



Leela Palaces and Resorts Limited

CIN: U70101DL2005PLC134480

CORPORATE INFORMATION

Board of Directors

Mr. Vivek Nair	Director
Mr. Dinesh Nair	Director
Mr. Krishna Deshika	Director
Mrs. Anna Malhotra	Director

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Statutory Auditors

M/s. Picardo & Co.

Bankers

HDFC Bank Limited

Registered Office

The Leela Palace
Diplomatic Enclave
Chanakyapuri
New Delhi – 110 023

ANNUAL REPORT 2015-16

DIRECTORS' REPORT

Dear Members,

Your Directors present the 11th Annual Report on the business and operations of your Company, together with the audited accounts for the year ended March 31, 2016.

1. Business Overview and Outlook

India has emerged as one of the best performing economies, globally, with GDP growth of 7.3%. For the hotel industry, the long term outlook, seems quite positive.

The demand for rooms is expected to increase, while the supply is likely to slow down. There are multiple taxes levied on Hotel Industry and the rates of taxes are too high. The hotel industry is expected to benefit significantly, as and when the GST becomes a reality.

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

The year 2015-16 saw the smallest addition to Hotel Industry in the last seven years. During the year 2015, there was marginal increase in occupancy and Average Room Rates. The MICE (Meetings, Incentives, Conferences and Exhibitions) segment and Weddings segment contributed significantly to improved revenues in food and beverages and is expected to perform even better in the future.

2. State of Affairs of the Company

The Company did not undertake any operations during the financial year 2015-16. During the year, the Company has incurred a loss of Rs. 21,883 as compared to a loss of Rs. 850,999 during the previous year.

The Company has applied to the authorities concerned for various permissions and licenses, including renewal / extension of certain licenses and permissions, which are required for construction and operation of a proposed hotel, on the land owned by the Company in Agra. The hotel will be constructed by the new investor after acquisition of 100% shareholding in the Company from Hotel Leelaventure Limited.

Hotel Leelaventure Limited, the holding company, is in the process of the transferring their entire shareholding in the Company to an Indian / foreign investor for a consideration.

3. Dividend

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

4. Directorate

In accordance with the provisions of the Companies Act, 2013, Mr. Krishna Deshika retires by rotation at the forthcoming Annual General Meeting and has offered himself for re-appointment.

The Board commends his reappointment by the members at the forthcoming Annual General Meeting.

Number of Meetings of the Board

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses.

The Board met five(5) times during the financial year 2015-16 viz. on 27th May, 2015, 4th June, 2015, 12th August, 2015, 6th November, 2015, and 10th February, 2016.

5. Statutory Auditors

M/s. Picardo & Co., Chartered Accountants, will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

The Company has received the consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Company in terms of the provisions of the Companies Act 2013 and rules made thereunder. Accordingly, the Board of Directors has recommended the re-appointment of M/s. Picardo & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

6. Material Changes and Commitment affecting Financial Position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March, 2016 and the date of the Directors' report i.e. 26th May, 2016

7. Employee Remuneration

Since the Company has no employees, disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable.

Since the Company has no whole-time directors, the disclosure of remuneration of directors in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable.

8. Fixed Deposits

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

9. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

As there were no business activities during the financial year, the above disclosures under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

10. Particulars of Loans, Guarantees or investments under Section 186 of the Companies Act, 2013

The Company has neither given any loans and guarantees nor made any investments during the financial year 2015-16.

11. Related Party Transactions

The particulars of related party transactions have been disclosed in the notes to the Accounts.

12. Risk Management Policy

The Board of Directors oversees the Risk Management Processes including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting.

13. Corporate Social Responsibility Initiatives

As per Section 135 of Companies Act, 2013, the Company does not fall under the criteria of net worth or turnover for Corporate Social Responsibility spending, hence the same is not applicable to the Company.

14. Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2016 forms part of this report and is attached.

15. Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

(a) in the preparation of the annual accounts for the financial year ending

31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Acknowledgements

Your directors are grateful for all the help, guidance and support being received from the Central and State Governments and regulatory authorities.

The Directors would like to place on record their appreciation for the continued support and co-operation received from Hotel Leelaventure Limited, the holding company.

On Behalf of the Board of Directors
For Leela Palaces and Resorts Limited

Vivek Nair
Director

Dinesh Nair
Director

Mumbai, 26th May, 2016

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	U70101DL2005PLC134480
ii) Registration Date	29th March, 2005
iii) Name of the Company	LEELA PALACES AND RESORTS LIMITED
iv) Category / Sub - Category of the Company	Public Company / Limited by shares
v) Address of the Registered office and Contact details	The Leela Palace, Chanakyapuri, New Delhi -110023 Tel. 39331234
vi) Whether listed Company	No
viii) Name , Address & contact details of Registrar & Transfer Agents if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
	N.A.	N.A.	N.A.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	Name and address of the Company	CIN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	Hotel Leelaventure Limited, The Leela, Sahar, Mumbai - 400059	L55101MH1981PLC024097	Holding	100.000%	2(46)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A Promoters									
1 Indian									
(a) Individuals/ HUF	0	6	6	0.00	0	6	6	0.00	0.00
(b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	2,728,124	0	2,728,124	100.00	2,728,124	0	2,728,124	100.00	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Others-Trust	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1):	2,728,124	6	2,728,130	100.00	2,728,124	6	2,728,130	100.00	0.00
2 Foreign	0	0	0	0.00	0	0	0	0.00	0.00
(a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2,728,124	6	2,728,130	100.00	2,728,124	6	2,728,130	100.00	0.00

Category of Shareholders		No. of Shares held at the beginning of the year 01.04.2015				No. of Shares held at the end of the year 31.03.2016				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B	Public shareholding									
1	Institutions									
(a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2	Non-institutions									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Indian	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
i)	NRI- holdings	0	0	0	0.00	0	0	0	0.00	0.00
ii)	Trust	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Public Shareholding (B) = (B) (1) + (B) (2)	0	0	0	0.00	0	0	0	0.00	0.00
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	2,728,124	6	2,728,130	100.00	2,728,124	6	2,728,130	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2015			No. of Shares held at the end of the year 31.03.2016			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hotel Leelaventure Limited	2,728,124	100.00	0.00	2,728,124	100.00	0.00	0.00
2	Mr. Vivek Nair - Jointly Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
3	Mr. Dinesh Nair - Jointly Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
4	Leela Lace Holdings Private Limited - Jointly Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
5	Leela Lace Software Solutions Private Limited - Jointly Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
6	Rockfort Estate Developers Private Limited - Jointly Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
7	Leela Fashions Private Limited -Jointly with Hotel Leelaventure Limited	1	0.00	0.00	1	0.00	0.00	0.00
		2,728,130	100.00	0	2,728,130	100.00	0.00	100.00

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

Sr. No.	Name of shareholder	Shareholding at the beginning end of the year (31.03.2015)		Date of transaction	Increase / Decrease in shareholding	Cumulative Shareholding during the year (31.03.2016)	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1	Hotel Leelaventure Limited	2,728,124	100.00	N.A.	N.A.	2,728,124	100.00
2	Mr. Vivek Nair - Jointly with Hotel Leelaventure Limited	1	0.00	N.A.	N.A.	1	0.00
3	Mr. Dinesh Nair - Jointly with Hotel Leelaventure Limited	1	0.00	N.A.	N.A.	1	0.00
4	Leela Lace Holdings Private Limited - Jointly with Hotel Leelaventure Limited	1	0.00	N.A.	N.A.	1	0.00
5	Leela Lace Software Solutions Private Limited - Jointly with Hotel Leelaventure Limited	1	0.00	N.A.	N.A.	1	0.00
6	Rockfort Estate Developers Private Limited - Jointly with Hotel Leelaventure Limited	1	0.00	N.A.	N.A.	1	0.00
7	Leela Fashions Private Limited - Jointly with Hotel Leelaventure Limited	0	0.00	N.A.	N.A.	1	0.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulating shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	For each of the Top 10 Shareholders				
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity, etc.).	----- N.A.-----			
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulating shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity, etc.)	----- N.A.-----			
	At the End of the year (or on the date of separation, if separated during the year)				

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year		0	0	0
i) Principal Amount	0		0	
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)				
Change in Indebtedness during the financial year	0	0	0	0
* Addition	0	8,60,000	0	0
* Reduction	0	0	0	
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i + ii + iii)	0	8,60,000	0	0

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	-----N.A.-----	
	Fee for attending board / committee meetings		
	Commission		
	Others, please specify		
	Total (1)		

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
2	Other Non-Executive Directors	-----N.A.-----	
	Fee for attending board / committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B) = (1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act]		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross salary	-----N.A.-----			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify				
5	Others, please specify				
	Total				

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEELA PALACES AND RESORTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Leela Palaces and Resorts Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that shall give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding of the assets of the Company and preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

the Order.

2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31st 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal finance controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (I) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - (II) The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. We have been informed that the Company did not have any pending derivative contracts;
 - (III) We have been informed that the Company is not liable to transfer any amount to the Investor Education and Protection Fund during the year under review.

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

K.V. Gopalakrishnayya
Partner,
Membership no: 21748
Mumbai

26th May, 2016.

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

Clauses (ii), (iii), (iv), (vi), (viii), (ix), (xi), (xii), (xiii), (xiv), (xv) and (xvi) of the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, is not applicable to the Company for the year under review. In respect of other clauses, we report as under:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of its fixed assets at periodical intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and nature of its assets. We have been informed that no discrepancies have been noticed on such verification compared to the books.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed thereunder.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, cess and other material statutory dues to the extent applicable have been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited with the appropriate authorities as on 31st March 2016 on account of any dispute.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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

K.V. Gopalakrishnayya
Partner,
Membership no: 21748
Mumbai

26th May, 2016.

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Leela Palaces and Resorts Limited as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

K.V. Gopalakrishnayya
Partner,
Membership no: 21748
Mumbai

26th May, 2016.

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	Amounts in ₹	
		As at 31st March, 2016	As at 31st March, 2015
1. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	27,281,300	27,281,300
Reserves and surplus	3	545,511,174	545,533,057
		572,792,474	572,814,357
CURRENT LIABILITIES			
(a) Short-term borrowings from a related company - Interest free Unsecured		860,000	-
(b) Other current liabilities - Liabilities for expenses		17,175	16,854
TOTAL		<u>573,669,649</u>	<u>572,831,211</u>
2. ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
(i) Tangible assets			
Land - As per last Balance Sheet		564,951,658	564,951,658
(ii) Capital work-in-progress			
Pre-Operative Expenses to be capitalized		4,164,940	4,164,940
CURRENT ASSETS	4		
(a) Cash and cash equivalents		4,525,298	3,714,613
(b) Short term loans and advances - Tax deducted at source		2,766	-
(c) Other current assets - Interest accrued on fixed deposits		24,987	3,714,613
TOTAL		<u>573,669,649</u>	<u>572,831,211</u>
Significant accounting policies and Notes to Accounts	1 to 6		

As per our report of even date

For and on behalf of the Board of Directors

For PICARDO & CO.

Vivek Nair

Chartered Accountants

Director

Firm Registration No: 107917W

K V Gopalakrishnayya

Dinesh Nair

Partner

Director

Membership Number 21748

Mumbai, 26th May, 2016

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

Particulars	Note No.	Amounts in ₹	
		Year ended 31 March, 2016	Year ended 31 March, 2015
1. Revenue			
(a) Revenue from operations		-	-
(b) Other income		27,753	-
TOTAL REVENUE		<u>27,753</u>	<u>-</u>
2. EXPENSES			
(a) Finance costs - Bank charges		15,115	4,361
(b) Other expenses	5	34,521	846,638
TOTAL EXPENSES		<u>49,636</u>	<u>850,999</u>
PROFIT/(LOSS) BEFORE TAX		<u>(21,883)</u>	<u>(850,999)</u>
TAX EXPENSES		-	-
PROFIT/(LOSS) FOR THE PERIOD		<u>(21,883)</u>	<u>(850,999)</u>
Earnings per equity share:			
(Basic & Diluted)		(0.01)	(0.31)
Significant accounting policies and Notes to Accounts	1 to 6		

As per our report of even date

For and on behalf of the Board of Directors

For PICARDO & CO.

Vivek Nair

Chartered Accountants

Director

Firm Registration No: 107917W

K V Gopalakrishnayya

Dinesh Nair

Partner

Director

Membership Number 21748

Mumbai, 26th May, 2016

CASH FLOW STATEMENT
for the year ended 31st March, 2016

Amounts in ₹

Particulars	Year ended	
	31 March, 2016	31 March, 2015
A. CASH FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	(21,883)	(850,999)
Add : Interest income	27,753	-
Operating Profit/(Loss) before Working Capital Changes	(49,636)	(850,999)
Changes in:		
Trade and other payables	321	(20,000)
Trade and other receivables	(24,987)	-
Cash generated from operation	(74,302)	(870,999)
Income Tax paid (Net)	(2,766)	-
Net Cash flow From Operating activities	(77,068)	-
B. CASH FROM INVESTING ACTIVITIES		
Interest income	27,753	-
Net Cash flow From investing activities	27,753	-
C. CASH FROM FINANCIALS ACTIVITIES		
Unsecured loan received/(paid)	860,000	4,226,881
Net Cash flow From Financial activities	860,000	4,226,881
Net Changes in Cash & Cash equivalents	810,685	3,355,882
Cash & cash equivalents in the beginning of the Year	3,714,613	358,731
Cash & cash equivalents in the end of the Year	4,525,298	3,714,613

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 provisions of the Companies Act, 2013.

b. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent assets and liabilities at the date of financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

c. Fixed Assets

Fixed assets are stated at cost less depreciation .Cost includes expenses incidental to installation of the assets and attributable borrowing costs.

d. Depreciation / Amortization

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Companies Act,2013, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act 1956.

e. Taxation

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

f. 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 the 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.

g. During the year under review the carrying amount of assets are reviewed and entries are passed for impairment of the same

As per our report of even date For and on behalf of the Board of Directors

For PICARDO & CO. Vivek Nair
Chartered Accountants Director

Firm Registration No: 107917W

K V Gopalakrishnayya Dinesh Nair
Partner Director

Membership Number 21748

Mumbai, 26th May, 2016

2 Share Capital

Particulars	Amounts in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Authorised				
Equity shares of ₹ 10 each	2,750,000	27,500,000	2,750,000	27,500,000
Issued, subscribed and paid-up				
Equity shares of ₹ 10 each	2,728,130	27,281,300	2,728,130	27,281,300
Subscribed and fully paid-up				
Equity shares of ₹ 10 each	2,728,130	27,281,300	2,728,130	27,281,300
TOTAL	2,728,130	27,281,300	2,728,130	27,281,300
Reconciliation of the number of shares outstanding:				
Number of equity shares of par value Rs. 10 each at the beginning of the year	2,728,130	27,281,300	1,000,000	10,000,000
Add: Equity shares of par value Rs. 10 each issued during the year	-	-	1,728,130	17,281,300
Number of equity shares of par value Rs. 10 each at the end of the year	2,728,130	27,281,300	2,728,130	27,281,300
Details of Share in the Company held by each Shareholder holding more than 5% shares				
Name of the shareholder			No of Share Held	% of Share Held
Hotel Leelaventure limited	2,728,124	100%	2,728,124	100%

3 Reserves and Surplus

Particulars	Amounts in ₹			
	As at March 31, 2016		As at March 31, 2015	
Securities Premium Account				
As per Last Balance Sheet		553,001,600		-
Add : Additions during the year		-		553,001,600
Closing Balance		<u>553,001,600</u>		<u>553,001,600</u>
Surplus / (Deficit) in Statement of Profit & Loss Account				
Balance as per last financial statement	(7,468,543)		(6,617,544)	
Add: Net Profit/(loss) after tax transferred from statement of profit and loss	(21,883)	(7,490,426)	(850,999)	(7,468,543)
Amount available for appropriation				
Appropriations:				
Balance in Statement of Profit and Loss		(7,490,426)		(7,468,543)
Total		<u>545,511,174</u>		<u>545,533,057</u>

4 Cash and Bank Balances

Particulars	Amounts in ₹	
	As at March 31, 2016	As at March 31, 2015
(a) Cash on Hand	90,000	90,000
(b) Balance with Banks on current account	3,585,298	3,624,613
(c) Balances in Fixed Deposit with bank	850,000	-
Total	<u>4,525,298</u>	<u>3,714,613</u>

5 Other Expenses

Particulars	Amounts in ₹	
	As at March 31, 2016	As at March 31, 2015
(a) Rates & Taxes	-	740,625
(b) Professional Charges	17,100	79,702
(c) Remuneration to Auditors	17,421	16,854
(d) Travelling and conveyance expenses	-	9,457
Total	<u>34,521</u>	<u>846,638</u>

6 Additional Information to the Financial Statements

6.1 Computation of Earning Per Share (EPS) - Face value of Rs. 10 each

Particulars	Amounts in ₹	
	2015-16	2014-15
Profit/(Loss) Before Taxation	(21,883)	(850,999)
Weighted Average no. of Equity Shares	2,728,130	2,728,130
EPS (Basic and Diluted)	(0.01)	(0.31)

6.2 Related party transactions

a) Details of related parties

Description of relationship	Names of Related Parties
Holding Company	Hotel Leelaventure Limited
Key Management Personnel (KMP)	1) Mr. Vivek Nair 2) Mr. Dinesh Nair 3) Mr. Krishna Deshika
Relatives of KMP	-
Company in which KMP / Relatives of KMP can exercise significant influence	
(a) Holding Company	Hotel Leelaventure Limited
(b) Associate Companies	1. Leela Lace Holding Pvt. Ltd. 2. Leela Realty Limited 4. Leela Lace Software Solutions Pvt. Ltd. 5. Rockfort Estate Developerts Pvt. Ltd. 6. Leela Fashion Pvt. Ltd. 7. Season Apparels Pvt. Ltd. 8. Elegant Eaterries Pvt. Ltd. 9. Vibgyor Leasing Pvt. Ltd. 10. Armcess Engineering Pvt. Ltd. 11. Leela Housing Pvt. Ltd. 12. Leela Innovation Centre Pvt. Ltd. 13. Zantho Pharmaceuticals Pvt. Ltd.

Description of relationship	Names of Related Parties
	14. Leela Villas Pvt. Ltd.
	15. Emmel Realtors and Developers Pvt. Ltd.
	16. Leela Lace Info Park Pvt. Ltd.
	17. Leela Capital & Finance Ltd.
	18. Leela Constates Pvt. Ltd.
	19. L. M. Relators Pvt. Ltd.
	20. Leela Realcon pvt. Ltd.
	21. Leela IT Projects Pvt. Ltd.
	22. Leela Lace Builders Pvt. Ltd.
	23. Zillion Hotels & Resorts Pvt. Ltd.
	24. Leela Techno Parks Pvt. Ltd.
	25. Fransisco Hospitality Pvt. Ltd.
	26. LMV Associates Limited
	27. Leela Hospitality Pvt. Ltd.
	28. Leela Lace Estates Pvt. Ltd.

b) Transactions carried out with related parties

Unsecured loan taken during the year and outstanding as on 31st March, 2016	
Leela Villas Pvt. Ltd.	Rs. 8,60,000 (P.Y. Rs. Nil)

6.3 Fixed deposit with HDFC Bank limited amounting to Rs. 8.50 lakhs is pledged with them as security towards a bank gurantee for Rs. 8.50 lakhs issued by them.

As per our report of even date For and on behalf of the Board of Directors

For **PICARDO & CO.** **Vivek Nair**
Chartered Accountants Director
Firm Registration No: 107917W

K V Gopalakrishnayya **Dinesh Nair**
Partner Director

Membership Number 21748
Mumbai, 26th May, 2016