

# LEELA PALACES AND RESORTS LTD.

Site Address: Taj East Gate Road, opposite Shilpgram, Tajganj, Agra, Uttar Pradesh 282 001 India.  
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## DIRECTORS' REPORT

Dear Members,

Your Directors present the 13th Annual Report on the business and operations of your Company, together with the audited accounts for the year ended March 31, 2018.

### 1. Financial Performance

Rupees

Particulars	Financial Year 2017-18	Financial Year 2016-17
<b>Income</b>		
Revenue from operations	-	-
Other income	67,710	68,653
<b>Total income</b>	<b>67,710</b>	<b>68,653</b>
<b>Expenses</b>		
Finance costs- Bank charges	37,818	345
Other expenses	33,217	30,675
<b>Total expenses</b>	<b>71,035</b>	<b>31,020</b>
<b>Profit/(loss) before exceptional items and Tax</b>	<b>(3,325)</b>	<b>37,633</b>
Exceptional items - profit/(loss) (net)	-	-
<b>Profit/(loss) before Tax</b>	<b>(3,325)</b>	<b>37,633</b>
<b>Tax expense:</b>		
Income tax	-	8,000
<b>Profit/(loss) after Tax</b>	<b>(3,325)</b>	<b>29,633</b>
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(3,325)</b>	<b>29,633</b>
<b>Earnings per share (of Rs 10 each):</b>		
Basic & Diluted	(0.00)	0.01

### 2. State of Affairs of the Company

The Company did not undertake any operations during the financial year 2017-18. During the year, the Company incurred a loss of Rs.3,325 as compared to profit of Rs. 29,633 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.

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**

The Directors do not recommend any dividend for the financial year ended 31st March, 2018.

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

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

**5. Share Capital**

The Authorized Share Capital of the Company is Rs. 2,75,00,000 (Rupees Two Crore Seventy Five Lacs) divided into 27,50,000 (Twenty Seven Lacs Fifty Thousand) Equity Shares of Rs. 10 (Rupees Ten) each. On March 31, 2018, the issued, subscribed and paid up share capital of your Company stood at Rs. 2,72,81,300 comprising 27,28,130 Equity shares of Rs. 10/- each.

The Company has not allotted any equity shares during the financial year 2017-18.

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

**6. Directorate**

On 27<sup>th</sup> September 2017, the Board of Directors, pursuant to the provisions of the Companies Act, 2013 appointed Mr. Vinod Agnani as an Additional Director of your Company w.e.f. 27<sup>th</sup> September 2017. He holds office upto the date of the ensuing Annual General Meeting. The proposal regarding the appointment of Mr. Vinod Agnani is placed for your approval.

On 27<sup>th</sup> September 2017, the Board of Directors, pursuant to the provisions of the Companies Act, 2013 appointed Mrs. Madhu Nair as an Additional Director of your Company w.e.f. 27<sup>th</sup> September 2017. She holds office upto the date of the ensuing Annual General Meeting. The proposal regarding the appointment of Mrs. Madhu Nair is placed for your approval.

On 27th September 2017, the Board of Directors, pursuant to the provisions of the Companies Act, 2013 appointed Mr. Ketan Danak as an Additional Director of your Company w.e.f. 27th September 2017. He holds office upto the date of the ensuing Annual General Meeting. The proposal regarding the appointment of Mr. Ketan Danak is placed for your approval.

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, at least 2/3rd of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation and out of the Directors liable to retire by rotation, at least 1/3rd of the Directors shall retire by rotation at every Annual General Meeting.

Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Anna Malhotra, the Directors of the Company, who are also on the Board of Hotel Leelaventure Limited, the holding company, are disqualified under the provisions of section 164(2)(b) of the Companies Act 2013 due to default made by Hotel Leelaventure Limited in redeeming the debentures and payment of interest due thereon. Moreover, Mrs. Madhu Nair, Mr. Vinod Agnani and Mr. Ketan Danak are Additional Directors who would be seeking appointment at the ensuing Annual General Meeting.

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

#### **Declaration from Independent Director**

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

#### **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 2017-18 viz. on 25th May, 2017, 10th August, 2017, 27th September, 2017, 29th November, 2017 and 9th February, 2018.

#### **7. Statutory Auditors**

The Board was informed that M/s. N. S. Shetty & Co., Chartered Accountants, current auditors of the Company, were appointed as Statutory auditors' of the Company for a period of one year for the financial year 2017-18 and they 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. N. S. Shetty & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office for a term of five years upto the conclusion of the Annual General Meeting in the year 2023.

The Auditors' Report to the shareholders for the year under review does not contain any qualification, reservation, adverse remark or disclaimer

**8. 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, 2018 and the date of the Directors' report i.e. 30th May, 2018.

**9. 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.

**10. Fixed Deposits**

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

**11. 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.

**12. Holding and Subsidiary Company**

Your Company continues to be a wholly owned subsidiary Company of Hotel Leelaventure Limited. Presently, the Company is not having a subsidiary, associate company or joint venture.

No Company has ceased to be the Company's Subsidiary, Joint Venture or Associate during FY 2017-18.

**13. 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 2017-18.

**14. Related Party Transactions**

Suitable disclosure on related party transactions, as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. There were no material related party contracts or arrangements or transactions entered into by the Company during the period under review hence disclosure of material Related Party Transactions pursuant to provisions of the Section 134(3)(h) read with section 188(2) of the Companies Act, 2013, is not required.

**15. Risk Management Policy**

The Company has laid down a well-defined risk management mechanism to mitigate the risks and has also adopted a policy in this regard in line with the requirement of the Companies Act, 2013. The Board of Directors oversees the Risk Management Processes including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting.

**16. 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.

**17. 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, 2018 forms part of this report and is attached.

**18. Significant and Material Orders passed by the Regulators**

During the year under review, no orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations.

**19. Directors' Responsibility Statement**

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

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

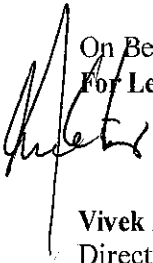
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 20. 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, 30<sup>th</sup> May, 2018

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31st March, 2018**

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

**I. REGISTRATION AND OTHER DETAILS:**

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.			

**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 01.04.2017				No. of Shares held at the end of the year 31.03.2018			% Change during the year	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A Promoters</b>									
<b>1 Indian</b>									
(a) Individuals/ HUF	0	2	2	0.00	0	2	2	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	4	2,728,128	100.00	2,728,124	4	2,728,128	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
<b>Sub-total (A)(1):</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>0.00</b>
<b>2 Foreign</b>	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
<b>Sub-total (A)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>0.00</b>
<b>B Public shareholding</b>									
<b>1 Institutions</b>									
(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
<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>



<b>2</b>	<b>Non-institutions</b>									
(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 Rs 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 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
	<b>Sub-Total (B)(2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>C</b>	<b>Grand Total (A+B+C)</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>2,728,124</b>	<b>6</b>	<b>2,728,130</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year 01.04.2017			No. of Shares held at the end of the year 31.03.2018			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	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%	0.00	100.00	2,728,130	0.00	0.00

(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 (31.03.2017)		Date of transaction	Increase / Decrease in shareholding	Cumulative Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1	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	1	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.	Particulars	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
	<b>For each of the Top 10 Shareholders</b>				
	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.	Particulars	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
	<b>For each of the Directors and KMP</b>				
	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**

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. no.	Particulars of Remuneration	Name of MD/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	<b>Independent Directors</b>					
	Fee for attending board / committee meetings	-----N.A.-----				
	Commission					
	Others, please specify					
	<b>Total (1)</b>					

2	<b>Other Non-Executive Directors</b>					<b>Total Amount</b>
	Fee for attending board / committee meetings	-----N.A.-----				
	Commission					
	Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B) = (1+2)</b>					
	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.



# N. S. SHETTY & CO.

CHARTERED ACCOUNTANTS

Phone : 2623 1716, 2623 7669 Fax : 2624 5364  
E-mail : nsshetty\_co@yahoo.com

"Arjun", Plot No. 6A, V.P. Road,  
Andheri (W), Mumbai - 400 058.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Leela Palaces & Resorts Limited

#### Report on the Standalone Ind AS Financial Statements

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

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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



controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

### **Opinion**

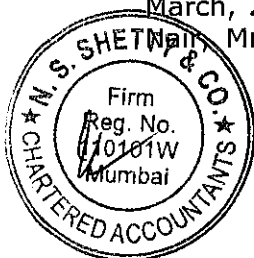
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018 and its loss, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

### **Other Matters**

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with relevant books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 and taken on record by the Board of Directors, except for Mr.Vivek Mr.Dinesh Nair and Mrs.Anna Malhotra who are disqualified, none of the





other directors is disqualified as on 31<sup>st</sup> March, 2018 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company has made provisions as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. We have been informed that the Company did not have any pending derivative contracts.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December 2016, are not relevant to these standalone Ind AS financial statements. Hence, reporting under this clause is not applicable.

**For N. S. Shetty & CO.**

Chartered Accountants

Registration No: 110101W

  
**N.S. Shetty**

Partner

Membership No. 35083



Mumbai, 30th May, 2018

## **ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, all the fixed assets were physically verified by the Management during the year under review, which in our opinion is reasonable, having regard to the size of the Company and nature of its business. According to the information given to us, no discrepancies were noticed on such verification.  
  
(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 disclosed in standalone financial statements are held in the name of the Company.
- ii. As explained to us, the Company has not held any inventory during the year under review. Hence clause (ii) of the Order is not applicable to the Company for the year under review.
- iii. According to the information and explanations given to us, the Company has not granted secured/unsecured loans to Companies, firms, Limited Liability Partnerships, or parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, clause (iii) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has not granted any loans or made investments or provided any guarantees or security to the parties covered in Section 185 of the Act. Accordingly, clause (iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and the rules framed thereunder.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, to the extent applicable to the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales tax, value added tax, duty of customs, excise duty, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
(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 2018 for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanations given to us, details of no 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 2018 on account of any dispute.

- viii. According to the information and explanations given to us, the Company has not availed any loan from Government/banks/financial institutions or raised fund by issue debentures. Hence clause (viii) of the Order is not applicable for the year under review.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Hence clause (xi) of the order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and 188 of the Act. The details of related party have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, clause (xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For N. S. Shetty & CO.**

Chartered Accountants

Registration No: 110101W

**N.S. Shetty**

Partner

Membership No. 35083



Mumbai, 30th May, 2018

## **Annexure - B TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of **Leela Palace & Resorts Limited** ("the Company") as of 31<sup>st</sup> March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditor's Responsibility**

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

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

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

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control and financial reporting includes those policies and procedures that (1) pertain to the maintenance of



records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For N. S. Shetty & CO.**

Chartered Accountants  
Registration No: 110101W

  
**N.S. Shetty**

Partner

Membership No. 35083



Mumbai, 30th May, 2018

**LEELA PALACES AND RESORTS LIMITED**

**Balance Sheet as at 31 March, 2018**


Particulars	Note No.	Rupees		
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment				
Land-freehold as per last balance sheet		56,49,51,658	56,49,51,658	56,49,51,658
Capital work-in-progress		41,64,940	41,64,940	41,64,940
Financial assets	3	8,50,000	8,50,000	8,50,000
Tax Assets (net)	4	5,946	6,855	2,766
<b>Total non-current assets</b>		<b>56,99,72,544</b>	<b>56,99,73,453</b>	<b>56,99,69,364</b>
<b>Current assets</b>				
Financial assets				
Cash and cash equivalents	5	35,76,318	36,47,223	36,75,298
Other financial assets	6	1,47,620	86,681	24,987
Other current assets		-	-	-
<b>Total current assets</b>		<b>37,23,938</b>	<b>37,33,904</b>	<b>37,00,285</b>
<b>Total Assets</b>		<b>57,36,96,482</b>	<b>57,37,07,357</b>	<b>57,36,69,649</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	7	2,72,81,300	2,72,81,300	2,72,81,300
Other equity	8	54,55,37,482	54,55,40,807	54,55,11,174
<b>Total equity</b>		<b>57,28,18,782</b>	<b>57,28,22,107</b>	<b>57,27,92,474</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	9	8,60,000	8,60,000	8,60,000
Other liabilities-for expenses		17,700	17,250	17,175
Current Tax provision		-	8,000	-
<b>Total current liabilities</b>		<b>8,77,700</b>	<b>8,85,250</b>	<b>8,77,175</b>
<b>Total equity and liabilities</b>		<b>57,36,96,482</b>	<b>57,37,07,357</b>	<b>57,36,69,649</b>

Notes forming part of the financial statements

1 to 13

In terms of our report attached

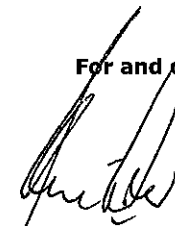
For **N S Shetty & Co**  
Chartered Accountants  
Registration No : 110101W

  
N S Shetty  
Partner



Membership No. 035083  
Mumbai, 30th May 2018

For and on behalf of the Board of Directors

  
Vivek Nair  
Director

  
Dinesh Nair  
Director

**LEELA PALACES AND RESORTS LIMITED**

**Statement of Profit and Loss for the year ended 31 March, 2018**

**Rupees**

Particulars	Note No.	Year Ended 31 March 2018	Year Ended 31 March 2017
<b>Income</b>			
Revenue from operations		-	-
Other income	10	67,710	68,653
<b>Total income</b>		<u>67,710</u>	<u>68,653</u>
<b>Expenses</b>			
Finance costs- Bank charges		37,818	345
Other expenses	11	33,217	30,675
<b>Total expenses</b>		<u>71,035</u>	<u>31,020</u>
<b>Profit/(loss) before exceptional items and Tax</b>		(3,325)	37,633
Exceptional items - profit/(loss) (net)		-	-
<b>Profit/(loss) before Tax</b>		(3,325)	37,633
<b>Tax expense:</b>			
Income tax		-	8,000
<b>Profit/(loss) after Tax</b>		(3,325)	29,633
<b>Other comprehensive income:</b>			
		-	-
<b>Total comprehensive income for the year</b>		<u>(3,325)</u>	<u>29,633</u>
<b>Earnings per share (of Rs 10 each):</b>			
Basic & Diluted		(0.00)	0.01
Notes forming part of the financial statements	1 to 13		

In terms of our report attached

For **N S Shetty & Co**

Chartered Accountants

Registration No : 110101W

N S Shetty

Partner

Membership No. 035083

Mumbai, 30th May 2018



For and on behalf of the Board of Directors

*Vivek Nair*  
Vivek Nair  
Director

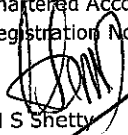
*Dinesh Nair*  
Dinesh Nair  
Director

**LEELA PALACES AND RESORTS LIMITED**  
**Cash Flow Statement for the year ended 31 March, 2018**

Rupees

Particulars		2017-18		2016-17	
A	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit/(loss) before exceptional items and Tax		(3,325)		37,633
	Adjustments for :				
	Interest income	(67,710)	(67,710)	(68,653)	(68,653)
	<b>Operating Profit before working capital changes</b>		(71,035)		(31,020)
	Adjustments for (increase)/decrease in operating assets:				
	Trade and other receivables	(60,939)		(58,928)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade and other payables	450	(60,489)	8,075	(50,853)
	<b>Cash generated from operations</b>		<b>(1,31,524)</b>		<b>(81,873)</b>
Less : Direct Tax paid (net)		(7,091)		(14,855)	
<b>Net cash flow from operating activities</b>		<b>(1,38,615)</b>		<b>(96,728)</b>	
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Interest received		67,710		68,549
	<b>Net cash flow from investing activities</b>		<b>67,710</b>		<b>68,549</b>
C	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>				
	Interest on Income Tax Refund		-		104
	<b>Net cash flow from financing activities</b>		-		<b>104</b>
	<b>Net changes in cash and cash equivalents</b>		(70,905)		(28,075)
	<b>Cash and cash equivalents at the beginning of the year</b>		<b>36,47,223</b>		<b>36,75,298</b>
	<b>Cash and cash equivalents at the end of the year</b>		<b>35,76,318</b>		<b>36,47,223</b>


In terms of our report attached

For **N S Shetty & Co**  
Chartered Accountants  
Registration No : 110101W  
  
N S Shetty  
Partner  
Membership No. 035083  
Mumbai, 30th May 2018



For and on behalf of the Board of Directors

  
Vivek Nair  
Director

  
Dinesh Nair  
Director



**LEELA PALACES AND RESORTS LIMITED**

**Statement of Changes in Equity**

	Rupees
<b>a) Equity share capital</b>	
<b>As at 1st April, 2016</b>	2,72,81,300
Changes in the equity share capital during the year	-
<b>As at 31st March 2017</b>	2,72,81,300
Changes in the equity share capital during the year	-
<b>As at 31st March 2018</b>	<u>2,72,81,300</u>

**b) Other equity**

Particulars	Reserve & Surplus		Total
	Security premium	Retained earnings	
<b>Balance as at 1 April, 2016</b>	55,30,01,600	(74,90,426)	54,55,11,174
Profit/(loss) for the year		29,633	29,633
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>	-	29,633	29,633
<b>Allocations/Appropriations</b>			
Transferred (to) / from retained earnings	-	-	-
<b>Balance as at 31 March, 2017</b>	55,30,01,600	(74,60,793)	54,55,40,807
<b>Balance as at 1 April 2017</b>	55,30,01,600	(74,60,793)	54,55,40,807
Profit/(loss) for the year		(3,325)	(3,325)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>	-	(3,325)	(3,325)
<b>Allocations/Appropriations</b>			
Transferred (to) / from retained earnings	-	-	-
<b>Balance as at 31 March, 2018</b>	55,30,01,600	(74,64,118)	54,55,37,482

In terms of our report attached

For **N S Shetty & Co**

Chartered Accountants

Registration No : 110101W

  
N S Shetty

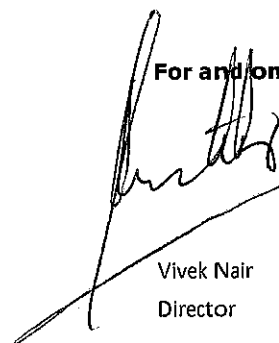
Partner


Membership No. 035083

Mumbai, 30th May 2018



For and on behalf of the Board of Directors

  
Vivek Nair  
Director

  
Dinesh Nair  
Director

**LEELA PALACES AND RESORTS LIMITED**  
**Notes forming part of the Financial Statements**

**Note 1: Corporate Information**

Leela Palaces and Resorts Limited (the "Company"), is a public limited company incorporated in India and has its registered office situated at "The Leela Palace", Diplomatic Enclave, Chanakyapuri, New Delhi – 110 023.

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

**Note 2: Basis of Preparation, Critical Accounting Estimates and Judgements, Significant Accounting Policies and Recent Accounting Pronouncements:**

**(i) Compliance with Ind AS**

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

These standalone financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**(ii) Basis of preparation**

These financial statements have been prepared on a historical cost basis.

**(iii) Critical accounting estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires, management to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

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

**(b) Impairment testing:**

Property, plant and equipment and intangible assets that are subject to amortisation and depreciation are tested for impairment when events occur or changes in circumstances



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

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

**(c) Taxation:**

- (i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year.
- (ii) Deferred tax is recognized on timing difference being the difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.
- (iii) Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal income tax during the specified period.

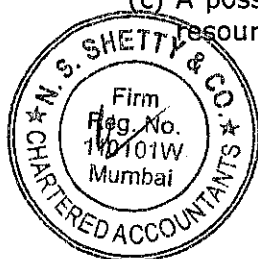
**(d) Impairment of assets:**

The carrying amounts of assets are reviewed at each balance sheet date, to assess any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets 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.

**(e) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

- (i) Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law because the Company created valid expectations on the part of the third parties by accepting certain responsibilities. To record such an obligation it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.
- (ii) Contingent Liability is disclosed in case of;
  - (a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
  - (b) A present obligation when no reliable estimate is possible; and
  - (c) A possible obligation arising from past events where the probability of outflow of resources is remote.



Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from Other Comprehensive Income to the Statement of Profit and Loss. Interest income on such financial assets is included as a part of the Company's income in the Statement of Profit and loss using the effective interest rate method.

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

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

**De-recognition**

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

**(2) Financial liabilities**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

**De-recognition**

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

**(3) Impairment of financial assets**

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



**LEELA PALACES AND RESORTS LIMITED**  
Notes forming part of the financial statements

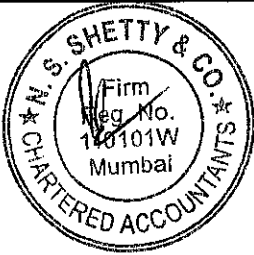
Rupees

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016			
<b>Note 3 Non-current financial assets</b>						
Margin money deposit with banks *	8,50,000	8,50,000	8,50,000			
<b>Total</b>	<u>8,50,000</u>	<u>8,50,000</u>	<u>8,50,000</u>			
* pledged with HDFC Bank Ltd as a security towards a bank guarantee of Rs.8,50,000 issued by them.						
<b>Note 4 Tax assets (Net)</b>						
<b>Income Tax assets (net)</b>						
Opening balance for the year	6,855	2,766	-			
Less : Tax payable for the year	(8,000)	-	-			
Add : Taxes paid	7,091	6,855	2,766			
Add/(Less) : Refund/adjustment for earlier years	-	(2,766)	-			
<b>Closing balance</b>	<u>5,946</u>	<u>6,855</u>	<u>2,766</u>			
<b>Note 5 Cash and cash equivalents</b>						
Cash on hand	90,000	90,000	90,000			
Balances with bank in current account	34,86,318	35,57,223	35,85,298			
<b>Total</b>	<u>35,76,318</u>	<u>36,47,223</u>	<u>36,75,298</u>			
<b>Note 6 Other current financial assets</b>						
Interest receivable	1,47,620	86,681	24,987			
<b>Total</b>	<u>1,47,620</u>	<u>86,681</u>	<u>24,987</u>			
<b>Note 7 Equity Share Capital</b>						
a) Authorised Capital						
27,50,000 Equity shares of Rs.10 each	2,75,00,000	2,75,00,000	2,75,00,000			
b) Issued share capital						
27,28,130 Equity shares of Rs.10 each	2,72,81,300	2,72,81,300	2,72,81,300			
c) Subscribed and fully paid up						
27,28,130 Equity shares of Rs.10 each	2,72,81,300	2,72,81,300	2,72,81,300			
<b>Total</b>	<u>2,72,81,300</u>	<u>2,72,81,300</u>	<u>2,72,81,300</u>			
d) Reconciliation of the number of shares outstanding at the beginning and at the end of the year						
	<b>As at 31 March 2018</b>		<b>As at 31 March 2017</b>			
	<b>No. of shares</b>	<b>Rupees</b>	<b>No. of shares</b>	<b>Rupees</b>		
At the beginning of the year	27,28,130	2,72,81,300	27,28,130	2,72,81,300		
At the end of the year	27,28,130	2,72,81,300	27,28,130	2,72,81,300		
e) Shareholders holding more than 5% shares						
	<b>As at 31 March 2018</b>		<b>As at 31 March 2017</b>		<b>As at 1 April 2016</b>	
	<b>No. of shares</b>	<b>% of holding</b>	<b>No. of shares</b>	<b>% of holding</b>	<b>No. of shares</b>	<b>% of holding</b>
Hotel Leelaventure Limited	27,28,124	100%	27,28,124	100%	27,28,124	100%
<b>Note 8 Other equity</b>						
(a) Securities premium account						
As per Last Balance Sheet			55,30,01,600	55,30,01,600		
(b) Retained earnings						
As at 1st April			(74,60,793)	(74,90,426)		
Add/Less: Profit/(loss) for the year			(3,325)	29,633		
As at 31st March			(74,64,118)	(74,60,793)		
<b>Total</b>			<u>54,55,37,482</u>	<u>54,55,40,807</u>		
<b>Note 9 Current borrowings - unsecured</b>						
Loans and advances from related party @ 0% interest			8,60,000	8,60,000	8,60,000	
<b>Total</b>			<u>8,60,000</u>	<u>8,60,000</u>	<u>8,60,000</u>	



**LEELA PALACES AND RESORTS LIMITED**  
**Notes forming part of the financial statements**

Particulars	Rupees	
	Year ended 31 March 2018	Year ended 31 March 2017
<b>Note 10 Other Income</b>		
<b>Interest income from financial assets at amortised costs</b>		
Deposit with bank	67,710	68,549
Interest on Income Tax refund	-	104
	<u>67,710</u>	<u>68,653</u>
<b>Note 11 Other expenses</b>		
Rates and taxes	1,239	13,350
Legal and professional *	31,978	17,250
Provision/write-off of trade and other receivables	-	75
	<u>33,217</u>	<u>30,675</u>
*Includes Auditor's remuneration:		
Statutory audit	17,700	17,250
	<u>17,700</u>	<u>17,250</u>



## **LEELA PALACES AND RESORTS LIMITED**

Notes forming part of the Standalone Financial Statements

### **Note 12 FIRST TIME ADOPTION OF IND AS**

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

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

**Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS**

#### **A. Optional Exemptions availed**

##### **Deemed Cost**

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

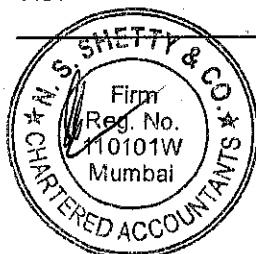
#### **B. Applicable mandatory exceptions**

##### **(a) Estimates**

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

##### **(b) Classification and measurement of financial assets**

As required under Ind AS 101 the Company has assessed the classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.



**HOTEL LEEAVENTURE LIMITED**

Notes forming part of the Standalone Financial Statements

**13 Additional information to the Financial Statements**

<b>13.1 Related party transactions</b>				
(i)	<b>Details of related parties:</b>			
	<b>Associates:</b> Leela Lace Holdings Pvt. Ltd. Leela Lace Software Solutions Pvt. Ltd Leela Fashions Pvt. Ltd. Rockfort Estate Developers Pvt. Ltd. Leela Hospitality Pvt Ltd. Elegant Eateries Pvt. Ltd. Emmel Realtors and Developers Pvt. Ltd. Esteem Construction Pvt. Ltd. Fransisco Hospitality Pvt. Ltd. Leela Capital and Finance Limited. Leela Housing Pvt Ltd Leela IT Projects Pvt. Ltd.  Key Management Personnel (KMP) :	Leela Lace Builders Pvt. Ltd. Leela Lace Estate Pvt. Ltd. Leela Realty Ltd Leela Villas Pvt. Ltd. Leela Realtors Pvt. Ltd. LMV Associates Limited Genuine Hotels & Services Pvt. Ltd. Leela Palace (Banglore) Pvt. Ltd. Leela Palace Chennai Pvt. Ltd. Leela Palace New Delhi Pvt. Ltd. Season Apparels Pvt. Ltd. Vibqyor Leasing Pvt. Ltd. Zillion Hotels & Resorts Pvt. Ltd.  Mr. Vivek Nair Mr. Dinesh Nair		
(ii)				Rupees
	Particulars	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>	<b>As at 1 April 2016</b>
	Associates Unsecured loans outstanding Leela Villas Pvt. Ltd.	8,60,000	8,60,000	8,60,000
<b>13.2</b>	<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>	
	<b>Earnings per share Basic &amp; Diluted</b>			
	Net profit / (loss) for the year (Rs Lakhs)	(3,325)	29,633	
	Weighted average number of equity shares	27,28,130	27,28,130	
	Par value per share (Rs.)	10.00	10.00	
	Earnings per share (Rs.)	<b>(0.00)</b>	<b>0.01</b>	
	Note : Since there are no extraordinary items, the Basic and Diluted value of earnings per share excluding / including extraordinary items is the same.			
<b>13.3</b>	Since there is no adjustments in the total equity as at 31st March, 2017 and 1st April, 2016 between previous GAAP and Ind AS and total comprehensive income for the year ended 31st March, 2017 between previous GAAP and Ind AS and therefore reconciliation for the same is not provided.			
<b>13.4</b>	Financial assets and liabilities are valued at amortised cost.			

In terms of our report attached

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

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



For and on behalf of the Board of Directors

Vivek Nair  
Director

Dinesh Nair  
Director