



THE LEE LA

PALACES HOTELS RESORTS

May 25, 2017

The Department of Corporate Services

BSE Limited

1st floor, Rotunda Building
B.S. Marg, Fort
Mumbai – 400 001

Stock Code: 500193

NCD Code: HLVL19DEC08

The Listing Department

National Stock Exchange of India Limited

Exchange-Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

HOTELEELA

Dear Sir,

Sub: Annual Audited Financial Results / Allotment of Shares / AGM and Book Closure dates

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. 2016-17**

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, 2017;
- (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. **Allotment of equity shares to JM Financial Asset Reconstruction Company Private Limited on conversion of debt**

The Board today approved allotment of 16,39,43,459 equity shares of Rs. 2 each to JM Financial Asset Reconstruction Company Limited ("JMFARC"), in their capacity as trustee for JMFARC-Hotels June 2014-Trust at a premium of Rs. 14.78 per share aggregating Rs.275.09 crores on conversion of part of the outstanding loan, pursuant to the conversion notice dated April 10, 2017 issued by JMFARC in terms of the covenants of the of Master Restructuring Agreement dated 28th September, 2012. Effective date of conversion as indicated in the notice is April 10, 2017.

As the shares to be issued is more than the Authorised Share Capital of the Company, the allotment of 16,39,43,459 equity shares will happen in two or more tranches in following manner:

- a) Allotment of 13,33,91,693 equity shares immediately on receipt of in-principle approval of the Stock Exchanges; and

Regd. Office:

HOTEL LEE LAVENTURE 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, Bengaluru, Chennai, Mumbai, Gurgaon, Udaipur, Goa and Kovalam

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

Corporate Identity Number (CIN): L55101MH1981PLC024097



Preferred
HOTELS & RESORTS





- b) Allotment of 3,05,51,766 equity shares post approval of the shareholders through postal ballot for increasing the authorized share capital of the Company and receipt of in-principle approval of the Stock Exchanges.

The Board also approved the postal ballot notice and explanatory statement to be dispatched to shareholders to seek their approval for increase in Authorized Share Capital and consequent change in Capital Clause of Memorandum of Association of the Company.

3. **Appointment of Statutory Auditors**

The Board has appointed M/s. N. S. Shetty & Co., Chartered Accountants, as Statutory Auditors for a period of 5 (five) years from the conclusion of the Annual General Meeting to be held on 18th September, 2017 until the conclusion of the Annual General Meeting to be held during the year 2022 to audit the accounts of the Company for the financial years 2017-18 to 2021-22, subject to approval of the Members.

4. **Date of the Annual General Meeting and period of Book Closure**

The Board approved the date of the ensuing 36th Annual General Meeting of the Company and the period of Book Closure as follows:

Date of 36 th Annual General Meeting	18 th September, 2017
Book Closure Start Date	15 th September, 2017
Book Closure End Date	18 th September, 2017
Purpose of Book Closure	36 th Annual General Meeting

The Board meeting started at 11.00 A.M. and concluded at 2.45 P.M.

Please take the above documents and information on record.

Thanking you,

Yours faithfully
For **Hotel Leelaventure Limited**


Anandghan Bohra
Company Secretary



Encl: as above



HOTEL LEELAVENTURE LIMITED

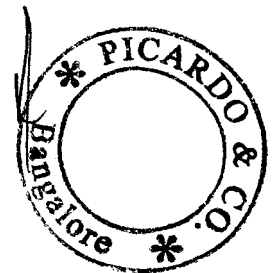
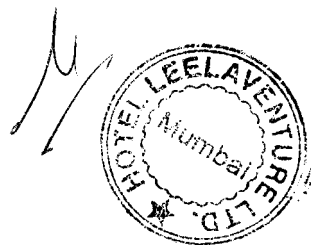
Registered Office: The Leela, Sahar, Mumbai - 400 059

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, 2017

Rs. in Lakhs

Sr. No.	Particulars	Standalone				Consolidated		
		Quarter Ended 31-Mar-17	Quarter Ended 31-Dec-16	Quarter Ended 31-Mar-16	Year Ended 31-Mar-17	Year Ended 31-Mar-16	Year Ended 31-Mar-17	Year Ended 31-Mar-16
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited	Audited
1	Income from Operations							
	(a) Net sales / income from operations	19,835	19,572	19,388	69,994	66,091	69,994	66,091
	(b) Other operating income	-	-	-	-	-	-	-
	Total Income from Operations (net)	19,835	19,572	19,388	69,994	66,091	69,994	66,091
2	Expenses							
	(a) Cost of materials consumed	1,561	1,668	1,725	6,164	6,146	6,164	6,146
	(b) Employee benefits expense	5,111	4,872	5,444	19,758	19,221	19,758	19,221
	(c) Fuel, power and light	1,614	1,172	1,221	4,637	5,111	4,637	5,111
	(d) Depreciation and amortisation	2,098	6,497	6,100	20,232	23,988	20,232	23,988
	(f) Other expenditure	6,496	5,266	5,260	21,795	20,299	21,795	20,299
	Total expenses	16,880	19,475	19,750	72,586	74,765	72,586	74,765
3	Profit / (loss) from operations before other income, interest and exceptional items	2,955	97	(362)	(2,592)	(8,674)	(2,592)	(8,674)
4	Other income	884	128	741	1,385	943	1,385	943
5	Profit / (loss) before finance costs and exceptional items	3,839	225	379	(1,207)	(7,731)	(1,207)	(7,731)
6	Finance costs	2,497	2,070	2,399	9,044	8,790	9,044	8,790
7	Profit / (loss) after finance costs but before exceptional items	1,342	(1,845)	(2,020)	(10,251)	(16,521)	(10,251)	(16,521)
8	Exceptional items	-	-	(21,556)	-	(2,183)	-	(2,183)
9	Profit / (loss) from ordinary activities before tax	1,342	(1,845)	(23,576)	(10,251)	(18,704)	(10,251)	(18,704)
10	Tax expenses							
	(a) Current tax expenses	-	-	-	-	-	-	-
	(b) Deferred tax reversed	-	-	688	-	688	-	688
11	Net Profit / (loss) from ordinary activities after tax	1,342	(1,845)	(22,888)	(10,251)	(18,016)	(10,251)	(18,016)
12	Extraordinary items (Net of tax expenses)	-	-	-	-	-	-	-
13	Net Profit / (loss) for the period	1,342	(1,845)	(22,888)	(10,251)	(18,016)	(10,251)	(18,016)
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)				(34,181)	(26,828)	(34,199)	(26,846)
16	Debt redemption reserve				6,750	6,750	6,750	6,750
17	Capital redemption reserve				8,750	8,750	8,750	8,750
18	Net worth				(25,793)	(27,338)	(25,811)	(27,356)
19	Earnings per share (in Rs.) - Basic and diluted	0.29	(0.40)	(4.91)	(2.20)	(3.86)	(2.20)	(3.86)
20	Interest service coverage ratio				Negative	Negative	Negative	Negative
21	Debt service coverage ratio				Negative	Negative	Negative	Negative
22	Debt equity ratio				31.08	18.28	31.12	18.30



Statement of Assets and Liabilities				Rs. in lakhs	
Particulars		Standalone		Consolidated	
		As at 31- Mar- 17	As at 31- Mar- 16	As at 31- Mar- 17	As at 31- Mar- 16
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	(a) Share capital	9,332	9,332	9,332	9,332
	(b) Reserves and surplus	4,203	14,453	4,185	14,436
	Sub-total - Shareholders' funds	13,535	23,785	13,517	23,768
2	Non-current liabilities				
	(a) Long-term borrowings	395,407	425,758	395,407	425,758
	(b) Other long-term liabilities	2,147	2,096	2,147	2,095
	(c) Long-term provisions	1,858	1,691	1,858	1,691
	Sub-total - Non-current liabilities	399,412	429,545	399,412	429,544
3	Current liabilities				
	(a) Short-term borrowings	-	-	9	9
	(b) Trade payables	8,271	6,676	8,271	6,676
	(c) Other current liabilities	51,900	35,275	51,900	35,275
	(d) Short-term provisions	755	1,004	755	1,004
	Sub-total - Current liabilities	60,926	42,955	60,935	42,964
	TOTAL- EQUITY AND LIABILITIES	473,873	496,285	473,864	496,276
B	ASSETS				
1	Non-current assets				
	(a) Fixed assets	431,983	442,945	440,928	451,890
	(b) Non-current investments	9,037	9,037	37	37
	(c) Foreign currency monetary translation reserve	571	8,955	571	8,955
	(d) Long-term loans and advances	12,681	15,852	12,682	15,852
	(e) Other non-current assets	300	300	300	300
	Sub-total - Non-current assets	454,572	477,089	454,518	477,034
2	Current assets				
	(a) Inventories	3,009	4,370	3,009	4,370
	(b) Trade receivables	7,158	6,356	7,158	6,356
	(c) Cash and cash equivalents	4,731	4,472	4,776	4,517
	(d) Short-term loans and advances	4,093	3,568	4,092	3,568
	(e) Other current assets	310	430	311	431
	Sub-total - Current assets	19,301	19,196	19,346	19,242
	TOTAL- ASSETS	473,873	496,285	473,864	496,276



Notes:

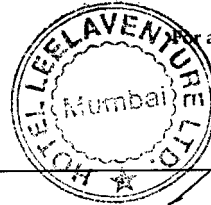
- 1 The audited results for the year ended 31st March, 2017 were considered by the Audit Committee and have been approved by the Board of Directors at their meeting held on 25th May, 2017.
- 2 The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the financial year.
- 3 As the Company does not have reportable segment other than Hoteliering, segment-wise reporting is not applicable.
- 4 Exceptional items in the previous 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.
- 5 The erstwhile CDR Lenders with exposure of 95.6% of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Limited (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR Debt to Phoenix ARC Private Limited 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 523140 lakhs (previous year Rs 460696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 73327 lakhs (previous year Rs 72704 lakhs). The total finance cost not provided upto 31st March, 2017 is Rs 224272 lakhs (previous year Rs 150945 lakhs). Had the Company provided for interest, the loss for the quarter and the year would have been higher by Rs 18991 lakhs and Rs 73327 lakhs respectively.
- 6 The Division bench of the Delhi High Court had dismissed the appeal filed by the Company against the Single Bench judgement setting aside the Award passed by the sole arbitrator in relation to a dispute with Airports Authority of India (AAI) regarding the minimum guaranteed amounts on lease of 11,000 sq. meters of land. The Company has filed a Special Leave Petition before the Supreme Court. The amount due according to AAI is about Rs 28,537 lakhs, for which no provision is made.
- 7 AAI has initiated eviction proceeding relating to 18000 sq. mtr of land on which the Mumbai hotel is built. The Company has contested the same.
- 8 The listed non-convertible debentures of the Company amounting to Rs 6750 lakhs as at 31st March, 2017 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	30th Sep 16	19th Mar 17	30th Sep 17	19th Jun 17

Interest due as on 31st March 17 is Rs. 475.35 Lakhs

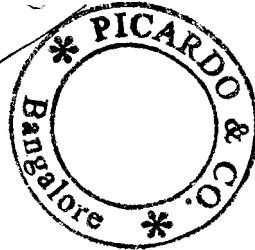
- 9 Figures have been regrouped or rearranged, wherever necessary.

Place : Mumbai
Dated : 25th May 2017



and on behalf of the Board of Directors

Vivek Nair
Vivek Nair
Chairman and Managing Director





HOTEL LEELAVENTURE 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 2017

Rs in lakhs

Particulars	Standalone				Consolidated	
	Quarter Ended 31-Mar-17	Quarter Ended 31-Mar-16	Year Ended 31-Mar-17	Year Ended 31-Mar-16	Year Ended 31-Mar-17	Year Ended 31-Mar-16
	Unaudited	Unaudited	Audited	Audited	Audited	Audited
Total Income from operations (net)	19,835	19,388	69,994	66,091	69,994	66,091
Net Profit /(loss) from ordinary activities after tax	1,342	(22,888)	(10,251)	(18,016)	(10,251)	(18,016)
Net Profit /(loss) after tax (after extraordinary items)	1,342	(22,888)	(10,251)	(18,016)	(10,251)	(18,016)
Equity share capital	9,332	9,332	9,332	9,332	9,332	9,332
Earnings per share (of Rs) - Basic and diluted	0.29	(4.91)	(2.20)	(3.86)	(2.20)	(3.86)

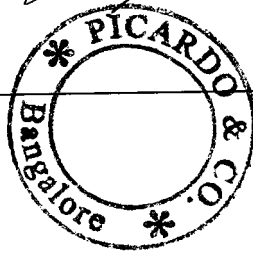
Notes

- 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 erstwhile CDR Lenders with exposure of 95.6% of the CDR Debt assigned their debt to JM Financial Asset Reconstruction Company Limited (formerly JM Financial Asset Reconstruction Company Private Limited) and 1 lender with exposure of about 1% of the CDR Debt to Phoenix ARC Private Limited 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 523140 lakhs (previous year Rs 460696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 73327 lakhs (previous year Rs 72704 lakhs). The total finance cost not provided upto 31st March, 2017 is Rs 224272 lakhs (previous year Rs 150945 lakhs). Had the Company provided for interest, the loss for the quarter and the year would have been higher by Rs 18991 lakhs and Rs 73327 lakhs respectively.
- The Division bench of the Delhi High Court had dismissed the appeal filed by the Company against the Single Bench judgement setting aside the Award passed by the sole arbitrator in relation to a dispute with Airports Authority of India (AAI) regarding the minimum guaranteed amounts on lease of 11,000 sq. meters of land. The Company has filed a Special Leave Petition before the Supreme Court. The amount due according to AAI is about Rs 28,537 lakhs, for which no provision is made.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 25th May, 2017



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.



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Tele Fax: 080- 26706317
E-Mail: gopal@gkcas.com
keshav@gkcas.com

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, 2017, 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.

Emphasis of Matter

We draw attention to the following matters relating to the standalone financial statements:

- i. Non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting Rs 73,327 Lakhs for the year (Previous Year Rs 72,704 lakhs), cumulatively amounting to Rs 2,24,272 lakhs. (Previous Year Rs 1,50,945 lakhs.)
- ii. Non-provision of enhanced rentals and termination of lease agreement of the Mumbai Hotel by Airport Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting Rs 1,657.51 lakhs (Previous year Rs 1,615.53 lakhs) and cumulatively amounting Rs 3,898.39 lakhs


- (Previous Year Rs 2,240.88 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.
- iii. Non-provision of disputed amounts to AAI amounting to Rs 28537.60 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.
- iv. If interest and other costs as notified by the Asset Reconstruction Companies and disputed payments of AAI referred above were provided for in the books, the loss for the year would have been higher by Rs 1,03,522.11 lakhs (Previous Year Rs 74,319.53 lakhs), liabilities and negative net worth would have been higher by another Rs 2,56,709.99 lakhs (Previous Year Rs 1,53,185.88 lakhs). Further losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq. meters of land at Mumbai
- v. The above issues raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package and favourable judgement/settlement relating to disputes with AAI, as explained by them in the note, it has prepared the financial statements on a going concern basis.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us these financial results are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and give a true and fair view of the net loss and other financial information for the year ended 31st March, 2017.

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




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

Mumbai, 25th May, 2017

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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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, 2017, 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.5737.07 lakhs as at 31st March, 2017; as well as the total revenue of Rs. 0.69lakhs for the year ended 31st March, 2017. These financial statements and other financial information have been audited by us and our opinion on the financial results is based on our audit.

Emphasis of Matter

We draw attention to the following matters relating to the consolidated financial statements:

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character.

- i. Non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting Rs 73,327 Lakhs for the year (Previous Year Rs 72,704 lakhs), cumulatively amounting to Rs 2,24,272 lakhs. (Previous Year Rs 1,50,945 lakhs.)
- ii. Non- provision of enhanced rentals and termination of lease agreement of the Mumbai Hotel by Airport Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting Rs 1,657.51 lakhs (Previous year Rs 1,615.53 lakhs) and cumulatively amounting Rs 3,898.39 lakhs (Previous Year Rs 2,240.88 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.
- iii. Non-provision of disputed amounts to AAI amounting to Rs 28537.60 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.
- iv. If interest and other costs as notified by the Asset Reconstruction Companies and disputed payments of AAI referred above were provided for in the books, the loss for the year would have been higher by Rs 1,03,522.11 lakhs (Previous Year Rs 74,319.53 lakhs), liabilities and negative net worth would have been higher by another Rs 2,56,709.99 lakhs (Previous Year Rs 1,53,185.88 lakhs). Further losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq. meters of land at Mumbai
- v. The above issues raises question on whether the Group can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package and favourable judgement/settlement relating to disputes with AAI, as explained by them in the note, it has prepared the financial statements on a going concern basis.

Opinion:

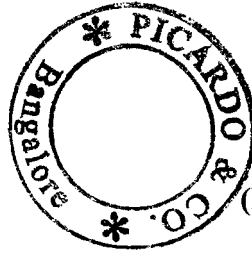
In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial results for the year:

- (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) give a true and fair view of the net loss and other financial information for the year ended 31st March, 2017.

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



[Handwritten Signature]
K. V. Gopalakrishnayya
Partner
(Membership Number-21748)

Mumbai, 25th May, 2017



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, 2017 (Consolidated)
3.	Type of Audit observation	<p>Emphasis of Matter:</p> <p>We draw attention to the following matters in the Notes to the consolidated financial statements:</p> <p>i. Note 29.2(c) relating to non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting Rs 73,32 Lakhs for the year (Previous Year Rs 72,704 lakhs), cumulatively amounting to Rs 2,24,272 lakhs. (Previous Year Rs 1,50,945 lakhs.)</p> <p>ii. Note 29.3 (a) relating to enhancement in rentals and unilateral termination of lease agreement of the Mumbai Hotel by Airport Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting Rs 1,657.51 lakhs (Previous year Rs 1,615.53 lakhs) and cumulatively amounting Rs 3,898.39 lakhs (Previous Year Rs 2,240.88 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.</p> <p>iii. Note 29.3 (b) relating to non-provision of disputed amounts to AAI amounting to Rs 28,537.60 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.</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, Bengaluru, Chennai, Mumbai, Gurgaon, Udaipur, Goa and Kovalam.

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

Corporate Identity Number (CIN): L55101MH1981PLC024097





		<p>iv. If the payments of AAI referred above were provided for in the books, the loss for the year would have been higher by Rs 1,03,524.11 lakhs (Previous Year Rs 74,319.53 lakhs), liabilities and negative net worth would have been higher by another Rs 2,56,709.99 lakhs (Previous Year Rs 1,53,185.88 lakhs). Further losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq. meters of land at Mumbai.</p> <p>v. The above issues raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package and favourable judgement /settlement of disputes with AAI, 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>29.2(c) The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for 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 5,23,140 lakhs (previous year Rs 4,60,696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 73,327 lakhs (previous year Rs 72,704 lakhs). The total finance cost not provided upto 31st March, 2017 is Rs 2,24,272 lakhs (previous year Rs 1,50,945 lakhs)</p>
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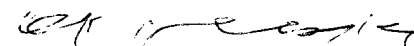

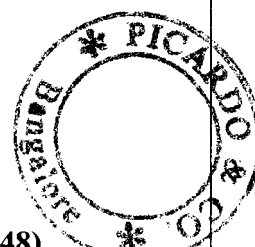


		<p>29.2(d) The Company has been evaluating various options for reduction of debt, including sale / monetisation of non-core assets, sale of hotels and getting an equity partner for infusion of equity and refinancing of debt.</p> <p>29.2(e) The net worth of the Company, after excluding revaluation reserves is negative to the extent of Rs. 34,181 lakhs as on 31st March 2017. Even though the net worth is negative, the same could again become positive, when the financial restructuring materialises.</p> <p>29.3(a) The lease agreement with Airports Authority of India (AAI) relating to the Mumbai hotel was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel and for the adjacent land, effective from 1st October 2014 which increases the rental by Rs.3,898 lakhs for the period up to 31st March 2017 (up to 31st March 2016 Rs 2,241 lakhs). The Company has objected to this increase and has not provided for the same. AAI during the current year has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate on the assumption that the lease will be renewed.</p> <p>29.3(b) The Company invoked arbitration with respect to the Agreement for 11,000 sq. mts of land in Mumbai on the ground that the Supplementary Agreement setting out the minimum Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008.</p>
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		<p>AAI challenged the Award before the single judge of Delhi High Court, which set aside the award. On appeal by the company, the Division Bench also reaffirmed the setting aside of the award. The Company has filed a Special Leave Petition before the Supreme Court and the matter is yet to come up for hearing. The amount in dispute according to AAI is Rs 28,537.6 lakhs and no provision has been made because the dispute is pending. Further, the Company has vide its letter dated 6th April, 2017 requested AAI to take immediate physical possession of the land, pending restoration of FSI. No provision has been made for the FSI, as the cost is not ascertainable.</p> <p>29.4 For the reasons explained in note No.29.2 and 29.3, the financial statements of the Group have been prepared on a going concern basis.</p>
4.	Frequency of observation	Observations referred in serial No. (i) and (v) were also made by the auditors in their report for the financial year 2014-15 and 2015-16. Observations referred in serial No. (ii) to (iv) are made for the first time during the year under review.

 Vivek Nair Chairman & Managing Director	 Navnit Batheja 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, 25th May, 2017



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, 2017 (Standalone)
3.	Type of Audit observation	<p>Emphasis of Matter:</p> <p>We draw attention to the following matters in the Notes to the financial statements:</p> <p>i. Note 29.1(c) relating to non-provision of Sacrifice amount, interest and penal interest payable to Asset Reconstruction Companies (ARCs) amounting Rs 73,32 Lakhs for the year (Previous Year Rs 72,704 lakhs), cumulatively amounting to Rs 2,24,272 lakhs. (Previous Year Rs 1,50,945 lakhs.)</p> <p>ii. Note 29.2 (a) relating to enhancement in rentals and unilateral termination of lease agreement of the Mumbai Hotel by Airport Authority of India (AAI) and eviction proceedings initiated by them which the Company is contesting. No provision is made for enhanced rent amounting Rs 1,657.51 lakhs (Previous year Rs 1,615.53 lakhs) and cumulatively amounting Rs 3,898.39 lakhs (Previous Year Rs 2,240.88 lakhs). Further, the accounts are prepared on the assumption that the lease would be renewed and no provision is made for losses on account of such eviction, if any, which is not ascertainable.</p> <p>iii. Note 29.2 (b) relating to non-provision of disputed amounts to AAI amounting to Rs 28,537.60 lakhs towards 11,000 sq. meters of land at Mumbai and the additional cost the Company may have to incur towards restoration of FSI, which is not ascertainable.</p>

Regd. Office:

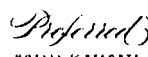
HOTEL LEEAVENTURE LIMITED

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

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Corporate Identity Number (CIN): L55101MH1981PLC024097





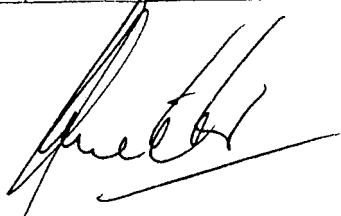
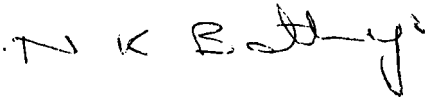
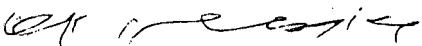

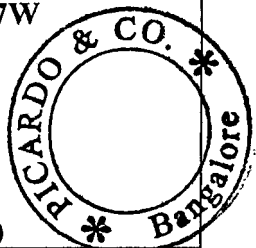
		<p>iv. If the payments of AAI referred above were provided for in the books, the loss for the year would have been higher by Rs 1,03,524.11 lakhs (Previous Year Rs 74,319.53 lakhs), liabilities and negative net worth would have been higher by another Rs 2,56,709.99 lakhs (Previous Year Rs 1,53,185.88 lakhs). Further losses and negative net worth will increase to the extent of cost that the Company may have to incur on account of termination of lease agreement of Mumbai Hotel and cost of vacating 11,000 sq. meters of land at Mumbai.</p> <p>v. The above issues raises question on whether the Company can be considered as a "Going Concern". However, as the Company is hopeful of a viable restructuring package and favourable judgement /settlement of disputes with AAI, 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>29.1(c) The Company is pursuing with the ARC for a viable restructuring package, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for 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 5,23,140 lakhs (previous year Rs 4,60,696 lakhs) and the impact of the non-provision is understatement of finance cost for the year to the extent of Rs 73,327 lakhs (previous year Rs 72,704 lakhs). The total finance cost not provided upto 31st March, 2017 is Rs 2,24,272 lakhs (previous year Rs 1,50,945 lakhs)</p>
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		<p>29.1(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.</p> <p>29.1(e) The net worth of the Company, after excluding revaluation reserves is negative to the extent of Rs. 34,181 lakhs as on 31st March, 2017. Even though the net worth is negative, the same could again become positive, when the financial restructuring materialises.</p> <p>29.2(a) The lease agreement with Airports Authority of India (AAI) relating to the Mumbai hotel was valid till 11th July 2012 and vide letter dated 31st March, 2011, AAI had offered to extend the lease by another 30 years, subject to revised terms, which the Company had accepted. Pending execution of the lease agreement, AAI had been provisionally extending the lease for 3 to 6 months at a time and the latest extension was till 11th January, 2016. AAI has arbitrarily increased the lease rental payable for the Mumbai hotel and for the adjacent land, effective from 1st October 2014 which increases the rental by Rs.3,898 lakhs for the period up to 31st March 2017 (up to 31st March 2016 Rs 2,241 lakhs). The Company has objected to this increase and has not provided for the same. AAI during the current year has unilaterally terminated the lease and commenced eviction proceedings and the Company is legally contesting the same. Depreciation on Mumbai hotel building is provided at the applicable rate on the assumption that the lease will be renewed.</p> <p>29.2(b) The Company invoked arbitration with respect to the Agreement for 11,000 sq. mts of land in Mumbai on the ground that the Supplementary Agreement setting out the minimum Royalty amounts payable to AAI became impossible of performance. The Sole Arbitrator by his award dated 29th August, 2012 declared that the Minimum Guaranteed Royalty stipulated in the Supplemental Agreement became impossible of performance with effect from 1st June, 2008.</p>
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		<p>AAI challenged the Award before the single judge of Delhi High Court, which set aside the award. On appeal by the company, the Division Bench also reaffirmed the setting aside of the award. The Company has filed a Special Leave Petition before the Supreme Court and the matter is yet to come up for hearing. The amount in dispute according to AAI is Rs 28,537.6 lakhs and no provision has been made because the dispute is pending. Further, the Company has vide its letter dated 6th April, 2017 requested AAI to take immediate physical possession of the land, pending restoration of FSI. No provision has been made for the FSI, as the cost is not ascertainable.</p> <p>29.3 For the reasons explained in note No.29.1 and 29.2, the financial statements of the Company have been prepared on a going concern basis.</p>
4.	Frequency of observation	Observations referred in serial No. (i) and (v) were also made by the auditors in their report for the financial year 2014-15 and 2015-16. Observations referred in serial No. (ii) to (iv) are made for the first time during the year under review.

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

Mumbai, 25th May, 2017