



THE LEELA

PALACES HOTELS RESORTS

May 26, 2016

The Department of Corporate Services

BSE Limited

1st floor, Rotunda Building

B.S. Marg, Fort

Mumbai – 400 001

The Listing Department

National Stock Exchange of India Limited

Exchange-Plaza,

Bandra Kurla Complex

Bandra (E), Mumbai – 400 051

Stock Code: 500193

NCD Code: HLVL19DEC08

HOTELEELA

Dear Sir,

Sub: Annual Audited Financial Results / AGM and Book Closure dates/ Fund raising plans

We hereby notify that the Board of Directors of the Company at their meeting held today have considered and approved the following:

1. Annual Audited Financial Results- F.Y. 2015-16

In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the following:

- (i) Audited Standalone and Consolidated Financial Results for the year ended 31st March, 2016;
- (ii) Form A (for audit report with unmodified opinion) - Standalone and Consolidated
- (iii) Auditors' Report on the Audited Financial Results - Standalone and Consolidated

The extract of the financial results are also being published in newspapers.

2. Date of the Annual General Meeting and period of Book Closure

The Board deferred consideration of the date of the ensuing 35th Annual General Meeting of the Company and the period of Book Closure to the next meeting.

3. Fund Raising Plan - Enabling resolution for raising funds upto Rs.1000 crores

The Board has passed an enabling resolution for raising of funds upto Rs.1,000 Crores through issue of equity shares / convertible debentures / GDRs / ADRs and/or such other securities either through preferential issue and / or qualified institutional placement and / or private placement, etc. in one or more tranches at an appropriate time.

Please take the above documents and information on record.

Thanking you,

Yours faithfully

For Hotel Leelaventure Limited

A.S. Bohra
Arandghan Bohra

Company Secretary

Encl: as above



Regd. Office:

HOTEL LEELAVENTURE LIMITED

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

The Leela Palaces, Hotels and Resorts: New Delhi, Bangalore, Chennai, Mumbai, Gurgaon, Udaipur, Goa and Kovalam.

Upcoming Properties: Jaipur; Agra; Lake Ashtamudi (Kerala); Bhartiya City, Bangalore and Lucknow.

Corporate Identity Number (CIN): L55101MH1981PLC024097





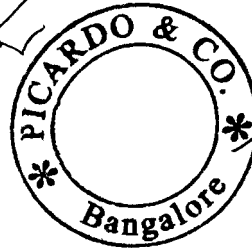
HOTEL LEELA VENTURE LIMITED

Registered Office: The Leela, Sahar, Mumbai - 400 059

Tel: 022-6691 1234 □ Fax: 022-6691 1458 Email: investor.service@theleela.com □ Website: www.theleela.com □ CIN No.: L55101MH1981PLC024097

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

PART I		Standalone				Consolidated		Rs. in lakhs
		Quarter Ended 31 Mar-16	Quarter Ended 31 Dec-15	Quarter Ended 31 Mar-15	Year Ended 31-Mar-16	Year Ended 31-Mar-15	Year Ended 31-Mar-16	Year Ended 31-Mar-15
Sr. No.	Particulars	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
1	Income from Operations							
	(a) Net sales /income from operations	19,388	18,431	18,892	66,091	63,645	66,091	63,645
	(b) Other operating income	-	-	-	-	-	-	-
	Total Income from Operations (net)	19,388	18,431	18,892	66,091	63,645	66,091	63,645
2	Expenses							
	(a) Cost of materials consumed	1,725	1,616	1,575	6,146	5,993	6,146	5,993
	(b) Employee benefits expense	5,444	4,601	5,038	19,221	18,750	19,221	18,750
	(c) Fuel, power and light	1,221	1,447	1,460	5,111	5,647	5,111	5,647
	(d) Depreciation and amortisation	6,100	6,031	6,658	23,988	22,675	23,988	22,675
	(e) Other expenditure	5,260	5,292	8,642	20,299	24,087	20,299	24,084
	Total expenses	19,750	18,987	23,374	74,765	77,152	74,765	77,149
3	Profit /(loss) from operations before other income, interest and exceptional items	(362)	(556)	(4,481)	(8,674)	(13,507)	(8,675)	(13,504)
4	Other income	741	74	135	943	663	943	663
5	Profit /(loss) before finance costs and exceptional items	379	(483)	(4,347)	(7,731)	(12,844)	(7,732)	(12,842)
6	Finance costs (Refer note 5)	2,399	2,151	(19,547)	8,790	19,751	8,790	19,751
7	Profit /(loss) after finance costs but before exceptional items	(2,020)	(2,633)	15,201	(16,521)	(32,595)	(16,522)	(32,592)
8	Exceptional items (Refer note 4)	(21,555)	18,852	(16,234)	(2,183)	(14,421)	(2,183)	(14,421)
9	Profit /(loss) from ordinary activities before tax	(23,575)	16,219	(1,033)	(18,704)	(47,016)	(18,705)	(47,013)
10	Tax expenses							
	(a) Excess provision relating to prior years withdrawn	-	-	164	-	164	-	164
	(b) Deferred tax reversed	688	-	5,265	688	5,265	688	5,265
11	Net Profit /(loss) from ordinary activities after tax	(22,887)	16,219	4,396	(18,016)	(41,587)	(18,016)	(41,584)
12	Extraordinary items (Net of tax expenses)	-	-	-	-	-	-	-
13	Net Profit /(loss) for the period	(22,887)	16,219	4,396	(18,016)	(41,587)	(18,016)	(41,584)
14	Paid up equity share capital (face value Rs.2 per share)	9,332	9,332	9,332	9,332	9,332	9,332	9,332
15	Reserves (excluding revaluation reserves)				(26,828)	(35,803)	(26,846)	(35,821)
16	Debenture redemption reserve				6,750	7,200	6,750	7,200
17	Capital redemption reserve				8,750	8,750	8,750	8,750
18	Net worth				(27,338)	(38,603)	(30,610)	(41,875)
19	Earnings per share (in Rs.) - basic and diluted	(4.91)	3.48	0.96	(3.86)	(9.06)	(3.86)	(9.06)
20	Interest service coverage ratio (Refer note 5)				1.88	(0.20)	1.88	(0.20)
21	Debt service coverage ratio				0.19	(0.18)	0.19	(0.18)
22	Debt equity ratio				18.28	12.07	18.30	12.08



Statement of Assets and Liabilities

Rs. in lakhs

	Particulars	Standalone		Consolidated	
		As at 31- Mar- 16	As at 31- Mar- 15	As at 31- Mar- 16	As at 31- Mar- 15
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	(a) Share capital	9,332	9,332	9,332	9,332
	(b) Reserves and surplus	14,454	32,470	14,436	32,452
	Sub-total - Shareholders' funds	23,786	41,802	23,768	41,784
2	Non-current liabilities				
	(a) Long-term borrowings (Refer note 5)	425,758	499,493	425,758	499,493
	(b) Deferred tax liabilities (net)	-	688	-	688
	(c) Other long-term liabilities	2,095	2,174	2,095	2,175
	(d) Long-term provisions	1,692	2,468	1,692	2,468
	Sub-total - Non-current liabilities	429,545	504,823	429,545	504,824
3	Current liabilities				
	(a) Short-term borrowings	-	145	9	145
	(b) Trade payables	6,676	6,490	6,676	6,489
	(c) Other current liabilities	35,241	29,032	35,241	29,032
	(d) Short-term provisions	1,004	534	1,004	534
	Sub-total - Current liabilities	42,921	36,201	42,930	36,200
	TOTAL- EQUITY AND LIABILITIES	496,252	582,826	496,243	582,808
B	ASSETS				
1	Non-current assets				
	(a) Fixed assets	442,945	530,825	451,890	539,770
	(b) Non-current investments	9,037	9,000	37	-
	(c) Foreign currency monetary translation reserve	8,955	10,808	8,955	10,808
	(d) Long-term loans and advances	15,852	16,009	15,852	16,009
	(e) Other non-current assets	300	300	300	300
	Sub-total - Non-current assets	477,089	566,942	477,034	566,887
2	Current assets				
	(a) Inventories	4,370	5,260	4,370	5,260
	(b) Trade receivables	6,356	5,123	6,356	5,123
	(c) Cash and cash equivalents	4,472	2,524	4,517	2,561
	(d) Short-term loans and advances	3,534	2,715	3,535	2,715
	(e) Other current assets	430	262	431	262
	Sub-total - Current assets	19,163	15,884	19,209	15,921
	TOTAL- ASSETS	496,252	582,826	496,243	582,808

Notes:

- The audited results for the year ended 31st March, 2016 were considered by the Audit Committee and have been approved by the Board of Directors at their meeting held on 26th May, 2016.
- The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the financial year.
- As the Company does not have reportable segment other than Hoteliering, segment-wise reporting is not applicable.
- Exceptional items for the year represent the net impact of (a) Impairment of Chennai hotel Rs 21339 lakhs, (b) Profit from discontinuing operations of Goa hotel Rs 1153 lakhs and (c) Net gain on sale of Goa hotel Rs 18003 lakhs.
- The erstwhile CDR Lenders with exposure of about 95.6% of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Private Limited and 1 lender with exposure of about 1% of the CDR Debt to Phoenix ARC Private Limited on 30th June, 2014. The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and the debt amount is Rs 460696 lakhs (previous year Rs 457572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 72704 lakhs (previous year Rs 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is Rs 150945 lakhs (previous year Rs 78241 lakhs). Had the Company provided for interest, the loss for the quarter and the year would have been higher by Rs 17056 lakhs and Rs 72704 lakhs respectively.
- The listed non-convertible debentures of the Company amounting to Rs 6750 lakhs as at 31st March, 2016 are secured by way of mortgage/charge on certain properties of the Company.

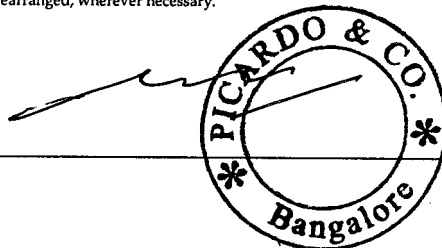
Details of Non-convertible debentures are as follows:

	Previous Due Date	Previous Due Date	Next Due Date	Next Due Date
	Principal	Interest	Principal	Interest
12.5% Non Convertible Debentures subscribed by LIC	30th Sep 15	19th Mar 16	30th Sep 16	19th Jun 16

Interest due on 19th March 16 has been partly paid and the balance amount due is Rs. 143.73 Lakhs

- Formulae used for computation of "Interest Service Coverage Ratio"=[Profit before Interest, Depreciation and Tax/(Interest + Principal repayment)] and for "Debt Service Coverage Ratio"=[Profit before Interest, Depreciation and Tax/(Interest + Principal repayment)] and for "Debt Equity Ratio"=[Debt/Equity]
- Figures have been regrouped or rearranged, wherever necessary.

Place : Mumbai
Dated : 26th May 2016



For and on behalf of the Board of Directors

 Vivek Nair
 Chairman and Managing Director



HOTEL LEELA VENTURE LIMITED

Registered Office: The Leela, Sahar, Mumbai - 400 059

Tel: 022-6691 1234 □ Fax: 022-6691 1458 Email: investor.service@theleela.com □ Website: www.theleela.com □ CIN No.: L55101MH1981PLC024097

EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND TWELVE MONTHS ENDED 31ST MARCH 2016

Rs in lakhs

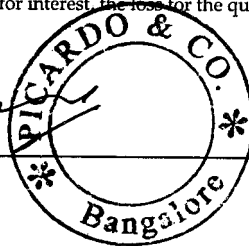
Particulars	Standalone				Consolidated	
	Quarter Ended 31-Mar-16	Quarter Ended 31-Mar-15	Year Ended 31-Mar-16	Year Ended 31-Mar-15	Year Ended 31-Mar-16	Year Ended 31-Mar-15
	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Total Income from Operations (net)	19,388	18,892	66,091	63,645	66,091	63,645
Net Profit /(loss) from ordinary activities after tax	(22,887)	4,396	(18,016)	(41,587)	(18,016)	(41,584)
Net Profit /(loss) for the period after tax (after extraordinary items)	(22,887)	4,396	(18,016)	(41,587)	(18,016)	(41,584)
Equity share capital	9,332	9,332	9,332	9,332	9,332	9,332
Reserves (excluding revaluation reserves as shown in balance sheet of previous year)			(26,828)	(35,803)	(26,846)	(35,821)
Earnings per share (of Rs.2 each) - basic and diluted	(4.91)	0.96	(3.86)	(9.06)	(3.86)	(9.06)

Notes

- The above is an extract of the detailed format of quarterly financial results filed with the Stock Exchanges under regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the quarterly financial results are available on the websites of NSE and BSE at www.nseindia.com and www.bseindia.com respectively and on Company's website at www.theleela.com
- The net loss for the year includes (a) Impairment of Chennai hotel Rs 21339 lakhs, (b) Profit from discontinuing operations of Goa hotel Rs 1153 lakhs and (c) Net gain on sale of Goa hotel Rs 18003 lakhs.
- The erstwhile CDR Lenders with exposure of about 95.6% of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Private Limited and 1 lender with exposure of about 1% of the CDR Debt to Phoenix ARC Private Limited on 30th June, 2014. The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and the debt amount is Rs 460696 lakhs (previous year Rs 457572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 72704 lakhs (previous year Rs 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is Rs 150945 lakhs (previous year Rs 78241 lakhs). Had the Company provided for interest, the loss for the quarter and the year would have been higher by Rs 17056 lakhs and Rs 72704 lakhs respectively.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 26th May, 2016



Vivek Nair
Chairman and Managing Director

PICARDO & CO

CHARTERED ACCOUNTANTS

K.V. GOPALAKRISHNAYYA, B.Com., F.C.A.

Y.KESHAVAYYA, B.Com., F.C.A.

MEERA KESHAV, B.Sc., F.C.A.



Sri Vinayaka Building
No. 21/3, T.S.P Road, Kalasipalyam
Bangalore - 560 002.
Telephone: 080 - 26701694, 26700009
Tele Fax: 080- 26706317
E-Mail: gopal@gkcas.com
keshav@gkcas.com

Auditor's Report on Quarterly Consolidated Financial Results and Consolidated Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

**The Board of Directors of
Hotel Leelaventure Limited**

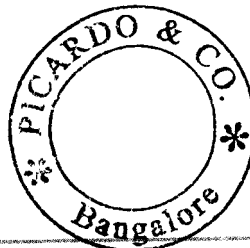
We have audited the consolidated financial results of Hotel Leelaventure Limited for the year ended 31st March, 2016, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These consolidated financial results have been prepared from consolidated interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the Accounting Standards specified in Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of its sole subsidiary, viz. Leela Palaces and Resorts Limited, included in the consolidated financial results, whose consolidated financial statements reflect total assets of Rs. 5,736.70 lakhs as at 31st March, 2016; as well as the total revenue of Rs. 0.27 lakhs for the year ended 31st March, 2016. These financial statements and other financial information have been audited by us and our opinion on the financial results is based on our audit.

In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial results for the year:

- (i) include the financial results of Leela Palaces and Resorts Limited, the sole subsidiary of the Company,




- (ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (iii) we draw attention regarding the Company's liabilities, net worth and interest provision. The negative net worth as on 31st March, 2016 was Rs. 30,610 lakhs. The loss for the year would have been higher by Rs. 72,704 lakhs (Previous year Rs. 78,241 lakhs) and negative net worth would have been higher by another Rs. 1,50,945 lakhs, if interest and other finance cost as notified by the Asset Reconstruction Companies were provided for in the books. This raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package, it has prepared the financial statements on a going concern basis. Subject to the above, financial results give a true and fair view of the consolidated net loss and other financial information for the year ended 31st March, 2016.

**For Picardo & Co.
Chartered Accountants**

Firm Registration No: 107917W




**K. V. Gopalakrishnaya
Partner
(Membership Number-21748)**

Mumbai, 26th May, 2016

PICARDO & CO

CHARTERED ACCOUNTANTS

K.V. GOPALAKRISHNAYYA, B.Com., F.C.A.

Y.KESHAVAYYA, B.Com., F.C.A.

MEERA KESHAV, B.Sc., F.C.A.



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Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

**The Board of Directors of
Hotel Leelaventure Limited**

We have audited the **Standalone Financial Results of Hotel Leelaventure Limited** for the year ended 31st March, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the Accounting Standards specified in Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) we draw attention regarding the Company's liabilities, net worth and interest provision. The negative net worth as on 31st March, 2016 was Rs. 27,338 lakhs. The loss for the year would have been higher by Rs. 72,704 lakhs (Previous year Rs. 78,241 lakhs) and negative net worth would have been higher by another Rs. 1,50,945 lakhs, if interest and other finance cost as notified by the Asset Reconstruction Companies were provided for in the



books. This raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package, it has prepared the financial statements on a going concern basis. Subject to the above, financial results give a true and fair view of the net loss and other financial information for the year ended 31st March, 2016.

**For Picardo & Co.
Chartered Accountants
Firm Registration No: 107917W**



A handwritten signature in black ink, appearing to be "K. V. Gopalakrishnayya".

**K. V. Gopalakrishnayya
Partner
(Membership Number-21748)**

Mumbai, 26th May, 2016



THE LEELA

PALACES HOTELS RESORTS

Form A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the company	Hotel Leelaventure Limited
2.	Annual financial statements for the year ended	31 st March, 2016 (Consolidated)
3.	Type of Audit observation	<p>Emphasis of Matter</p> <p>Without qualifying their report, the Auditors have drawn attention to the following matter in the Notes to the financial statements:</p> <p>Note 32.2 regarding the Company's liabilities, networth and interest provision. The negative networth as on 31st March, 2016 was Rs. 30,610 lakhs. The loss for the year would have been higher by Rs. 72,704 lakhs (Previous year Rs. 78,241 lakhs) and negative networth would have been higher by another Rs. 150,945 lakhs, if finance costs as notified by the Asset Reconstruction Companies were provided for in the books. This raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package as explained by them in the note, it has prepared the financial statements on a going concern basis.</p> <p>Management's Response on the above observations are as follows:</p> <p>32.2 Debt Restructuring</p> <p>(a) The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June 2014 declared that the account of the Company stands exited from CDR system on account of failure.</p>

Regd. Office:

HOTEL LEELAVENTURE LIMITED

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

The Leela Palaces, Hotels and Resorts: New Delhi, Bangalore, Chennai, Mumbai, Gurgaon, Udaipur, Goa and Kovvur.

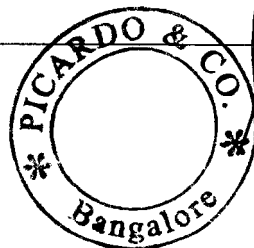
Upcoming Properties: Jaipur; Agra; Lake Ashtamudi (Kerala); Bhartiya City, Bangalore and Lucknow.

Corporate Identity Number (CIN): L55101MH1981PLC024097



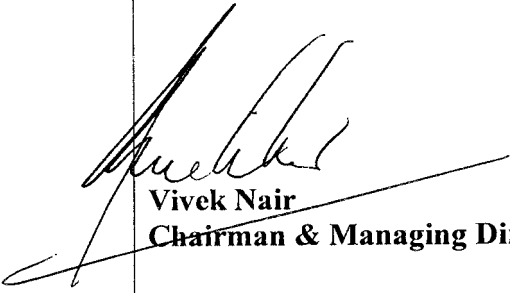
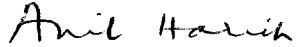




	<p>Pursuant thereto, on 30th June 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Private Limited (JMFARC) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.</p> <p>(b) The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was Rs. 415,013.77 lakhs, which included Sacrifice amount of Rs. 26315 lakhs. The Company has not accounted the Sacrifice amount, as it reflects the difference in the NPV between the cashflows as per the contracted terms and the cashflows agreed by the lenders as per the CDR Package, for the duration of the loan.</p> <p>(c) The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and that the debt amount is Rs. 460,696 lakhs (previous year Rs. 457,572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs. 72,704 (previous year Rs 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is Rs 150,945 lakhs (previous year Rs. 78,241 lakhs).</p> <p>(d) The Company has been evaluating various options for reduction of debt, including sale / monetisation of non-core assets, sale of hotels and getting an equity partner for infusion of equity and refinancing of debt. The Company sold its Goa Hotel in December 2015, and the entire amount net of expenses was utilised for repayment of part of its debt to ARCs and other lenders.</p>
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		<p>(e) The net worth of the Company, after excluding revaluation reserves is negative to the extent of Rs. 30,610 lakhs as on 31st March 2016. Even though the net worth has turned negative during the year, the same could again become positive, when the financial restructuring materialises.</p> <p>(f) For reasons explained in note (a) to (e) above, the financial statements of the Company have been prepared on a going concern basis.</p>
4.	Frequency of observation	There was a similar observation in the report for the financial year 2014-15 on the above observation.

 Vivek Nair Chairman & Managing Director	 Anil Harish Chairman of Audit Committee
 Krishna Deshika Chief Financial Officer	<p>For Picardo & Co. Chartered Accountants Firm Registration No: 107917W</p>  K. V. Gopalakrishnayya Partner (Membership Number 21748)



Mumbai, 26th May, 2016



THE LEELA

PALACES HOTELS RESORTS

Form A

(For audit report with unmodified opinion)

[Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.	Name of the company	Hotel Leelaventure Limited
2.	Annual financial statements for the year ended	31 st March, 2016 (Standalone)
3.	Type of Audit observation	<p>Emphasis of Matter</p> <p>Without qualifying their report, the Auditors have drawn attention to the following matter in the Notes to the financial statements:</p> <p>Note 32.1 regarding the Company's liabilities, networth and interest provision. The negative networth as on 31st March, 2016 was Rs. 27,338 lakhs. The loss for the year would have been higher by Rs. 72,704 lakhs (Previous year Rs. 78,241 lakhs) and negative networth would have been higher by another Rs. 150,945 lakhs, if finance costs as notified by the Asset Reconstruction Companies were provided for in the books. This raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package as explained by them in the note, it has prepared the financial statements on a going concern basis.</p> <p>Management's Response on the above observations are as follows:</p> <p>32.1 Debt Restructuring</p> <p>(a) The Corporate Debt Restructuring (CDR) Empowered Group, in their meeting held on 28th June 2014 declared that the account of the Company stands exited from CDR system on account of failure.</p>

Regd. Office:

HOTEL LEELAVENTURE LIMITED

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

The Leela Palaces, Hotels and Resorts: New Delhi, Bangalore, Chennai, Mumbai, Gurgaon, Udaipur, Goa and Kovalam

Upcoming Properties: Jaipur; Agra; Lake Ashtamudi (Kerala); Bhartiya City, Bangalore and Lucknow.

Corporate Identity Number (CIN): L55101MH1981PLC024097



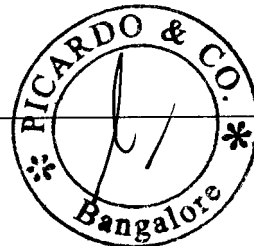


Pursuant thereto, on 30th June 2014, 14 of the erstwhile CDR lenders with exposure of about 95.6 % of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Private Limited (JMFARC) and 1 lender with exposure of about 1% of the CDR debt, to Phoenix ARC Private Limited.

(b) The total amount assigned by the erstwhile CDR lenders to Asset Reconstruction Companies (ARCs) was Rs. 415,013.77 lakhs, which included Sacrifice amount of Rs. 26315 lakhs. The Company has not accounted the Sacrifice amount, as it reflects the difference in the NPV between the cashflows as per the contracted terms and the cashflows agreed by the lenders as per the CDR Package, for the duration of the loan.


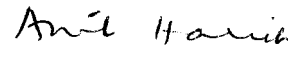


(c) The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending approval of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for the interest. The ARCs have notified the Company that the interest and penal interest are applicable as per the rates contracted prior to admission to CDR and that the debt amount is Rs. 460,696 lakhs (previous year Rs. 457,572 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs. 72,704 (previous year Rs 78241 lakhs). The total finance cost not provided upto 31st March, 2016 is Rs 150,945 lakhs (previous year Rs. 78,241 lakhs).

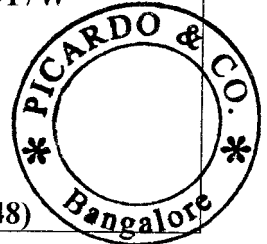
(d) The Company has been evaluating various options for reduction of debt, including sale / monetisation of non-core assets, sale of hotels and getting an equity partner for infusion of equity and refinancing of debt. The Company sold its Goa Hotel in December 2015, and the entire amount net of expenses was utilised for repayment of part of its debt to ARCs and other lenders.





		<p>(e) The net worth of the Company, after excluding revaluation reserves is negative to the extent of Rs. 27,338 lakhs as on 31st March 2016. Even though the net worth has turned negative during the year, the same could again become positive, when the financial restructuring materialises.</p> <p>(f) For reasons explained in note (a) to (e) above, the financial statements of the Company have been prepared on a going concern basis.</p>
4.	Frequency of observation	There was a similar observation in the report for the financial year 2014-15 on the above observation.

 Vivek Nair Chairman & Managing Director	 Anil Harish Chairman of Audit Committee
 Krishna Deshika Chief Financial Officer	For Picardo & Co. Chartered Accountants Firm Registration No: 107917W  K. V. Gopalakrishnayya Partner (Membership Number 21748)



Mumbai, 26th May, 2016