorporation / Currency	India / Rupees	India / Rupees
3	Financial year of the subsidiary ended on	31st March, 2014	31st March, 2014
4	Number of shares of the Subsidiary Company held by the Holding Company on the above date		
	a) Number and Face Value	19,960 Equity Shares of ₹ 100/- each fully paid-up	9,99,994 Equity Shares of ₹ 10/- each fully paid-up
	b) Extent of holding	99.80%	100.00%
5	The net aggregate amount of Profit/(Losses) of the Subsidiary Company for the above financial year, so far as they concern the Members of the Company		
	(i) dealt within the accounts of the Company:		
	(a) For the financial year ended 31st March, 2014	(26,776)	(305,934)
	(b) For the previous financial years since these became subsidiaries of the Company	(1,219,983)	(1,273,308)
	(ii) not dealt with in the accounts of the Company:		
	(a) For the financial year ended 31st March, 2014	Nil	Nil
	(b) For the previous financial years since these became subsidiaries of the Company	Nil	Nil
6	Material changes, if any between the end of the financial year of the Subsidiary Company and that of the Holding Company.	Nil	Nil
7	Additional information on Subsidiary Companies (Amount in ₹)		
	Share Capital	2,000,000	10,000,000
	Reserves	-	-
	Total Assets	830,482	559,475,329
	Total Liabilities	55,548	556,092,873
	Investments other than investments in subsidiary	82,932	-
	Turnover	-	-
	Profit / (Loss) before taxation	(26,776)	(305,934)
	Provision for taxation	-	-
	Profit / (Loss) after taxation	(26,776)	(305,934)
	Proposed dividend	-	-

**Notes:**

- Your Company has two Indian subsidiary companies as on March 31, 2014.
- The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
- The Annual Accounts for 2013-14 for all subsidiaries are available at Company's Registered Office. Any investor of the Company can seek any information at any point of time by making a request in writing to the Company Secretary to obtain a copy of the financial statements of the subsidiary companies. The Subsidiaries' Accounts will also be available on the Website of the Company [www.theleela.com](http://www.theleela.com).
- The consolidated financial statements in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standards 21 as prescribed by Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no.G.S.R. 739 (E) dated December 7, 2006 also form part of this Annual Report.

For and on behalf of the Board of Directors

**Dinesh Kalani**  
Company Secretary

**Vivek Nair** Chairman and Managing Director  
**Dinesh Nair** Co-Chairman and Managing Director  
**Venu Krishnan** Deputy Managing Director  
**Krishna Deshika** Director Finance & CFO

Mumbai, 27th May, 2014



## TEN YEAR FINANCIAL HIGHLIGHTS

(₹ lakhs)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>REVENUE ACCOUNTS</b>										
Gross Revenue	27,133.93	34,644.50	46,275.63	58,910.43	58,216.46	47,838.01	49,100.13	58,843.97	65,140.65	76,817.62
Expenditure (excluding Interest)	13,947.54	16,938.48	19,916.68	28,503.59	29,747.60	32,493.35	33,415.18	55,326.50	52,875.97	57,323.95
Depreciation	2,983.15	3,245.42	3,375.41	4,534.05	6,539.42	6,832.74	6,295.92	10,223.54	13,867.33	18,065.31
Interest	5,153.12	3,299.98	4,032.89	3,556.02	2,672.80	2,446.81	5,608.31	32,125.06	40,534.25	50,163.00
Profit/(Loss) before tax	5,050.12	11,160.63	18,950.65	22,316.76	19,256.64	6,065.11	3,780.72	(38,831.14)	(42,136.90)	(48,734.64)
Profit from Discontinuing Operations	-	-	-	-	-	-	1,854.12	41,766.36	-	-
Tax Expenses	446.13	3,837.00	6,326.58	7,318.32	4,758.18	1,963.00	1,850.99	1,072.05	1,208.91	(4,587.45)
Profit/(Loss) after tax	4,603.98	7,323.63	12,624.07	14,998.45	14,498.46	4,102.11	3,783.85	1,863.17	(43,345.81)	(44,147.19)
Net Transfer to General Reserves	-	731.73	1,400.00	8,900.74	1,100.00	115.00	-	-	-	-
Earning per share - Basic ( In ₹)	6.80	1.93	3.41	3.97	3.84	1.09	0.99	0.48	(10.82)	(10.15)
Earning per share - Diluted ( In ₹)	6.80	1.69	3.00	3.10	3.13	0.92	0.93	0.48	(10.82)	(10.15)
<b>CAPITAL ACCOUNTS</b>										
Share Capital	14,758.40	11,246.12	7,406.06	7,556.50	7,556.50	7,556.50	7,756.50	7,756.50	8,373.02	9,032.25
Reserves and Surplus	62,014.86	71,158.79	82,712.23	85,460.42	186,446.05	197,858.09	202,531.21	151,306.97	113,887.62	74,471.06
Share application money pending allotment	-	-	-	-	-	-	-	-	-	3,500.00
Borrowings	69,764.47	105,637.36	95,279.66	203,565.71	244,055.11	287,865.52	380,314.16	417,562.52	465,929.76	490,501.83
Gross Block	148,518.24	179,005.43	198,957.36	295,889.81	476,798.59	536,671.42	622,072.64	614,305.24	644,864.25	650,441.05
Net Block	127,451.31	154,552.45	171,080.62	262,251.32	436,952.90	493,322.75	562,069.54	557,700.76	576,539.17	569,129.81
Investments	11.12	5,991.78	5,991.79	28.18	4,623.69	4,613.83	4,614.08	4,624.38	4,624.38	4,624.38

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

## NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system)

NOTICE is hereby given that the THIRTY THIRD ANNUAL GENERAL MEETING of HOTEL LEELAVENTURE LIMITED will be held at RangSharda Auditorium, K. C. Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050, on Thursday, 18th September, 2014 at 10.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** Mr. Indur Kirpalani (DIN: 03471511), a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company.

**RESOLVED FURTHER THAT** the vacancy, so created on the Board of Directors of the Company, be not filled.

3. To appoint a Director in place of Mrs. Madhu Nair (DIN: 00011223), who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint M/s. Picardo & Co., Chartered Accountants (Registration No. 107917W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

5. 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, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. V. P. Shetty (DIN: 00021773), who was appointed as an Additional Director by the Board of Directors of the Company with effect from 11th August, 2014 and who holds office of Director up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. 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, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anil R. Bhatia (DIN: 01310959), who was appointed as an Additional Director by the Board of Directors of the Company with effect from 11th August, 2014 and who holds office of Director up to the date of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 read with Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. 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 all other applicable provisions of the Companies Act, 2013 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 Clause 49 of the Listing Agreement, Mr. Vikram Singh Mehta (DIN: 00041197), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 10th August, 2019.”

8. 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 all other applicable provisions of the Companies Act, 2013 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 Clause 49 of the Listing Agreement, Mr. R. Venkatachalam (DIN: 00005815), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 10<sup>th</sup> August, 2019.”

9. 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, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Anna Malhotra (DIN: 00005903), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”

10. 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, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K. U. Mada (DIN: 00011395), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”

11. 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, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vijay Amritraj (DIN: 00020077), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”

12. 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, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Anil Harish (DIN 00001685), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”

13. 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, 150, 152 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. M. Madhavan Nambiar (DIN: 03487311), Director of the Company, in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to March 31, 2019.”

14. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 42, Section 62 and other applicable provisions, if any, of the Companies Act, 2013, read with applicable rules framed under the said Act (including any amendment thereto or reenactment thereof, for the time being in force) (“Companies Act”), Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), as amended and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the applicable rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (“GOI”), the Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”) and / or prescribed by the listing agreements entered into by the Company with the stock exchanges on which the equity shares of the Company are listed or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution), is hereby authorized to create, offer, issue, and allot to Rockfort Estate Developers Private Limited, a promoter group entity, for cash on preferential basis, such number of Equity Shares of ₹ 2 each, subject to the pricing guidelines prescribed under Chapter VII of the SEBI ICDR Regulations, in one or more tranches and on such terms and conditions as prescribed under the applicable SEBI ICDR Regulations, and that the issue size shall not exceed an aggregate value of ₹ 35,00,00,000 (Rupees Thirty Five Crores only), including the premium.

**RESOLVED FURTHER THAT** the price of the equity shares so issued shall be determined as per the Regulations issued by SEBI in this respect, i.e.

a) The average of the Weekly high and low of the closing prices of the Company’s shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the six months preceding the ‘relevant date’;

b) The average of the Weekly high and low of the closing prices of the Company’s shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the two weeks preceding the ‘relevant date’; whichever is higher.

**RESOLVED FURTHER THAT** the relevant date for the purpose of calculating the exercise price under Chapter VII of “SEBI ICDR Regulations” is 19th August, 2014, which is 30 days prior to 18th September, 2014, the date of this meeting, to consider the proposed issue.

**RESOLVED FURTHER THAT** the equity shares shall be issued by the Company to Rockfort Estate Developers Private Limited inter alia, on the following terms and conditions:

1. The entire amount towards subscription of the equity shares shall be payable prior to allotment.
2. The fully paid up equity shares to be allotted shall be subject to lock-in, in accordance with the provisions of Chapter VII of SEBI ICDR Regulations.
3. The equity shares proposed to be issued and allotted in the manner aforesaid shall rank pari passu with the existing equity shares of the Company in all respects.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient to effect the issue or allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said securities including any adjustment and appropriation of share application money as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company.”

15. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 42, Section 62 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable rules framed under the said Act (including any amendments, modifications, variation or reenactment thereof) (the “Companies Act”), the Foreign Exchange Management Act, 1999, as amended, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, rules, regulations, guidelines, notifications and circulars issued by the Securities and Exchange Board of India (“SEBI”) including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the Government of India (“GOI”), the Reserve Bank of India (“RBI”), and / or any other appropriate regulatory authorities as may be required, and clarifications, if any, issued thereon from time to time, the equity listing agreements entered into by the Company with the stock exchanges where the Company’s equity shares of face value of ₹ 2 each (the “Equity Shares”) are listed (the “Listing Agreement”), and subject to any approval, consent, permission and / or sanction as may be necessary from the GOI, RBI, SEBI, the stock exchanges, the Foreign Investment Promotion Board and / or any other appropriate regulatory authorities as may be required, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions,

OR

consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any Committee thereof constituted / to be constituted by the Board to exercise its powers including powers conferred by this resolution to the extent permitted by law, including the Finance Committee of the Board) and the enabling provisions of the Memorandum and Articles of Association of the Company, consent, approval and authority of the Board is hereby accorded to create, offer, issue and allot Equity Shares, Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), Foreign Currency Convertible Bonds ("FCCBs"), fully convertible debentures / partly convertible debentures, preference shares convertible into Equity Shares, and / or any other financial instruments convertible into or linked to Equity Shares, with or without detachable warrants, with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency (hereinafter, collectively referred to as "Securities") or any combination of Securities, in one or more tranches, in the course of international and / or domestic offering(s) in one or more foreign markets, by way of a public issue or a private placement, including by way of placement of Equity Shares to qualified institutional buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations, to any person, including but not limited to foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), foreign institutional investors, promoters of the Company, Indian and / or multilateral financial institutions, mutual funds, non-resident Indians, employees of the Company and / or any other categories of investors, whether they be holders of Equity Shares or not (collectively, referred to as the "Investors"), at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made, to the exclusion of all other categories of Investors, at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary as may be decided by the Board in its absolute discretion at the time of issue of Securities, such that the total amount, including premium, raised through the issuance of the aforesaid Securities does not exceed ₹1,000 crores in one or more currencies and in one or more offerings / tranches.

**RESOLVED FURTHER THAT** in case of the issue of the Securities by way of a qualified institutions placement to qualified institutional buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations, the "Relevant Date" for determining the floor price of the Securities shall mean, in case of allotment of Equity Shares, the date of the meeting in which the Board or the Finance Committee of the Board decides to open the proposed issue of the Equity Shares, and in case of convertible Securities, either the date of the meeting in which the Board or the Finance Committee of the Board decides to open the issue of the convertible Securities or the date on which the holders of such convertible Securities become entitled to apply for the Equity Shares, as provided under Chapter VIII of the ICDR Regulations.

**RESOLVED FURTHER THAT:**

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (b) the relevant date for the purposes of determining the floor price of the Securities would be in accordance with the guidelines prescribed by SEBI, RBI, the GOI through its various departments or any other regulator, as applicable, and the pricing of any Equity Shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable adjustments in the applicable rules, guidelines and statutory provisions;

- (c) the number of Equity Shares to be issued and the number and / or conversion price in relation to Equity Shares that may be issued and allotted on conversion of the convertible Securities that may be issued pursuant to this resolution, shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring; and
- (d) the Equity Shares that may be issued by the Company shall rank paripassu with the existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such of the Securities that are not subscribed.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Securities as may be decided by the Board or such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of the Securities or as may be necessary in accordance with the terms of the issue / offering and all such Equity Shares shall rank paripassu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be from the relevant financial year in which they are allotted and / or as provided under the terms of the issue / relevant offering documents.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and such other agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more recognized (national and international) stock exchange(s).

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby granted in terms of Section 180(1)(a) 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) and subject to all necessary approvals, to the Board to secure, if necessary, all or any of the above mentioned Securities to be issued, by the creation of mortgage and / or charge on all or any of the Company's immovable, movable and / or intangible assets, both present and future in such form and manner and on such terms and conditions as may be deemed fit and appropriate by the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the issue(s) / offering(s), including the type of Security to be issued and allotted, the class of investors to whom the Securities are to be offered / issued and allotted, number of Securities to be issued and allotted in each tranche, issue price, face value, number of Equity Shares or other securities upon conversion or redemption or cancellation of Securities, premium or discount amount on issue / conversion of Securities / exercise of warrants / redemption of Securities / rate of interest / period of conversion or redemption, finalisation and approval of the preliminary as well as final offer documents, listings on one or more stock exchanges in India and / or abroad and fixing of record date or book closure, entering into or execution of all such agreements / arrangements / memoranda

of understanding / documents, authorising the Director(s) or any officer(s) of the Company to sign for and on behalf of the Company the offer document(s), agreement(s), arrangements(s), memoranda of understanding, application(s) authority letter(s) or any other documents, affidavits, undertakings, certificates and related or incidental matters as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and / or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s) / offering(s), allotment and conversion of any of the aforesaid Securities, utilization of issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of Directors or any executive Director or Directors or any other officer or officers of the Company to give effect to this resolution.

16. To consider and, if though fit, to pass with or without permissible modification, the following as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 149(1)(b) and all 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 maximum number of directors that the Company may appoint be increased from fifteen to a maximum of sixteen directors.

**RESOLVED FURTHER THAT** any of the Director of the Company and/or the Company Secretary be and are hereby jointly or severally authorized to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.

17. To consider and, if though fit, to pass with or without permissible modification, the following as a **Special Resolution**:

**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company be and is hereby amended by deleting the existing Article 117 and substituting with the following new Article 117:

*"117 The number of Directors shall not be less than three nor more than sixteen."*

**RESOLVED FURTHER THAT** any of the Director of the Company and/or the Company Secretary be and are hereby jointly or severally authorized to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution.

By order of the Board of Directors  
For **Hotel Leelaventure Limited**

**Dinesh Kalani**  
Company Secretary

**Registered Office:**  
The Leela Mumbai  
Sahar  
Mumbai - 400 059  
Mumbai, 11th August, 2014  
CIN: L55101MH1981PLC024097

**NOTES FOR MEMBERS ATTENTION:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY SHALL NOT VOTE EXCEPT ON A POLL. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. The Instrument appointing the Proxy, in order to be effective, should be duly stamped, completed, signed and lodged at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 in respect of special business to be transacted at the meeting is annexed hereto. The statutory registers and the relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, the 15th September, 2014 to Thursday, the 18th September, 2014** (both days inclusive) for the purpose of Annual General Meeting.
6. **Members may please note that Equity Share of the face value of ₹ 10 each has been subdivided into face value of ₹ 2 each with effect from 15th September, 2006. The Members are therefore requested not to deal with the earlier share certificates of the face value of ₹ 10 each in any manner as the same stands cancelled. The Members still holding old share certificates of the face value of ₹ 10 each are once again requested to surrender them to the Company / Registrar in order to enable the Company / Registrar to issue sub-divided share certificates of the face value of ₹ 2 each in lieu thereof. Members are requested to send such share certificates by Registered Post only. The Company has already sent three reminders to the concerned members in terms of Clause 5A of the Listing Agreement to exchange their old Certificates with new sub-divided share certificates. The Company will be transferring the unclaimed shares to a "Unclaimed Share Suspense Account" shortly, in compliance with the Clause 5A, if not claimed by the concerned shareholders.**
7. Members are requested to:
  - (i) send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matters and bank account details to Company's Registrars at their office at Sharepro Services (India) Pvt. Ltd., 13 A / B Samhita Warehousing Complex, 2nd Floor, Off Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400 072;
  - (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, Sharepro Services (India) Private Limited 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.

8. For security reasons and for proper conduct of the Meeting, entry to the venue of the Meeting will be regulated by the Attendance Slip. Members / proxies attending the Meeting are requested to bring their Attendance Slip complete in all respects and signed at the place provided thereat and handover at the entrance of the Meeting Hall. Members holding shares in dematerialized form are requested to carry their depository account number along with the depository participant identification number. Members / Proxies are also requested to bring their copy of the Annual Report to the Meeting.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in 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.
10. Please note that in terms of applicable SEBI circulars it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities. Requests without attaching copies of PAN card, for transfer / deletion / transmission and transposition of shares of the Company in physical form will be returned under objection.
11. 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. Members are advised to refer to Section titled "General Shareholder Information" provided in the Annual Report.
12. Members desiring any relevant information or clarifications on the Accounts at the Annual General Meeting are requested to write to the Company Secretary at least seven days in advance of the meeting, so as to enable the Management to compile the information and provide replies at the meeting.
13. Pursuant to Section 124 of the Companies Act, 2013, the dividend amounts which remain unpaid / unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund (IEPF) of the Central Government. The Company has already transferred the unpaid or unclaimed dividends upto the financial year 2006-07 to the IEPF. Members who have not yet encashed the dividend warrant(s) for the financial year 2007-08 or onwards, are requested to send their claim to the Company/ Registrar, for issue of pay order / demand draft in lieu thereof, after verification. Pursuant to the provisions of IEPF Rules, 2012, (Uploading of information regarding unpaid and unclaimed amounts lying with companies), 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.
14. Electronic copy of the Annual Report for the financial year 2013-14 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
15. Electronic copy of the Notice of the 33rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 33rd 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.
16. Members may also note that the Notice of the 33rd Annual General Meeting and the Annual Report for the financial year 2013-14 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: hotelleela@shareproservices.com .
- 17. Process and manner for members opting for e-voting are as under:**
- In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the Members the facility to exercise their right to vote at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Ltd. (NSDL).
- The instructions for e-voting are as under:
- A. In case a Member receives an email from NSDL (for Members whose email IDs are registered with the Company / Depository Participants):
    - (i) Open the email and open pdf file "Hotel Leela e-voting.pdf" with your Client ID or Folio No. as password. The pdf file contains your user ID and password / PIN for e-voting. Please note that this password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
    - (iii) Click on Shareholder - Login
    - (iv) Put User ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) You will now reach Password Change Menu, wherein you are required to mandatorily change your password / PIN with new password of your choice. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.).  
On first login, the system will prompt you to change your password and update your contact details like mobile number, email ID, etc. in the user profile details of the folio, which may be used for sending future communications. You will also need to enter a secret question and answer of your choice to retrieve your password in case you forget it. Note your new password. 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.
    - (vi) You need to login again with the new credentials. Home page of e-voting will open. Click on e-voting: Active Voting Cycles.
    - (vii) Select the "EVEN" i.e Hotel Leelaventure Limited. Now you are ready for e-voting as Cast Vote page will open.
    - (viii) The voting rights of the shareholders shall be in proportion to their share of the paid-up equity share capital of the Company as on 8th August, 2014 ("Cut-Off Date").
    - (ix) On the voting page, you may cast your vote by selecting an appropriate option "For" or "Against" and click "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. Upon confirmation, the message "Vote Cast Successfully" will be displayed.
    - (x) You can similarly vote in respect of all other resolutions forming part of the Notice of the Annual General Meeting. During the voting period, Members can login any number of times till they have voted on all the Resolutions.
    - (xi) If you wish to log out after voting on a few resolutions and continue voting for the balance resolutions later, you may click on "RESET" for those resolutions for which you have not yet cast the vote.

- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to vsundaramfcs1@hotmail.com or investor.service@theleela.com with a copy marked to evoting@nsdl.co.in . The scanned image of the above mentioned documents should be in the naming format: Corporate Name\_EVEN NO.
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy]:
- (a) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM:  
EVEN (E Voting Event Number) / USER ID and PASSWORD.
- (b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- C. Members who are already registered with NSDL for e-voting can use their existing User ID and password/ PIN for casting their votes.
- D. The e-voting period commences on 11th September, 2014 (9:00 am) and ends on 13th September, 2014 (6:00 pm). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 8th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- E. In case of any query pertaining to e-voting, Members may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the Downloads section of <https://www.evoting.nsd.com>.
- F. Mr. V. Sundaram, of M/s. V. Sundaram & Co., Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- G. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman & Managing Director of the Company.
- H. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.theleela.com](http://www.theleela.com) and on the website of NSDL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.
18. (a) For the benefit of Members who do not have access to e-voting facility, a Ballot Form is being sent along with the Notice of the Annual General Meeting, to enable them to send their assent or dissent by post. Detailed instructions on voting through post are given on the reverse of the Ballot Form.
- (b) The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through post to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- (c) Members have option to vote either through e-voting or through physical Ballot Form. If a member has opted for e-voting, then he / she should not vote through the physical Ballot Form also and vice-versa. However, in case members have cast their votes both via physical ballot and e-voting, then the voting through e-voting shall prevail and the voting done through the physical ballot shall be treated as invalid.

## I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 5 & 6

The lenders of the Company had restructured the Company's debts under the Corporate Debt Restructuring (CDR) mechanism effective from January 2012. As on 30<sup>th</sup> June, 2014, about 97% of the CDR debts have assigned in favour of JM Financial Asset Reconstruction Company Private Limited (JMFARC). Accordingly, the CDR lenders have since withdrawn their nominees from the Board of the Company. JMFARC has nominated Mr. V. P. Shetty and Mr. Anil R. Bhatia as their nominees on the Board of the Company. The Board of Directors of the Company at their meeting held on 11<sup>th</sup> August, 2014 has appointed Mr. V. P. Shetty and Mr. Anil R. Bhatia, as Additional Directors, representing JMFARC on the Board of the Company.

#### Mr. V. P. Shetty's brief profile is as follows:

Mr. V. P. Shetty [B.Com, C.A.I.I.B.], aged 67 years, has had an illustrious Banking career spanning almost four decades. He has worked in various positions in 4 major nationalized banks. He has worked as Chairman and Managing Director in UCO Bank, Canara Bank and IDBI Bank. He was also Chairman of Indian Banks' Association.

Mr. Shetty is an authority in Commercial Banking, Mergers & Acquisitions in Banking, Corporate Governance and Turnaround Management especially in Public Sector. Mr. Shetty was also the Recipient of "Banker of the Year – 2003" Award from the Business Standard Group in recognition of successful turnaround of UCO Bank.

Mr. Shetty had also served on the Boards of Life Insurance Corporation of India, Export-Import Bank of India, Infrastructure Development Finance Company Ltd., National Insurance Company Ltd., and General Insurance Corporation of India. He was a Member of the Governing Council of Banking Codes & Standards Board of India (BCSBI).

At present, he is on the Board of the following other companies and Committees thereof:

	Name of the companies	Membership of Committees
1	JM Financial Asset Reconstruction Company Private Limited - Non-Executive Chairman	Audit Committee - Member
2	JM Financial Products Limited - Executive Chairman	-
3	JM Financial Asset Management Limited - Non-Executive Chairman	-
4	FICS Consultancy Services Limited	Audit Committee - Member

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. V. P. Shetty for the office of Director of the Company.

The Company has received from Mr. V. P. Shetty (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014 and (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

His brilliance and knowledge, coupled with his deep business perspective will bring added value to the Company. The Board recommends the resolution for appointment of Mr. V. P. Shetty as director, liable to retire by rotation, for the approval of the members.

Mr. V. P. Shetty is not related to any director of the Company and does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. V. P. Shetty, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also

be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Mr. Anil R. Bhatia's brief profile is as follows:**

Mr. Anil R. Bhatia [B.Com], aged 49 years, has over 29 years of experience in the Indian Financial Markets covering Credit Markets, Debt Capital Markets, Investment Banking, Equity Capital Markets, Retail Distribution and Institutional Sales & Brokerage.

He started his career in 1985 with JM Financial Group and later in 1998, joined ABN AMRO Bank, India, where he was the Country Head – Credit Markets & Debt Capital Markets and a member of the Board of Directors of ABN AMRO Securities India (P) Ltd. He returned to JM Financial group in July 2007 to head the Asset Reconstruction business of the group. He was appointed as the Managing Director and Chief Executive Officer of JM Financial Asset Reconstruction Company Private Limited in May 2008.

His work experience and focus in the last 10 years has been on Credit Markets, Debt Capital Markets, Asset Securitization & Mortgage backed Securitization, Domestic Loan Syndication, Corporate Bond Trading, Cross-Border Financing & Structured Products and Asset Reconstruction. He also has senior level relationships with major Scheduled Banks, Financial Institutions, Corporates, Public Sector Undertakings and Multinationals.

He has extensive experience in Securitization of Auto and Mortgage Receivables and against future receivables for infrastructure related funding including structuring, documentation, legal structures, etc. He also has wide experience of Indian Credit markets having executed more than 300 transactions in Local and Offshore Markets covering all types of Credits ranging from highest credit ratings to distressed, default and non-performing credits.

Mr. Anil R. Bhatia is also a Member of the Audit Committee of the Company.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Anil R. Bhatia for the office of Director of the Company.

The Company has received from Mr. Anil R. Bhatia (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014 and (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

His brilliance and knowledge, coupled with his deep business perspective will bring added value to the Company. The Board recommends the resolution for appointment of Mr. Anil R. Bhatia as director, liable to retire by rotation, for the approval of the members.

Mr. Anil R. Bhatia is not related to any director of the Company and does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Except Mr. Anil R. Bhatia, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

**Item No.7**

Mr. Vikram Singh Mehta, aged 61 years, was the Chairman of the Shell Group of Companies in India since 1994 to October 31, 2012. He was serving the Shell Group since 1988. He was also the Shareholders' representative on the Board of Shell Companies in Saudi Arabia and Middle East during 1988-91 and Managing Director of Shell Marketing and Shell Chemicals Overseas, Cairo, Egypt during 1991-93. Mr. Mehta's illustrious career began as a Member of the Indian Administrative Service of the Government of India in 1978 and he has since held various prestigious positions. These include advisory positions with world-renowned petroleum companies and the Indian Government's Ministry of Petroleum.

Mr. Vikram Singh Mehta completed his Bachelor's Degree in Mathematics from Delhi University. He also holds a Bachelor's and Master's Degree in Politics and Economics from Oxford University and Master's Degree in Energy Economics from Fletchers School of Law and Diplomacy, Tufts University.

He is also on the Board of the following other companies and committees thereof:

	Name of the Company	Membership in Committees
1	Apollo Tyres Ltd	-
2	Colgate-Palmolive (India) Limited	Audit Committee – Member
3	Hindustan Media Ventures Ltd.	-
4	Larsen & Toubro Ltd	-
5	L&T Hydrocarbon Engineering Ltd.	-
6	Mahindra & Mahindra Ltd	-
7	United Spirits Ltd.	Audit Committee – Member
8	Vodafone India Ltd.	-
9	N.V. Advisory Services Private Ltd.	-
10	Brookings Institution India Center	-
11	Mahindra 'Electoral Trust' Company	-
12	Tma Estates LLP	-

Mr. Vikram Singh Mehta holds 25,000 equity shares of ₹ 2 each in the Company.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Vikram Singh Mehta as an Additional Director of the Company with effect from 11<sup>th</sup> August, 2014.

In terms of the provisions of Section 161(1) of the Act, Mr. Vikram Singh Mehta would hold office upto the date of the ensuing Annual General Meeting.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Vikram Singh Mehta for the office of Director of the Company.

The Company has received from Mr. Vikram Singh Mehta (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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.

His brilliance and knowledge, coupled with his deep business perspective will bring added value to the Company. In the opinion of the Board, Mr. Vikram Singh Mehta fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Vikram Singh Mehta is independent of the management.

The resolution seeks the approval of the members for the appointment of Mr. Vikram Singh Mehta as an Independent Director of the Company upto August 10, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder.

Copy of the draft letter for appointment of Mr. Vikram Singh Mehta as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours



on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that his association would be of immense benefit to the Company as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vikram Singh Mehta as an Independent Director, for the approval of the members.

Except Mr. Vikram Singh Mehta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.8**

Mr. R. Venkatachalam, [B. Com., F.C.A.], aged 57 Years, is a qualified chartered accountant, with more than three decades of post-qualification experience in handling finance, taxation, corporate law, accounts, commercial and project implementation, cost control and related matters. He has also been associated with many corporate revivals, project implementation, mergers and acquisitions and corporate restructuring of companies in a variety of industries.

His earlier association with the Company started in year 1999 as Senior Vice President. Then he was the Director - Finance & CFO of the Company from March 2001 to March 2006. Thereafter, he was Non-executive Director till March 2009 and then he was Independent Director of the Company till September 2012.

At present, he is on the Board of Shree Mother Plast India Private Limited and Shree Mother Capfin and Securities Private Limited promoted by him and holds more than 2% shareholding in these two companies.

He together with his spouse holds 2,500 equity shares in the Company.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. R. Venkatachalam as an Additional Director of the Company with effect from 11<sup>th</sup> August, 2014. He is also Chairman of the Audit Committee of the Company.

In terms of the provisions of Section 161(1) of the Act, Mr. R. Venkatachalam would hold office upto the date of the ensuing Annual General Meeting.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term upto 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. R. Venkatachalam for the office of Director of the Company.

The Company has received from Mr. R. Venkatachalam (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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.

His brilliance and knowledge, coupled with his deep business perspective will bring added value to the Company. In the opinion of the Board, Mr. R. Venkatachalam fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. R. Venkatachalam is independent of the management.

The resolution seeks the approval of the members for the appointment of Mr. R. Venkatachalam as an Independent Director of the Company upto August 10, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder.

Copy of the draft letter for appointment of Mr. R. Venkatachalam as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that his association would be of immense benefit to the Company as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. R. Venkatachalam as an Independent Director, for the approval of the members.

Except Mr. R. Venkatachalam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 9**

Mrs. Anna Malhotra is a Non-Executive Independent Director of the Company. She joined the Board of Directors of the Company on 14<sup>th</sup> June, 1993.

Mrs. Anna Malhotra is a Member of Stakeholders Relationship Committee of the Board of Directors of the Company. She was the Chairperson of the Audit Committee.

Mrs. Anna Malhotra, [M.A. Hons.], aged 86 years, now retired, is the first lady who entered the Indian Administrative Service (I.A.S.) in 1951 and had held various positions in the Government of India, including that of Secretary of the Ministry of Agriculture and Education and Chairperson of the Jawaharlal Nehru Port Trust, the high-tech port of India based in Mumbai.

At present, she is also on the Board of Simplex Realty Limited, a listed company, and is a member of its Audit Committee.

Mrs. Anna Malhotra holds 2,500 equity shares of ₹ 2 each in the Company.

Mrs. Anna Malhotra is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mrs. Anna Malhotra being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mrs. Anna Malhotra as a candidate for the office of Director of the Company.

The Company has received from Mrs. Anna Malhotra (i) consent in writing to act as director in Form DIR - 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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.

The resolution seeks the approval of the members for the appointment of Mrs. Anna Malhotra as an Independent Director of the Company upto March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. She is not liable to retire by rotation.

In the opinion of the Board, Mrs. Anna Malhotra fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mrs. Anna Malhotra as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mrs. Anna Malhotra as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Anna Malhotra as an Independent Director, for the approval of the members.

Except Mrs. Anna Malhotra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### Item No. 10

Dr. K. U. Mada has been a Non-Executive Independent Director of the Company since 29<sup>th</sup> January, 2000. He has been Chairman of the Stakeholders Relationship Committee and Member of the Audit Committee.

Dr. K. U. Mada, aged 80 years, is an eminent Economist and former development banker. He holds M.A. and Ph.D. (Economics) degrees and also Dip. in Fin. Mgt. and FICA. He was on the Faculty of Economics in Jai Hind College (Bombay University) for 7 years and was a guest faculty at management institutes. He was with the Reserve Bank of India and the Industrial Development Bank of India (IDBI) for 27 years; he was Executive Director of IDBI and was also functioning as CMD of a bank. Dr. Mada has been on the boards of directors of several financial institutions and corporate bodies, including as a Member of the Board of Governors of the MDI, Gurgaon. He was Chairman/Member of several expert committees constituted by the Government of India/IDBI or other financial institutions. He has been a participant and speaker at several international conferences on management, corporate and economic affairs.

He has been author of books, including 'A Journey Through Development Banking' and also articles and comments in several leading journals and newspapers.

He is presently on the Boards of Directors and Board-constituted Committees of other companies, as follows:

	Name of the Company	Membership of Committees
1	Lupin Limited	Audit Committee - Chairman Investors Grievances Committee – Member
2	PCI Limited	Audit Committee - Member Investors Grievances Committee – Chairman
3	Tamilnadu Petroproducts Limited	Audit Committee – Member

Dr. K. U. Mada holds 11,500 equity shares of ₹ 2 each in the Company.

In view of his wide and extensive experience in relevant fields, it would be of great benefit to the Company to avail of his expertise as a banker.

He is not related to any other directors of the Company.

Dr. K. U. Mada retires by rotation at the Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr. K. U. Mada being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Dr. K. U. Mada as a candidate for the office of Director of the Company.

The Company has received from Dr. K. U. Mada (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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.

The resolution seeks the approval of the members for the appointment of Dr. K. U. Mada as an Independent Director of the Company upto March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Dr. K. U. Mada fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Dr. K. U. Mada as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr. K. U. Mada as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. K. U. Mada as an Independent Director, for the approval of the members.

Except Dr. K. U. Mada, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives, is concerned or interested, financially or otherwise, in the resolution set out at Item No.10. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### Item No. 11

Mr. Vijay Amritraj is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 3<sup>rd</sup> August, 1983.

Mr. Vijay Amritraj, [B. Com, D. Lit (Hons.)], aged 60 years, has been India's captain of the Davis Cup team and is a renowned international tennis player and, more recently, television entrepreneur. He was also appointed an international peace ambassador by the U.N. Secretary General.

He is also on the Board of California Auto Sale Private Limited and Second Serve Private Limited.

Mr. Vijay Amritraj holds 60,105 equity shares (0.01%) of ₹ 2 each in the Company.

Mr. Vijay Amritraj is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Vijay Amritraj being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Vijay Amritraj as a candidate for the office of Director of the Company.

The Company has received from Mr. Vijay Amritraj (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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

The resolution seeks the approval of the members for the appointment of Mr. Vijay Amritraj as an Independent Director of the Company upto March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Vijay Amritraj fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an

Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Vijay Amritraj as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Vijay Amritraj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vijay Amritraj as an Independent Director, for the approval of the members.

Except Mr. Vijay Amritraj, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 11. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

#### Item No. 12

Mr. Anil Harish is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 13<sup>th</sup> April, 1998.

Mr. Anil Harish is a Member of the Audit Committee of the Board of Directors of the Company.

Mr. Anil Harish, [B.A., LL.B, LL.M (USA)], aged 60 years, has over thirty years of experience. He is a partner of M/s. D.M. Harish & Co., a renowned firm of advocates specialized inter alia in real estate, international investments, corporate law and taxation matters. He is also associated with a number of trade and professional bodies in various capacities. He has written several articles for various newspapers and magazines and is a renowned speaker on matters which include real estate, taxation and collaborations, at domestic and international levels.

At present, he is on the Board of the following other companies and Committees thereof:

	Name of the Company	Membership in Committees
1.	Ador Welding Limited	Audit Committee - Chairman
2.	Unitech Limited	Audit Committee - Member
3.	Hinduja Ventures Limited	Audit Committee - Chairman
4.	Advani Hotels & Resorts (India) Limited	-
5.	Mahindra Lifespace Developers Limited	Audit Committee - Member
6.	Mukta Arts Limited	-
7.	Hinduja Global Solutions Limited	Audit Committee - Chairman
8.	Future Consumer Enterprise Limited	Audit Committee - Member
9.	Ashok Leyland Limited	Audit Committee - Chairman
10.	Oberoi Realty Limited	Audit Committee - Member
11.	Valecha Engineering Limited	Audit Committee - Member
12.	Future Retail Limited	-
13.	Hinduja Leyland Finance Limited	-
14.	Astoria Maritime Private Limited	-

	Name of the Company	Membership in Committees
15.	Cenmar Maritime Agencies (India) Private Limited	-
16.	Freight Connection (India) Private Limited	-
17.	Helpyourngo.com India Private Limited	-
18.	Mordril Properties (India) Private Limited	-
19.	Oasis Preprint Services Private Limited	-
20.	Trans Atlantic Consultants Private Limited	-

Mr. Anil Harish does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Anil Harish is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Anil Harish being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Anil Harish as a candidate for the office of Director of the Company.

The Company has received from Mr. Anil Harish (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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.

The resolution seeks the approval of the members for the appointment of Mr. Anil Harish as an Independent Director of the Company upto March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Anil Harish fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Anil Harish as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Anil Harish as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Anil Harish as an Independent Director, for the approval of the members.

Except Mr. Anil Harish, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 12. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchanges.

#### Item No. 13

Mr. M. Madhavan Nambiar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 21<sup>st</sup> December, 2011.

Mr. Madhavan Nambiar is a Member of Audit Committee of the Board of Directors of the Company.

Mr. Madhavan Nambiar, (M.B.A.), aged 63 years, is retired Indian Administrative Service officer. He retired as the Secretary to the Government of India in the Ministry of Civil Aviation, where he was closely involved in the airport privatization programs, especially in the metros of Delhi, Mumbai, Hyderabad and Bangalore. Earlier, he held posts as Secretary in the Ministry of Information Technology, as Chairman and Managing Director of ELCOT and also TIDCO in the State of Tamil Nadu. He is a fellow at the Judge Business School, Cambridge University. At present he is the Chairman of C-DOT Alcatel Lucent Research Centre Pvt. Limited.

He is also on the Board of the following other companies and committees thereof:

	Name of the Company	Membership in Committees
1	Rediff.com India Limited	Audit Committee – Member
2	Kerala State Industrial Development Corporation Ltd.-State Govt. Nominee	-
3	Punj-Lloyd Limited	-
4	Catholic Syrian Bank Limited	Audit Committee – Member
5	Loyal Textile Mills Limited	-
6	C-DOT Alcatel Lucent Research Centre Private Limited - Chairman	-
7	Air Works India (Engineering) Private Limited	-
8	Indian Institute of Information Technology and Management Kerala- Chairman	-

Mr. Madhavan Nambiar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Madhavan Nambiar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Mr. Madhavan Nambiar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Madhavan Nambiar as a candidate for the office of Director of the Company.

The Company has received from Mr. Madhavan Nambiar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of (Appointment & Qualification of Directors) Rules, 2014, 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

The resolution seeks the approval of the members for the appointment of Mr. M. Madhavan Nambiar as an Independent Director of the Company upto March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board, Mr. Madhavan Nambiar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Madhavan Nambiar as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

The Board considers that his continued association would be of immense benefit

to the Company and it is desirable to continue to avail the services of Mr. Madhavan Nambiar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Madhavan Nambiar as an Independent Director, for the approval of the members.

Except Mr. Madhavan Nambiar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 13. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### Item No. 14

The Company proposes to issue such number of equity shares of ₹ 2 each aggregating ₹ 35 crores, to a promoter group entity at an issue price including such premium not less than the price to be determined as per SEBI ICDR Regulations. The proposed issue is in the larger interest of the Company and it has been approved by the Board at its meeting held on 27<sup>th</sup> May, 2014. The Directors place before the members the resolution as proposed and seek under Section 62 of the Companies Act, 2013, their consent and authority to issue shares as contemplated. In compliance with the provisions of Regulation 72 and 73 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended and the Companies Act, 2013, the following further details are being furnished:

#### (a) Object of the preferential issue

The object of the issue is to meet the debt service obligations.

#### (b) The proposal of the promoters / directors / key management personnel of the Company to subscribe to the offer

Promoters through their existing body corporate, Rockfort Estate Developers Private Limited, intend to subscribe to the equity shares proposed to be issued under this preferential offer. Directors and key managerial personnel or their relatives do not intend to subscribe to the equity shares in their personal capacities.

#### (c) The shareholding pattern of the Company before and after the preferential issue

Sr. No.	Category	Pre-issue*		Post Issue**	
		No. of Equity Shares held	% of Share holding	No. of Equity Shares held	% of Shareholding
<b>A</b>	<b>Promoters' holding</b>				
1	Indian Promoters:				
	Individuals	12,45,200	0.28	12,45,200	0.27
	Bodies Corporate	28,19,39,267	62.43	29,59,67,323	63.56
2	Foreign Promoters	0	0.00	0	0.00
	<b>Sub Total (A)</b>	<b>28,31,84,467</b>	<b>62.71</b>	<b>29,72,12,523</b>	<b>63.83</b>
<b>B</b>	<b>Non-Promoters' holding</b>				
1	Institutional Investors	2,46,95,523	5.47	2,46,95,523	5.30
2	Non-Institution:				
	Private Bodies Corporate	6,79,28,169	15.04	6,79,28,169	14.59

Sr. No.	Category	Pre-issue*		Post Issue **	
		No. of Equity Shares held	% of Share holding	No. of Equity Shares held	% of Shareholding
	Directors and relatives	4,49,105	0.10	4,49,105	0.10
	Indian Public	6,20,50,339	13.74	6,20,50,339	13.33
	Others (including NRIs)	1,33,04,989	2.95	1,33,04,989	2.86
	<b>Sub Total (B)</b>	<b>16,84,28,125</b>	<b>37.29</b>	<b>16,84,28,125</b>	<b>36.17</b>
	<b>GRAND TOTAL</b>	<b>45,16,12,592</b>	<b>100</b>	<b>46,56,40,648</b>	<b>100</b>

\* based on the beneficiary positions in the shares of the Company as on 8<sup>th</sup> August, 2014, as provided by the depositories.

- \*\* (i) The number of shares to be allotted is calculated on the basis of issue price as on 8th August, 2014 in terms of pricing formula of Chapter VII of SEBI ICDR Regulations and the same has been considered only for the purpose of disclosing the pre and post issue shareholding pattern. Total number of shares to be allotted, the shareholding pattern and the issue price, on the basis of actual relevant date i.e. 19<sup>th</sup> August, 2014, may accordingly increase or decrease. However, the value of the total number of shares so issued (including premium) at a price to be determined in accordance with Chapter VII of SEBI ICDR Regulations will not exceed ₹ 35,00,00,000 (Rupees Thirty Five Crores Only).
- (ii) Assuming full allotment of Equity Shares on preferential allotment basis.
- (iii) Post-issue shareholding pattern may vary due to changes in the beneficiary position.
- (d) **Identity of the proposed allottee, number of shares proposed to be issued and percentage of post preferential issue capital that may be held by proposed allottee**

Name of the Proposed allottee	Pre-issue shareholding		Equity shares proposed to be allotted	Post-issue shareholding	
	No. of Equity Shares	Percentage of Capital		No. of Equity Shares*	Percentage of Capital*
Rockfort Estate Developers Private Limited	3,29,61,460	7.30	1,40,28,056	4,69,89,516	10.09

\* Assuming full allotment of Equity Shares on preferential basis. The number of shares to be allotted is calculated on the basis of issue price as on 8th August, 2014 in terms of pricing formula of Chapter VII of SEBI ICDR Regulations and the same has been considered only for the purpose of disclosing the pre and post issue shareholding pattern.

Total number of shares to be allotted, the shareholding pattern and the issue price, on the basis of actual relevant date i.e. 19th August, 2014, may accordingly increase or decrease.

- (e) **The natural persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottee:**

Rockfort Estate Developers Private Limited, the proposed allottee, is under

the ultimate control of the Promoters of the Company namely, Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director and their relatives. The proposed allottee, in terms of the Regulations, is not disqualified to acquire the equity shares proposed to be offered to them.

- (f) **Proposed time within which the allotment shall be completed**

The allotment of equity shares shall be completed, within a period of 15 days from the date of passing of the resolution by the Members provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of receipt of such approvals.

- (g) **Change in control of the Company**

As a result of the proposed preferential allotment of equity shares, there will be no change in the control of the Company.

- (h) **Pre-issue holding of shares, non-disposal of shares by the proposed allottee and lock-in period of equity shares**

The proposed allottee has not sold the Company's shares during the six months period prior to the relevant date and hence is eligible for allotment of shares on preferential basis.

The equity shares allotted to the proposed allottee shall be subject to 'lock-in' period of 3 years from the date of Trading Approval in terms of SEBI ICDR Regulations.

The entire pre preferential allotment shareholding of the proposed allottee shall be locked in terms of SEBI ICDR Regulations.

- (i) **Compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

The provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code") are not attracted for this issue and therefore the proposed allottee is not required to make an open offer or comply with formalities related to an open offer for this preferential issue except the specific disclosures as may be required to be furnished as per the Takeover Code.

- (j) **Undertakings**

In terms of SEBI ICDR Regulations, the Company hereby undertakes that:

- (i) It shall re-compute the price of the specified securities in terms of the provisions of these regulations where it is required to do so.
- (ii) If the amount payable on account of re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked in till the time such amount is paid by allottee.

- (k) **Auditor's Certificate**

A certificate from M/s. Picardo & Co., Chartered Accountants, Statutory Auditor, certifying that the proposed issue of equity shares is in accordance with Chapter VII of SEBI ICDR Regulations, will be obtained and made available for inspection at the Registered Office of the Company.

- (l) **Approval under the Companies Act, 2013**

Pursuant to the provisions of Section 62 of the Companies Act, 2013, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general

meeting by a Special Resolution. Accordingly, in respect of proposed equity shares to be allotted to Rockfort Estate Developers Private Limited, a promoter group entity requires the shareholders' approval. The Board recommends the resolution for approval in accordance with the requirements of Section 62 of the Companies Act, 2013 read with the SEBI ICDR Regulations for preferential issues.

**(m) Number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price**

During the financial year 2013-14, the Company has allotted only 329,61,460 Equity Shares of ₹ 2 each a premium of ₹ 17.72 to Rockfort Estate Developers Private Limited, promoter group entity, on preferential basis.

**(n) Pricing of the issue and Relevant Date with reference to which price will be arrived at**

The pricing of the Equity Shares to be allotted on preferential basis shall not be lower than the price determined in accordance with Chapter VII of SEBI ICDR Regulations. SEBI ICDR Regulations provide that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

i) The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or

ii) The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares to be allotted shall be 19<sup>th</sup> August, 2014 being the date which is 30 days prior to the date of this meeting. The price shall be determined on the basis of the quotes available on the web-site of National Stock Exchange, being the Stock Exchange having the highest trading volume during the preceding six months prior to the relevant date.

Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair, directors, and their relatives holds more than 2% of Equity Shares in the proposed allottee and shall be deemed to be concerned or interested to the extent of allotment of shares as they are members, promoters and / or Directors of Rockfort Estate Developers Private Limited, the proposed allottee.

Except the above named directors, none of the other directors and / Key Management Personnel of the Company and their relatives shall be deemed to be concerned or interested in passing of the above resolution. The Board recommends the resolution for the approval of the members.

**Item No. 15**

The Company has built super luxury hotels in Udaipur, Delhi and Chennai with a total investment of about ₹ 3,500 Crores. Further, the Company has also invested about ₹ 350 Crores in land in Pune, Hyderabad, Bangalore, Agra and Ashtamudi, and about ₹ 150 Crores for a business park in Chennai. These investments were planned to be funded by a combination of equity and debt and accordingly FCCBs of about USD 100 million and Euro 60 million were issued. However, due to depressed equity market, the FCCBs did not get fully converted to equity and the Company had to redeem the said FCCBs. The Company had a debt of ₹ 4,905.02 Crores, as on 31<sup>st</sup> March, 2014.

The Company is taking various steps to reduce its debt. Further, the Company will also require funds to meet the normal capital expenditure, expenditures for renovations and expansions as well as to pursue new opportunities, organic and inorganic growth, and also promotional as well as brand building exercise and for general corporate purposes. The Board of Directors of the Company has been exploring various fund raising options. The funds so raised will strengthen

the capital base for the above purposes and for any other purpose related to the business of the Company as the Board may in its absolute discretion deem fit. One of the options available for the Company to raise funds is by way of issue of equity / equity linked instruments.

Accordingly, the Company proposes to create, offer, issue and allot Securities, including the Equity Shares or GDRs, ADRs, represented by Equity Shares of the Company, FCCBs, partially / fully convertible debentures convertible into Equity Shares, preference shares and such other securities through various modes which may include public issue(s), private placement(s), including placement of Equity Shares to qualified institutional buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations, or a combination thereof at such time or times, as stated in the resolution, for an amount not exceeding ₹ 1,000 crores (including premium) at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board at its absolute discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers to be appointed.

Accordingly, the detailed terms and conditions for the offer will be determined by the Board in its sole discretion and in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

Pursuant to Section 62 of the Companies Act, 2013 and the listing requirements of the Stock Exchanges, whenever it is proposed to increase the subscribed capital of a company by a further issue and allotment of shares, such shares needs to be offered to the existing shareholders in the manner laid down in the said section unless the shareholders decide otherwise in a general meeting. The Company makes the following disclosures pursuant to Rule 13 (2) (d) of the Companies (Share Capital and Debentures) Rules, 2014 in this explanatory statement:

**(i) Objects of the issue:**

To repay part of the debts, to meet normal capital expenditure, renovations, expansions, and new opportunities for growth, promotional as well as brand building exercise and for general corporate purposes.

**(ii) Total number of shares or other securities to be issued:**

Securities worth upto ₹ 1,000 crores (including premium) will be allotted and issued. The details of such number of Securities can only be decided when the type of issue, price and the prospective investors are finalized in accordance with the SEBI rules and regulations on or prior to the issue of Securities.

**(iii) Price or price band at/within which the allotment is proposed:**

Price band will be determined in accordance with applicable laws and regulations including SEBI rules and regulations on or prior to the issue of Securities.

**(iv) Basis on which the price has been arrived at along with report of the registered valuer:**

Such securities will be valued as per the applicable law including SEBI rules and regulations applicable at the time of issue of the Securities.

**(v) Relevant date with reference to which the price has been arrived at:**

Relevant date will be determined in accordance with the applicable law including SEBI rules and regulations applicable at the time of issue of Securities.

(vi) **Class or classes of persons to whom the allotment is proposed to be made:**

At this juncture, the class or classes of persons to whom the allotment is proposed is not definitely identified. Such persons will be identified on or prior to the date of issue of such Securities in accordance with applicable law including SEBI rules and regulations applicable to the Company.

(vii) **Intention of promoters, directors or key managerial personnel to subscribe to the offer:**

At this point in time, the proposed allottees of Securities have not been decided and hence these details cannot be determined at this point.

(viii) **Proposed time within which the allotment shall be completed:**

Proposed time of completion of allotment will be determined in accordance with the applicable law including SEBI rules and regulations prior to the issue of Securities, once the type of Securities to be issued are decided. However it is intended that this resolution be acted upon within one year from the date of the resolution.

(ix) **Names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:**

Depending on the type of Securities issued and the persons to whom it is issued in accordance with applicable law including SEBI rules and regulations, the post preferential offer capital and names of the proposed allottees will be determined. At this juncture, it is not possible to determine the post preferential offer capital of the Company or of the proposed allottees.

(x) **Change in control, if any, in the company that would occur consequent to the offer:**

Depending on the type of Securities and the persons to whom such securities would be offered, at this juncture, it is not possible to determine the same.

(xi) **Number of persons to whom allotment on preferential basis has already been made during the year, in terms of number of securities as well as price:**

During the financial year 2013-14, the Company has allotted only 329,61,460 Equity Shares of ₹ 2 each a premium of ₹ 17.72 to Rockfort Estate Developers Private Limited, promoter group entity, on preferential basis.

(xii) **Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

There will be no Securities issued for consideration other than cash.

(xiii) **The pre-issue and post issue shareholding pattern of the company:**

Depending on the type of Securities issued in accordance with applicable law including SEBI rules and regulations, the pre and post shareholding pattern will be determined. At this stage this cannot be determined.

The consent of the shareholders is therefore being sought pursuant to provisions of Section 62 and other related provisions of the Act and the listing agreements entered into with the stock exchanges, authorizing the Board to raise additional capital by further issue of equity shares, equity linked securities in such manner or on such terms as the Board may deem fit as proposed in the resolution. The raising of capital pursuant to this resolution is subject to force-majeure circumstances and conducive capital market environment.

The Directors recommend the resolution for approval of the members of the Company.

None of the Key Managerial Personnel (KMP), Directors of the Company or their relatives are concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares and to the extent of his/her subscribing to equity shares/equity linked securities if and when issued as also to the extent of subscription by a financial institution / company / body corporate in which the KMP, Director or his / her relative may be directly or indirectly interested.

**Item No. 16 and 17**

The members of the Company at the Annual General Meeting held on 30<sup>th</sup> September, 1999 passed a special resolution for appointment of upto 18 eighteen directors on the Board of the Company (excluding Debenture and Alternate Directors) and, upon receipt of the approval of the Central Government under Section 259 of the Companies Act, 1956, Article 117 of the Articles of Association of the Company was amended accordingly to provide for a maximum of eighteen directors.

However, upon the enactment of new Companies Act, 2013, Section 149(1)(b) of the Act stipulates that every company shall have a maximum of 15 (fifteen) directors, provided that a company may appoint more than fifteen directors after passing a special resolution.

Currently, the Company has 15 directors. While providing for a maximum of upto eighteen directors may not be required, in view of the business requirements and the obligations under Clause 49 of the Listing Agreement in relation to the composition of the Board, in order to have an optimum combination of executive and non-executive directors it is proposed to increase the maximum number of directors of the Company from 15 (fifteen), as stipulated under Section 149(1)(b) of the Companies Act, 2013, to 16 (sixteen), in accordance with the requirements of the said section.

Pursuant to the proposed increase in the maximum number of directors of the Company from fifteen to sixteen, as stipulated under Section 149(1)(b) of the Companies Act, 2013, the provisions of the existing Article 117 of the Articles of Association of the Company would be required to be amended to reflect that the maximum number of directors is sixteen. Therefore, it is proposed to amend the Articles of Association of the Company by deleting the existing Article 117 and substituting with new Article 117, to provide for the maximum number of directors of the Company being sixteen, subject to the requirements of the Companies Act, 2013.

The Board recommends the resolution at Item No.16 for the approval of the members of the Company as a special resolution, in terms of Section 149 of the Companies Act, 2013. The Board further recommends the resolution at Item No. 17 for the approval of the members of the Company as a special resolution, in terms of Section 14 of the Companies Act, 2013.

A copy of the Articles of Association of the Company together with the proposed alteration is available for inspection by the members at the Registered office of the Company during normal business hours on any working day, excluding Saturday between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.16 and Item No.17.

By order of the Board of Directors  
For Hotel Leelaventure Limited

**Dinesh Kalani**  
Company Secretary

**Registered Office:**  
The Leela Mumbai  
Sahar  
Mumbai - 400 059  
Mumbai, 11th August, 2014  
CIN: L55101MH1981PLC024097

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

Name of the Director	Date of Birth	Number of shares held	Expertise in Specific Functional areas	Qualifications	List of Companies in which outside Directorships held	Chairmanships / Memberships of Committees of other companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)
Mrs. Madhu Nair	01.11.1961	360	Interior design and project Coordination	B. A. (Hons.)	Leela Lace Holdings Private Limited	NIL

Disclosure in terms of Clause 49(IV)(G) of the Listing Agreement

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



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T. +91 (22) 6691 1234  
F. +91 (22) 6691 1455  
rso.mumbai@theleela.com

### NEW DELHI

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New Delhi - 110 023  
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### PUNE

Leela Palaces, Hotels & Resorts  
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1st Floor, Pride House, S.No 108/7,  
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T. +91 20 6727 8000, 20 6727 8105  
F. +91 20 6727 8001  
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## INTERNATIONAL SALES OFFICES

### LONDON

The Leela Palaces, Hotels and Resorts  
One Centre Square,  
Hardwicks Way, Wandsworth  
London, SW18 4AW  
United Kingdom  
T. +44 (20) 7198 8354  
F. +44 (20) 7198 8406  
iso.uk@theleela.com

### NEW YORK

The Leela Palaces, Hotels & Resorts  
551 Madison Avenue,  
New York, NY 10022  
USA  
T. +1 (646) 502 0143  
F. +1 (646) 502 0183  
iso.usa@theleela.com

## INTERNATIONAL SALES REPRESENTATION OFFICES

### FRANCE

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CA Consulting HRC  
28 rue du Mont Thabor 75001, PARIS  
Tel: + 33 1 46 22 26 74  
Fax: + 33 6 82 92 77 75  
Website: www.ca-hotelsconsulting.com  
Email: caguirre@ca-hotelsconsulting.com

### NORTH AMERICA (USA AND CANADA)

Kartagener Associates Inc.  
14 Penn Plaza, Suite 2223, New York, NY 10122  
Tel: 212.239.7979  
Fax: 212.239.7479  
Website: www.kainyc.com  
Email: info@kainyc.com

### RUSSIA AND CIS

H & W Enterprise  
Moscow, Baltiyskaya street, bld. 15, office 703  
Business Centre "Almazny"  
Tel: +7 (499) 340 03 22

### PRAGUE

H & W Enterprise  
Seifertova 545/44, Praha 3 – Zizkov, 130 00  
IC 24759112.  
Tel: +7-926-519-6937  
Website: www.hw-hotels.com  
Email: info@hw-hotels.com



## The Leela Reservations Worldwide

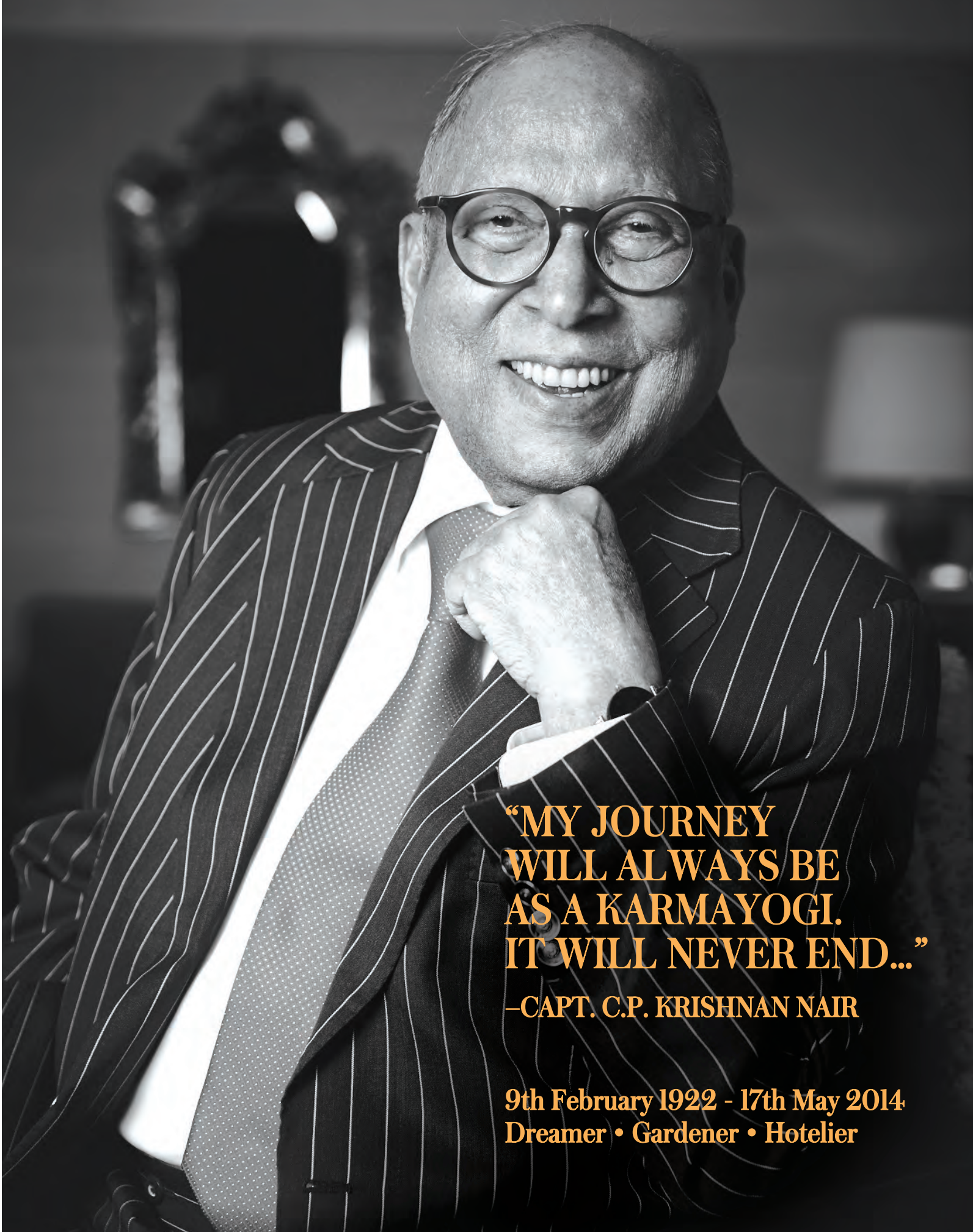
India Toll Free: 1800 1031 444 | USA Toll Free: 855 670 3444 | UK Toll Free: 08000 261 111

Hong Kong Toll Free: 800 906 444 | Singapore Toll Free: 1800 223 4444

Private Line: +91 124 4425 444 | Facsimile : +91 124 4232 555 | e-mail : reservations@theleela.com

Website : www.theleela.com





**“MY JOURNEY  
WILL ALWAYS BE  
AS A KARMAYOGI.  
IT WILL NEVER END...”**

**—CAPT. C.P. KRISHNAN NAIR**

**9th February 1922 - 17th May 2014  
Dreamer • Gardener • Hotelier**


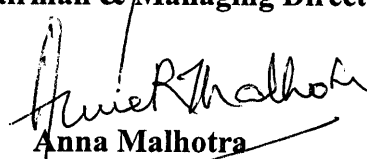


**HOTEL LEEAVENTURE LIMITED**

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Fax: +91-22-6691 1212 [www.theleela.com](http://www.theleela.com)



**FORM A**

1.	Name of the Company:	Hotel Leelaventure Limited
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	<p>Un-qualified with Emphasis of Matter</p> <p><i>Without qualifying their report, the Auditors have observed in their report that (a) the impairment loss, if any, on sale of assets to be disposed of for deleveraging the Balance Sheet cannot be ascertained in the absence of binding offers and (b) impairment loss relating to a project in Mumbai held up for a substantial period amounting to Rs. 13,805 lakhs, has not been recognised.</i></p> <p><b>Management's Response on their observations is as follows:</b> <i>The Management is confident of successfully implementing the asset disposal plans and meeting its liabilities. Regarding the impairment loss, if any, on sale of assets, the Management is confident that while there could be loss on sale of some assets, there would be profit on sale of other assets and hence no impairment is expected on the sale as a whole. Regarding the property in Mumbai, the Management is confident of an amicable settlement and implementation of the Project.</i></p> <p><i>Please refer to Note. No.30.1 and 30.3 of Accounts for more details and management response included in the Directors' Report.</i></p>
4.	Frequency of observation	Not Applicable
5.	To be signed by- <input type="checkbox"/> CEO/Managing Director <input type="checkbox"/> CFO <input type="checkbox"/> Auditor of the company <input type="checkbox"/> Audit Committee Chairman	<p> <b>Vivek Nair</b> Chairman &amp; Managing Director</p> <p> <b>Anna Malhotra</b> Audit Committee Chairperson</p> <p> <b>Krishna Deshika</b> Director – Finance &amp; CFO</p> <p><b>K. V. Gopalakrishnaya</b> Partner, Picardo &amp; Co. Statutory Auditor of the Company</p> 

Mumbai, 27<sup>th</sup> May, 2014