



HOTEL LEELAVENTURE LIMITED

# ANNUAL REPORT

2014-15



**THE LEEA**

PALACES HOTELS RESORTS



*A mélange of modern-day architecture and centuries of unalloyed tradition, The Leela was born of a mind, besotted by an enigma that is India. From its luxury offerings that unreservedly enchant, to its hospitality inspired by the creed 'atithi devo bhava', The Leela exudes a kind of warmth and reverence that transcends all cultural dissimilarities. Nestled in luxuriant verdure, each Leela property also commits to protect the environment and conserve natural resources. In other words, the hallmark of The Leela is defined by India, Nature, Grace and Luxury. Interwoven across all its properties by an unseen thread, they form its pillars.*





# MISSION STATEMENT

*To not just satisfy our guests but delight them.*

*To show the warmth and grace unique to Indian hospitality.*

*To set a new global standard of service in which wishes are not simply granted, but anticipated.*

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Dear Shareholders,

From the very beginning, our success has been founded on staying true to our core values - always putting our guests first, pursuing operational excellence, and focusing on creating unparalleled hotels and services that have made India proud. This year, despite a slow economy and numerous challenges faced by the hospitality industry, we continued to build on these hallmarks. This is because we believe that hospitality is not a short-term game but a long-term commitment.

For the last few years, the hospitality industry has witnessed an unprecedented financial crisis. When the hotel industry was performing well, many companies started investing in Hotels. However, post the Lehman crisis and the Mumbai terror attacks, while the ARR's have substantially declined, the occupancies have come down as demand has not caught up with the supply. This has seriously affected the profitability of hotels. Further, most of these hotels were built with substantial debt and the interest cost is mounting due to high interest rates. The debt repayment is getting affected due to lower profitability and higher interest rates. Added to this, the lenders are even charging penal interest rates. The Hotel industry needs support in terms of lower interest rates and repayment term of 25 years, for fresh loans as well as for refinancing the standard loans, non-performing loans and the loans acquired by Asset Reconstruction Companies. If this relief is extended by the Ministry of Finance, Government of India, and the Reserve Bank of India (RBI), then there would be an investment climate for investment in the additional 180,000 rooms which are

required to be set up if the target of 12 million Foreign Tourist Arrivals (FTAs) in the next five years is to be achieved (from the present 7.20 million.) Most importantly, employment in the Tourism Sector will grow to 87 million as compared to the current level of 53 million. The Sector is already the single largest employment generator at 9.2 percent of the total workforce in the country.

While the Government's decision to open up tourism in India in a big way by extending visa-on-arrival to 140 countries in phases has been a very welcome move, unfortunately, none of the requests made were included in the Union Budget.

The Hotel industry was expecting a growth based budget to help set the industry on an upward trajectory. The industry's recommendations on several critical fronts, such as, removal of Service Tax imposed by the Central Government have not found favour. Several High Courts across the country have pronounced the levy of Service Tax as illegal and unconstitutional. Both, the Central and the State Government charges it on the same base item, whether it is room charges or food and beverage charges. As it is, with the increase of Service Tax to 14 percent, and several states like Delhi and Tamil Nadu still following the inequitable practice of charging a 15 percent Luxury Tax on the Published Tariff and not the Actual Rate, the combined rate of taxation on rooms alone exceeds 29 percent, one of the highest in the world. It is hoped that the proposed Goods and Service Tax (GST), which is slated to go into effect on April 1, 2016, will keep the total tax rate including VAT, Service Tax and Luxury Tax for hotels at eight percent, in order to enable the hotels in India to compete with other destinations, such as Malaysia, Indonesia, Sri Lanka and China, whose incidence of GST tax averages only seven percent.

Additionally, the Foreign Trade Policy announced recently by the Directorate General of Foreign Trade (DGFT) in April 2015 was a real disappointment as the entitlement of 10 percent of the net foreign exchange earnings, which was being granted all these years, has been reduced to three percent without ascribing any reason. Further, the condition for availment of the Export Promotion Capital Goods Scheme (EPCG) licenses, that only the foreign exchange earnings in excess of the average of the last three years qualify for meeting the export obligations of six times of the duty amount saved within six years, has led to a very serious situation as hotels have not been able to fulfill

their export obligations. Thus, applications for the EPCG scheme have almost come to zero, to the great detriment of the hotel industry. If hotels are forced to import at full duty, it is bound to make their services and products uncompetitive.

As a result of these factors, the continued oversupply of rooms, and the slow economic recovery, the outlook for the Indian Hotel Industry is expected to remain subdued in the short term. However, should the Government implement the aforesaid relief measures and execute the various policy initiatives it has announced, it is bound to trigger higher GDP growth, increased foreign investment and put the hospitality industry on the road to recovery.

### **Executing Our Asset-light Strategy**

I am pleased to inform you that our hotels and resorts continue to gain recognition from some of the most prestigious publications on travel and luxury in the world. The Leela Palace New Delhi, which has become the top performing hotel in the capital city, was named among the World's Top 100 Hotels by Robb Report – USA. The Leela Palace Udaipur was named the Best Destination Spa by discerning readers of Condé Nast Traveller and Travel + Leisure India & South Asia; and The Leela Kovalam was voted the Best Hotel in the country for the fourth year in a row by the esteemed readers of Lonely Planet.

Strengthened by these accolades, we have embarked on aggressive growth following an asset light strategy by executing Management Contracts for The Leela as well as The Leela Palace and The Leela Residences Brand. We plan to rapidly expand our footprint in India and other markets overseas. In December 2014, we signed a Management Contract for The Leela Kathmandu in the presence of the Hon'ble Prime Minister of Nepal. This is first in a series of three hotels across Nepal, which shall include Pokhara and Lumbini (birthplace of Lord Buddha) – all of which are part of the Groups' plans to pave a luxury Buddhist trail across Nepal and India. New properties which are currently under development, include, The Leela and The Leela Residences on a 125 acres township – Bhartiya City - near the Bangalore International Airport. The development has a Leela Hotel with 256 rooms, a Convention Center, and 150 Leela Residences. These Leela Residences will provide all the luxury services that The Leela is acclaimed for, within the privacy of their homes. Additionally, projects under development include Jaipur, Agra, Chandigarh, Lucknow, as well as hotels in select

overseas destinations. Hence, a total of 980 Hotel Rooms and 450 Serviced Residences will be added in the next four years, without any investment by your Company.

To sum up, with the economy on a high growth trajectory, we expect a better performance this year, especially in hotels located in the business destinations. We are focused on reducing our debt burden and driving growth while maintaining our operational excellence. We are ever mindful that all of these efforts are dedicated to increasing value for our shareholders, and ensuring an early turnaround in the Company's position.

For the outstanding comments received of guest experiences, I thank our extraordinary associates who make the mission of The Leela their own. I would like to thank you, all our Shareholders, Board Members, Lenders, The Airport Authority of India, The Ministry of Tourism, Government of India, and Tourism Departments of the various State Governments for their wholehearted support.



**Vivek Nair**  
**Chairman and Managing Director**  
**Hotel Leelaventure Limited**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Vivek Nair	Chairman & Managing Director	Mr. Vijay Amritraj	Director
Mr. Dinesh Nair	Co-Chairman & Managing Director	Mrs. Anna Malhotra	Director
Mr. Venu Krishnan	Deputy Managing Director (upto 31st July, 2014)	Mr. Anil Harish	Director
Mr. Krishna Deshika	Director - Finance & CFO	Dr. K. U. Mada	Director
Mrs. Madhu Nair	Director	Mr. Indur Kirpalani	Director (upto 18th September, 2014)
Mrs. Uttara Dasgupta	Director - Nominee of SBI (upto 11th August, 2014)	Mr. M. Madhavan Nambiar	Director
Mr. T. Ravindranath	Director - Nominee of Syndicate Bank (upto 11th August, 2014)	Mr. Vikram Singh Mehta	Director (w.e.f. - 11th August, 2014)
Mr. V. P. Shetty	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited (w.e.f. - 11th August, 2014)	Mr. R. Venkatachalam	Director (w.e.f. - 11th August, 2014)
Mr. Anil R. Bhatia	Director - Nominee of JM Financial Asset Reconstruction Company Private Limited (w.e.f. - 11th August, 2014)	Mr. Anil Kumar Sharma	Director - Nominee of AAI (upto 12th August, 2015)
		Ms. K. Hemalatha	Director - Nominee of AAI (w.e.f. - 12th August, 2015)

## COMPANY SECRETARY

Anandghan Bohra

## STATUTORY AUDITORS

Picardo & Co.  
Chartered Accountants

## SOLICITORS & ADVOCATES

Cyril Amarchand Mangaldas

### Registered & Corporate Office

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

### Bankers / Financial Institutions

Bank of Baroda  
Housing Development Finance Corporation Limited  
IDBI Bank Limited  
State Bank of India

### Registrar & Transfer Agents

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

### Investor Relations Centre of the Registrar & Transfer Agents

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

Corporate Identity Number (CIN) L55101MH1981PLC024097

### 34th Annual General Meeting

Date | Tuesday, 22nd September, 2015

Time | 11.00 A.M.

Venue | Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle West, Mumbai- 400 056

# DIRECTORS' REPORT

Dear Members,

Your Directors present the 34th Annual Report on business and operations of your Company, together with the audited accounts for the year ended March 31, 2015.

## 1. Financial Performance

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

₹ Lakhs

	Financial Year 2014-15	Financial Year 2013-14
Revenue from operations and other income	76,200.72	76,817.62
Operating and other expenses	61,122.72	57,323.95
Earnings before interest, depreciation, taxes and amortisation (EBIDTA)	15,078.00	19,493.67
Exceptional items	18,327.76	-
Interest	19,757.65	50,163.00
Depreciation	24,009.69	18065.31
Profit/(Loss) before tax	(47,017.10)	(48,734.64)
Provision for taxes / deferred tax	(5,429.36)	(4587.45)
Profit/(Loss) after tax for the year	(41,587.74)	(44,147.19)
Balance brought forward	(54,841.65)	(10,694.46)
Amount available for appropriation	(96,429.39)	(54,841.65)
Appropriations	-	-
Balance carried to Balance Sheet	(96,429.39)	(54,841.65)
EPS - basic and diluted (in ₹)	(9.06)	(10.15)

## 2. Dividend

In view of losses, the directors do not recommend any dividend for the financial year ended 31st March, 2015

## 3. Subsidiary Companies, their performance and financial position

During the financial year, the Company transferred Leela Realty Limited, a small non-material subsidiary, to a promoter group company, viz. Leela Lace Holdings Private Limited for a consideration, determined on the basis of the net-worth of the subsidiary as on 1st January, 2015.

As on March 31, 2015, your Company has one Subsidiary, viz. Leela Palaces and Resorts Limited (a wholly owned subsidiary or WOS). The WOS incurred a loss of ₹ 8.51 lakhs during the financial year 2014-15.

The WOS did not carry out any operations during the financial year 2014-15. The outstanding advances / loans of the Company of ₹ 5,702.82 lakhs has been converted into the equity shares after due approvals. The WOS is being proposed to be transferred by way of transfer of shares, for which the approval of the Company's shareholders has already been obtained. The WOS has also initiated the process of renewal of relevant regulatory approvals for construction.

The Company has not attached the Balance Sheet, Profit and Loss Account and other documents of the above subsidiary company with the Annual Report of the Company in terms of general exemption circular notified by the Ministry of Corporate Affairs, Government of India.

However, the Company will make available these documents upon request by any member of the Company interested in obtaining the same. Further, these documents will also be available at the Registered Office of the Company for inspection by any member of the Company.

A Statement containing the salient features of the financial statement of subsidiaries in Form AOC-I (pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) is attached to this report as Annexure-I. The audited financial statements and related information of subsidiaries are also available on Company's website at [www.theleela.com](http://www.theleela.com).

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

## 4. 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 confirm that:

- in the preparation of the annual accounts for the financial year ending 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 5. Amendment of Memorandum and Articles of Association

During the financial year under review, the Company has amended its Main Object Clause of the Memorandum of Association pursuant to the approval granted by the shareholders through a postal ballot, to enable the Company to carry on the additional business of building serviced residences, mixed use complexes with hotels, commercial, retail and residential properties, etc. The Company proposes to follow this strategy in some of the hotels that may be built in future and also in the Leela Palace, Delhi where additional FAR is available. Some of the developers of residential properties have approached the Company for the Company's association with such projects and also for branding such residences with "the Leela" name and the Company is evaluating such proposals.

To meet the requirements under the Section 4(1)(c) of the Companies Act, 2013, some of the clauses in Memorandum of Association of the Company were also amended, consolidated and renumbered wherever deemed necessary. The Company has also adopted new Articles of Association in compliance with Table "F" of Schedule I of the Companies Act, 2013, pursuant to the approval granted by the shareholders through a postal ballot.

## 6. Directors

Your Company has Fourteen (14) Directors consisting of Seven (7) Independent Directors, Four (4) Non-executive Directors and Three (3) Whole-time Directors as on March 31, 2015.

## Independent and Non-Independent

In terms of the definition of 'Independence' of Directors as prescribed under Clause 49 of the Listing Agreement entered with Stock Exchanges and Section 149(6) of the Companies Act, 2013 and based on the confirmation / disclosures received from the Directors, the following Non-Executive Directors are Independent Directors:-

- (i) Mrs. Anna Malhotra
- (ii) Dr. K. U. Mada
- (iii) Mr. Vijay Amritraj
- (iv) Mr. Anil Harish
- (v) Mr. M. Madhavan Nambiar
- (vi) Mr. R. Venkatachalam
- (vii) Mr. Vikram Singh Mehta

## Woman Director

In terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a company shall have at least one Woman Director on the Board of the company. Your Company is in compliance of the same.

## Whole-time Directors

The present tenure of Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director shall expire on 31st March, 2016 and the tenure of Mr. Krishna Deshika, Director – Finance & CFO shall expire on 16th January, 2016.

The Board of Directors of the Company at their meeting held on 27th May, 2015 has unanimously approved their re-appointment and remuneration subject to the approval of the shareholders. Accordingly, the approval of shareholders is being sought for their re-appointment and remuneration for a period of 5 years.

## Appointments / Resignations from the Board of Directors

Mr. Venu Krishnan, Deputy Managing Director, resigned from the services of the Company with effect from 31st July, 2014. He had been with the Leela Group since 1987 and with the Company from April 2007. The Board places on record the valuable contributions rendered by Mr. Venu Krishnan during his tenure with the Company.

Mr. Indur Kirpalani retired by rotation at the last Annual General Meeting held on 18th September, 2014. The Board places on record their appreciation of the contributions made by him.

Upon assigning of debts to Asset Reconstruction companies by the CDR lenders, State Bank of India and Syndicate Bank withdrew their nominees from the Board of the Company. Accordingly, Mrs. Uttara Dasgupta, Nominee of State Bank of India and Mr. T. Ravindranath, nominee of Syndicate Bank, resigned from the Board with effect from 11th August, 2014. The Board places on record the valuable contributions rendered by Mrs. Uttara Dasgupta and Mr. T. Ravindranath during their tenure with the Company.

Mr. V. P. Shetty and Mr. Anil R. Bhatia joined the Board as nominees of JM Financial Asset Reconstruction Company Private Limited with effect from 11th August, 2014 and their appointments have been approved by the Members at the last Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013, the Members at the last Annual General held on 18th September, 2014 have appointed Mrs. Anna Malhotra, Dr. K. U. Mada, Mr. Vijay Amritraj, Mr. Anil Harish and Mr. M. Madhavan Nambiar as Independent Directors for a term of five consecutive years, upto 31st March, 2019 and Mr. Vikram Singh Mehta and Mr. R. Venkatachalam, who joined the Board as independent Directors with effect from 11th August, 2014 for a term of five years upto 10th August, 2019. The Company has received confirmation from the independent

directors that they continue to meet the criteria to be independent directors of the Company. They are not liable to retire by rotation.

## Directors Retiring by Rotation

In accordance with the Section 152 of the Companies Act, 2013, two thirds of the Board, excluding independent directors, should be of directors retiring by rotation. The Company has four non-executive directors and one executive Director who are liable to retire by rotation and two executive directors who are not liable to retire by rotation in terms of their appointment.

Mr. Krishna Deshika, being longest in the office, retires by rotation at the forthcoming Annual General Meeting and has offered himself for re-appointment. The Board recommends his re-appointment.

## 7. 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 schedule of the Board/ Committee meetings to be held in the forthcoming financial year is being circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings.

The Board met five (5) times during the FY 2014-15 viz. on 27th May, 2014, 11th August, 2014, 18th September, 2014, 5th November, 2014 and 12th February, 2015. Detailed information on the meetings of the Board is included in the report on Corporate Governance, which forms part of this Annual Report.

Additionally, several committee meetings were held including Audit Committee meeting, which met four (4) times during the year.

## 8. Committees of the Board

The Company has several committees, which have been established as a part of the good corporate governance practices and in compliance with the requirements of the relevant provisions of applicable laws and statutes. The Company has following Committees of the Board:

- (i) Audit Committee
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholders Relationship Committee
- (iv) Finance Committee
- (v) Assets Sale Committee

The details with respect to the compositions, powers, roles, terms of reference, etc. of statutory committees are given in details in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

## 9. Performance Evaluation of the Board

The Nomination and Remuneration Committee at its meeting held on 12th February, 2015 and the Board of Directors at its meeting held on the same day, had laid down criteria for performance evaluation of Directors, Executive Directors and Key Management Personnel and Board Level Committees and Board as a whole and also the evaluation process for the same.

## 10. Key Managerial Personnel

Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing, Mr. Krishna Deshika, Director - Finance & CFO and Mr. Dinesh Kalani, Company Secretary of the Company are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and were already in office before the commencement of the Companies Act, 2013

## 11. Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis, which forms part of this Report as Annexure.



## 12. Corporate Governance

Your Company is committed to achieve the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators/applicable laws. Accordingly, your Board functions as trustees of the shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

A separate section on Corporate Governance standards followed by your Company, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is enclosed as an Annexure to this report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013.

A Certificate from M/s. V. Sundaram & Co., Practicing Company Secretaries, confirming compliance to the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to the Report on Corporate Governance.

## 13. Vigil Mechanism

The Company has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to Reportable Matters (as defined in the policy) such as fraud, bribery, corruption, illegality, health & safety, environmental issues and wastage/ misappropriation of Company funds/assets, etc. Further, the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism. The vigil mechanism also provides direct access to the Members of the Audit Committee, including the Chairperson of the Audit Committee. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time.

None of the Whistle Blowers have been denied access to the Audit Committee of the Board. The Whistle Blower Policy is available on the website of the Company ([www.theleela.com/investor-relations](http://www.theleela.com/investor-relations)).

## 14. Risk Management Policy

The Board has approved a Risk Management Policy, wherein all material risks faced by the Company are identified and assessed. For each of the Risks identified in the policy, corresponding controls are assessed and policies and procedure are put in place for monitoring, mitigating and reporting risk on a periodic basis.

## 15. Contracts or Arrangements with Related Parties

Your Company undertakes various transactions with related parties in the ordinary course of business. All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered into during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

There were no materially significant related party transactions with the Promoters, Directors and Key Managerial Personnel, which may have a potential conflict with the interest of the Company at large.

The Policy on materiality of related party transactions and also in dealing with related party transactions as approved by the Audit Committee and the Board is available on the website of the Company at [www.theleela.com/investor-relations](http://www.theleela.com/investor-relations).

Your Directors draw attention of the members to Note No.31.10 to the standalone financial statements, which set out related party disclosure.

## 16. Internal Financial Control Systems and their adequacy

The Company had laid down a set of standards, processes and structure which enables implementation of internal financial control across the organisation and ensure that the same are adequate and operating effectively.

The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business operations of the Company.

## 17. Auditors

### (a) Statutory Auditors and Auditors' Report

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

During the period under review, even though there is no audit qualification, there is an audit observation in the financial statements. The explanation for the same has been provided in Note no 31.3 of the standalone Financial Statements. The said notes are self-explanatory and do not call for any further comments.

### (b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, the Company had appointed M/s. V. Sundaram & Co., Practicing Company Secretaries, as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2014-15. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report as Annexure - II. There is no Audit Qualification in the Secretarial Audit Report.

## 18. 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, 2015 and the date of the Directors' report i.e. 27th May, 2015.

## 19. Employee Remuneration

(A) The ratio of the remuneration of each director to the median employee's remuneration and other details 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, are furnished in Annexure forming part of this report as Annexure III.

(B) The statement containing particulars of employees as required 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 forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary.

## 20. Corporate Social Responsibility (CSR)

In terms of Section 135 of Companies Act, 2013, certain companies have to carry out CSR activities as prescribed. Since the Company does not fall within the criteria of turnover and/or profit, due to continuous losses over the last three financial years, the Company has not formed a CSR Committee.

However, the Company continues to undertake CSR activities in a consistent manner for the benefit of the local communities near to its hotel properties and the details of such initiatives are disclosed separately in this Annual Report.

## 21. Fixed Deposits

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

## 22. Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo and Other Disclosures

(i) The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are furnished below:

### (a) Conservation of Energy

Energy Conservation, sustainability and efforts to make the properties more "Green" have been the main drive throughout the year. Major efforts/steps taken towards this are:

- Energy efficient lighting and high efficiency HVAC systems used / retrofitted extensively in all hotels, has reduced electrical consumption.
- Computerized Power Monitoring is implemented in all properties on gradual basis to monitor and control power consumption.
- Main chiller plants and steam boilers have been tuned for best efficiency to conserve energy.
- Building management system installation and electricity distribution systems equipped with power factor correction panel monitors that controls energy wastage of equipment.
- Hotels are equipped with solar geysers for generating hot water and the rooms are equipped with energy saving devices during non-occupancy.
- STP treated water and Rain Water Harvesting has been implemented at four hotels.
- The Company has 23 windmills with a capacity of 13.5 MW power, in the State of Maharashtra (4.5 MW), Karnataka (5 MW) and Tamil Nadu (4 MW). Windmills continue to produce renewable energy for use in own hotels.

### (b) Technology Absorption:

In the opinion of the Board, the required particulars pertaining to technology absorption under Section 134 of the Companies Act, 2013 read with Rule 8(B) of the Companies (Accounts) Rules, 2014, are not applicable, as hotel is service industry and the Company does not have any significant manufacturing operations.

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

The foreign exchange earnings of the Company during the year stood at ₹ 33,937.37 lakhs (previous year ₹ 27,525.59 lakhs) and foreign exchange outgo during the year stood at ₹ 3,386.60 lakhs (previous year ₹ 3,962.63 lakhs).

(ii) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

(iii) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has zero tolerance towards any action on the part of any executive which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women employee working in the Company. The Company's Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year, no such cases were reported.

## 23. Extract 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 extract of the Annual Return as at March 31, 2015 forms part of this report and the same is attached to this report as Annexure-IV.

## 24. Unclaimed / unexchanged Equity Shares in the Company

In compliance with the Clause 5A, the Company has transferred 25,98,970 unclaimed equity shares belonging to 4330 shareholders lying with the Company to "Unclaimed Share Suspense Account" in May, 2015.

The voting rights on the shares in the suspense accounts shall remain frozen till the rightful owners of such shares claim the shares.

## 25. Acknowledgements

The Board wishes to place on record its appreciation for the assistance and support received from all the lenders, government and regulatory authorities, customers, business associates and vendors.

Your directors take this opportunity to express their sincere thanks to all the shareholders and stakeholders for the faith and confidence reposed in the Company and the management.

Your directors attribute immense importance to the contribution of the family of staff and sincerely thank "The Leela" team for sharing the Company's vision and philosophy and for the dedication and commitment in ensuring that the Company remains in the forefront of competitive industry as one of the finest Hotel Groups in India.

For and on behalf of the Board of Directors

Vivek Nair  
Chairman & Managing Director

Mumbai, 27th May, 2015