



HOTEL LEEAVENTURE LIMITED

Annual Report 2009-10

Serving new India



The Leela Palace, New Delhi at Chanakyapuri



# Mission Statement

TO DELIGHT AND SATISFY OUR GUESTS BY AIMING BEYOND THEIR EXPECTATIONS AND DELIVERING WARM, GRACIOUS INDIAN HOSPITALITY AND EXTRAORDINARY SERVICE.

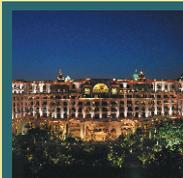
## Existing Hotels



The Leela, Mumbai



The Leela, Goa



The Leela Palace, Bangalore



The Leela Kovalam Beach, Kerala



The Leela, Gurgaon-Delhi NCR



The Leela Palace, Udaipur

## Proposed Hotels and Resorts



The Leela Palace, New Delhi



The Leela Palace, Chennai



The Leela Palace, Agra



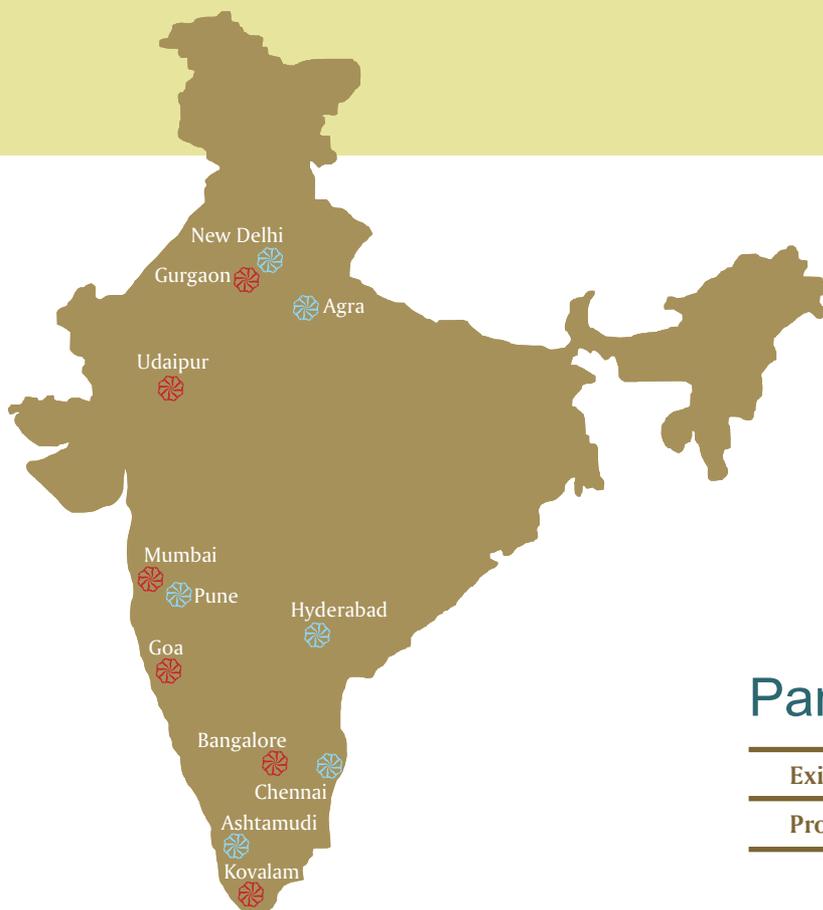
The Leela Palace, Hyderabad



The Leela, Lake Ashtamudi, Kerala



The Leela, Pune



The Leela Business Park at Chennai (3,50,000 sq. ft)

## Pan India Presence

Existing Hotels



Proposed Hotels and Resorts



# Serving new India

We are evolving to serve the new face of a more confident India.  
We are adapting to the needs and tastes of present and future generations.  
For our discerning guests, from both outside and within India,  
We are offering our unique idea of supreme luxury,  
Laced with Indian values and the best of modern day comforts.  
As a leading luxury hotel group of India, we are not standing still.  
With an evolving Pan India presence and quantum growth in assets,  
We are setting new benchmarks of luxury, tranquility and service.

## CORPORATE INFORMATION

**Statutory Auditors**  
PICARDO & CO.  
Chartered Accountants

**Solicitors**  
Mulla & Mulla & Craigie Blunt & Caroe

**Registered & Corporate Office**  
The Leela Kempinski, Sahar  
Mumbai 400 059  
Website: [www.theleela.com](http://www.theleela.com)  
E-mail: [investor.service@theleela.com](mailto:investor.service@theleela.com)

**Company Secretary**  
Dinesh Kalani

**Registrar & Share Transfer Agents**  
M/s. Sharepro Services (India) Pvt. Ltd.  
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)

**Investor relations centre:**  
912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai - 400 021

**Bankers / Financial Institutions**  
Housing Development Finance Corporation Limited  
State Bank of India & Associated Banks  
Export Import Bank of India  
Bank of India  
Union Bank of India  
Bank of Baroda  
Vijaya Bank  
J & K Bank Limited  
IDBI Bank Limited  
The Federal Bank Limited  
Oriental Bank of Commerce  
Syndicate Bank

**29th Annual General Meeting**  
Date: Tuesday, 10th August, 2010  
Time: 11.00 a.m.

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

## CONTENTS

01	Serving new India
02	Chairman's Statement
04	Operational Excellence
06	Board of Directors
07	Directors Report
12	Management Discussion and Analysis
17	Corporate Governance Report
27	General Shareholder Information
33	Financial Statements
57	Consolidated Financial Statements
79	Statement Pursuant to Section 212 of the Companies Act, 1956
81	Notice



# CHAIRMAN'S STATEMENT



Dear Colleagues

As an emerging economic power and the world's largest free and democratic nation, India prominently features on everybody's lips. Its true calling came when it demonstrated its ability to muster a quick rebound in the midst of an ongoing global recession and the financial meltdown. Against this background, we remained firm in our belief that the value of top quality assets are maximised through long term holding.

We are now beginning to see some signs that the world's major economies, particularly those in Asia are stirring back to life. I am heartened to see that globally too we are beginning to see some positive indication of economic revival.

During this challenging period, our path forward was straight and unwavering - we decided to focus on doing what we do best - serve our loyal guests to our best abilities, giving them good reasons to repeatedly want an uncompromised Leela experience. Throughout the year, the Company constantly optimized its organisation, deploying cost-reduction plans and introducing innovative sales initiatives, with the goal of limiting the decline in sales and margins and preparing for a rebound at the first signs of a recovery. As a result of this strategy, we limited our revenue and contribution decline and generated sufficient cash to comfortably meet all our on-going obligations, while being fully prepared to take advantage of an improved economic climate.

Most importantly, we stayed with our commitment to invest with an extended horizon in mind, willing to wait patiently for our investments to bear fruit through asset appreciation and enhanced operational earnings over time.

## **Pursuing our transformation**

As we move into a more business friendly conducive economic environment, we are steadfastly pursuing our agenda of becoming a pan India luxury hotels group. This agenda is being implemented by the basic tenets as follows:

Our continued focus on the luxury segment of hospitality: we wish to stand out as a premier player within the luxury segment of the Indian hospitality industry, through our exquisite palaces and unique resorts.

Our asset-right real estate strategy: we wish to continue building our pipeline of new properties through judicious acquisitions and disposals within our real estate portfolio, in line with our strategy to become a pan India luxury chain.

“Thanks to our proactive strategy, discipline and creativity, we held up well and stayed on course. 2010 will be the year of a new adventure for Leela.”

**Assertive expansion:** Perhaps the one single distinguishing event this year has been the opening of The Leela Palace Udaipur, which benchmarked new standards of luxury in Udaipur. I am delighted with the global response and appreciation received on this property. During FY2010, we also successfully opened a luxury business hotel in Gurgaon through a Management Contract. A first within Leela's business set-up, we are encouraged by the solid returns we are making through the management business model, giving us the nudge to replicate and grow this side of our business.

In terms of our current pipeline of new assets, we are well on track to open our landmark luxury property at Chanakyapuri, New Delhi and a top-end hotel at Adyar in Chennai through FY2011. Going forward, we also plan to add properties in Agra, Lake Ashtamudi, Kerala, Hyderabad and Pune, where we own ideal land assets.

**Ongoing marketing innovations:** with a determination to maintain and gain market share, we continue to invest in our customer relationships and loyalty programmes with support from strong visible promotional campaigns.

**Solidifying our financial foundation:** I am pleased to inform you that your Company capitalized on the global financial scenario and bought back and reduced its Euro Bond 2010 exposure from Euro 60 Mn to Euro 39.20 Mn and US\$ Bond 2012 exposure from US\$ 100 Mn to US\$ 41.60 Mn. Your Company benefitted by the saving in the premium on the redemption of the Bonds which would otherwise have been payable on maturity and has at the same time de-leveraged its balance sheet in the process. Sensing a strong recovery going forward, we are determined to further optimise our gearing by exploring well thought-out land asset consolidations and strategic equity fund raising.

#### **Committed for the future**

While the crisis has impacted the Company's results in FY2010, it did not call into question the Company's development objectives. Leela's hotel expansion program demonstrated solid resilience during the year. Backed by a sound financial position that puts Leela in control of its own future, we opened nearly 495 rooms during the last 2 years with 592 rooms coming up through the next 12 months. This focus on growth during a period of recession has positioned the Company to take full advantage of the forthcoming economic recovery that has already begun to take shape. The timing of the Delhi property's opening in line with the Commonwealth games also bodes well for the Company. The Leela Palace in Delhi will herald the ushering of new benchmarks in luxury, service and comfort - giving the national capital a new hotel to be proud of.

#### **Industry initiatives**

In recent years, our tourism officials have done a commendable job in globally promoting India, but much more can be done. A country as versatile and rich as ours can manage to tailor-make itineraries for every kind of holiday-whether it is hills, rivers, beaches or religious spots-India has enough to offer for a vacation lasting 365 days. Little has been done by way of improving infrastructure to promote India's sites of heritage and pilgrimage.

Today, perseverance is an important element in operating a hospitality business. The experience of building our latest Delhi project has taught us how essential it is for every state to have a single window committee to approve and fast track plans within a turnaround time as little as seven days, without compromising on the intrinsic features of a destination.

Indian tourism is beginning to face serious competition from many destinations regionally and we need to look at ways to make it much easier for tourists to choose India for their vacations. The easing of visa procedures would be one strong measure we could take towards this. Furthermore, to compete globally, the industry needs to have access to global multilateral financing. As hotel projects are capital intensive and need long-term loans for 15 years or longer, the Government of India would do well to make low cost loans from sources such as the World Bank available to hoteliers, helping to substantially pare down the cost of finance required for such projects.

#### **Acknowledgement**

I want to express my special gratitude to every person working at Leela for their grit, determination and hard work in keeping our facility and guest relationship management to the highest standards possible, even in the face of tough market conditions and cost rollbacks. They have ensured that the 'Leela Experience' was never compromised. Together, we have witnessed a willingness to innovate and a tenacity to improve, that leaves me greatly appreciative of the strength and confidence that has grown with the Company and our shared vision for the future. I also take this opportunity to extend my heartfelt gratitude to all our shareholders and Board members for their support and good wishes.



**Captain C.P. Krishnan Nair**  
Chairman  
Hotel Leelaventure Limited



# OPERATIONAL EXCELLENCE

## Ensuring Guest Delight



Mr. Rajiv Kaul, President

The Leela saw the challenging FY2010 period as an opportunity to further strengthen its processes and improve on efficiency and productivity. While we were unable to control the adverse macro economic conditions, we focused on working harder and smarter to protect and enhance our market share by strengthening our customer relationships across all six cities in which we operate. We worked on consolidating business relationships, avoided knee-jerk cost cuts and instead identified and worked on **sustainable** cost saving initiatives. We eliminated wastages in heat, light and power and "right-sized" our manpower staffing to achieve higher productivity levels. As market demand returns to pre 2008 levels across India and ARR's have also started to climb, today the Company is better poised to take advantage of the upswing in business and tourism travel.

At the heart of The Leela's operational prowess is its endeavor to continuously raise guest service levels, based on robust operational processes. The Company believes that there is a "science behind the art of hospitality". It has set up a system of regular surveys and feedback mechanisms that measure progress against both tangible and intangible objectives. By analyzing the information obtained through such tools, and using the same for improvement, we are working to continuously enhance our operational efficiencies.

### Guest Feedback

Since nearly 40% of our business comes from "word-of-mouth" referrals, it is vital to track and focus on the satisfaction levels of our guests. The organisation has in place a Web-based "Customer Feedback System" to gather unbiased & empirical feedback & opinions from all guests post their stay. Table-I shows that the Average Customer Feedback Scores for "Would you recommend us to others?" across all our properties, rose from 70% to 76% on a Y-O-Y basis, with Udaipur achieving a 92% rating in its maiden year itself.

Similarly, Table-II shows comparable improvements for "Would you stay with us again on your next stay?" across our entire properties rise from 65% to 72% on a Y-O-Y basis, with Udaipur achieving an 88% rating on its first year itself.

To measure and ensure consistency of guest service standards, the Company also implements Mystery Operational Audits conducted by multiple external agencies. The scores of all the properties have shown satisfactory improvement over the past 2 years. For their first year audit results, Gurgaon and Udaipur displayed impressive results, indicating alignment with group standards of operational excellence.

Table-I: Guest Survey  
"Would you recommend this hotel to others?"

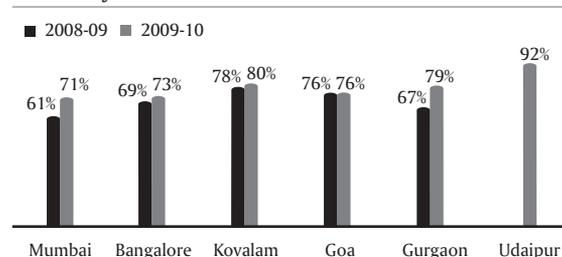
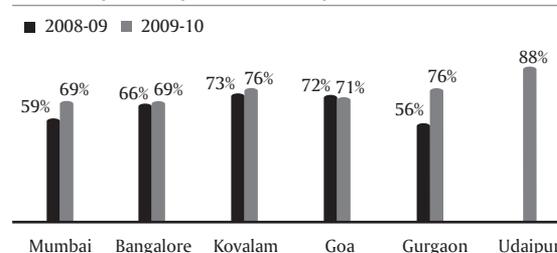


Table-II: Guest Survey  
"Would you stay with us on your next visit?"





At the heart of The Leela's operational prowess is its endeavor to continuously raise guest service levels, based on robust operational processes.

### Employee Performance Measurement

Employee satisfaction and engagement is key towards maintaining high service levels that delight our guests. The organisation conducts annual Employee Satisfaction Surveys to track employee motivation and improve on the same. Coined as "GEMS" (Guest Expectations - Manage & Serve), we have also set up a system to identify, reward and recognize high performing employees who exhibit excellent guest service, teamwork and innovative ideas. Based on the guest feedback system (which generated over 12900 feedbacks in 2009-10) and internal reviews, the Company intends to felicitate and reward 38 top performers in the current GEMS cycle during FY2010.

We use the system of "Balanced Scorecard" for Strategy deployment as well as Performance measurement of all our executives through KRA's (Key Result Areas). This scorecard adopts a balanced approach towards the perspectives of Financials, Customer Satisfaction, Internal Processes and People parameters. Also, this process has proved useful to the Company for measuring employee performance and identifying high performers - to be groomed for added responsibilities in the future.

### Hygiene and Safety

Events such as 26/11 and SARS underline the importance of health and safety. We, at Leela, lay great emphasis on our hygiene and safety standards and monitor these critical

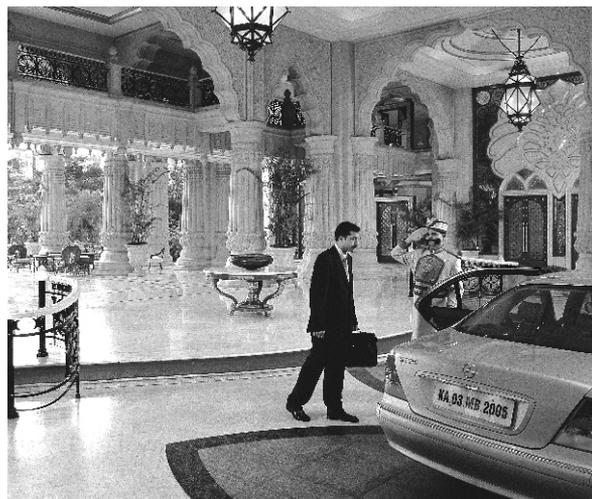
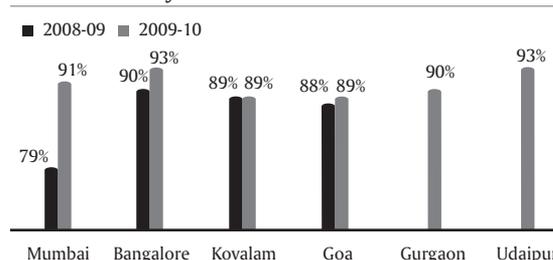


Table-III: Safety Audit Scores



pre-requisites through formal audits. Table-III shows the results of annual safety audits in which the scores are well over an internal target rating of 85%. Hygiene, being an important operational requirement of food handling organizations, it should be noted that, 3 of our units (Bangalore, Kovalam and Goa) have been certified with ISO-22000 (Food Safety) certification. The new units are currently undergoing the accreditation process.

### Environment

At The Leela, we lay great emphasis on protecting the environment. Our Bangalore and Kovalam properties have achieved the ISO-14001 certification. Bangalore has also attained the Bronze level in the prestigious Green Globe Environment Sustainability Certification during the year. Going forward, we plan for all our properties to seek similar certifications over a period of time.



# BOARD OF DIRECTORS



1. Dr. K. U. Mada
2. Mr. M. Narasimham
3. Mrs. Madhu Nair
4. Capt. C. P. Krishnan Nair
5. Mrs. Anna Malhotra

6. Mr. Vivek Nair
7. Mr. P. C. D. Nambiar
8. Mr. R. Venkatachalam
9. Mr. Venu Krishnan
10. Mr. C. K. Kutty

11. Mr. Dinesh Nair
12. Mr. Anil Harish
13. Mr. A. K. Dasgupta
14. Mr. V. L. Ganesh
15. Mr. Vijay Amritraj

# DIRECTORS' REPORT

## To the Members

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report of the Company together with its Audited Statement of Accounts for the year ended 31st March, 2010.

### 1. Financial Results

The Company's performance during the year under review is summarised below:

(Rupees in Crores)

	For the year ended 31st March 2010	For the year ended 31st March 2009
Income from Sales, Services and other Income	463.02	582.16
Operating and other expenses (before interest and depreciation)	305.58	296.58
Interest	24.47	27.20
Profit before Depreciation	132.97	258.84
Depreciation	68.33	65.39
<b>Profit before Tax</b>	<b>64.64</b>	<b>193.45</b>
Provision for Taxes / Fringe Benefit Tax / Deferred Tax	19.63	47.58
<b>Profit after Tax for the year</b>	<b>45.01</b>	<b>145.87</b>
Prior Period Adjustments - Net	3.99	0.89
<b>Profit after Tax</b>	<b>41.02</b>	<b>144.98</b>
Balance brought forward	287.74	201.44
Amount available for Appropriation	328.76	346.42
<b>Appropriations:</b>		
Dividend on Equity shares	7.56	15.11
Tax on proposed Dividend	1.25	2.57
Transfer to General Reserve	1.15	11.00
Transfer to Capital Redemption Reserve	6.00	30.00
Balance carried to Balance Sheet	312.80	287.74
EPS Basic (in Rs.)	1.09	3.84
EPS diluted (in Rs.)	0.92	3.13

### 2. Buy Back of Foreign Currency Convertible Bonds

During the financial year under review, the Reserve Bank of India liberalized EC Guidelines enabling the Companies to buy back their outstanding Foreign Currency Bonds. Taking advantage of liberalization in the policies governing premature buyback of Foreign Currency Convertible Bonds by the Reserve Bank of India, during the financial year under review, the Company managed to buy back outstanding Dollar Bonds of the face value of US\$ 25.40 million, which were issued by the Company earlier, at a discounted price as compared to the issue price and the book value of the Bonds. The Bonds, bought back under the "Automatic Route", were cancelled as per guidelines issued by the Reserve Bank of India. The particulars of the repurchase and position of outstanding FCC Bonds as on 31st March, 2010 are summarized below:

Particulars	Euro Bonds	US\$ Bonds
Face Value Outstanding Bonds as on 1.4.2009	39.20 Million	US\$ 67 Million
Face Value of Bonds repurchased	-	US\$ 25.40 Million
Current Face Value of Outstanding Bonds	39.20 Million	US\$ 41.60 Million
Maturity	Sep. 2010	April 2012

### 3. Secured Redeemable Non-convertible Debentures

During the year under review, the Company prepaid Secured Redeemable Non-convertible Debentures of Rs.60 crores, out of Rs.150 crores raised during the preceding year on Private Placement Basis from Institutional Investors / Banks for business needs. The NCDs have been listed on the Wholesale Debt Market segment of the Bombay Stock Exchange Limited. The NCDs are rated "CARE A" by Credit Analysis & Research Limited, indicating adequate safety for timely servicing of debt obligations and carry low risk.



## DIRECTORS' REPORT (contd.)

### 4. Dividend on Equity Shares

Your Directors are pleased to recommend a dividend of Rs. 0.20 per equity share of Rs.2/- each (previous year Rs.0.40 Per share), subject to the approval of the shareholders at the ensuing AGM. The dividend would involve a cash outgo of Rs.7.56 crores towards dividend and Rs. 1.25 crores towards tax on dividend.

In terms of the Provisions of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred unpaid/unclaimed dividends and principal/ interest on debentures aggregating Rs. 3.04 lakhs to the IEPF during the financial year under review.

### 5. Review of Operations

The overall performance of the Company has declined during the year under review in line with the overall global economic slowdown. The total income stood at Rs. 463.02 crores (including income from discount on redemption of Bonds of Rs. 0.65 Crores) compared to Rs. 582.16 crores in the previous year.

The revenues of the Company from its various units are summarized as under:

(Rupees in Crores)

Name of the Unit	2009-10	Percentage of Revenue	2008-09	Percentage of Revenue
The Leela , Bangalore	142.27	36%	176.72	40%
The Leela, Mumbai	128.18	32%	147.67	34%
The Leela, Goa	66.87	17%	61.85	14%
The Leela, Kovalam	53.43	13%	54.35	12%
The Leela, Udaipur	9.74	2%	NA	NA
Total	400.49	100%	440.59	100%

The Average Room Rates in the city of Bangalore decreased by 32% and in Mumbai by 25% during the year. Overall ARR of the company for 2009-10, decreased by 20% as compared to 2008-09. However, as in the past, this year also, the Company maintained its market dominance in terms of revenue, ARR and Occupancy in Bangalore, Goa and Kovalam.

### 6. Product Enhancement

For the first time your company has entered in to a management contract to operate a hotel. The Leela, Gurgaon, owned by Ambiance Hotels & Resorts Limited and managed by our company under 'The Leela' brand, formally commenced business operations from April 2009. The business at this property with 319 guest rooms and 90 service apartments, in first year of operation, has been very successful and has secured 'Brand Leela' presence in North India. Our company earned fees of Rs. 11.84 crores in the year for managing the hotel.

The Leela Palace Udaipur with its breathtaking architecture and opulence started operation in stages in this fiscal year. It has 80 rooms and spa managed by ESPA. Although business has taken time to pick up in the first year of operation but the hotel has received excellent feedback and accolades from both trade analysts and discerning international travelers.

### 7. Marketing Alliances

The Company has marketing alliances with Germany based Kempinski Group of Hotels (Hoteliers since 1897) and US based Preferred Hotel Group and is a member of Global Hotel Alliance based in Geneva, Switzerland.

Under the alliance with Kempinski, the Company has been receiving, among others, international marketing services for the existing hotels, technical and pre-opening services for the proposed hotels in New Delhi and Chennai as well as other hotels that the Company would operate in the future, purchasing services, services related to IT and management information systems used in our hotels, as well as personnel and operational support.

This alliances with Preferred Hotel Group and Global Hotel Alliance, amongst others, derives benefits for the Company of Preferred Hotels and Resorts branding, greater recognition of brand in the USA as premium and luxury hotels, opportunity to leverage additional 29 Global Sales Offices in the USA, Singapore, Hong Kong, Japan and Australia; preferred relationship with four of the largest consortia American Express, CWT, BCD and Hogg Robinson, and also lower commission on receipts through American Express Credit Card, which results in substantial savings; opportunities to participate in many more road shows in our main source markets. The alliances assist the Company to acquire more international business and enhances our competitive positioning in the market.

Towards maintaining world-class standards, the Company has engaged ESPA of London, one of the leading Spa management companies in the world, to manage the Company's Spas at Mumbai, Goa, Udaipur, and Delhi.

### 8. Expansion /Up-gradation Plans

India is one of the fastest growing tourist markets in the world owing to its splendid historical architecture, rich heritage and ancient culture along with beautiful beaches and rural tourism, and the inherently rooted concept of hospitality in form

## DIRECTORS' REPORT (contd.)

of "Ātithi Devo bhava". In India, the tourism industry is bound to grow stronger post the present recessionary trend.

At present, your Company operates six hotels at the locations viz. Mumbai, Bangalore, Goa, Kovalam, Udaipur and Gurgaon comprising 1523 guest rooms and 90 serviced apartments.

Your company's new hotel "The Leela Palace, New Delhi" is expected to commence operations in the Third quarter of calendar year 2010, with approximately 260 guest rooms. The Company's other hotel "The Leela Palace" at Chennai is expected to commence operations in the calendar year 2011 with approximately 332 guest rooms.

The upcoming projects of the Company under various stages of development are as follows:

### **The Leela IT Park, Chennai:**

The IT Park with about 265,000 square feet of built area, being developed by the Company in close proximity to the upcoming five-star deluxe hotel in Chennai is expected to be completed shortly.

### **Other Projects**

The Company has acquired seven acres of land in close proximity to the historic Taj Mahal, Agra.

The projects in Agra, Hyderabad and Pune are expected to be taken up in due course.

## **9. Audit Observation:**

The explanation given in the Notes to Accounts is self explanatory.

## **10. Awards, Accolades and Recognitions:**

### **A. Recognition for the Hotels:**

- The Leela Palace Udaipur was presented the 'Ultimate in Luxury' Award at SATTE Achiever's Award 2010.
- The Leela Palace Bangalore was voted as the Favourite Business Hotel in India by the readers of Condé Nast Traveller, UK at the Condé Nast Traveller's Readers' Travel Awards 2010.

### **Conde Nast Traveller (Goldlist - January 2010 Issue):**

- The Leela Palace Bangalore featured as one of World's 681 Best Places to Stay (USA Issue).
- The Leela Palace Udaipur featured as one of the Best New Entrants among the Hotels in Asia. (UK Issue).

### **Conde Nast Traveller (Hot List - May 2010 Issue):**

- The Leela Palace Udaipur featured as one of the World's 134 Top New Hotels (USA Issue).
- Espa at The Leela Palace Udaipur featured as one of the World's Top Sybaritic Spas (USA Issue).
- The Spa at The Leela Mumbai featured as one of the World's Top Sybaritic Spas (USA Issue).
- The Leela Palace Udaipur featured in as one of the Best New Hotels in the World (UK Issue).

### **B. Recognition to the chairman of the Company:**

- Hon'ble President of India, Smt. Pratibha Patil conferred the 'Padma Bhushan' to Capt. C.P. Krishnan Nair on 31st March 2010 in recognition for his contribution to the industry.
- The Hotelier of the Century Award by International Hotel and Restaurant Association (IH&RA), Geneva awarded to Capt. C.P. Krishnan Nair at the IH&RA Annual Congress in Belgrade, Serbia for his contribution to the hospitality industry.
- HVS' Hotel Investment Conference South Asia (HICSA) honoured Capt. C. P. Krishnan Nair with the 'Lifetime Achievement Award' for redefining the Indian hospitality landscape by creating new standards of excellence in luxury services.
- The Hall of Fame Award was conferred on Capt. C. P. Krishnan Nair at Hotel Investment Forum India (HIFI) 2010 for his exemplary business practices and outstanding contribution to the hospitality sector.
- Giants International Award 2009 Excellence in Business and Industry awarded to Capt. C.P. Krishnan Nair for his outstanding contribution to the industry.
- CNBC Travel Awards 2009 Lifetime Achievement Award conferred upon Capt. C.P. Krishnan Nair for his outstanding contribution to the Travel and Tourism Industry.

## **11. Management Discussion and Analysis (MDA):**

As required by Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis Report is appended herewith and forms an integral part of this report.

## **12. Corporate Governance:**

As required by Clause 49 of the Listing Agreements, a separate section containing the Report on Corporate Governance together with the Certificate on the compliance with the conditions of corporate governance issued by a Practicing Company Secretary are appended hereto and they form part of this Annual Report.



## DIRECTORS' REPORT (contd.)

As part of good Corporate Governance, the Company has voluntarily obtained a Secretarial Compliance Certificate from a Practising Company Secretary in respect of compliance of all rules, regulations under the various applicable provisions of the Companies Act, 1956 and the applicable regulations under the Listing Agreement entered into with the Stock Exchanges. A copy of the said certificate is also appended to this report.

### 13. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Madhu Nair, Mr. Anil Harish, Mr. A. K. Dasgupta and Mr. Vijay Amritraj, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of the Directors proposed to be re-appointed stating the nature of their expertise in specific functional areas, their shareholding along with other relevant details are given at the end of the Notice of the Annual General Meeting. The Board commends their re-appointment by the members at the forthcoming Annual General Meeting.

None of the directors of the Company are disqualified from being appointed as directors as specified in section 274(1) (g) of the Companies Act, 1956, as amended.

### 14. Auditors

M/s. Picardo & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for re-appointment. The Company has received a certificate from the Statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

The Board commends their re-appointment as statutory auditors.

### 15. Particulars of Employees

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per provision of section 219(1)(b) (iv) of the Companies Act, 1956, the reports and the accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees. The Company will make these details available upon request by any member of the Company interested in obtaining them on writing to the Company Secretary.

### 16. Wholly-owned Subsidiary Companies and Consolidated Financial Statements

During the preceding year, the Company disposed off a non-operative subsidiary for a consideration. The Company has two other subsidiaries, which also did not carry out any operations.

The Company has applied to the Central Government seeking exemption under Section 212(8) of the Companies Act, 1956 from attaching Balance Sheet, Profit and Loss Account and other documents of the two wholly owned subsidiary companies with the Annual Report of the Company. Hence, the said documents of the subsidiary companies have not been attached to the Annual Report of the Company. 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. As required under the aforesaid approval, a summarized statement of financial position of the subsidiaries has been appended to this Annual Report.

The Consolidated Accounts, prepared in accordance with the Accounting Standard 21 and Clause 32 of the Listing Agreement form part of this Annual Report. The relevant statement as required under Section 212 of the Companies Act, 1956 about the wholly-owned subsidiary companies is also given elsewhere in this Annual Report.

### 17. Fixed Deposits

The Company has not accepted any deposits from the Public or from the shareholders.

### 18. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) they have prepared the annual accounts on a 'going concern basis'.

## DIRECTORS' REPORT (contd.)

### 19. Additional information in accordance with the provisions of Section 217(1)(e) of The Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

#### (a) Conservation of Energy and Water:

Efforts to make all of our properties more green as well as Environmentally friendly in addition to our normal efforts at Energy conservation continues to receive the highest priority throughout the year. All efforts are made to monitor energy costs on daily basis, compare review with previous patterns and take steps to see that optimum use is made of energy and all natural resources.

Appropriate steps are taken to reduce the consumption through efficiency, Preventive Maintenance Program, Introduction of latest technology, up-gradation of system and equipments wherever necessary in a phased manner.

The Company has installed 23 wind mills with a capacity to generate 13.5 MW power (a non-conventional energy source) in the State of Tamil Nadu, Maharashtra and Karnataka.

Major implementation & achievements taken at present are:

- Installation of VFD on Chilled water, condenser pumps and also cooling towers and introduction of variable pumping plus control of chiller system on daily basis plus scheduling of AHU operations, resulting in around 11.5% plus reduction.
- Audit of complete steam system and elimination of losses and better utilization of steam plus flash steam recovery resulting in drastically reduced Natural Gas Consumption in Boilers
- Water savers installed in guest rooms and public areas.
- Use of STP water in Cooling towers and landscape areas.
- Solar Panels for hot water.
- Replacement of Halogen and other lights with CFL and LED lights in a phased out manner.

Steps proposed for implementation in future:

- VFD controls on AHU, ventilation and exhaust fans in addition to Building Management System.
- Full scale Rain Water Harvesting, resulting in direct usage of same and also ground plus water aquifers recharging.
- Total revamp as well as replacement of Cooling Towers.
- Tri generation system for power generation as well as VAM for air-conditioning through recovery of waste heat in exhaust Gas
- Total recycling and reuse of sewage and grey water in cooling towers, guest room w/c's and landscaping.
- Collection and reuse of condensate from air-conditioning units.

#### (b) Technology Absorption:

In the opinion of the Board, the required particulars, pertaining to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable as the hotel forms a part of the service industry and the Company does not have any significant manufacturing operations.

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

The Company has a strong commitment towards international business and continues to be a huge net contributor of foreign exchange. The particulars of foreign exchange earnings and outgo are given in the notes to accounts elsewhere in this annual report.

### 20. Acknowledgements

The Board wishes to place on record its appreciation for the continued support and co-operation received from the Government of India, especially the Ministry of Tourism, Ministry of Finance, Airports Authority of India, various Government regulatory authorities, Stock Exchanges, Financial Institutions, Banks, State Governments of Maharashtra, Goa, Karnataka, Kerala, Tamil Nadu, Rajasthan, Haryana, Andhra Pradesh, Uttar Pradesh, NCT Delhi and the Urban Development Authority and also the Kempinski Group of Hotels, Preferred Hotel Group and Global Hotel Alliance and other business and referral associates.

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

Your directors attribute immense importance to the contribution of our family of staff the people who work so loyally to give intrinsic values to "The Leela" brand. On behalf of the Board, I thank The Leela Team for sharing our vision and philosophy; and for the dedication and commitment at all levels to ensure that we remain in the forefront of our competitive industry as one of the finest Hotel Groups in India.

On behalf of the Board of Director

Mumbai  
Date : 24th May, 2010

Capt. C. P. Krishnan Nair  
Chairman



# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY STRUCTURE AND OUTLOOK

The widespread impact of the global recession has established the existence of a strong economic linkage within economic regions and countries across the world today. Indian economy was also affected severely. The economic growth rate, which was over 9% for the fiscal years 2006 to 2008, tumbled down to almost 6% for the fiscal year 2009 and slightly improved to 7.2% for the fiscal year 2010. The last few months, however, have seen countries strategizing to recover from the turmoil of the global economic crisis, thus resulting in a focal shift from conventional growth centres to areas with significant yet untapped growth potential. As global output falls and developed economies (such as the United States of America, the United Kingdom, Europe and Japan) reflect negative growth, transitioning and developing economies have emerged as growth contributors. China, India, Brazil and Mexico have emerged as top economies demonstrating sustained growth despite the slowdown. India has emerged as one of the fastest growing economies in the world. A notable feature of the current growth phase is the rise in the rate of investment in the economy. Investment, in general being a forward-looking variable, reflects a high degree of business optimism.

The business of hotel and hospitality industry in India depends largely on foreign clientele. The global slowdown affected it significantly and the hospitality industry went through a very difficult time during the calendar year 2009. With the revival of the global economy, hotel industry has also started recovering in India from November 2009 onwards. As per the data released by Ministry of Tourism, Government of India, the growth of foreign tourist arrivals in the country during the financial year 2004 to 2008 was 13% on year-on-year basis, which however declined to nearly 6% in fiscal year 2009. This trend continued further for first three quarters of the year 2009-10. However, from December 2009 onward, the trend has changed significantly and over all growth rate of foreign tourist arrival in India was 11.5% for the year 2009-10. This buoyancy is expected to continue and the long-term outlook for the industry remains upbeat.

Even though the room occupancies have increased from the forth quarter of 2009-10, the average room rates (ARRs) have still not recovered to the level of 2006-2008. The demand- supply mismatch of premium hotel rooms in India remains apparent with about 1,00,000 guest rooms short in the country. The country needs to invest Rs.60,000 crores now to construct 1,00,000 guest rooms to meet the present day demand. However, about 20,000 hotel rooms are being built in next three to four years by Real estate developers and existing hotel companies. Due to slowdown in construction industry, these developers were severely affected and were unable to bring in the promoters' contribution so as to avail of matching funds from the banks to complete the projects.

Considering the still existing liquidity crunch, ever escalating realty prices, escalating costs per room and long payback period for hotel industry, hotel projects are still considered unattractive for investors who require a minimum 18-20% return annually which is not possible in hotel industry. Therefore, the mismatch in demand-supply may continue for some more time. The recent strong revival of the Indian corporate sector and the growth on the economy has led to substantial increase in business travel, when compared to lull period witnessed in the year 2009. The domestic tourism is also growing steadily owing to an increasingly affluent and growing population, greater consumption, better connectivity, the Incredible India campaign launched by the Ministry of Tourism and a consortium of six leading players in the Tourism industry having pooled their resources, low cost airline carriers, modernization of major airports, etc.

It is expected that the number of foreign tourists' arrivals would reach 10 million in 2010, the year of the Commonwealth Games in New Delhi. It is expected that the industry will record strong growth over the next several years, resulting from increasing international tourist arrivals, increasing spend per international tourist and increasing demand from domestic Indian tourists for premium hotels (due to high economic growth and growing consumption and lifestyle expenditure).

Tourism plays an important role within the Indian economy. It is the third largest generator of foreign exchange earnings, and according to the World Travel & Tourism Council ("WTTC"), tourism contributes about 6% of GDP and employs the largest labour force. The sector accounts for 6.4% of total employment or 1 in every 15.6 jobs in 2009 and as per CRISIL Research, Hotel outlook 2009-10 to 2013-14 report, is expected to generate 40,037,000 jobs, i.e. 7.2% of total employment or 1 in every 13.8 jobs by 2019. The World Travel and Tourism Council has identified India as one of its growth centres in the world in the coming decade. Government of India also seems keen on growth of tourism sector which is apparent from its policy decision such as recent delinking of hotels from the high risk category of real estate business so that the sector can get sufficient loans at lower interest; and permitting the hotel industry to raise external commercial borrowings. The outlook for the industry looks very positive.

## THE LEELA - DYNAMISM IN OUR STRIDES

At present, your Company operates six hotels at Mumbai, Goa, Bangalore, Kovalam (Kerala), Udaipur and Gurgaon totaling to 1,523 guestrooms and 90 serviced apartments. 2009-10 was a year of significant achievement for us. The company opened two hotels in 2009-10.

## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

The actual business operation of Gurgaon hotel commenced from April 2009. This property with 319 Guest rooms and 90 residential apartments is managed by the Company under "The Leela" brand. In the first year of its operation, the hotel has been very successful and has consolidated 'Brand Leela' presence in North India.

The Leela Palace Udaipur with its breathtaking architecture and opulence started operation later in this fiscal year. Although business has taken time to pick up in the first year of operation, the hotel has received excellent feedback and accolades from both trade analysts and discerning international travelers.

This year, the Company will commission its Trophy hotel at Chanakyapuri, New Delhi, strategically located in the vicinity of the Diplomatic Enclave. It will have 260 guestrooms and suites with contemporary designs and luxurious facilities. The construction activities are in full swing and the Hotel will commence operation as scheduled, which is timed for a prestigious launch before the Commonwealth games.

The Company's Chennai hotel with 332 guest-rooms and suites facing the Bay of Bengal is also being implemented and is expected to be ready for operations in FY 2011-12.

The Company has already acquired land in Agra, Hyderabad and Pune. These projects will be taken up in a phased manner after completion of the New Delhi and Chennai projects.

With the completion of the projects at New Delhi and Chennai, the Group will have eight properties, with 2,230 guest-rooms in the luxury category. It is Company's endeavor to ensure that all its hotels prove to be market leaders at each location of operation.

### Operating Performance and Financial Results

The financial statement of your Company forms part of the annual report for 2009-10, the highlights of which are given below:

#### (i) Revenues:

The total revenue of the Company decreased by 20.4 %, from Rs. 582.16 crores in 2008-09 to Rs 463.02 crores in 2009-10.

Room and rental revenues decreased by 16.4%, from Rs. Rs.299.12 crores in 2008-09 to Rs.249.85 crores in 2009-10. The Average Room Rate (ARR) decreased by 20 %, from Rs.11,595/- in 2008-09 to Rs. 9,301/- in 2009-10.

The Food and Beverage revenue increased by 7 %, from Rs.117.54 crores in 2008-09 to Rs. 125.62 crores in 2009-10.

#### (ii) Operating and other expenses:

The operating expenses increased by 3 % from Rs.296.12 crores in 2008-09 to Rs. 305.58 crores in 2009-10. Out of total expenditure of Rs. 305.58 crores, Rs. 30.58 crores were for food and beverages consumed, Rs. 95.42 crores were for manpower cost and Rs. 88.43 crores were for Administrative and other costs.

#### (iii) Earnings before Interest and Depreciation:

The EBITDA decreased by 25%, from Rs.159.51 crores to Rs. 123.74 crores in 2009-10. The drop in EBITDA was mainly due to the first two quarter of the fiscal year. The effect of global slowdown was very significant in the first half of 2009-10 in terms of both room occupancies and average room rates. In fact on Quarter-on-Quarter basis, EBITDA for the fourth quarter of 2009-10 has increased by 111% over same period of previous year.

#### (iv) Interest and Depreciation:

Interest Cost was reduced from Rs.27.20 crores to Rs.24.47 crores in 2009-10.

Depreciation for the year was Rs.68.33 crores against Rs.65.39 crores in previous year. The increase was mainly due to commencing of operations of our Udaipur property and also due to installation of additional windmills for generation of electricity.

#### (v) Profit before Tax:

The Profit before Tax decreased from Rs.193.45 crores to Rs.64.64 crores. Profit before Tax for the year 2008-09 included Rs. 64.63 crores as profit from Buyback of Foreign Currency Convertible Bonds. PBT of 2008-09 without considering this buyback profit comes to Rs. 128.82 crores, against which the current years PBT shows a decline of 49.82%.



## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

(vi) **Profit after Tax:**

The Profit after Tax decreased to Rs 41.02 crores in 2009-10, from Rs.144.98 crores in 2008-09. The Profit after Tax in 2008-09 included a one time profit of Rs. 64.63 crores from Buyback of FCCBs.

**Balance Sheet:**

(i) **Share Capital:**

There was no change in the Share Capital of the Company, which stood at Rs.75.56 crores, same as of the previous year.

(ii) **Secured Loans:**

Secured loans of the Company have increased to Rs.2,353.48 crores, from Rs.1,819.66 cores on account of borrowing for various ongoing projects and foreign currency loan availed for re-purchase of outstanding Foreign Currency Convertible Bonds.

(iii) **Unsecured Loans:**

Unsecured loans have decreased to Rs.525.18 crores, from Rs.630.88 crores, on account of buy back of outstanding Foreign Currency Bonds.

(iv) **Fixed Assets:**

The gross fixed assets of the Company have increased by Rs.598.73 crores in 2009-10 due to capital expenditure for the on going projects and capitalization of exchange fluctuation on foreign currency term loans.

**Marketing Alliances**

The Company has Sales and Marketing alliances with Kempinski Hotels, Europe's oldest Hotel Group, established in 1897, and is also a member of the Global Hotel Alliance (GHA) based in Geneva, Switzerland, which is an alliance of high profile independent hotels worldwide.

The Company has entered into an alliance with Preferred Hotel Group whereby all our hotels from June 2008 have become members of this luxurious collection under their premier segment, "Preferred Hotels and Resorts". This enables our hotels to acquire greater brand presentation in the USA market and gives opportunity to leverage further 29 global sales offices in the USA, Singapore, Hong Kong, Japan and Australia among others. This also facilitates our relationship with four of the largest consortia - American Express, CWT, BCD and Hogg Robinson.

Towards our endeavor to introduce excellent facilities, we have entered into an agreement with ESPA of London, one of the leading Spa management companies in the world, for our Spas at Mumbai, Goa, Udaipur, New Delhi and Chennai.

**Risks and Concerns**

(i) **General economic conditions:**

The hotel business is dependent on economic conditions globally as well as in India. This sector was affected by the global economic recession and its revival is dependent on several economic factors all over the world. Local market conditions, excess hotel room supply in some cities, reduced international or local demand for hotel rooms, government policies and regulations on taxation, etc. do affect the hotel business.

(ii) **Socio-political risk:**

In addition to the economic risk, your Company faces risks from the socio-political environment internationally as well as within the country. As a result, threat of terrorist activities, travel advisories from foreign countries, occurrences of infectious diseases (Swine flu, bird flu, etc.), natural calamities and so on, may affect the flow of foreign tourists to India. However, the Government's second term and stability augurs well for the political situation and for introduction of steps for economic reforms, have already given the much-needed kick-start for economic revival.

(iii) **Competition from International Hotel Chains:**

Enjoying a high growth rate, the Indian subcontinent has become the preferred focus area of major international hotel chains. Several global players have announced their plan to have tie-ups with developers and investors to benefit from the demand-supply imbalance. These entrants are expected to intensify the competitive environment. However, some of them have either deferred or even sold the same considering the prevailing liquidity crisis and overall market conditions.

## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

### (iv) Increased outbound travel:

Due to overall competitiveness of international airfares and higher disposable income available with travellers, destinations such as, Europe, Southeast Asia and Australia have become more affordable to domestic travellers. This has increased the number of outbound travellers and it is bound to present a mild risk to the hotel industry in India. In fact, the number of outbound travellers from India has crossed about 7 million, whereas the number of inbound foreign travellers to India is only about 5.2 million.

### (v) Foreign exchange fluctuation risks:

Your Company keeps a close watch on its foreign currency exposure and hedges currency risks in consultation with its advisors. Net foreign currency and derivative instruments exposures are reviewed regularly.

### Risk Management - Leveraging Our Experience

Risk management is an integral part of the Company's business process. With the help of experts in this field, risks are carefully mapped and a risk management framework is evolved. Pertinent policies and methods are set forth to mitigate such risks.

To counter risk from growing competition, your Company is renovating and continuously repositioning its properties. It is also improving its service standards, in consultation with international experts, to provide exceptional services, consistently, across all its hotels.

### Efficient Internal Control Systems

Your Company has two prominent firms of Chartered Accountants as its Internal Auditors. These firms carry out in-depth internal audits for each operating unit. The detailed process of review not only ensures reliability of control systems and compliances with applicable legislation, defined policies and processes, but also reviews efficiency of systems and ensures safeguarding of tangible and intangible assets. The Audit Committee of the Board reviews the findings of the Internal Auditors and closely monitors the implementation of their recommendations, by reviewing the compliance reports furnished.

### Human Resources and Industrial Relations - The Intangible Imperatives

Your Company attaches highest importance to human resources and it focuses on high degree of concern and care. The year 2009 saw many of the hotel groups taking heavy cuts on their payrolls by

- a) reducing or not paying the performance awards and/or
- b) by reducing the numbers.

Your company took a bold and humanitarian step of not reducing a single rupee from the salaries of employees, which gave a great impetus to employee engagement and motivation.

Your company continued to sustain the performance culture developed over a period throughout the organisation. Some of such initiatives are as follows:

- Performance Management System (based on Balanced Score Card) to measure objectively the achievement in Key Result Areas with Variable salary package linked to performance.
- Web-based rewarding system called "GEMS" (Guest Expectations: Manage and Serve) with the objective of identifying high performers in guest services and to reward innovative suggestions to improve guest services. Your company has identified 38 such stars who will be felicitated at a glittering ceremony.
- Employee Satisfaction Surveys, seek constant feedback from the employees to ascertain their level of engagement. Steps have been taken to fortify the areas of strengths and convert concern areas into one of strength thereby ensuring that the employee morale and motivation levels remain high.
- Several initiatives started in all the units of your Company involving the employee as an individual; employee and his family; and employee and the society have been continued. This has resulted in more engaged employees leading to higher guest and employee satisfaction. With the CSR initiatives taken, the community around the hotels of your company sees them as a friend.
- The steps taken to strengthen the existing, "Leela Management Training Program" as well as constructing a state-of-the-art facility called the "Leela Academy of Learning", have enhanced your Company's capability to develop promising talents and to attract young budding catering college graduates as well as MBAs. Both students and the schools that they come from,



## MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

look at your company as a "Preferred Employer". This programme has yielded positive results with many of executives coming from the Leela Academy stables have taken up responsible positions at different levels at the hotels of your company including at Udaipur and New Delhi.

- Industrial relations throughout the year were cordial in all units of the Company. Periodic wage settlement agreements were entered into, with staff representatives and unions at the units.

As on 31st March, 2010 the Company had 3352 employees.

### Cautionary Statement

Statements made in the Management Discussions and Analysis, describing the Company's objectives, projections, estimates, predictions and expectations may be 'forward-looking statements', within the meaning of applicable securities laws and regulations. As 'forward-looking statements' are based on certain assumptions and expectations of future events over which, the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or events or for any loss any investor may incur by investing in the shares of the Company based on the 'forward-looking statements'.

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**PERSONS CONSTITUTING GROUP COMING WITHIN THE DEFINITION OF "GROUP" AS DEFINED FOR THE PURPOSE OF REGULATION 3(1)(e)(i) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997, INCLUDES THE FOLLOWING:**

1. Leela Lace Holdings Private Limited
2. Leela Lace Software Solutions Private Limited
3. Leela Fashions Private Limited
4. Leela Scottish Lace Private Limited
5. Mrs. Lakshmi Nair
6. Mrs. Madhu Nair
7. Ms. Amruda Nair
8. Krishnan Nair Leela Family Trust
9. Capt. C. P. K. Nair (in his individual capacity and as trustee of Krishnan Nair Leela Family Trust)
10. Mrs. P. V. Leela Amma (in her individual capacity and as trustee of Krishnan Nair Leela Family Trust)
11. Mr. Vivek Nair (in his individual capacity and as trustee of Krishnan Nair Leela Family Trust)
12. Mr. Dinesh Nair (in his individual capacity and as trustee of Krishnan Nair Leela Family Trust)

# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Code of Governance

- Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the quality and mindset of the organization. Companies stand to gain by adopting systems that bolster the stakeholders' trust through transparency, accountability and fairness. With increasing interdependence and free trade among countries and citizens across the globe, good Corporate Governance should be followed by every company to distinguish itself.
- Keeping the above in mind, your Company has also committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the highest standards of corporate values and ethics. Your Company considers Corporate Governance as a continuous journey to provide a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed.
- It has been the endeavour of "The Leela" group to give fair and equitable treatment to all its stakeholders, including employees, customers and shareholders. The Code of Conduct for Directors and Senior Managers adopted by the Board of Directors in terms of the Clause 49 of the Listing Agreement shall further enhance the standards of Corporate Governance in the Company.

## 2. Board of Directors

### 2.1 Composition and size of the Board

The Company has an optimum combination of Executive and Non-Executive Directors. The Board comprises 15 Directors, of whom 9 are Independent Directors, 1 Non-Executive Non-Independent Director and 4 Executive Directors, with the Chairman as a Non-Executive Promoter Director.

The Directors possess experience and specialization in diverse fields, such as hoteliering, project management, legal, banking, finance, administration, etc.

During the financial year, there has been no change among the Board of Directors of the Company. The particulars of Directors retiring by rotation and seeking re-appointment by the Members have been included in the Notice of the Annual General Meeting.

The composition of the Board and category of Directors are as follows:

Category	Name of Directors	Designation	No. of Shares held as on 31st March, 2010
Promoter Directors	Capt. C.P. Krishnan Nair	Non Executive Chairman	255,565
	Mr. Vivek Nair	Vice Chairman & Managing Director	246,460
	Mr. Dinesh Nair	Joint Managing Director	374,050
Executive Directors	Mr. Venu Krishnan	Deputy Managing Director	NIL
	Mr.V.L.Ganesh	Director -Finance & CFO	NIL
	Mrs. Madhu Nair	Director	360
Non- Executive Non- Independent Director	Mrs. Anna Malhotra	Director	2,500
Independent Directors	Mr. M. Narasimham	Director	NIL
	Mr. P. C. D. Nambiar	Director	15,000
	Mr. Vijay Amritraj	Director	60,105
	Mr. Anil Harish	Director	NIL
	Dr. K. U. Mada	Director	9,000
	Mr. R. Venkatachalam	Director	500
	Mr. C. K. Kutty	Director	1,774,600
	Mr. A. K. Dasgupta	Director	NIL



## REPORT ON CORPORATE GOVERNANCE (contd.)

### 2.2. Meetings of the Board of Directors

The Board of Directors had met 6 times during the year - on 11th April, 27th June, 31st July, 21st August, 28th October, 2009 and 25th January, 2010 and as required, the gap between two Board meetings did not exceed four calendar months. The Board meetings are held at the Registered Office of the Company. The Agenda for the Board meetings containing relevant information/supporting data, as required, are distributed well in advance to all the Board members from time to time in a structured manner to enable the Board to take informed decisions.

When deemed expedient, the Board also approves by Circular Resolution important urgent items of business as permitted under the Companies Act, 1956, and which cannot be deferred till the next Board Meeting.

### 2.3. Board Meetings and Attendance

Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM) and the number of Companies and Committees where they are Directors/Members are given below:

Name	Category	Attendance Particulars		Directorship / Membership in other Limited Companies (excluding the Company)		
		Board Meeting	AGM (held on 21.08.2009)	No. of other Directorships held as at 31.03.10	Chairmanship	Membership
Capt. C.P. Krishnan Nair	Chairman (NED)	6	Yes	4	1	-
Mr.Vivek Nair	VC&MD	5	Yes	7	-	1
Mr.Dinesh Nair	Jt.MD	4	Yes	4	-	1
Mrs.Madhu Nair	NED	3	Yes	-	-	-
Mrs.Anna Malhotra	NEID	6	Yes	1	-	-
Mr.M. Narasimham	NEID	2	No	-	-	-
Mr.P.C.D. Nambiar	NEID	3	No	5	1	4
Mr.Vijay Amritraj	NEID	2	Yes	1	-	-
Mr.Anil Harish	NEID	6	Yes	13	5	4
Dr.K.U. Mada	NEID	6	Yes	3	2	3
Mr.Venu Krishnan	Dy. MD	6	Yes	2	-	-
Mr.R. Venkatachalam	NEID	6	Yes	1	-	-
Mr.C.K. Kutty	NEID	4	Yes	-	-	-
Mr.A.K.Dasgupta	NEID	5	Yes	2	-	3
Mr.V.L.Ganesh	DF & CFO	6	Yes	-	-	-

VC & MD: Vice Chairman and Managing Director; Jt. MD: Joint Managing Director; Dy. MD: Deputy Managing Director; NEID: Non Executive & Independent Director; NED: Non-Executive Director; DF & CFO: Director- Finance & Chief Financial Officer.

None of the Directors of the Board serves as member of more than ten committees, nor is Chairman of more than five committees across all companies, in which he/she is a Director.

"Committees" considered for this purpose are those specified in Clause 49 of the Listing Agreement i.e. Audit Committee and Shareholders/Investors Grievance Committee.

None of the Directors is related to any other except Capt. C.P Krishnan Nair, Mr.Vivek Nair, Mr. Dinesh Nair and Mrs.Madhu Nair.

In addition to Commission, the Company pays its Non-Executive Directors sitting fees of Rs.20,000/- per meeting of the Board of Directors and its Committees attended by them.

### 3. Audit Committee

#### 3.1 Details of the Composition of the Audit Committee and attendance of the members are as follows:

The Audit Committee of the Company comprises six Directors of whom, five are Non-Executive Independent Directors. Members have varied expertise in banking, finance, project management, accounting and legal matters. The Chairman of the Audit Committee could not be present at the last Annual General Meeting held on 21st August, 2009 due to sickness. The Deputy Managing Director and Director-Finance & Chief Financial Officer are permanent invitees for the meetings. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The Company Secretary acts as Secretary to the Audit Committee. The Committee oversees the work carried out by the management, internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

## REPORT ON CORPORATE GOVERNANCE (contd.)

During the year under review, the Audit Committee met 4 times - on 27th June, 31st July, 28th October, 2009 and 25th January, 2010. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

The particulars of members and their attendance at the meetings are given below:

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mr. P.C.D. Nambiar	Chairman	NEID	4	2
Mr. Vivek Nair	Member	ED	4	3
Mrs. Anna Malhthora	Member	NEID	4	4
Mr. Anil Harish	Member	NEID	4	4
Dr. K.U. Mada	Member	NEID	4	4
Mr. R. Venkatachalam	Member	NEID	4	4

### 3.2 Terms of Reference of Audit Committee

The terms of reference of this Committee are, inter alia, to cover the matters specified under Clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956.

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures; and
- compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee; and
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fees and approval of payment of fees for any other services rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgement by the management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit;
  - the going concern assumption;
  - compliance with Accounting Standards;
  - compliance with Stock Exchange and legal requirements concerning financial statements;
  - matters required to be included in the Directors' Responsibility Statement of Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956; qualifications in the draft audit report; and related party transactions.
- (d) Reviewing with the management and external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;



## REPORT ON CORPORATE GOVERNANCE (contd.)

- (e) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading this department, reporting structure, coverage and frequency of internal audit;
- (f) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- (g) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- (h) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- (i) Reviewing the Company's financial and risk management policies;
- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (k) Considering such other matters as may be required by the Board; and
- (l) Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

#### 4. Shareholders / Investors' Grievance Committee

##### 4.1 Composition, Meeting and Attendance

The Committee comprises two Non-Executive Independent Directors and one Executive Director. The Committee met on 28th October, 2009 and on 25th March, 2010 during the year. The particulars of members and their attendance at the meetings are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Dr.K.U. Mada	Chairman	NEID	2	2
Ms. Anna Malhotra	Member	NEID	2	2
Mr. Venu Krishnan	Member	ED	2	2

The Vice Chairman & Managing Director and Director-Finance & Chief Financial Officer are permanent invitees for the meetings.

The Company Secretary acts as the Compliance Officer and has been regularly interacting with the Registrar & Share Transfer Agents (RTA) to ensure that the complaints/grievances of the shareholders/investors are attended to without delay and where deemed expedient, the complaints are referred to the Chairman of the Committee or discussed at its meetings.

During the year, the Registrar had registered 94 transfers comprising 79,821 shares and processed 304 requests for dematerialization of 788,648 shares and 6 requests for rematerialization of 10,158 shares. There were no valid requests pending for share transfers at the end of the year.

##### 4.2 Broad Terms of Reference

To examine and redress the complaints and grievances of the shareholders / investors of the Company such as transfer of shares, issue of duplicate shares, non-receipt of declared dividends / annual reports / interest / redemption warrants on debentures, etc.

The Committee also looks into matters which can facilitate/smoothen investors' services and relations. Where deemed expedient, it also directs the RTA to ensure prompt redressal of genuine complaints of investors. The Committee also examines and recommends to the Board about appointment / removal of RTA and/or the fees payable to them, etc.

# REPORT ON CORPORATE GOVERNANCE (contd.)

## 4.3 Details of Shareholders Complaints

The Complaints received during the year are summarized as follows:

	Nature of Complaints	Received	Action complete	Pending as on 31-03-2010
(1)	Stock Exchanges, SEBI, MCA, ROC and others	11	11	NIL
(2)	Directly from investors:	-	-	-
(a)	Non-receipt of Share Certificates after Transfer / sub- division / Transmission / name change, etc.	40	40	Nil
(b)	Non-receipt of Dividend	37	37	Nil
(c)	Non-receipt of Duplicate Share certificates	31	31	Nil
(d)	Change of address / Specimen Signature / Mandate instruction.	29	29	Nil
(e)	Warrant Conversion / Redemption of Debentures	43	43	Nil
(f)	Others/ Miscellaneous	31	31	Nil
	<b>Total</b>	<b>222</b>	<b>222</b>	<b>Nil</b>

## 4.4 Compliance Officer

Name of the Compliance Officer	Mr. Dinesh Kalani, Company Secretary
Address	The Leela Kempinski, Sahar, Mumbai - 400 059
Telephone	+91-22-66911182/83
E-mail	dinesh.kalani@theleela.com
Fax	+91-22-66911458
Designated E-mail ID for investor grievances	investor.service@theleela.com

## 5. Remuneration Committee

### 5.1 Composition, Meeting and Attendance

The Committee comprises three Non - Executive Independent Directors. The Committee did not meet during the year under review.

The particulars of members are given below:

Name of the Member	Designation	Category of Directorship
Mrs. Anna Malhotra	Chairperson	NEID
Mr. P.C.D. Nambiar	Member	NEID
Dr. K.U. Mada	Member	NEID

### 5.2 Remuneration Policy and Terms of Reference

The Committee decides the appointments and remuneration terms of the Executive Directors and relatives of the directors. The broad terms of reference of the Remuneration Committee are to recommend to the Board, salary, perquisites and commission to be paid to the Company's Managing / Whole - Time Directors (MD/WTDs). The payment of remuneration is guided mainly by the factors like responsibilities shouldered, Company/individual performance during the year, competitive structures and industry benchmarks.

The Company has not granted any Stock Options to any of the Directors during the year.



## REPORT ON CORPORATE GOVERNANCE (contd.)

### 5.3 Other Committees of Directors

In addition to the above referred Committees which are mandatory, under the Corporate Governance Code, the Board of Directors has constituted the following other Committees of Directors to look into various matters:

Name of the Committee	Business	Members as at 31.03.2010
(i) Project Review Committee	Looking into planning, execution, review and monitoring of projects, procurement, regulatory clearances, etc.	Ms. Anna Malhotra (Chairperson) Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mrs. Madhu Nair Dr. K.U. Mada Mr. C.K. Kutty Mr. R. Venkatachalam Mr. A.K. Dasgupta
(ii) Committee on Issue of Shares	Allotment of Equity Shares on conversion of Foreign Currency Convertible Bonds / any other issue of securities	Capt. C. P. Krishnan Nair (Chairman) Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan
(iii) Share Transfer Committee	Approval of transfers, transmissions, issue of duplicate share certificates, etc.	Capt. C. P. Krishnan Nair (Chairman) Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan
(iv) Finance Committee	To advise on fund raising plans / proposals and cost controls and monitoring measures, etc.	Mrs. Anna Malhotra (Chairperson) Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Anil Harish Mr. R. Venkatachalam Mr. V.L. Ganesh

### 6. Remuneration to Directors

#### 6.1 Remuneration paid to the Non-Executive Independent Directors of the Company

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. During the year under review, the commission for the previous financial year ended 31st March, 2009 was paid to the Non-Executive Directors consequent upon the approval of the Audited Accounts by the Members at the last Annual General Meeting of the Company held on 21st August, 2009. The commission payable is decided by the Board considering the profitability of the Company and is distributed accordingly. The details of sitting fees paid and Commission payable during/for the year are given below:

Name of the Non-Executive Directors	Sitting Fees Paid 2009-2010 (Rs.)	Commission Payable for the financial year 2009-2010* (Rs.)
Capt. C.P. Krishnan Nair	120,000	41,00,000
Mrs. Madhu Nair	60,000	2,00,000
Mrs. Anna Malhotra	240,000	2,00,000
Mr. M. Narasimham	40,000	2,00,000
Mr. P.C.D. Nambiar	100,000	2,00,000
Mr. Vijay Amritraj	40,000	2,00,000
Mr. Anil Harish	200,000	2,00,000
Dr. K.U. Mada	240,000	2,00,000
Mr. R. Venkatachalam	200,000	2,00,000
Mr. C.K. Kutty	80,000	2,00,000
Mr. A.K. Dasgupta	100,000	2,00,000

\* The Commission for the financial year 2009-10 will be paid after approval of the accounts by the Members at the ensuing Annual General Meeting.

## REPORT ON CORPORATE GOVERNANCE (contd.)

### 6.2 The Remuneration paid to Executive Directors of the Company

The remuneration of Whole-Time Directors are decided on the recommendation of the Remuneration Committee and approved by the Board of Directors and shareholders and where required, statutory approvals are also obtained. Any change in remuneration is also effected in the same manner and/or in line with the applicable statutory approvals.

The remuneration packages of Managing Directors and Whole-Time Directors comprise salaries, perquisites and allowances, contribution to provident funds and other funds and/or commission. The details are summarized below:

Name of the Director	Designation	Salary and Allowances	Company's contribution to Provident Fund	Sitting Fees	Commission
		Rs.	Rs.	Rs.	Rs.
Mr.Vivek Nair	Vice Chairman & Managing Director	60,00,000	7,20,000	NIL	60,00,000
Mr.Dinesh Nair	Joint Managing Director	60,00,000	7,20,000	NIL	60,00,000
Mr.Venu Krishnan	Deputy Managing Director	81,00,000	9,00,000	NIL	NIL
Mr.VL.Ganesh	Director- Finance & CFO	96,60,000	7,92,000	NIL	NIL

### 7. General Body Meetings and Postal Ballot

7.1 Location, date and time of the Annual General Meetings (AGM) and Court-convened Meeting (CCM) for last 3 years are as follows:

Financial Year	Meeting	Date	Time	Location
2006-07	26th AGM	13.08.2007	11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme, Vile Parle (W), Mumbai 400 056
2007-08	CCM	13.08.2007	1.30 p.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme, Vile Parle (West), Mumbai 400 056
2007-08	27th AGM	16.08.2008	11.00 a.m.	Rangsharda Natya Mandir K.C. Marg, Bandra Reclamation, Bandra (W), Mumbai 400 050.
2008-09	28th AGM	21.08.2009	11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme, Vile Parle (West), Mumbai 400 056

All the resolutions as set out in the respective notices were passed unanimously by a show of hands by the Members of the Company present at the said Annual General Meetings.

### 7.2 Special Resolutions passed in three previous Annual General Meetings

Annual General Meeting (AGM)	Special Resolutions
26th AGM	Resolution No. 8 Approval of the Members for appointment of Mr.Vivek Nair as the Vice Chairman & Managing Director u/s 198, 269, 309 r/w Schedule XIII w.e.f. 1st April, 2007 for a period of five years on the revised remuneration, perquisites and commission to be paid.
	Resolution No. 9 Appointment of Mr.Dinesh Nair as the Joint Managing Director u/s 198, 269, 309 r/w Schedule XIII w.e.f. 1st April, 2007 for a period of five years on the revised remuneration, perquisites and commission to be paid.



## REPORT ON CORPORATE GOVERNANCE (contd.)

Annual General Meeting (AGM)	Special Resolutions
Court Convened Meeting	Approval of Composite Scheme of Arrangement for Amalgamation of Kovalam Hotels Limited with the Company and its shareholders held on 13th August, 2007.
27th AGM	Resolution No. 9 Approval of the Members for appointment of Mr.V. L. Ganesh as Director Finance & CFO u/s 198, 269, 309 r/w Schedule XIII w.e.f. 31st January, 2008 for a period of three years.
28th AGM	Resolution No. 8 Approval of the Members for issue of Securities u/s 81(1A) upto Rs.750 crores. Resolution No.10 Approval of the Members for appointment of Ms.Amruda Nair as Asset Management Executive u/s 314 subject to Central Government Approval. Resolution No.11 Approval of the Members for appointment of Ms.Aishwarya Nair as F & B Merchandising Associate u/s 314 subject to Central Government Approval. Resolution No.12 Approval of the Members for appointment of Ms. Samyukta Nair as Interior Design / Operations Associate u/s 314 subject to Central Government Approval.

### 7.3 Postal Ballot

The Company has not conducted any business through postal ballot during the year under review. The provisions relating to postal ballot shall be complied with on the matters as may be applicable.

## 8. Disclosures

### 8.1 Statutory Compliance, Penalties and Strictures

There were no instances of non-compliance or levy of any penalties / strictures imposed by Stock Exchange or SEBI or any other statutory authority during the last three financial years on any matter related to the capital markets.

### 8.2 Materially significant related party transactions

The transactions between the Company and the Directors and Companies in which the Directors are interested have been disclosed in notes to the Annual Accounts in compliance with the Accounting Standard relating to "Related Party Disclosures". There is no materially significant Related Party Transaction that may have potential conflict with the interests of the Company.

### 8.3 Risk Management

The Management Team of the Company regularly reviews and interacts with the members of the Audit Committee and the Board of Directors on the risk management strategy to ensure the effective implementation and monitoring of the risk management policy and procedures. The Company is in the process of setting up a system to appraise the Board of Directors on the key risk assessment areas and suggestive risk mitigation mechanism.

### 8.4 CEO / CFO Certification

In terms of the requirement of Clause 49(V) of the Listing Agreement, the Vice Chairman & Managing Director (CEO) and Director-Finance & CFO have submitted a certificate to the Board of Directors in the prescribed format for the year under review.

### 8.5 Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the Company instituted a comprehensive Code of Conduct for prevention of insider trading for its Management and staff. The Code lays down guidelines, which advise them on procedures to be followed and disclosure to be made, while dealing with shares of the Company and cautioning them of the consequences of violations.

## 9. Means of Communication

The Company regularly publishes its quarterly and annual results in Financial Express, Free Press Journal, Navashakti and some other newspapers and simultaneously posts them on the Company's website ([www.theleela.com](http://www.theleela.com)). Hence, the quarterly results are not sent to all households of shareholders. The presentation as and when made to analysts is also simultaneously displayed on the website of the Company.

The Management Discussion and Analysis report is appended elsewhere and forms an integral part of the Annual Report.

## 10. Outstanding Foreign Currency Convertible Bonds (FCCBs)

- Out of the FCCBs aggregating EURO 60 million issued by the Company on 15th September, 2005 (maturity date 16th September, 2010), the Bonds of the Face Value of Euro 8.60 have already been converted into Equity Shares of the Company. The Company also prematurely bought back Bonds of the Face Value of Euro 12.20 million in the financial

## REPORT ON CORPORATE GOVERNANCE (contd.)

year 2008-09 at a discount to the issue price under the automatic route in line with the guidelines issued by the Reserve Bank of India. The present outstanding amount of this issue is Euro 39.20 million.

- (b) Out of the further FCCB issue made by the Company on 24th April, 2007 aggregating US\$ 100 million (maturity date being 25th April, 2012), the Company has prematurely bought back Bonds of the face value of US\$ 58.4 million till 31st March, 2010 at a discount to the issue price under the automatic route in line with the guidelines issued by the Reserve Bank of India. The outstanding amount of this issue is US\$ 41.60 million as at the end of the year.

### 11. Subsidiary Companies

The Company does not have any material unlisted subsidiary and hence the Company is not required to have an Independent Director of the Company on the Board of such subsidiary.

The minutes of the subsidiary companies are periodically placed before and reviewed by the Board of Directors.

12. A certificate from a practicing Company Secretary regarding compliance by the Company with the Corporate Governance is attached hereto as an annexure to the report.

### 13. Status of Compliance with Non- Mandatory Requirements

#### (a) Non-Executive Chairman's Office:

The Non-Executive Chairman has a separate office and all the expenses related to the office are borne by the Company.

#### (b) Remuneration Committee:

The Company has a Remuneration Committee, the details whereof are furnished at above mentioned Sr.5 of this Report.

#### (c) Shareholders Rights:

The quarterly, half-yearly and annual financial results of the Company are published in English and Marathi newspapers having wide circulation and they are uploaded on the Company's web-site. Hence, half-yearly declaration of financial performance is not sent to each household of shareholders.

#### (d) Tenure of Independent Directors:

The Board has not laid down any specific maximum tenure for the Independent Directors.

#### (e) Audit Qualifications:

The Company has initiated measures to move towards a regime of unqualified financial statements.

#### (f) Training of Board Members:

The Directors of the Company are senior professionals of high standing and experience in corporate sector and the industry in which the Company operates. They are being kept informed of the business model, growth factors and the risk profile of the Company. Hence, the Company has not laid down any formal training mechanism for its directors.

#### (g) Mechanism for evaluating Non-Executive Board Members:

The Non-Executive Directors of the Company are professionals from diverse fields relevant to the Company's business requirements and have long standing experience and expertise in their respective fields.

Non-Executive Directors add substantial value to the deliberations of the Board and Committees, besides giving guidance on matters referred to them from time to time. They also play an important role in safeguarding the interests of the stakeholders.

In the light of the above, Chairman under authority from the Board evaluates the performance of each Non-Executive Director.

#### (h) Whistle Blower Policy:

Though the Company does not have a formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestion given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. The Company promotes ethical behaviour in all its business activities. All employees are free to approach the Audit Committee to raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest.



## REPORT ON CORPORATE GOVERNANCE (contd.)

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### Declaration on Compliance with the Code of Conduct

I hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed their adherence to the provisions of the code during the year under review.

Mumbai  
Date: 24th May, 2010

Vivek Nair  
Vice Chairman & Managing Director

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### CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)

#### TO THE MEMBERS OF HOTEL LEEAVENTURE LIMITED

I have examined the compliance of conditions of corporate governance by HOTEL LEEAVENTURE LIMITED for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For V. Sundaram & Co.

Mumbai  
Date: 24th May, 2010

V. Sundaram  
Practicing Company Secretary  
COP - 3373

# REPORT ON CORPORATE GOVERNANCE (contd.)

## GENERAL SHAREHOLDER INFORMATION

### 1.1. 29th Annual General Meeting

Day / DateTime	Venue
Tuesday / 10th August, 2010	11.00 a.m. Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme, Vile Parle (West), Mumbai 400 056

### 1.2. Financial Calendar for the Year

Financial Year	1st April, 2009 to 31st March, 2010
Dividend Payment	The dividend, if declared, by the shareholders at the Annual General Meeting shall be paid / credited on or before 10th September, 2010 i.e. within 30 days from the date of declaration.
Book Closure Dates	Friday, the 6th August, 2010 to Tuesday, the 10th August, 2010 (both days inclusive) to determine the entitlement of shareholders to receive dividend, if declared, for the year ended 31st March, 2010.
Listing on Stock Exchanges	<b>Equity Shares :</b> I) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023. II) National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 <b>Foreign Currency Convertible Bonds:</b> Singapore Exchange Securities Trading Ltd. 2 Shenton way # 19-00 SGX Centre, Singapore 068804
<b>Unaudited Financial reporting for the quarter ending (tentative)</b>	
30th June, 2010	On 13th July, 2010
30th September, 2010	On or before 15th November, 2010
31st December, 2010	On or before 15th February, 2011
31st March, 2011	On or before 31st May, 2011
Annual General Meeting for the year ending 31st March, 2011	On or before 30th September, 2011

The Company has already paid the annual listing fees for the year 2010-11 to the Stock Exchanges as well as custodial fees to the depositories

### 1.3. Registered Office

The Registered Office of the Company is situated at The Leela Kempinski, Sahar, Mumbai 400 059.

### 1.4. Scrip Information Equity Shares

Particulars	Scrip Code / Information
Bombay Stock Exchange Limited	500193
National Stock Exchange of India Limited	HOTELEELA
Demat ISIN allotted by NSDL/CDSL is	INE 102A01024
Face Value	Rs.2/- each



## REPORT ON CORPORATE GOVERNANCE (contd.)

### 1.5. Stock Market Data

The monthly high/low prices of the shares of the Company from 1st April, 2009 to 31st March, 2010 are given below:

Month	BSE				NSE			
	High Rs.	Low Rs.	Volume (Nos.)	Sensex (Closing)	High Rs.	Low Rs.	Volume Rs.	S&P CNX NIFTY (Closing)
April 2009	25.50	18.40	7120052	11,403.25	25.55	18.40	17727883	3473.95
May 2009	33.50	20.80	11886338	14,625.25	33.35	21.00	32268910	4448.95
June 2009	43.15	30.00	22211886	14,493.84	42.15	30.05	69962397	4291.10
July 2009	30.50	26.15	9045441	15,670.31	35.45	26.25	29131727	4636.45
August 2009	35.25	29.15	7300652	15,666.64	33.35	29.10	24445930	4662.10
September 2009	40.9	32.75	15205859	17,126.84	40.10	32.00	52800416	5083.95
October 2009	41.00	32.15	12376845	15,896.28	40.95	34.20	42559493	4711.70
November 2009	41.00	33.15	7864900	16,926.22	40.95	33.35	30129074	5032.70
December 2009	50.20	39.85	20691546	17,464.81	50.15	39.85	61669452	5201.05
January 2010	52.40	45.50	13208116	16,357.96	52.50	45.55	38762722	4882.05
February 2010	49.40	43.50	6998450	16,429.55	49.40	43.30	20119717	4922.30
March 2010	50.20	48.90	5785670	17,527.77	50.15	48.90	23445729	5249.10

Sources: www.bseindia.com & www.nseindia.com respective websites

### 1.6. Distribution of Shareholding as on 31st March, 2010

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	Holding No. of shares of Rs.2/- each	% of Total
Upto 5000	162264	98.79	63917786	16.91
5001 to 10000	1096	0.66	8227956	2.18
10001 to 20000	405	0.24	5889064	1.56
20001 to 30000	189	0.11	4674357	1.24
30001 to 40000	72	0.04	2588473	0.68
40001 to 50000	56	0.03	2668553	0.71
50001 to 100000	78	0.04	5628505	1.49
Above 100000	97	0.05	284230298	75.23
<b>TOTAL</b>	<b>164527</b>	<b>100</b>	<b>377824992</b>	<b>100</b>

### 1.7. Shareholding Pattern as on 31st March, 2010.

Sr. No.	Category	No. of Shares held	% of holding
1	Promoters (including persons acting in concert)	201443375	53.32
2	Banks and Public Financial Institutions	24843523	6.57
3	Mutual Funds	2752572	0.73
4	Bodies Corporate	48231201	12.77
5	FII's	9380336	2.48
6	NRIs/OCBs	11792986	3.12
7	Directors (Other than Promoters)	1861705	0.49
8	Resident Individuals	77519294	20.52
	<b>Total</b>	<b>377,824,992</b>	<b>100</b>

The Promoters have pledged 92,864,205 shares representing 24.58% of the total paid up capital of the Company as on 31st March, 2010.

# REPORT ON CORPORATE GOVERNANCE (contd.)

## 1.8. Share Transfer System

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to a Share Transfer Committee. The Share Certificates in physical form are generally processed fortnightly and returned within 30 days from the date of receipt, if the documents are proper and valid in all respects. A summary of the transfer/transmission so approved is placed at every Board Meeting. The Company obtains from a Practicing Company Secretary a half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges, and files a copy of the certificate with the Stock Exchanges concerned.

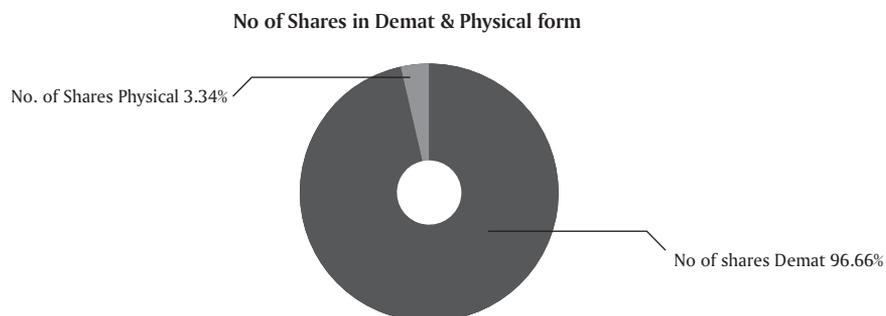
## 1.9. Dematerialisation of shares and liquidity

As on 31st March, 2010, the total number of Equity Shares of the Company in dematerialized form stood at 365,196,654 Shares (representing 96.66% of the Company's paid-up Equity Share Capital).

The trading in Equity Shares of the Company is permitted only in dematerialized form. Considering the advantages of trading in demat form, members are encouraged to consider dematerialisation of their shares so as to avoid inconvenience in future.

Shareholders seeking dematerialization/rematerialization of their shares need to approach their Depository Participants (DP) with whom they maintain demat accounts. The DP will generate an electronic request and will send the physical share certificates to the Registrar and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificates, the Registrar will verify the same. Upon verification, the Registrar will request National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the decision shall be communicated to the shareholder.

In respect of rematerialization, upon receipt of the request from the shareholder, the DP generates a request and its verification is done by the Registrar. The Registrar then requests NSDL and CDSL to confirm the same. Approval of the Company is being sought and eligible number of shares are issued in physical form to the shareholder within 21 days.



## 1.10. Registrar & Share Transfer Agent

M/s. Sharepro Services (India) Pvt. Ltd. has been appointed as one point agency for dealing with shareholders. Shareholders correspondence should be addressed to the Company's Registrar & Share Transfer Agent at the address mentioned below:

M/s.Sharepro Services (India) Pvt. Limited  
Unit: Hotel Leelaventure Limited  
13 A/B Samhita Warehousing Complex, 2nd Floor  
Off. Andheri Kurla Road  
Sakinaka Telephone Exchange Lane  
Sakinaka, Andheri (East)  
Mumbai - 400 072

Tel : + 91 22 6772 0300 / 6772 0400 / 6772 0344  
Fax : + 91 22 2859 1568

E-mail: [hotelleela@shareproservices.com](mailto:hotelleela@shareproservices.com)  
Contact persons: Mr.K.G. Abraham / Mr.Pascol Pereira



## REPORT ON CORPORATE GOVERNANCE (contd.)

### Investor relations centre:

M/s.Sharepro Services (India) Pvt. Limited  
912, Raheja Centre  
Free Press journal Road  
Nariman Point  
Mumbai 400 021

Tel : + 91 22 6613 4700

Fax : + 91 22 2282 5484

### 1.11. Investor Correspondence Contact Details

Clarification / queries related to	Name	Contact Nos.
(a) Accounts matters	Mr. V.L. Ganesh Director Finance & CFO	Tel. +91 22 6691 1021 Fax. +91 22 6691 1456 Email: df@theleela.com
(b) Company Secretary	Mr.Dinesh Kalani	Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458 dinesh.kalani@theleela.com
(c) Share / Secretarial matters	Exclusive E-mail ID for investor grievances	Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458 investor.service@theleela.com

### 1.12 Investor Information Kit

The Company has uploaded on its web-site an "Investor Information Kit" for the general information and guidance to the investors of the Company.

### 1.13 Address of Hotels

The addresses of the Hotels of the Company are as follows:

- (1) The Leela Kempinski Mumbai, Sahar, Mumbai - 400 059
- (2) The Leela Palace Kempinski Bangalore, 23, Airport Road, Bangalore - 560 008
- (3) The Leela Kempinski Goa, Mobor, Cavelossim, Goa - 403 731
- (4) The Leela Kempinski Kovalam Beach, Kerala, Trivandrum - 695 527
- (5) The Leela Palace Kempinski Udaipur, Lake Pichola, Udaipur - 313 001

# SECRETARIAL COMPLIANCE REPORT

CIN: L55101MH1981PLC024097

Nominal Capital: Rs. 180 Crores

The Board of Directors  
Hotel Leelaventure Limited  
Mumbai - 400 059.

We have examined the registers, records, books, forms, returns and documents of Hotel Leelaventure Ltd. ("the Company") as required to be maintained under the Companies Act, 1956 ("the Act"), the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company ("the requirements") for the year ended 31st March, 2010. Based on our examination as well as information and explanation furnished by the Company to us and the records made available to us, we hereby report that:

1. The requisite statutory registers and other records required under the Act and the Rules made thereunder have been maintained in accordance with the Act either in physical and electronic mode as applicable.
2. The requisite forms, returns and documents required under the Act and the Rules made there under to be filed with the Registrar of Companies and other authorities have been duly complied with.
3. The Company has a Board consisting of 15 members
  - Board of Directors: The Board has met 6 times and the minutes have been recorded properly in the minutes book maintained for the purpose.
4. As required under the Listing Agreement and Companies Act, the Company has the following Committees:
  - Audit Committee: The Committee has met 4 times during the year under review. The minutes are properly recorded.
  - Share Transfer and Investors Grievance Committee: The Committee has held two meetings and the minutes are properly recorded.
5. The Annual General Meeting for the year 2008-09 was held on 21st August, 2009. The minutes of the meeting have been properly recorded in the minutes book maintained for the purpose.
6. The re-appointment of directors, who retire by rotation, has been made in accordance with the Act.
7. Due disclosures under the requirements of the applicable statutes have been made by the Company. The Company has also complied with the requirements in pursuance to the Listing Agreements with the Stock Exchanges. The Company has complied with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended from time to time. The Company has filed statements with the Stock Exchanges under the regulation 8 (3) of the said Regulations within 21 days from 31st March, 2010 and from the book closure date for the purpose of payment of dividend for the year ended 31st March, 2009.
8. The Company has complied with the requirements of the Depositories Act, 1996 as amended pertaining to dematerialization of shares and wherever required, share certificates have been issued and delivered to shareholders within the statutory period and the transfers / transmissions thereof have been carried out and registered as per the requirements.
9. The split shares for the split of one equity share of Rs.10/- each into 5 shares of Rs. 2/- each were exchanged for those shareholders who were holding the shares in physical mode. The new certificates are being exchanged as and when shareholders submit their old share certificates.
10. During the financial year, the Company has bought back Foreign Currency Convertible Bonds of the face value of US\$ 41.6 million under Automatic Route in compliance with applicable ECB Guidelines as amended.
11. Declaration and payment of dividend during the year under review and transfer of monies lying in unclaimed dividend account to the Investor Protection and Education Fund, wherever applicable, have been duly complied with as per the requirements of the Act.
12. The Company has complied with the provisions of Section 293(1) (a) and 293 (1) (d) of the Act in respect of monies borrowed from financial institutions and banks.
13. Charges created / modified / satisfied by the Company were notified to the ROC and were entered in the Register maintained for the purpose during the financial year ended 31st March, 2010. *However, the creation of a charge for the debentures issued in the previous year is under process.*



## SECRETARIAL COMPLIANCE REPORT (contd.)

14. The Company has complied with the provisions of section 372A and other provision of the Act in respect of guarantees given, loans granted to companies including subsidiaries and investments by way of equity shares made in subsidiaries and other companies during the financial year ended 31st March, 2010. The Company has, wherever required, obtained the necessary approvals of the Board, Committee thereof, shareholders, the Central Government or other authority (ies) as per the requirements of the Act.
15. The Company has not accepted any Fixed Deposits during the year under review. The dividend declared for the financial year ended 31st March, 2009 has been paid during the year under review. The Annual Return and the Annual Reports have been filed with the ROC as required under the Act. The Company has, therefore not defaulted in any of the Provisions of Section 274 (1) (g) of the Act, which would otherwise disqualify the Directors of the Company from acting as a Director of any other Company.
16. The Company has complied with the relevant clauses of the Listing Agreement with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, Corporate Governance standards as prescribed in clause 49 within the time limit specified in the Listing Agreement.
17. The Company has complied with the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 as amended from time to time. The Company has within the time limit specified in the Regulations, submitted the information received from the employees / directors / stakeholders as shareholders with regard to any purchase or sale in excess of requisite percentage of the paid up share capital to the Stock Exchanges.
18. The Company has also instituted the Code of Conduct for Directors and other Senior Executives of the Company and has complied with the said Code as required under the Clause 49 of the Listing Agreement.

Mumbai  
Date: 24th May, 2010

For V. Sundaram & Co.  
V. Sundaram  
Practicing Company Secretary  
COP - 3373

# AUDITORS' REPORT

## To the Members of Hotel Leelaventure Limited

- 1 We have audited the attached Balance Sheet of Hotel Leelaventure Limited as at 31st March 2010, and also the Profit and Loss Account and the Cash Flow statement for the year ended as on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the 'order') issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
- 4 Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law has been kept by the company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards, to the extent applicable, referred to in subsection (3C) of the Section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors, taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March 2010 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956; and
  - f. In our opinion, and to the best of information and according to the explanation given to us, the said Accounts, give the information required by the Companies Act, 1956 in the manner so required, subject to our inability to express an opinion on the impact of disputed interest income recognised as referred to in note 9 of schedule L to the accounts and read with other notes, give a true and fair view
    - i. in the case of Balance Sheet, of the state of affairs of the company as at 31st March 2010.
    - ii. in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For PICARDO & CO.  
Chartered Accountants

K. V. Gopalakrishnayya  
Partner

Membership No.21748

Firm Registration No : 107917W

Mumbai, 24th May 2010



# ANNEXURE TO THE AUDITORS' REPORT

[referred to in paragraph (3) of our report of even date]

- (i)
  - a. The Company has maintained proper records showing full particulars including quantitative details of fixed assets except that of Udaipur unit. However location particulars in respect of Mumbai and Goa units are not updated.
  - b. Fixed assets other than Udaipur unit were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii)
  - a. As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
  - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the company and nature of the business.
  - c. In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted/taken secured or unsecured loans to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventories and sale of goods and services. In our opinion internal control systems for purchase of fixed assets needs to be strengthened. During the course of our audit, except for weakness in internal control system for purchase of fixed assets we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, transactions to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been entered in the register. Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) The central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of any of the activities of the activities of the company.
- (ix)
  - (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year under review.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March, 2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with appropriate authorities as on 31st March, 2010 on account of dispute are given below:

Name of Statute	Nature of the dues	Amount (Rs. in Crores)	Period to which the amount relates (Assessment years)	Forum where dispute is pending
Customs Act	Custom Duty and Penalty	0.50	2000-2001	Customs, Excise, Service Tax Appellate Tribunal
Customs Act	Custom Duty and Penalty	0.35	1990-1991	Customs, Excise, Service Tax Appellate Tribunal
Karnataka K-VAT	VAT ,penalty and interest	1.34	2005-06, 2006- 07,2007-08 & 2008-09	Deputy Commissioner, Comm'l Taxes.

## ANNEXURE TO THE AUDITORS' REPORT

- x. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to the financial institutions, banks, and debenture holders
- xii. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of securities by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to a company during the year under audit.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing in or trading in shares ,securities, debentures and other investments. Therefore the provisions of clause (4)(iv) of The Companies (Auditors Report) Order 2003 are not applicable to the Company.
- xv. The Company has not given any guarantee for loans taken by others from financial institutions or banks.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under Section 301 of the Act.
- xix. The Company has not issued debentures during the year under review. For the debentures issued during the previous year securities have not been created as on date. We have been informed that the Company is in the process of creation of securities.
- xx. The Company has not raised any money by public issues during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Mumbai, 24th May 2010

For PICARDO & CO  
Chartered Accountants

K. V. Gopalakrishnayya  
Partner  
Membership No.21748  
Firm Registration No : 107917W



# BALANCE SHEET

As at 31st March, 2010

Rs. in Lakhs

	Schedule		As at 31st March 2010	As at 31st March 2009
<b>SOURCE OF FUNDS</b>				
<b>Shareholder's Funds</b>				
Share Capital	A	7,556.50		7,556.50
Reserve and Surplus	B	197,858.09		195,869.77
			205,414.59	203,426.27
<b>Loan Funds</b>				
Secured	C	235,347.76		181,966.45
Unsecured		52,517.76		63,088.66
			287,865.52	245,055.11
Deferred tax liability			13,271.68	11,073.88
	<b>TOTAL</b>		<b>506,551.79</b>	<b>459,555.26</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	D	414,552.54		383,345.04
Less: Depreciation		47,685.74		39,845.69
Net Block		366,866.80		343,499.35
Add: Projects -in- Progress		122,118.88		93,453.55
			488,985.68	436,952.90
Investments ( At Cost )	E		4,618.98	4,623.69
Foreign Currency Monetary Item	F			
Translation Difference Account			-	9,423.72
<b>Current Assets, Loans and advances</b>				
Inventories	G	4,343.44		4,196.36
Sundry Debtors		3,790.17		3,150.99
Cash and Bank balances		1,347.76		3,143.40
Loans and Advances		30,780.06		30,271.65
		40,261.43		40,762.40
<b>Less: Current Liabilities and Provisions</b>				
Current Liabilities	H	14,450.50		17,130.22
Provisions		12,863.80		15,077.23
		27,314.30		32,207.45
Net Current Assets			12,947.13	8,554.95
	<b>TOTAL</b>		<b>506,551.79</b>	<b>459,555.26</b>
Notes to the Accounts	L			

Schedules referred to herein form an integral part of the Balance Sheet

Per our report of even date attached For PICARDO & CO.  
Chartered Accountants

V.L.Ganesh  
Director Finance  
& CFO

K.V. Gopalakrishnayya  
Partner  
Membership No.21748  
Firm Registration No : 107917W  
Mumbai, 24th May, 2010

Dinesh Kalani  
Company Secretary

For and on behalf of the Board of Directors

Capt. C.P. Krishnan Nair Chairman  
Vivek Nair Vice Chairman &  
Managing Director  
Dinesh Nair Joint Managing Director  
Venu Krishnan Deputy Managing Director

Madhu Nair  
M.Narasimham  
P.C.D.Nambiar  
Anna Malhotra  
R.Venkatachalam  
A.K.Dasgupta

Directors

# PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2010

Rs. in Lakhs

		Year ended 31st March 2010	Year ended 31st March 2009
	Schedule		
<b>INCOME</b>			
Sales/Services rendered and other Income	I	46,302.49	58,216.46
	<b>Total</b>	<b>46,302.49</b>	<b>58,216.46</b>
<b>EXPENDITURE</b>			
Operating, Administrative and Other expenses	J	30,522.24	29,585.57
Financial Charges	K	2,446.81	2,719.91
Loss on Sale of Fixed Assets		36.46	26.24
	<b>Total</b>	<b>33,005.51</b>	<b>32,331.72</b>
<b>Profit Before Depreciation and Amortisation</b>			
		<b>13,296.98</b>	<b>25,884.74</b>
Depreciation and Amortisation	7,981.75		7,376.48
Less: Withdrawal from Revaluation Reserve	1,149.01		837.06
		<b>6,832.74</b>	<b>6,539.42</b>
<b>PROFIT BEFORE TAX</b>			
		<b>6,464.24</b>	<b>19,345.32</b>
<b>PROVISION FOR TAX</b>			
Current Tax	875.40		3,697.96
Fringe Benefit Tax	-		160.22
Deferred Tax	2,197.80		1,937.63
MAT Credit Entitlement	(1,110.20)		(1,037.63)
		<b>1,963.00</b>	<b>4,758.18</b>
<b>PROFIT AFTER TAX FOR THE YEAR</b>			
		<b>4,501.24</b>	<b>14,587.14</b>
Less: Prior Period Adjustments (Net)		399.13	88.68
<b>PROFIT AFTER TAX</b>			
		<b>4,102.11</b>	<b>14,498.46</b>
Balance of Profit brought forward		28,774.48	20,144.16
<b>Amount available for Appropriation</b>			
		<b>32,876.59</b>	<b>34,642.62</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend on Equity shares		755.65	1,511.30
Corporate Dividend Tax		125.50	256.84
Transfer to General Reserve		115.00	1,100.00
Transfer to Debenture Redemption Reserve		600.00	3,000.00
Balance carried forward to Balance Sheet		31,280.44	28,774.48
		<b>32,876.59</b>	<b>34,642.62</b>
<b>Basic Earning per share of face value of Rs.2 each - in Rs</b>			
		<b>1.09</b>	<b>3.84</b>
<b>Diluted Earning per share of face value of Rs.2 each - in Rs.</b>			
		<b>0.92</b>	<b>3.13</b>
Notes to the Accounts	L		

Schedules referred to herein form an integral part of the Profit and Loss Account

Per our report of even date attached  
For **PICARDO & CO.**  
Chartered Accountants

**V.L.Ganesh**  
Director Finance  
& CFO

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Firm Registration No : 107917W  
Mumbai, 24th May, 2010

**Dinesh Kalani**  
Company Secretary

For and on behalf of the Board of Directors

**Capt. C.P. Krishnan Nair** Chairman  
**Vivek Nair** Vice Chairman &  
Managing Director  
**Dinesh Nair** Joint Managing Director  
**Venu Krishnan** Deputy Managing Director

**Madhu Nair**  
**M.Narasimham**  
**P.C.D.Nambiar**  
**Anna Malhotra**  
**R.Venkatachalam**  
**A.K.Dasgupta**

Directors



# Cash Flow Statement

For the year ended March 31, 2010

Rs. in Lakhs

	2009-10	2008-09
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	6,464	19,345
Adjustments for		
Prior Period Adjustments (Net)	(399)	(60)
Depreciation	6,833	5,492
Discount on buyback of Bonds	(65)	(6,463)
Subsidy	(18)	-
Interest Charged	2,291	2,379
Loss / (Profit) on sale of assets	36	26
Derivative losses	77	295
Finance Lease Expenses	-	5
Provision for doubtful debts	68	47
Provision for Investments	-	8
Provision for employee benefits	(133)	(40)
Interest Income	(2,546)	(4,901)
	6,144	(3,212)
Operating Profit before working capital changes	12,608	16,133
<b>Changes in :</b>		
Trade and Other Receivable	482	(1,427)
Inventories	(147)	(330)
Trade and Other Payables	(2,122)	7,337
Taxes and Levies	(195)	161
	(1,982)	5,741
Cash generated from operations	10,626	21,874
Direct Taxes	(1,733)	(1,543)
Net Cash Flow before extraordinary items	8,893	20,331
<b>Net Cash Flow from Operating Activities</b>	<b>8,893</b>	<b>20,331</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in Fixed Assets / in New Projects	(62,846)	(60,118)
Proceeds from Sale of Fixed Assets	98	123
Investment in Subsidiary	5	(4,604)
Purchase of other investments	-	(1)
Sale of other investments	-	1
Interest Received	2,546	4,901
<b>Net Cash Flow from Investing Activities</b>	<b>(60,197)</b>	<b>(59,698)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Long Term Loans	80,078	12,985
Increase / (Decrease) in Cash Credit	425	1,470
Increase / (Decrease) in short term funds	-	(1,500)
Deferred Luxury Tax Repayment	-	(2,083)
Loan advanced to Subsidiary	(174)	(774)
Issue / (Redemption) of Debentures	(6,000)	14,999
Increase / (Decrease) of Intercompany deposits	(1,500)	1,500
Issue / (Redemption) of Foreign Currency Convertible Bonds (Net of Foreign Exchange Fluctuations)	(18,516)	(8,852)

# Cash Flow Statement

For the year ended March 31, 2010

Rs. in Lakhs

	2009-10	2008-09
Debenture/Foreign Currency Convertible Bonds Issue Expenses	-	(319)
Repayment of Finance Lease Liabilities	-	(5)
Dividend Paid (Including Dividend Tax)	(1,756)	(2,192)
Income / (Loss) from Derivatives	(572)	(264)
Interest Paid	(2,476)	(2,012)
<b>Net Cash Flow from Financing Activities</b>	<b>49,509</b>	<b>12,953</b>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,795)	(26,415)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	3,143	29,558
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,348	3,143

For and on behalf of the Board of Directors

Per our report of even date attached  
For PICARDO & CO.  
Chartered Accountants

**Capt. C.P. Krishnan Nair**  
**Vivek Nair**

Chairman  
Vice Chairman &  
Managing Director

**V.L.Ganesh**  
Director-Finance & CFO

**Dinesh Nair**  
**Venu Krishnan**

Joint Managing Director  
Deputy Managing Director

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Firm Registration No: 107917W

**Dinesh Kalani**  
Company Secretary

**Madhu Nair**  
**M.Narasimham**  
**P.C.D.Nambiar**  
**Anna Malhotra**  
**R.Venkatachalam**  
**A.K.Dasgupta**

Directors

Mumbai, 24th May 2010



## SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. in Lakhs

		As at 31st March 2010	As at 31st March 2009
<b>Schedule- A</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED:</b>			
60,00,00,000 Equity Shares of Rs.2 each		12,000.00	12,000.00
60,00,00,000 Redeemable Preference Shares of Rs. 100 each		6,000.00	6,000.00
		<b>18,000.00</b>	<b>18,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>			
<b>Equity Shares</b>			
37,78,24,992 ( Previous year 37,78,24,992)			
Equity shares of Rs. 2 (Previous year Rs. 2) each		7,556.50	7,556.50
<b>Total</b>		<b>7,556.50</b>	<b>7,556.50</b>

<b>Schedule- B</b>			
<b>RESERVES AND SURPLUS</b>			
<b>CAPITAL REDEMPTION RESERVE:</b>			
Per last Balance Sheet		8,750.00	8,750.00
<b>SECURITIES PREMIUM ACCOUNT :</b>			
Per last Balance Sheet	25,245.67		27,809.12
Less: Premium on redemption of FCCB's and Issue expenses (net of tax credit)	83.63		2,563.45
		<b>25,162.04</b>	<b>25,245.67</b>
<b>DEBENTURE REDEMPTION RESERVE :</b>			
Per last Balance Sheet	3,000.00		-
Transferred from Profit and Loss Account	600.00		3,000.00
		<b>3,600.00</b>	<b>3,000.00</b>
<b>REVALUATION RESERVE:</b>			
Per last Balance Sheet	123,769.23		21,252.58
Less: Transferred to Profit and Loss Account	1,149.01		809.96
	<b>122,620.22</b>		<b>20,442.62</b>
Add: Additions During the Year	-		103,326.61
		<b>122,620.22</b>	<b>123,769.23</b>
<b>CAPITAL RESERVE:</b>			
Per last Balance Sheet		710.11	710.11
<b>GENERAL RESERVE:</b>			
Per last Balance Sheet	5,620.28		6,794.45
Add: Transfer from Profit and Loss Account	115.00		1,100.00
	<b>5,735.28</b>		<b>7,894.45</b>
Less : Transferred to Foreign Exchange Monetary Item Translation Difference Account	-		2,274.17
		<b>5,735.28</b>	<b>5,620.28</b>
<b>PROFIT AND LOSS ACCOUNT:</b>			
<b>Total</b>		<b>31,280.44</b>	<b>28,774.48</b>
		<b>197,858.09</b>	<b>195,869.77</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. in Lakhs

	As at 31st March 2010	As at 31st March 2009
<b>Schedule- C</b>		
<b>LOAN FUNDS</b>		
<b>(A) SECURED:</b>		
i.    Debentures	9,000.00	15,000.00
ii.   Term Loans		
<b>a. Financial Institutions</b>		
i.    Foreign Currency Loans	17,317.60	21,269.48
ii.   Rupee Currency Loans	48,079.18	29,530.39
<b>b. Banks</b>		
i.    Foreign Currency Loans	51,208.03	62,554.26
ii.   Rupee Currency Loans	106,744.23	51,038.21
<b>iii. Cash Credit from Banks</b>	2,998.72	2,574.11
<b>Total</b>	<b>235,347.76</b>	<b>181,966.45</b>
<b>Amount Repayable within One Year</b>	<b>8,560.00</b>	<b>18,639.00</b>
<b>(B) UNSECURED:</b>		
i.    Short term loan from bank	1,000.00	1,000.00
ii.   Other term loan from bank	9,000.00	-
iii.  Inter corporate Deposit	-	1,500.00
iv.   Foreign Currency Convertible Bonds	42,517.76	60,588.66
<b>Total</b>	<b>52,517.76</b>	<b>63,088.66</b>
<b>Amount Repayable within One Year</b>	<b>24,739.52</b>	<b>2,500.00</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

### Schedule - D FIXED ASSETS

Rs. in Lakhs

ASSETS	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION			NET BLOCK	
	1st April, 2009	Additions during the year	Deductions during the year	As at 31st March, 2010	As at 1st April, 2009	For the year	Deductions during the year	Up to 31st March, 2010	As at 31st March 2010
Land ( Freehold )	173,460.14	7,669.98	2,407.42	178,722.70	-	-	-	-	178,722.70
Land ( Leasehold )	37,138.67	60.00	-	37,198.67	9.11	708.42	-	717.53	36,481.14
Buildings	103,301.93	15,990.09	1,883.26	117,408.76	10,324.90	1,840.74	-	12,165.64	105,243.12
Plant & Machinery & Electrical Installation	43,321.47	11,178.01	1,521.37	52,978.11	17,615.25	3,180.20	95.64	20,699.81	32,278.30
Furniture & Fixtures	19,234.20	2,789.36	566.63	21,456.93	10,562.45	1,670.77	0.41	12,232.81	9,224.12
Vehicles, Motor Boats & Ship	6,888.63	355.98	457.24	6,787.37	1,333.98	581.62	45.65	1,869.95	4,917.42
<b>Total</b>	<b>383,345.04</b>	<b>38,043.42</b>	<b>6,835.92</b>	<b>414,552.54</b>	<b>39,845.69</b>	<b>7,981.75</b>	<b>141.70</b>	<b>47,685.74</b>	<b>366,866.80</b>
<b>Previous Year</b>	<b>255,312.44</b>	<b>128,304.48</b>	<b>271.88</b>	<b>383,345.04</b>	<b>33,638.49</b>	<b>6,329.40</b>	<b>122.20</b>	<b>39,845.69</b>	<b>343,499.34</b>

a. Building Includes Cost of 76 shares of Rs. 10/each in Co-operative Housing Society

b. Additions includes Rs. Nil (Previous year Rs. 1,03,326.61 Lakhs) on account of revaluation of Land(Freehold) and Land (Leasehold)

c. Additions includes Rs. Nil (Previous year Rs. 8,599.55 Lakhs) on account of Foreign Exchange translation difference

d. Deductions include Rs. 6,559.62 Lakhs (Previous Year Nil) on account of Foreign Exchange translation difference

# SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. in Lakhs

	As at 31st March 2010	As at 31st March 2009
<b>Schedule- E</b>		
<b>INVESTMENTS ( UNQUOTED) AT COST</b>		
<b>TRADE INVESTMENT</b>		
<b>I. Investment in Subsidiary Companies</b>		
a Iskon Estate Private Limited		
10,00,000 ( Previous year 10,00,000 ) fully paid up		
Equity Shares of Rs.10 each	4,604.17	4,604.17
b Amin Group Hotel Limited 6,120 ( Previous year 6,120 )		
fully paid up Equity Shares of Rs.100 each	6.12	6.12
c Leela Hotels & Palaces Limited		
Nil ( Previous year 50,000 ) fully paid up	-	5.00
Equity Shares of Rs.10 Each		
	4,610.29	4,615.29
<b>2. Others</b>		
The Greater Bombay Co-operative Bank Limited		
Nil ( Previous year 10) Equity shares of Rs.25 each	-	-
Indira Vikas Patra	8.69	8.40
<b>Total</b>	<b>4,618.98</b>	<b>4,623.69</b>
<b>Schedule- F</b>		
<b>Foreign Currency Monetary Item</b>		
<b>Translation Difference Account</b>		
Per last Balance Sheet	9,423.72	-
Add : Additions during the Year	-	10,470.80
Less : Amortised during the Year	-	1,047.08
Less : Withdrawn/Capitalised during the Year	9,423.72	-
<b>Total</b>	<b>-</b>	<b>9,423.72</b>
<b>Schedule- G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
Inventories ( at lower of cost and net realisable value as certified by the Management )		
Stores and Operating supplies	3,658.13	3,439.85
Food and Beverage	685.31	756.51
	4,343.44	4,196.36
Sundry Debtors - ( Unsecured , Considered good except to the extent specifically provided)		
Outstanding for more than six months - Considered Good	888.24	362.51
- Doubtfull	304.90	236.63
	1,193.14	599.14
Others	2,901.93	2,788.48
	4,095.07	3,387.62
Less:Provision for Doubtful Debts (outstanding for more than six months)	304.90	236.63
	3,790.17	3,150.99
<b>Cash and Bank Balances</b>		
Cash on hand	57.39	42.49
Cheques on hand	0.60	1.44
Balances with Scheduled Banks		
Current Accounts	603.17	2,061.21
Deposit Accounts	686.60	1,038.26
Includes Rs. Nil (Previous year Rs 617.78 Lakhs) held as collateral	1,347.76	3,143.40
<b>LOANS AND ADVANCES</b>		
( Unsecured - Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	20,040.43	21,910.87
Advance Income Tax ( Net of Provision)	395.67	-
- MAT Credit entitlement	2,147.84	1,037.63
Deposits with Public Bodies and others	7,227.85	6,528.87
Advance to Subsidiary Companies	968.27	794.28
<b>Total</b>	<b>30,780.06</b>	<b>30,271.65</b>
	40,261.43	40,762.40



## SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. in Lakhs

		As at 31st March 2010	As at 31st March 2009
<b>Schedule - H</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Acceptances	262.38		217.08
Sundry Creditors*	5,704.59		7,037.41
Unclaimed			
-Dividend	63.18		50.74
-Debenture Interest	-		3.06
-Debenture Redemption	22.05		22.55
	85.23		76.35
Taxes and Levies	835.25		1,030.61
Retention Money	1,328.67		1,044.61
Other Liabilities	4,438.24		5,711.51
Advance Received	707.76		711.26
Trade Deposits	558.74		590.04
Interest accrued but not due	529.64		711.35
		14,450.50	17,130.22
<b>PROVISIONS:</b>			
Proposed Dividend ( Including Corporate Dividend Tax)	881.15		1,768.15
Taxation (net of advance tax)	-		494.74
Fringe benefit tax (net of advance)	-		10.22
Premium on Redemption of Bonds	10,637.53		11,020.33
Derivatives	320.00		815.00
Leave Encashment & Gratuity	1,025.12		968.79
		12,863.80	15,077.23
<b>Total</b>		<b>27,314.30</b>	<b>32,207.45</b>

\* Dues of Micro & Small Enterprises  
Dues of Other Creditors  
(Refer Note No 7 of Schedule L)

33.57 33.00  
5,933.40 7,221.49

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

	Year ended 31st March 2010	Year ended 31st March 2009
<b>Schedule- I</b>		
<b>SALES/SERVICES RENDERED AND OTHER INCOME</b>		
<b>(a) SALES/SERVICES RENDERED:</b>		
Rooms & Galleria Rentals	24,985.64	29,912.36
Food and Beverages	12,562.19	11,754.47
Other Sales	647.68	141.07
Other Services	4,816.67	3,604.65
( Tax deducted at source Rs. 530.69 Lakhs) previous year Rs. 848.86 Lakhs		
<b>Total</b>	<b>43,012.18</b>	<b>45,412.55</b>
<b>(b) OTHER INCOME</b>		
Interest from banks (Tax deducted at source Rs. 9.47 Lakhs) previous year Rs.19.77 Lakhs)	58.92	741.07
Interest from others (Gross, TDS. Nil)	2,487.41	4,159.75
Income from exchange fluctuation	67.90	870.34
Discount on Buyback of Bonds	64.83	6,463.69
Subsidy	17.92	-
Miscellaneous Income	593.33	569.06
<b>Total</b>	<b>3,290.31</b>	<b>12,803.91</b>
<b>Total (a + b)</b>	<b>46,302.49</b>	<b>58,216.46</b>

# SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

	Year ended 31st March 2010	Year ended 31st March 2009
<b>Schedule - J</b>		
<b>OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
<b>1. OPERATING EXPENSES:</b>		
(a) Food and Beverages consumed		
Opening Stock	756.51	670.20
Add: Purchases	2,986.83	2,969.85
	3,743.34	3,640.05
Less: Closing Stock	685.31	756.51
	3,058.03	2,883.54
(b) Payments to and Provisions for employees		
Salaries, Wages and Bonus	7,974.43	7,368.94
Contribution to Provident and other funds	491.90	445.90
Workmen and Staff Welfare Expenses	1,076.64	1,122.73
	9,542.97	8,937.57
(c) Other Operating Expenses		
Stores and Supplies including Linen	2,142.67	2,029.05
Power, Fuel and Water	4,394.78	4,462.75
Repairs:		
Building	438.83	404.98
Machinery	737.11	626.49
Others	842.87	743.24
Music, Banquets and Restaurants	521.71	481.67
	9,077.97	8,748.18
<b>2. ADMINISTRATIVE AND OTHER EXPENSES:</b>		
Rent	1,394.09	1,153.64
Rates and Taxes	1,009.71	995.62
Insurance	183.14	149.52
Travelling and Conveyance	646.84	762.24
Guest Transport	362.62	358.35
Communication Expenses	475.26	486.88
Advertising and Publicity	1,683.50	1,517.50
Printing and Stationery	296.64	344.24
Lease, Licence fee and Reservation fee	953.04	1,045.45
Legal and Professional Fees	780.59	1,076.70
Donation	100.09	18.91
Membership and Subscription	228.98	218.60
Director's Remuneration	328.92	328.92
Commission to Directors	181.00	310.00
Directors' Sitting Fees	14.20	20.40
Auditor's Remuneration	28.24	27.97
Provision for Doubtful Debts	68.27	47.18
Loss on Investment	-	8.00
Miscellaneous	108.14	146.16
	8,843.27	9,016.28
<b>Total</b>	<b>30,522.24</b>	<b>29,585.57</b>

	Year ended 31st March 2010	Year ended 31st March 2009
<b>Schedule - K</b>		
<b>FINANCIAL CHARGES</b>		
Interest on Fixed Loans	2,206.12	2,117.06
Interest on Other Loans	84.83	262.08
Other Charges	155.86	340.77
<b>Total</b>	<b>2,446.81</b>	<b>2,719.91</b>



# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

## Schedule L

### NOTES TO ACCOUNTS

#### 1) Significant Accounting Policies:

##### a) Convention:

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 1956.

##### b) Use of Estimates:

The preparation of financial statement requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

##### c) Fixed Assets:

Fixed assets are stated at cost (or valuation as applicable) less depreciation. Cost includes expenses incidental to the installation of the assets and attributable borrowing costs. Cost also includes exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital asset.

Valuation of freehold land and leasehold rights on properties situated at Mumbai, Bangalore, Goa and Kovalam was carried out during the March 2009. All the fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation is carried out in all the cases by a professional valuer, the basis of valuation being realizable value as determined by the valuer.

Revalued fixed assets are stated based on the revaluation and all other fixed assets are stated at cost.

Additions on account of valuation are credited to Revaluation Reserve.

##### d) Depreciation:

Depreciation on fixed assets has been provided on straight-line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year has been provided for on pro-rata basis. Assets purchased / installed during the year costing less than Rs.5,000/- each are fully depreciated. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

##### e) Investments:

Long-term investments are carried at cost.

##### f) Inventories:

Inventories are valued at lower of cost (weighted average basis) or net realizable value.

##### g) Employee benefit:

###### i) Post-employment benefit plans

Contribution to defined contributory retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise it is amortized on straight-line basis over the average period until the benefits become eligible for being vested.

###### ii) Short term employee benefits

The undiscounted amount of short term employee benefits are expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentive.

###### iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date..

# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

**h) Sales and Services:**

Sales comprise sale of rooms, food and beverages, Galleria Rentals and allied services relating to hotel operations, including income from management and operating fees and income from sale of electricity.

**i) Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Gains/Losses (Net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

**j) Taxation:**

- (i) Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year.
- (ii) Wealth Tax for the year has been provided as required under the Wealth Tax Act and Rules, 1957.
- (iii) Deferred tax is recognized on timing difference that is being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

**k) Impairment of assets:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**l) Foreign Currency Transaction:**

- (i) Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.
- (ii) In line with option given in the Ministry of Corporate Affairs Notification No G.S.R.225 (E) dated 31st March 2009, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital asset, is added to or deducted from the cost of the asset and will be depreciated over the balance life of the asset, and in other cases is accumulated in 'Foreign Currency Monetary Item Translation Difference Account' in the Company's financial statements and amortized over the balance period of such long-term asset/liability but not beyond 31st March 2011, by recognition as income or expense in each such of the periods except exchange differences which are regarded as an adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs.
- (iii) All other monetary assets and liabilities in foreign currency as at Balance Sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as incomes or expenses in the year in which they arise.

**m) Assets take on lease:**

In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the profit and loss account.

**n) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined as best estimates required to settle the obligation at the Balance Sheet date.

Contingent Liability is disclosed in case of:

- (a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
- (b) A present obligation when no reliable estimate is possible; and
- (c) A possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are not recognized in the financial statements.



# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

## 2) Foreign Currency Convertible Bonds:

- (a) The Company had allotted 1% Foreign Currency Convertible Bonds (Euro Bonds), of Euro 60 Million on 15th September, 2005 having maturity of 5 years and 1 day, convertible at any time up to 31st August, 2010 into equity shares of Rs.2 each at a conversion price of Rs.46.65 (previous year Rs.46.65), with a fixed rate of exchange on conversion of Rs.54.33 for one Euro. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore.
- (b) Up to 31st March 2010, holders of 8600 Euro Bonds (previous year 8600 Euro Bonds) with aggregate face value of Euro 8.60 million have exercised their right and converted their holding into equity shares, resulting in the allotment of 93,12,522 Equity Shares (previous year 93,12,522 Equity Shares)
- (c) Upto 31st March 2010, the Company has repurchased 12,200 Euro Bonds with a face value of Euro 12.20 million. The repurchased Euro Bonds are extinguished. The pro-rata premium provided on the repurchased Euro Bonds is credited (net of tax) to Security Premium Account.
- (d) The remaining Euro 39.20 million Euro Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 16th September 2010 at 125.50% of the principal amount. The pro-rata premium payable on redemption (net of tax credits) is charged to Security Premium Account.
- (e) The Company had allotted Zero Interest Foreign Currency Convertible Bonds (USD Bonds), of US \$ 100 million on 24th April 2007 having maturity of 5 years and 1 day, convertible at any time up to 18th April 2012 into equity shares of Rs.2 each at a conversion price of Rs.72 (previous year Rs.72) with a fixed rate of exchange on conversion of Rs.41.945 for one US \$. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore.
- (f) Up to 31st March 2010, holders of these Bonds have not exercised their right to convert their holding into equity shares.
- (g) Upto 31st March 2010, the Company has repurchased 584 (Previous Year 330) Zero Coupon USD Bonds with a face value of US \$ 58.40 Million (Previous Year US \$ 33.00 million). The repurchased USD Bonds have been extinguished. The pro-rata premium provided on the repurchased FCCBs has been credited (net of tax) to the Security Premium Account.
- (h) The remaining US \$ 41.60 Million USD Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 25h April 2012 at 146.61% of the principal amount. The pro-rata premium payable on redemption (net of tax credits) is charged to Security Premium Account.

## 3) Secured Loans:

### a) Redeemable Non-Convertible Debentures:

- i) The Company had issued on 19th December 2008, 12.5% Secured Redeemable Non-Convertible Debentures of Rs.10 Lakhs each aggregating Rs. 9,000 Lakhs redeemable at par on 18th December 2013.
- ii) For the above issue, documentation relating to creation of security is under process.
- iii) The Company had issued on 30th December 2008, 13% Secured Redeemable Non-Convertible Debentures of Rs.10 Lakhs each aggregating Rs.6,000 Lakhs redeemable at par on 30th December 2013. These debentures are fully redeemed during the year under review.
- iv) Debenture Redemption Reserve is created in accordance with applicable laws and guidelines.

### b) Term Loans:

- i) Term Loan of Rs.1,190 lakhs from The Jammu & Kashmir Bank Limited is secured by a pari passu charge on the immovable properties, both present and future, of the Club Suites at The Leela Goa.
- ii) Term Loan of Rs.1,658 lakhs from Oriental Bank of Commerce is secured by certain company owned flats.
- iii) Foreign Currency Loans of Rs.22,369 lakhs and Rupee Term loan of Rs.7,126 lakhs from State Bank of India, Foreign Currency Loan of Rs.11,285 lakhs and Rupee Term Loan of Rs.3,380 lakhs from State Bank of Mysore, Rupee Term Loan of Rs.5,000 lakhs from State Bank of Indore, Foreign Currency Loan Rs.5,519 lakhs and Rupee Term Loan of Rs.1,470 lakhs from State Bank of Travancore, Rupee Term Loan of Rs. 5,000 lakhs from State Bank of Bikaner & Jaipur, Rs.3,200 lakhs from State Bank of Patiala, Rs.5,000 lakhs from State Bank of Hyderabad, Rs.5,000 lakhs from Federal Bank and Rs.19,592 lakhs from Bank of India are secured by a pari passu charge on the fixed assets, both present and future, of the Delhi and Chennai properties.
- iv) Rupee Term loan of Rs.25,000 lakhs from Bank of India and Rs.23,000 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets, both present and future, of the Leela Goa and The Leela Kempinski, Kovalam.
- v) Out of Foreign Currency Loan of Rs.17,318 lakhs and Rupee Term Loan of Rs.8,693 lakhs from EXIM Bank, an amount of Rs. 13,321 lakhs is secured by a 1st charge on the immovable properties of The Leela Kempinski

# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

Mumbai and Rs.8,690 lakhs is secured by a pari passu charge on the fixed assets of the Udaipur property and Rs.4,000 lakhs is secured by a Mortgage on Wind Mills and 1st Charge on the The Leela Kempinski, Mumbai.

- vi) Foreign Currency Loan of Rs.301 lakhs and Term loans of Rs.765 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets of The Leela Kempinski Kovalam.
- vii) Foreign Currency Loan of Rs.11,736 lakhs from State Bank of India is secured by a pari passu charges on the The Leela Palace Kempinski, Bangalore.
- viii) Term loan of Rs.365 lakhs from HDFC Bank Limited is secured by hypothecation of certain vehicles.
- ix) Rupee Term loans aggregating to Rs.39,386 lakhs from the Housing Development Finance Corporation Limited are secured against a pari passu charge on the immovable properties of The Leela Palace Kempinski, Bangalore.

**c) Cash Credit:**

Cash Credit and other Working Capital facilities from a Consortium of Banks led by State Bank of India are secured by hypothecation of Company's inventories of stores and provisions, other stocks including inventories in transit, and book debts (except the credit card receivables), both present and future, and further secured by a pari passu second charge on the Fixed Assets of The Leela Goa (excluding the club suites) and the Leela Kempinski, Udaipur.

**4) Deferred Tax:**

- a) The Company has accounted for deferred tax in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. The deferred tax Liability comprises following components:

	Rs. in Lakhs	
Particulars	2009-10	2008-09
<b>Deferred Tax Liabilities:</b>		
Depreciation differences	14615.77	10944.24
Others	-	1035.75
<b>Total</b>	<b>14615.77</b>	<b>11979.99</b>
<b>Deferred Tax Assets:</b>		
Employee Benefits	340.52	329.00
Provision for doubtful debts	100.61	80.43
Unabsorbed Depreciation	796.66	-
Others	106.30	496.68
<b>Total</b>	<b>1344.09</b>	<b>906.11</b>
<b>Net Deferred Tax liability</b>	<b>13271.68</b>	<b>11073.88</b>

**5) Fixed Assets:**

- a) Land (Leasehold) includes Development expenses, stamp duty and other direct charges.
- b) Projects in progress:
  - (i) Projects-in-progress includes Rs.12,912.65 lakhs, (previous year Rs.11,760.43 lakhs) incurred in setting up an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI) which includes royalty and interest payable till 30th June 2007 in terms of Award passed by the Sole Arbitrator on 17th May 2008.
  - (ii) Computation of Royalty as Minimum Guaranteed amount payable to AAI subsequent to the above mentioned Award is referred to Arbitration, pending its determination, no provision is made in the accounts.
  - (iii) The Company is confident of settling the dispute and completing the project.
- c) Additions to Fixed Assets/ Projects in progress includes, capitalization of borrowing cost during the year under review amounting to Rs. 23,497.53 lakhs (previous year Rs. 11,760 lakhs).

**6) Contingent Liabilities not provided for:**

- a) Estimated amount of contracts remaining to be executed on capital account not provided for- Rs. 20,917.95 lakhs (previous year Rs. 24,068.00 lakhs).
- b) Claims against the Company not acknowledged as debts Rs. 1,750.00 lakhs (previous year Rs. 1,910.80 lakhs).
- c) Disputed Statutory Liabilities not provided for Rs. 508.02 lakhs (previous year Rs. 132.00 lakhs).
- d) Letter of Credit open and outstanding Rs. 610.32 lakhs (previous year Rs. 1,491.00 lakhs).
- e) Counter guarantee given to banks in respect of guarantees given by them on behalf of the Company Rs. 128.82 lakhs (previous year Rs. 92.00 lakhs).



## SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

- f) The Company has made provision for leave salary on actuarial valuation basis. This being retirement benefit, an obligation to pay this amount might arise at the time of resignation / superannuation of the employees. The breakup of the same is as under:

Rs. in Lakhs					
Nature of Obligation	The Carrying amount at the beginning of the period	Additional provisions made during the year	Amounts incurred and charged against the provision during the period	Unused amounts reversed during the period	The carrying amount at the end of the period
Leave Salary (Previous Year)	527.39 (383.39)	168.14 (220.00)	75.39 (56.00)	54.47 (20.00)	565.67 (527.39)

- 7) The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties had been identified on the basis of information available with the Company in this regard.

Particulars	2009-10		2008-09	
	Principal	Interest	Principal	Interest
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	33.57	Nil	33.00	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year;	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	Nil

- 8) In view of announcement made by the Institute of Chartered Accountants of India, as a matter of prudence the Company has provided an additional amount of Rs.76.94 lakhs in the profit and loss account (previous year Rs.30.00 lakhs) towards probable losses in respect of outstanding derivative contracts.
- 9) The Division Bench of Delhi High Court has upheld the appeal filed by HUDCO against the order of the Execution Court confirming the method of computation adopted by the Company regarding interest receivable from HUDCO. The Special Leave Petition filed by the Company in the Supreme Court against this order of the Division Bench is pending, and the order of the Division Bench has been Stayed. The Company has during the year under review recognised interest income of Rs. 2,485.88 lakhs (previous year Rs. 4,115.70 lakhs) from HUDCO. The disputed amount recognised by the Company till 31st March 2010 amounted to Rs.6,773.11 lakhs.
- 10) Land and Buildings includes land measuring 4.1330 hectares and building known as Kovalam Palace and other structures. The possession of the Palace Building is presently with the Government of Kerala. The Government of Kerala has passed an enactment called The Kovalam Palace (Taking Over by Resumption) Act, 2005. The legality of the said Act is challenged by the Company before the Kerala High Court, which is pending disposal. No provision has been made in the accounts, for the value of such land and building as the same is not separately ascertainable and also as per the Act, the Company is entitled to get compensation for improvements based on the report of Commissioner specially to be appointed for this purpose.
- 11) Sales and Services are stated net of discount and commission amounting to Rs. 1,964.61 lakhs (previous years Rs. 1,782.00 lakhs).
- 12) In terms of the option given in the Ministry of Corporate Affairs Notification No G.S.R.225 (E) dated 31st March 2009, differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period have been accounted as under:
- Rs Nil (Previous Year Rs. 2,274.17 lakhs) exchange gain recognised during the financial year ending 31st March 2008 is debited to general reserve account and credited to respective fixed asset account.
  - Rs 9,176.55 lakhs reduction (Previous Year Rs.17,735.00 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are credited (previous year debited) to respective fixed assets/projects-in-progress account.

# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

- (c) Rs Nil (Previous Year Rs. 10,470.80 lakhs) on account of exchange variations relating to items other than non depreciable assets are debited to 'Foreign Currency Monetary Item Translation Difference Account'. During the year under review Foreign Exchange gain amounting Rs. 5,562.13 lakhs is credited to this account and Rs. 3,861.59 lakhs exchange differences which are regarded as an adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs is capitalized and Rs. Nil (Previous Year Rs. 1,047.08 Lakhs) was amortised.

## 13) Retirement benefit plans:

### a) Defined contribution plans

The Company makes Provident Fund contribution to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.355.47 lakhs (previous year Rs.288.00 lakhs) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the respective scheme.

### b) Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees at retirement, death while in employment or on termination of employment, an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Eligibility occurs upon completion of five years of service.

The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2010:

		Rs. in Lakhs	
		As at	As at
		March 31, 2010	March 31, 2009
<b>i) Change in benefit obligations:</b>			
	Projected benefit obligation at beginning of the year	942.02	1003.70
	Service Cost	91.40	88.94
	Interest cost	79.97	85.31
	Actuarial (gain)/loss	-106.85	-202.47
	Benefits paid	-48.33	-33.45
	Projected benefit obligation at the end of the year	958.21	942.03
<b>ii) Change in plan assets:</b>			
	Fair value of plan assets, at beginning of the year	500.62	486.55
	Expected return on plan assets	38.76	42.02
	Employer's contributions	1.72	3.62
	Benefits paid	-48.33	-33.45
	Actuarial gain	5.99	1.88
	Fair value of plan assets at the end of the year	498.76	500.62
	Excess of (obligation over plan assets) / plan assets over obligation	-459.45	-441.40
	(Accrued liability) / Prepaid benefit	-459.45	-441.40
<b>iii) Net Gratuity and other cost for the year ended March 31, 2010:</b>			
	Service cost	91.40	88.94
	Interest on defined benefit obligation	79.97	85.31
	Expected return on plan assets	-38.76	-42.02
	Net actuarial gain recognised in the year	-112.84	-204.35
	Net gratuity and other cost	19.77	-72.12
	Actual Return on Plan Assets	44.76	43.90
<b>iv) Category of Assets as at March 31, 2010:</b>			
	Insurer Managed Funds	498.77	500.62
	Others	-	-
	Total	498.77	500.62
<b>v) Assumption used in accounting for the gratuity plan:</b>			
	Discount Rate (p.a.)	8.30%	8.00%
	Salary escalation rate (p.a.) *	7% for first year, 10% for next 5 years & 7% thereafter.	7% for first year, 10% for next 5 years & 7% thereafter.
	Expected rate of return on plan assets (p.a.)	7.50%	7.50%



## SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

The expected return on plan assets determined consulting several applicable factors mainly the compensation of the plan assets held, assesses risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

\* Change in the estimate relating to salary escalation resulted in lesser provision of Rs. Nil (Previous Year Rs. 202 lakhs) towards gratuity and Rs. Nil (Previous Year Rs .98.00 lakhs )towards leave salary during the year under review compared to the provisions made during the previous year.

### 14) Auditors' Remuneration:

Rs. in Lakhs

SR. No.	Particulars	2009-10	2008-09
i)	Audit Fees	25.00	25.00
ii)	Tax Audit Fees	2.50	2.50
iii)	Reimbursement of out of pocket expenses	0.74	0.47
	<b>Total</b>	<b>28.24</b>	<b>27.97</b>

The remuneration disclosed above excludes fees of Rs. 0.36 lakh (previous year Rs. 1.50 lakh ) for other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

- 15) The equity shares allotted on exercise of option to convert FCCBs would rank pari passu with the existing shareholders and consequently will be eligible to all rights and entitlements prospectively. Accordingly the proposed Dividend, recommended by the Directors and provided for, stands enhanced in favour of conversion effected since the close of the year to date, if any. However, as the Company is unable to estimate further conversion up to the record date set for determining the said liability i.e. (beginning of the conversion closure period), any further amounts required to be distributed as Dividend will be adjusted against the balance in the profit and loss account carried forward to the subsequent financial year.
- 16) Managerial Remuneration Rs.509.92 lakhs (previous year Rs.638.92 lakhs) includes Rs.181.00 lakhs (previous year Rs.310.00 lakhs) being commission payable to Managing and Joint Managing Director and Non Executive Directors.

### Computation of Net Profit and Commission Payable :

Rs in lakhs

	2009-10	2008-09
Net Profit after charging depreciation and before tax as per Profit & Loss Account	6,464.24	19,345.32
Add: Directors remuneration and Commission	509.92	638.92
Sitting Fees	14.20	20.40
Loss On Sale of Assets	36.46	26.24
Loss on Sale of Investment	-	8.00
Provision for doubtful debts	68.27	47.18
	7,093.09	20,086.06
Less : Prior Period Adjustment (Net)	399.13	88.68
Profit on Exchange Fluctuation	67.90	870.34
Profit on FCCB Buyback	64.83	6,463.69
	531.86	7422.71
<b>Total</b>	<b>6,561.23</b>	<b>12,663.35</b>
Commission to two whole time Directors (1% each)	131.22	253.27
Restricted to	120.00	200.00
Commission to Non Executive Directors (Total 1%)	65.61	126.63
Restricted to	61.00	110.00

- 17) Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 :
- (a) The Company has obtained exemption from giving quantitative details in compliance with Para 3(i)(a) of Part II, Schedule VI to the Companies Act, 1956 for a period of three years with effect from financial year 2007-08 vide order no. 46/74/2008-CL-III dated May 23, 2008 from the Department of Company Affairs, Ministry of Finance and Company Affairs, Government of India.

# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

Particulars	Rs. in Lakhs	
	2009-10	2008-09
(b) CIF Value of Imports		
a) Raw Materials Cost	143.47	121.00
b) Stores, Supplies and Spares	784.26	539.00
c) Capital Goods	4,998.94	5,676.00
(c) Earnings in Foreign Exchange	17,123.22	27,670.00
(d) Expenditure in Foreign Currencies		
1) Royalty	280.03	61.00
2) Interest on FCCB	262.27	325.00
3) Project Expenditure	1589.60	1,783.00
4) Advertisement & Publicity	509.01	1193.00
5) Others	655.48	254.00
Total	3296.39	3,616.00

	Rs. in Lakhs			
	2009-10		2008-09	
	Amount (Rs.)	% of Consumption	Amount (Rs.)	% of Consumption
Imported	542.99	18%	121.00	4%
Indigenous	2,515.04	82%	2,762.54	96%
Total	3,058.03	100%	2,883.54	100%

(f) Amount remitted in Foreign Currency on account of dividends to Non-Resident Shareholders

	2009-10	2008-09
Number of Shareholders	169	179
Number of Equity Shares on which Dividend was paid	3,315,255	4,277,105
Year to which the Dividend relates	2008-09	2007-08
Amount remitted in Rs	1,326,102	2,138,533

18) Cash at Bank in current account includes Rs. Nil (previous year Rs. 1,446.15 lakhs) with Barclays Bank, London. Maximum amount held in that account during the year under review was Rs. 1,446.15 lakhs (previous year Rs. 10,880 lakhs).

19) Related parties disclosures:

1. Relationships during the year:

(a) Subsidiaries:

Amin Group Hotel Limited  
Iskon Estates Private Limited

(b) Fellow subsidiaries:

None

(c) Associates:

Leela Lace Holdings Private Limited  
Leela Lace Software Solutions Private Limited  
Rockfort Estate Developers Private Limited  
Leela Fashions Private Limited  
Mumbai International Convention & Exhibition Centre Limited  
Elegant Eateries Private Limited  
Vibgyor Leasing Private Limited  
Armcess Engineers Private Limited  
Leela Housing Private Limited  
Standard Precision Alloy Industries Private Limited  
Aushim Soft Private Limited  
Leela Soft Private Limited  
Buena Vista Travels Private Limited  
Leela Capital & Finance Limited  
Leela Lace Real Estate Development Pvt. Limited  
L.M. Realtors Pvt. Limited  
Leela Lace Estates Pvt. Limited



## SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

**(d) Key Management Personnel:**

**Whole Time Directors**

Mr. Vivek Nair  
Mr. Dinesh Nair  
Mr. Venu Krishnan  
Mr. V. L. Ganesh

**(e) Relatives of Key Management Personnel:-**

Capt. C.P. Krishnan Nair  
Mrs. Madhu Nair  
Ms. Amruda Nair  
Ms. Samyuktha Nair  
Ms. Aishwarya Nair

**2. Transactions carried out with related parties referred in 1 above.**

**Rs. in Lakhs**

Transactions	Subsidiaries/ Fellow Subsidiaries	Associates	Key Management Personnel and their relatives
Sale of Room, Food and Other services	-	11.53	-
	-	(14.00)	-
Lease rent	-	85.83	-
	-	(88.00)	-
Fees for License, Reservation etc.,	-	497.61	-
	-	(554.00)	-
Investments	4,610.29	-	-
	(4615.29)	-	-
Remuneration paid to Whole Time Directors (including Commission)	-	-	448.92
	-	-	(528.92)
Remuneration to relatives of Whole Time Directors	-	-	53.01
	-	-	-
Commission Paid to Relatives of Key Managerial personnel	-	-	43.00
	-	-	(83.00)
Sitting Fees	-	-	2.00
	-	-	(3.00)
Dividend Paid	-	772.34	4.71
	-	(952.00)	(9.00)
Deposits Given	-	165.24	-
	-	(381.21)	-
Deposits Received	-	-	-
	-	-	-
Debit balance outstanding	968.27	0.43	-
	(20.00)	-	-
Credit balance outstanding	-	68.56	-
	-	(66.00)	-

Note: Figures in brackets pertain to previous year.

**20) Segment Information:**

The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 - "Segment Reporting" (AS-17). There is no geographical segment to be reported.

**21) Earnings Per Share (EPS):**

Earnings per share is calculated in accordance with Accounting Standard 20 - Earnings per share (AS-20) issued by the ICAI

**Rs. in Lakhs**

Particulars	2009-10	2008-09
Profit Before Taxation & Extra Ordinary Income	6,000.28	12,792.95
Less : Current Year Tax	875.40	3,697.96
Deferred Tax	2,197.80	1,937.63
FBT	-	160.22
MAT Credit Entitlement	(1,110.20)	(1,037.63)
<b>Profit After Tax Before Extra Ordinary Item</b>	<b>4,037.28</b>	<b>8,034.77</b>
Extra Ordinary Item	64.83	6,463.69
<b>Profit After Tax After Extra Ordinary Item</b>	<b>4,102.11</b>	<b>14,498.46</b>
<b>Weighted Avg. No. of Equity Shares</b>		
Basic	377,824,992	377,824,992
Diluted	447,713,386	462,510,650

# SCHEDULES FORMING PART OF THE ACCOUNTS

For the year ended 31st March, 2010.

Particulars	Rs. in Lakhs	
	2009-10	2008-09
<b>Earning Per Share Basic</b>		
Before extra ordinary items in Rupees	1.07	2.13
After extra ordinary items in Rupees	1.09	3.84
<b>Earning Per Share Diluted</b>		
Before extra ordinary items in Rupees	0.90	1.74
After extra ordinary items in Rupees	0.92	3.13
<b>Cash Profit attributed to Equity Shareholders</b>	<b>10,934.85</b>	<b>21,037.88</b>
Cash EPS	2.89	5.57

## 22) Operating Leases:

- i) Hotel Leelaventure Limited as a lessor under various operating leases will receive fixed future and minimum rentals, exclusive of formula or percentage of rentals, as under:

Particulars	Rs. in Lakhs	
	2009-10	2008-09
Not later than one Year	862.28	873.00
Later than one year but not later than 5 years	2,057.99	2,029.00
Later than 5 Years	35.87	83.00

- ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:

Particulars	Rs. in Lakhs	
	2009-10	2008-09
Not later than one Year	833.20	38.00
Later than one year but not later than 5 years	3,866.89	63.00
Later than 5 Years	1,219.89	-

- iii) Lease rent paid /payable during the year towards employees accommodation is charged as Employee related expenses in the Profit & Loss account as the agreements are made for the period of 11 months, cancelable on mutual consent.

23) The provision for tax of Rs. 875.40 lakhs for the current year is after considering a reversal of excess provision of Rs. 238.15 lakhs relating to earlier years. (previous year provision for tax of Rs. 3,697.96 lakhs is after considering short provision of Rs. 192.95 lakhs relating to earlier years)

24) Donations made during the year includes donation of Rs. 45 lakhs to Bharatiya Janata Party and Rs. 20 lakhs to Goa Pradesh Congress Committee.

25) Previous year figures have been regrouped and re-arranged wherever necessary.

Schedules referred to herein form an integral part of the Balance Sheet

Per our report of even date attached  
For PICARDO & CO.  
Chartered Accountants

**V.L.Ganesh**  
Director Finance  
& CFO

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Firm Registration No : 107917W

**Dinesh Kalani**  
Company Secretary

Mumbai, 24th May, 2010

For and on behalf of the Board of Directors

**Capt. C.P. Krishnan Nair** Chairman  
**Vivek Nair** Vice Chairman &  
Managing Director  
**Dinesh Nair** Joint Managing Director  
**Venu Krishnan** Deputy Managing Director

**Madhu Nair**  
**M.Narasimham**  
**P.C.D.Nambiar**  
**Anna Malhotra**  
**R.Venkatachalam**  
**A.K.Dasgupta**

Directors



# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details

Registration No

Balance Sheet Date    State Code

Date                      Month                      Year

## II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placements

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities  Total Assets

### Sources of Funds

Paid - up Capital  Reserves & Surplus

Secured Loans  Unsecured Loans

Deferred tax liability

### Application of Funds

Net Fixed Assets  Investments

Net Current Assets  Misc. Expenditure

Accumulated Loss

## IV. Performance of Company (Amount in Rs.Thousands)

Turnover  Total Expenditure

+ - Profit / Loss Before Tax  + - Profit / Loss after Tax

Earning Per Share in Rs.  Dividend Rate

## V Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)  IN ANNEXURE III OF THE  
INDUSTRIAL POLICY

Product

Description

# AUDITOR'S REPORT On Consolidated Financial Statements

To  
The Board of Directors  
Hotel Leelaventure Limited

We have examined the attached Consolidated Balance Sheet of Hotel Leelaventure Limited ("the Company") and its subsidiaries as at 31st March 2010, the Consolidated Profit and Loss Account for the year ended, annexed thereto, and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Auditing Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of two subsidiaries, audited by us, which are not commenced commercial operations, reflect a net worth of Rs. 37.74 Lakhs as at 31st March 2010.

During the year under review, entire investments in Leela Hotels & Palaces Limited was sold by the Company.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS 21) Consolidated financial statements prescribed under section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies.

In our opinion and to the best of information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and a subsidiaries, the said consolidated financial statements *subject to our inability to express an opinion on the impact of disputed interest income recognised as referred to in note 9 of schedule L to the accounts* and read with other notes thereon, give a true and fair view and are in conformity with the accounting principles generally accepted in India:

- a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March 2010;
- b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries for the year then ended.

For PICARDO & CO.  
Chartered Accountants

K. V. Gopalakrishnaya  
Partner  
Membership No.21748  
Firm Registration No : 107917W

Mumbai, 24th May 2010



# CONSOLIDATED BALANCE SHEET

As at 31st March, 2010

Rs. in Lakhs

	Schedule		As at 31st March 2010	As at 31st March 2009
<b>SOURCE OF FUNDS</b>				
<b>Shareholder's Funds</b>				
Share Capital	A	7,556.50		7,556.50
Reserve and Surplus	B	197,846.69		195,856.64
			205,403.19	203,413.14
<b>Loan Funds</b>				
Secured	C	235,347.76		181,966.45
Unsecured		52,517.76		63,088.66
			287,865.52	245,055.11
<b>Deferred tax liability</b>			13,271.68	11,073.88
	TOTAL		506,540.39	459,542.13
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	D	419,996.39		388,698.88
Less: Depreciation		47,685.74		39,845.69
Net Block		372,310.65		348,853.19
Add: Projects -in- Progress		122,118.88		93,453.55
			494,429.53	442,306.74
<b>Investments ( At Cost )</b>	E		9.52	9.24
<b>Foreign Currency Monetary Item</b>	F			
<b>Translation Difference Account</b>			-	9,423.72
<b>Current Assets, Loans and advances</b>				
Inventories	G	4,343.44		4,196.36
Sundry Debtors		3,790.17		3,150.99
Cash and Bank balances		1,443.33		3,161.30
Loans and Advances		29,838.92		29,500.37
		39,415.86		40,009.02
<b>Less: Current Liabilities and Provisions</b>	H			
Current Liabilities		14,450.72		17,130.49
Provisions		12,863.80		15,076.10
		27,314.52		32,206.59
<b>Net Current Assets</b>			12,101.34	7,802.43
	TOTAL		506,540.39	459,542.13
<b>Notes to the Accounts</b>	L			

Schedules referred to herein form an integral part of the Balance Sheet

Per our report of even date attached For PICARDO & CO.  
Chartered Accountants

V.L.Ganesh  
Director Finance  
& CFO

K.V. Gopalakrishnayya  
Partner  
Membership No.21748  
Firm Registration No : 107917W

Mumbai, 24th May, 2010

Dinesh Kalani  
Company Secretary

For and on behalf of the Board of Directors

Capt. C.P. Krishnan Nair  
Vivek Nair

Dinesh Nair  
Venu Krishnan

Madhu Nair  
M.Narasimham  
P.C.D.Nambiar  
Anna Malhotra  
R.Venkatachalam  
A.K.Dasgupta

Chairman  
Vice Chairman &  
Managing Director  
Joint Managing Director  
Deputy Managing Director

Directors

# CONSOLIDATED PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2010

		Rs. in Lakhs	
		Year ended 31st March 2010	Year ended 31st March 2009
Schedule			
<b>INCOME</b>			
Sales/Services rendered and other Income	I	46,304.54	58,211.42
<b>Total</b>		<b>46,304.54</b>	<b>58,211.42</b>
<b>EXPENDITURE</b>			
Operating, Administrative and Other expenses	J	30,522.51	29,583.02
Financial Charges	K	2,446.87	2,720.27
Loss on Sale of Fixed Assets		36.46	26.24
<b>Total</b>		<b>33,005.84</b>	<b>32,329.53</b>
<b>Profit Before Depreciation and Amortisation</b>		<b>13,298.70</b>	<b>25,881.89</b>
Depreciation and Amortisation	7,981.74		7,376.48
Less: Withdrawal from Revaluation Reserve	1,149.01		837.06
		<b>6,832.73</b>	<b>6,539.42</b>
<b>PROFIT BEFORE TAX</b>		<b>6,465.97</b>	<b>19,342.47</b>
<b>PROVISION FOR TAX</b>			
Current Tax	875.40		3,697.96
Fringe Benefit Tax	-		160.22
Deferred Tax	2,197.80		1,937.63
MAT Credit Entitlement	(1,110.20)		(1,037.63)
		<b>1,963.00</b>	<b>4,758.18</b>
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>4,502.97</b>	<b>14,584.29</b>
Less: Prior Period Adjustments (Net)		399.12	88.68
<b>PROFIT AFTER TAX</b>		<b>4,103.85</b>	<b>14,495.61</b>
Balance of Profit brought forward		28,760.26	20,132.80
<b>Amount available for Appropriation</b>		<b>32,864.11</b>	<b>34,628.41</b>
<b>APPROPRIATIONS</b>			
Proposed Dividend on Equity shares		755.65	1,511.30
Corporate Dividend Tax		125.50	256.85
Transfer to General Reserve		115.00	1,100.00
Transfer to Debenture Redemption Reserve		600.00	3,000.00
Balance carried forward to Balance Sheet		31,267.96	28,760.26
		<b>32,864.11</b>	<b>34,628.41</b>
Basic Earning per share of face value of Rs.2 each - in Rs		1.09	3.84
Diluted Earning per share of face value of Rs.2 each - in Rs.		0.92	3.13
<b>Notes to the Accounts</b>		<b>L</b>	

Schedules referred to herein form an integral part of the Profit and Loss Account

Per our report of even date attached  
For PICARDO & CO.  
Chartered Accountants

V.L.Ganesh  
Director Finance  
& CFO

K.V. Gopalakrishnaya  
Partner  
Membership No.21748  
Firm Registration No : 107917W

Dinesh Kalani  
Company Secretary

Mumbai, 24th May, 2010

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A.K.Dasgupta

Directors



# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Lakhs

	2009-10	2008-09
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	6,466	19,342
Adjustments for		
Prior Period Adjustments (Net)	(399)	(60)
Depreciation	6,833	5,492
Discount on buyback of Bonds	(65)	(6,463)
Subsidy	(18)	-
Interest Charged	2,291	2,379
Loss / (Profit) on sale of assets	36	26
Provision for Derivative losses	77	295
Finance Lease Expenses	-	5
Provision for doubtful debts	68	47
Preliminary expenses written off	-	3
Provision for employee benefits	(133)	(40)
Interest Income	(2,546)	(4,901)
	<b>6,144</b>	<b>(3,217)</b>
Operating Profit before working capital changes	12,610	16,125
Changes in :		
Trade and Other Receivable	479	(1,450)
Inventories	(147)	(330)
Trade and Other Payables	(2,122)	7,337
Taxes and Levies	(195)	161
	<b>(1,985)</b>	<b>5,718</b>
Cash generated from operations	10,624	21,843
Direct Taxes	(1,734)	(1,544)
Net Cash Flow before extraordinary items	8,890	20,299
<b>Net Cash Flow from Operating Activities</b>	<b>8,890</b>	<b>20,299</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in Fixed Assets / in New Projects	(62,937)	(65,472)
Proceeds from Sale of Fixed Assets	98	123
Investment in Subsidiary	-	-
Purchase of other investments	-	-
Sale of other investments	-	1
Interest Received	2,546	4,901
<b>Net Cash Flow from Investing Activities</b>	<b>(60,293)</b>	<b>(60,447)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase / (Decrease) in Long Term Loans	80,078	12,985
Increase / (Decrease) in Cash Credit	425	1,470
Increase / (Decrease) in short term funds	-	(1,500)
Deferred Luxury Tax Repayment	-	(2,083)
Issue / (Redemption) of Debentures	(6,000)	14,999
Increase / (Decrease) of Intercompany deposits	(1,500)	1,500
Issue / (Redemption) of Foreign Currency		
Convertible Bonds (Net of Foreign		
Exchange Fluctuations)	(18,516)	(8,852)

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2010

Rs. in Lakhs

	2009-10	2008-09
Debenture/Foreign Currency Convertible		
Bonds Issue Expenses	-	(319)
Repayment of Finance Lease Liabilities	-	(5)
Dividend Paid (Including Dividend Tax)	(1,756)	(2,192)
Income / (Loss) from Derivatives	(572)	(264)
Interest Paid	(2,476)	(2,012)
Net Cash Flow from Financing Activities	49,684	13,727
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,719)	(26,421)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	3,162	29,583
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,443	3,162

Schedules referred to herein form an integral part of the Balance Sheet

Per our report of even date attached For **PICARDO & CO.**  
Chartered Accountants

**V.L.Ganesh**  
Director Finance  
& CFO

**K.V. Gopalakrishnaya**  
Partner  
Membership No.21748  
Firm Registration No : 107917W  
Mumbai, 24th May, 2010

**Dinesh Kalani**  
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For and on behalf of the Board of Directors

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**M.Narasimham**  
**P.C.D.Nambiar**  
**Anna Malhotra**  
**R.Venkatachalam**  
**A.K.Dasgupta**

Directors



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. in Lakhs

	As at 31st March 2010	As at 31st March 2009
<b>Schedule- A</b>		
60,00,00,000 Equity Shares of Rs.2 each	12,000.00	12,000.00
60,00,000 Redeemable Preference Shares of Rs. 100 each	6,000.00	6,000.00
	18,000.00	18,000.00
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>		
<b>Equity Shares</b>		
37,78,24,992 ( Previous year 37,78,24,992)		
Equity shares of Rs. 2 (Previous year Rs. 2) each	7,556.50	7,556.50
Total	7,556.50	7,556.50
<b>Schedule- B</b>		
<b>RESERVES AND SURPLUS</b>		
<b>CAPITAL REDEMPTION RESERVE:</b>		
Per last Balance Sheet	8,750.00	8,750.00
<b>SECURITIES PREMIUM ACCOUNT :</b>		
Per last Balance Sheet	25,245.67	27,809.12
Less: Premium on redemption of FCCB's and Issue expenses (net of tax credit)	83.63	2,563.45
	25,162.04	25,245.67
<b>DEBENTURE REDEMPTION RESERVE :</b>		
Per last Balance Sheet	3,000.00	-
Transferred from Profit and Loss Account	600.00	3,000.00
	3,600.00	3,000.00
<b>REVALUATION RESERVE:</b>		
Per last Balance Sheet	123,769.23	21,252.58
Less: Transferred to Profit and Loss Account	1,149.01	809.96
	122,620.22	20,442.62
<b>Add:</b>		
Additions During the Year	-	103,326.61
	122,620.22	123,769.23
<b>CAPITAL RESERVE:</b>		
Per last Balance Sheet	710.15	710.15
<b>GENERAL RESERVE:</b>		
Per last Balance Sheet	5,621.32	6,795.50
Add: Transfer from Profit and Loss Account	115.00	1,100.00
	5,736.32	7,895.50
Less : Transferred to Foreign Exchange Monetary Item Translation Difference Account	-	2,274.17
	5,736.32	5,621.33
<b>PROFIT AND LOSS ACCOUNT:</b>		
Total	197,846.69	195,856.64

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. in Lakhs

	As at 31st March 2010	As at 31st March 2009
<b>Schedule- C</b>		
<b>LOAN FUNDS</b>		
<b>(A) SECURED:</b>		
i.    Debentures	9,000.00	15,000.00
ii.   Term Loans		
<b>a. Financial Institutions</b>		
i.    Foreign Currency Loans	17,317.60	21,269.48
ii.   Rupee Currency Loans	48,079.18	29,530.39
<b>b. Banks</b>		
i.    Foreign Currency Loans	51,208.03	62,554.26
ii.   Rupee Currency Loans	106,744.23	51,038.21
<b>iii. Cash Credit from Banks</b>	2,998.72	2,574.11
<b>Total</b>	<b>235,347.76</b>	<b>181,966.45</b>
<b>Amount Repayable within One Year</b>	<b>8,560.00</b>	<b>18,639.00</b>
<b>(B) UNSECURED:</b>		
i.    Short term loan from bank	1,000.00	1,000.00
ii.   Other term loan from bank	9,000.00	-
iii.  Inter corporate Deposit	-	1,500.00
iv.   Foreign Currency Convertible Bonds	42,517.76	60,588.66
<b>Total</b>	<b>52,517.76</b>	<b>63,088.66</b>
<b>Amount Repayable within One Year</b>	<b>24,739.52</b>	<b>2,500.00</b>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

### Schedule - D FIXED ASSETS

Rs. in Lakhs

ASSETS	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION			NET BLOCK		
	As at 1st April, 2009	Additions during the year	Deductions during the year	As at 31st March, 2010	As at 1st April, 2009	For the year	Deductions during the year	Up to 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Good will	4,561.14	-	-	4,561.14	-	-	-	-	4,561.14	4,561.14
Land ( Freehold )	174,252.85	7,759.98	2,407.42	179,605.41	-	-	-	-	179,605.41	174,252.84
Land ( Leasehold )	37,138.67	60.00	-	37,198.67	9.11	708.42	-	717.53	36,481.14	37,129.56
Buildings	103,301.93	15,990.09	1,883.26	117,408.76	10,324.90	1,840.74	-	12,165.64	105,243.12	92,977.03
Plant & Machinery & Electrical Installation	43,321.47	11,178.01	1,521.37	52,978.11	17,615.25	3,180.20	95.64	20,699.81	32,278.30	25,706.22
Furniture & Fixtures	19,234.20	2,789.36	566.63	21,456.93	10,562.45	1,670.77	0.41	12,232.81	9,224.12	8,671.75
Vehicles, Motor Boats & Ship	6,888.63	355.98	457.24	6,787.37	1,333.98	581.62	45.65	1,869.95	4,917.42	5,554.65
<b>Total</b>	<b>388,698.89</b>	<b>38,133.42</b>	<b>6,835.92</b>	<b>419,996.39</b>	<b>39,845.69</b>	<b>7,981.75</b>	<b>141.70</b>	<b>47,685.74</b>	<b>372,310.65</b>	<b>348,853.19</b>
Previous Year	255,312.44	133,658.32	271.88	388,698.88	33,638.49	6,329.40	122.20	39,845.69	348,853.19	221,673.95

a. Building Includes Cost of 76 shares of Rs. 10(each in Co-operative Housing Society

b. Additions includes Rs. Nil (Previous year Rs. 1,03,326.61 Lakhs) on account of revaluation of Land(Freehold) and Land (Leasehold)

c. Additions includes Rs. Nil (Previous year Rs. 8,599.55 Lakhs) on account of Foreign Exchange translation difference

d. Deductions include Rs. 6,559.62 Lakhs (Previous Year Nil) on account of Foreign Exchange translation difference

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	Rs. in Lakhs	
	As at 31st March 2010	As at 31st March 2009
<b>Schedule-E</b>		
<b>INVESTMENTS ( UNQUOTED) AT COST</b>		
<b>TRADE INVESTMENT</b>		
The Greater Bombay Co-operative Bank Limited		
Nil ( Previous year 10) Equity shares of Rs.25 each	-	-
<b>OTHER INVESTMENTS</b>		
Land	0.83	0.83
Indira Vikas Patra	8.69	8.41
<b>Total</b>	<b>9.52</b>	<b>9.24</b>
<b>Schedule- F</b>		
Foreign Currency Monetary Item		
Translation Difference Account		
Per last Balance Sheet	9,423.72	-
Add : Additions during the Year	-	10,470.80
Less : Amortised during the Year	-	1,047.08
Less : Withdrawn/Capitalised during the Year	9,423.72	-
<b>Total</b>	<b>-</b>	<b>9,423.72</b>
<b>Schedule- G</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
Inventories ( at lower of cost and net realisable value as certified by the Management )		
Stores and Operating supplies	3,658.13	3,439.85
Food and Beverage	685.31	756.51
	<b>4,343.44</b>	<b>4,196.36</b>
Sundry Debtors - ( Unsecured , Considered good except to the extent specifically provided)		
Outstanding for more than six months - Considered Good	888.24	362.51
- Doubtful	304.90	236.63
	<b>1,193.14</b>	<b>599.14</b>
Others	2,901.93	2,788.48
	<b>4,095.07</b>	<b>3,387.62</b>
Less: Provision for Doubtful Debts (outstanding for more than six months)	304.90	236.63
	<b>3,790.17</b>	<b>3,150.99</b>
<b>Cash and Bank Balances</b>		
Cash on hand	57.39	42.49
Cheques on hand	0.60	1.44
Balances with Scheduled Banks		
Current Accounts	698.74	2,079.11
Deposit Accounts	686.60	1,038.26
Includes Rs. Nil (Previous year Rs. 617.78 Lakhs) held as collateral	<b>1,443.33</b>	<b>3,161.30</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured - Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	20,066.43	21,933.87
Advance Income Tax ( Net of Provision)	396.80	-
MAT Credit entitlement	2,147.84	1,037.63
Deposits with Public Bodies and others	7,227.85	6,528.87
	<b>29,838.92</b>	<b>29,500.37</b>
<b>Total</b>	<b>39,415.86</b>	<b>40,009.02</b>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

		Rs. in Lakhs	
		As at	As at
		31st March 2010	31st March 2009
<b>Schedule-H</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Acceptances	262.38		217.08
Sundry Creditors*	5,704.59		7,037.41
Unclaimed			
-Dividend	63.18		50.74
-Debenture Interest	-		3.06
-Debenture Redemption	22.05		22.55
	85.23		76.35
Taxes and Levies	835.25		1,030.61
Retention Money	1,328.67		1,044.61
Other Liabilities	4,438.46		5,711.78
Advance Received	707.76		711.26
Trade Deposits	558.74		590.04
Interest accrued but not due	529.64		711.35
		14,450.72	17,130.49
<b>PROVISIONS:</b>			
Proposed Dividend ( Including Corporate Dividend Tax )	881.15		1,768.15
Taxation (net of advance tax)	-		493.61
Fringe benefit tax (net of advance)	-		10.22
Premium on Redemption of Bonds	10,637.53		11,020.33
Derivatives	320.00		815.00
Leave Encashment & Gratuity	1,025.12		968.79
		12,863.80	15,076.10
<b>Total</b>		<b>27,314.52</b>	<b>32,206.59</b>
*Dues of Micro & Small Enterprises		33.57	32.67
Dues of Other Creditors (Refer Note No 7 of ScheduleL)		5,671.02	7,004.74

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Rs. in Lakhs	
		Year ended	Year ended
		31st March 2010	31st March 2009
<b>Schedule - I</b>			
<b>SALES/SERVICES RENDERED AND OTHER INCOME</b>			
<b>(a) SALES/SERVICES RENDERED:</b>			
Rooms & Galleria Rentals		24,985.64	29,912.36
Food and Beverages		12,562.19	11,754.47
Other Sales		647.68	141.07
Other Services		4,816.67	3,604.65
(Tax deducted at source Rs. 530.69 Lakhs previous year Rs. 848.86 Lakhs)			
<b>Total</b>		<b>43,012.18</b>	<b>45,412.56</b>
<b>(b) OTHER INCOME</b>			
Interest from banks (Tax deducted at source Rs. 9.47 Lakhs previous year Rs.19.77 Lakhs)		58.92	741.07
Interest from others (Gross, TDS. Nil)		2,487.41	4,159.75
Income from exchange fluctuation		67.90	870.34
Discount on Buyback of Bonds		64.83	6,463.69
Subsidy		17.92	-
Miscellaneous Income		595.38	564.02
<b>Total</b>		<b>3,292.36</b>	<b>12,798.86</b>
<b>Total (a+b)</b>		<b>46,304.54</b>	<b>58,211.42</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. in Lakhs

		Year ended 31st March 2010	Year ended 31st March 2009
<b>Schedule - J</b>			
<b>OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>			
<b>1. OPERATING EXPENSES:</b>			
(a) Food and Beverages consumed			
Opening Stock	756.51		670.20
Add: Purchases	2,986.83		2,969.85
	3,743.34		3,640.05
Less: Closing Stock	685.31		756.51
		3,058.03	2,883.54
(b) Payments to and Provisions for employees			
Salaries, Wages and Bonus	7,974.43		7,368.94
Contribution to Provident and other funds	491.90		445.90
Workmen and Staff Welfare Expenses	1,076.64		1,122.73
		9,542.97	8,937.57
(c) Other Operating Expenses			
Stores and Supplies including Linen	2,142.67		2,029.05
Power , Fuel and Water	4,394.78		4,462.75
Repairs:			
Building	438.83		404.98
Machinery	737.11		626.49
Others	842.87		743.24
Music, Banquets and Restaurants	521.71		481.67
		9,077.97	8,748.18
<b>2. ADMINISTRATIVE AND OTHER EXPENSES:</b>			
Rent	1,394.09		1,153.64
Rates and Taxes	1,009.76		995.63
Insurance	183.14		149.52
Travelling and Conveyance	646.84		762.24
Guest Transport	362.62		358.35
Communication Expenses	475.26		486.88
Advertising and Publicity	1,683.50		1,517.50
Printing and Stationery	296.64		344.24
Lease, Licence fee and Reservation fee	953.04		1,045.45
Legal and Professional Fees	780.59		1,077.81
Donation	100.09		18.91
Membership and Subscription	228.98		218.60
Director's Remuneration	328.92		328.92
Commission to Directors	181.00		310.00
Directors' Sitting Fees	14.20		20.40
Auditor's Remuneration	28.46		28.65
Provision for Doubtful Debts	68.27		47.18
Miscellaneous	108.14		148.41
Preliminary expenses w/off	-		1.41
		8,843.54	9,013.73
<b>Total</b>		<b>30,522.51</b>	<b>29,583.02</b>
<b>Schedule - K</b>			
<b>FINANCIAL CHARGES</b>			
Interest on Fixed Loans		2,206.12	2,117.06
Interest on Other Loans		84.83	262.08
Other Charges		155.92	341.13
<b>Total</b>		<b>2,446.87</b>	<b>2,720.27</b>



# SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

## Schedule - L

### NOTES TO ACCOUNTS

#### 1) Significant Accounting Policies:

##### a. Convention:

The consolidated financial statements comprise the individual financial statements of Hotel Leelaventure Limited and its subsidiaries as on 31st March, 2010 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions resulting in un realized profit or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

b. The financial statements of the subsidiaries, in the consolidation are drawn up to the same reporting date as the Company, i.e. March, 31, 2010.

##### c. Minority interest:

As the subsidiaries have got negative net worth, the minority interest has not been considered material and shown separately.

d. The financial statements of the following subsidiary companies have been consolidated.

Name of the Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Amin Group Hotel Limited.	99.35	99.35
Iskon Estates Private Limited	100.00	100.00
Leela Hotels & Palaces Limited	0.00	100.00

##### e. Use of Estimates:

The preparation of financial statement requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and the reported amount of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, useful life of depreciable fixed assets and provision for impairment.

##### f. Fixed Assets:

Fixed assets are stated at cost (or valuation as applicable) less depreciation. Cost includes expenses incidental to the installation of the assets and attributable borrowing costs. Cost also includes exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital asset.

Valuation of freehold land and leasehold rights on properties situated at Mumbai, Bangalore, Goa and Kovalam was carried out during the March 2009. All the fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation is carried out in all the cases by a professional valuer, the basis of valuation being realizable value as determined by the valuer.

Revalued fixed assets are stated based on the revaluation and all other fixed assets are stated at cost. Additions on account of valuation are credited to Revaluation Reserve.

##### g) Depreciation:

Depreciation on fixed assets has been provided on straight-line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year has been provided for on pro-rata basis. Assets purchased / installed during the year costing less than Rs.5,000/- each are fully depreciated. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

##### h) Investments:

Long-term investments are carried at cost.

##### i) Inventories:

Inventories are valued at lower of cost (weighted average basis) or net realizable value.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

**j) Employee benefit:**

**i) Post-employment benefit plans**

Contribution to defined contributory retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise it is amortized on straight-line basis over the average period until the benefits become eligible for being vested.

**ii) Short term employee benefits**

The undiscounted amount of short term employee benefits are expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentive.

**iii) Long- term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

**k) Sales and Services:**

Sales comprise sale of rooms, food and beverages, Galleria Rentals and allied services relating to hotel operations, including income from management and operating fees and income from sale of electricity.

**l) Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Gains/Losses (Net) on settlement of derivative contracts where they relate to the acquisition or construction of fixed assets are adjusted to the carrying cost of such assets.

**m) Taxation:**

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

(ii) Wealth Tax for the year has been provided as required under the Wealth Tax Act and Rules, 1957.

(iii) Deferred tax is recognized on timing difference that is being the difference between taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation, or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such assets.

**n) Impairment of assets:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**o) Foreign Currency Transaction:**

(i) Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

(ii) In line with option given in the Ministry of Corporate Affairs Notification No G.S.R.225 (E) dated 31st March 2009, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital asset, is added to or deducted from the cost of the asset and will be depreciated over the balance life of the asset, and in other cases is accumulated in 'Foreign Currency Monetary Item Translation Difference Account' in the Company's financial statements and amortized over the balance period of such long-term asset/liability but not beyond 31st March 2011, by



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

recognition as income or expense in each such of the periods except exchange differences which are regarded as an adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs.

(iii) All other monetary assets and liabilities in foreign currency as at Balance Sheet date are translated at rates prevailing at the year-end and the resultant net gains or losses are recognized as incomes or expenses in the year in which they arise.

**p) Assets take on lease:**

In respect of operating lease transactions, the assets are not capitalized in the books of the Company and lease payments are charged to the profit and loss account.

**q) Accounting for Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined as best estimates required to settle the obligation at the Balance Sheet date.

Contingent Liability is disclosed in case of:

- (a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
- (b) A present obligation when no reliable estimate is possible; and
- (c) A possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are not recognized in the financial statements.

**r) Goodwill represents the difference between the net worth of the subsidiary companies and cost of Investments.**

**2) Foreign Currency Convertible Bonds**

- (a) The Company had allotted 1% Foreign Currency Convertible Bonds (Euro Bonds), of Euro 60 Million on 15th September, 2005 having maturity of 5 years and 1 day, convertible at any time up to 31st August, 2010 into equity shares of Rs.2 each at a conversion price of Rs.46.65 (previous year Rs.46.65), with a fixed rate of exchange on conversion of Rs.54.33 for one Euro. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore.
- (b) Up to 31st March 2010, holders of 8600 Euro Bonds (previous year 8600 Euro Bonds) with aggregate face value of Euro 8.60 million have exercised their right and converted their holding into equity shares, resulting in the allotment of 93,12,522 Equity Shares (previous year 93,12,522 Equity Shares)
- (c) Upto 31st March 2010, the Company has repurchased 12,200 Euro Bonds with a face value of Euro 12.20 million. The repurchased Euro Bonds are extinguished. The pro-rata premium provided on the repurchased Euro Bonds is credited (net of tax) to Security Premium Account.
- (d) The remaining Euro 39.20 million Euro Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 16th September 2010 at 125.50% of the principal amount. The pro-rata premium payable on redemption (net of tax credits) is charged to Security Premium Account.
- (e) The Company had allotted Zero Interest Foreign Currency Convertible Bonds (USD Bonds), of US \$ 100 million on 24th April 2007 having maturity of 5 years and 1 day, convertible at any time up to 18th April 2012 into equity shares of Rs.2 each at a conversion price of Rs.72 (previous year Rs.72) with a fixed rate of exchange on conversion of Rs.41.945 for one US \$. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore.
- (f) Up to 31st March 2010, holders of these Bonds have not exercised their right to convert their holding into equity shares.
- (g) Upto 31st March 2010, the Company has repurchased 584 (Previous Year 330) Zero Coupon USD Bonds with a face value of US \$ 58.40 Million (Previous Year US \$ 33.00 million). The repurchased USD Bonds have been extinguished. The pro-rata premium provided on the repurchased FCCBs has been credited (net of tax) to the Security Premium Account.
- (h) The remaining US \$ 41.60 Million USD Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 25h April 2012 at 146.61% of the principal amount. The pro-rata premium payable on redemption (net of tax credits) is charged to Security Premium Account.

**3) Secured Loans:**

**a) Redeemable Non-Convertible Debentures:**

- i) The Company had issued on 19th December 2008, 12.5% Secured Redeemable Non-Convertible Debentures of Rs.10 Lakhs each aggregating Rs.9,000 Lakhs redeemable at par on 18th December 2013.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

- ii) For the above issue, documentation relating to creation of security is under process.
- iii) The Company had issued on 30th December 2008, 13% Secured Redeemable Non- Convertible Debentures of Rs.10 Lakhs each aggregating Rs.6,000 Lakhs redeemable at par on 30th December 2013. These debentures are fully redeemed during the year under review.
- iv) Debenture Redemption Reserve is created in accordance with applicable laws and guidelines.
- b) Term Loans:**
- i) Term Loan of Rs.1,190 lakhs from The Jammu & Kashmir Bank Limited is secured by a pari passu charge on the immovable properties, both present and future, of the Club Suites at The Leela Goa.
- ii) Term Loan of Rs.1,658 lakhs from Oriental Bank of Commerce is secured by certain company owned flats.
- iii) Foreign Currency Loans of Rs.22,369 lakhs and Rupee Term loan of Rs.7,126 lakhs from State Bank of India, Foreign Currency Loan of Rs.11,285 lakhs and Rupee Term Loan of Rs.3,380 lakhs from State Bank of Mysore, Rupee Term Loan of Rs.5,000 lakhs from State Bank of Indore, Foreign Currency Loan Rs.5,519 lakhs and Rupee Term Loan of Rs.1,470 lakhs from State Bank of Travancore, Rupee Term Loan of Rs. 5,000 lakhs from State Bank of Bikaner & Jaipur, Rs.3,200 lakhs from State Bank of Patiala, Rs.5,000 lakhs from State Bank of Hyderabad, Rs.5,000 lakhs from Federal Bank and Rs.19,592 lakhs from Bank of India are secured by a pari passu charge on the fixed assets, both present and future, of the Delhi and Chennai properties.
- iv) Rupee Term loan of Rs.25,000 lakhs from Bank of India and Rs.23,000 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets, both present and future, of the Leela Goa and The Leela Kempinski, Kovalam.
- v) Out of Foreign Currency Loan of Rs.17,318 lakhs and Rupee Term Loan of Rs.8,693 lakhs from EXIM Bank, an amount of Rs. 13,321 lakhs is secured by a 1st charge on the immovable properties of The Leela Kempinski Mumbai and Rs.8,690 lakhs is secured by a pari passu charge on the fixed assets of the Udaipur property and Rs.4,000 lakhs is secured by a Mortgage on Wind Mills and 1st Charge on the The Leela Kempinski, Mumbai.
- vi) Foreign Currency Loan of Rs.301 lakhs and Term loans of Rs.765 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets of The Leela Kempinski Kovalam.
- vii) Foreign Currency Loan of Rs.11,736 lakhs from State Bank of India is secured by a pari passu charges on the The Leela Palace Kempinski, Bangalore.
- viii) Term loan of Rs.365 lakhs from HDFC Bank Limited is secured by hypothecation of certain vehicles.
- ix) Rupee Term loans aggregating to Rs.39,386 lakhs from the Housing Development Finance Corporation Limited are secured against a pari passu charge on the immovable properties of The Leela Palace Kempinski, Bangalore.
- c) Cash Credit:**
- Cash Credit and other Working Capital facilities from a Consortium of Banks led by State Bank of India are secured by hypothecation of Company's inventories of stores and provisions, other stocks including inventories in transit, and book debts (except the credit card receivables), both present and future, and further secured by a pari passu second charge on the Fixed Assets of The Leela Goa (excluding the club suites) and the Leela Kempinski, Udaipur.
- 4) Deferred Tax:**
- a) The Company has accounted for deferred tax in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. The deferred tax Liability comprises following components:

Particulars	Rs. in lakhs	
	2009-10	2008-09
Depreciation differences	14,615.77	10,944.24
Others	-	1,035.75
Total	14,615.77	11,979.99
Deferred Tax Assets:		
Employee Benefits	340.52	329.00
Provision for doubtful debts	100.61	80.43
Unabsorbed Depreciation	796.66	-
Others	106.30	496.68
Total	1,344.09	906.11
Net Deferred Tax liability	13,271.68	11,073.88



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

**5) Fixed Assets:**

- a) Goodwill of Rs. 4,561.14 lakhs represents the difference between the net worth of subsidiary companies and cost of Investments.
- b) Land (Leasehold) includes Development expenses, stamp duty and other direct charges.
- c) Projects in progress:
  - (i) Projects-in-progress includes Rs. 12,912.65 lakhs, (previous year Rs. 11,760.43 lakhs) incurred in setting up an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI) which includes royalty and interest payable till 30th June 2007 in terms of Award passed by the Sole Arbitrator on 17th May 2008.
  - (ii) Computation of Royalty as Minimum Guaranteed amount payable to AAI subsequent to the above mentioned Award is referred to Arbitration, pending its determination, no provision is made in the accounts.
  - (iii) The Company is confident of settling the dispute and completing the project.
- d) Additions to Fixed Assets/ Projects in progress includes, capitalization of borrowing cost during the year under review amounting to Rs. 23,497.53 lakhs (previous year Rs. 11,760 lakhs).

**6) Contingent Liabilities not provided for:**

- a) Estimated amount of contracts remaining to be executed on capital account not provided for- Rs. 20,917.95 lakhs (previous year Rs. 24,068.00 lakhs).
- b) Claims against the Company not acknowledged as debts Rs. 1,750.00 lakhs (previous year Rs. 1,910.80 lakhs).
- c) Disputed Statutory Liabilities not provided for Rs. 508.02 lakhs (previous year Rs. 132.00 lakhs).
- d) Letter of Credit open and outstanding Rs. 610.32 lakhs (previous year Rs. 1,491.00 lakhs).
- e) Counter guarantee given to banks in respect of guarantees given by them on behalf of the Company Rs. 128.82 lakhs (previous year Rs. 92.00 lakhs).
- f) The Company has made provision for leave salary on actuarial valuation basis. This being retirement benefit, an obligation to pay this amount might arise at the time of resignation / superannuation of the employees. The breakup of the same is as under:

Rs. in lakhs

Nature of Obligation	The Carrying amount at the beginning of the period	Additional provisions made during the year	Amounts incurred and charged against the provision during the period	Unused amounts reversed during the period	The carrying amount at the end of the period
Leave Salary	527.39	168.14	75.39	54.47	565.67
Previous Year	(383.39)	(220.00)	(56.00)	(20.00)	(527.39)

- 7) The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties had been identified on the basis of information available with the Company in this regard.

Rs. in lakhs

Particulars	2009-10		2008-09	
	Principal	Interest	Principal	Interest
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	33.57	Nil	33.00	Nil
The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year;	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	Nil

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

- 8) In view of announcement made by the Institute of Chartered Accountants of India, as a matter of prudence the Company has provided an additional amount of Rs.76.94 lakhs in the profit and loss account (previous year Rs.30.00 lakhs) towards probable losses in respect of outstanding derivative contracts.
- 9) The Division Bench of Delhi High Court has upheld the appeal filed by HUDCO against the order of the Execution Court confirming the method of computation adopted by the Company regarding interest receivable from HUDCO. The Special Leave Petition filed by the Company in the Supreme Court against this order of the Division Bench is pending, and the order of the Division Bench has been stayed. The Company has during the year under review recognised interest income of Rs.2485.88 lakhs (previous year Rs.4115.70 lakhs) from HUDCO. The disputed amount recognised by the Company till 31st March 2010 amounted to Rs 6773.11 lakhs.
- 10) Land and Buildings includes land measuring 4.1330 hectares and building known as Kovalam Palace and other structures. The possession of the Palace Building is presently with the Government of Kerala. The Government of Kerala has passed an enactment called The Kovalam Palace (Taking Over by Resumption) Act, 2005. The legality of the said Act is challenged by the Company before the Kerala High Court, which is pending disposal. No provision has been made in the accounts, for the value of such land and building as the same is not separately ascertainable and also as per the Act, the Company is entitled to get compensation for improvements based on the report of Commissioner specially to be appointed for this purpose.
- 11) Sales and Services are stated net of discount and commission amounting to Rs.1964.61 lakhs (previous years Rs.1782.00 lakhs).
- 12) In terms of the option given in the Ministry of Corporate Affairs Notification No G.S.R.225 (E) dated 31st March 2009, differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period have been accounted as under:
- (a) Rs Nil (Previous year Rs. 2,274.17 lakhs) exchange gain recognised during the financial year ending 31st March 2008 is debited to general reserve account and credited to respective fixed asset account.
- (b) Rs 9,176.55 lakhs reduction (Previous year Rs.17, 735.00 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are credited (previous year debited) to respective fixed assets/projects-in-progress account.
- (c) Rs Nil (Previous year Rs.10470.80 lakhs) on account of exchange variations relating to items other than non depreciable assets are debited to 'Foreign Currency Monetary Item Translation Difference Account'. During the year under review Foreign Exchange gain amounting Rs 5,562.13 lakhs is credited to this account and Rs 3,861.59 lakhs exchange differences which are regarded as an adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS (16) Borrowing costs is capitalized and Rs Nil (Previous Year Rs. 1,047.08 Lakhs) was amortised.
- 13) Retirement benefit plans:**
- a) Defined contribution plans  
The Company makes Provident Fund contribution to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.355.47 lakhs (previous year Rs.288.00 lakhs) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the respective scheme.
- b) Defined benefit plans  
The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for eligible employees. The scheme provides for lump sum payment to eligible employees at retirement, death while in employment or on termination of employment, an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Eligibility occurs upon completion of five years of service.
- The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.
- The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2010:



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

Rs. in lakhs

	As at March 31, 2010	As at March 31, 2009
<b>i) Change in benefit obligations:</b>		
Projected benefit obligation at beginning of the year	942.02	1003.70
Service Cost	91.40	88.94
Interest cost	79.97	85.31
Actuarial (gain)/loss	-106.85	-202.47
Benefits paid	-48.33	-33.45
Projected benefit obligation at the end of the year	958.22	942.02
<b>ii) Change in plan assets:</b>		
Fair value of plan assets, at beginning of the year	500.62	486.55
Expected return on plan assets	38.76	42.02
Employer's contributions	1.72	3.62
Benefits paid	-48.33	33.45
Actuarial gain	5.99	1.88
Fair value of plan assets at the end of the year	498.77	500.62
Excess of (obligation over plan assets) / plan assets over obligation (Accrued liability) / Prepaid benefit	-459.45	-441.40
<b>iii) Net Gratuity and other cost for the year ended March 31, 2010:</b>		
Service cost	91.40	88.94
Interest on defined benefit obligation	79.97	85.31
Expected return on plan assets	-38.76	-42.02
Net actuarial gain recognised in the year	-112.84	-204.35
<b>Net gratuity and other cost</b>	19.77	-72.12
<b>Actual Return on Plan Assets</b>	44.76	43.90
<b>iv) Category of Assets as at March 31, 2009:</b>		
Insurer Managed Funds	498.77	500.62
Others	-	-
<b>Total</b>	<b>498.77</b>	<b>500.62</b>
<b>v) Assumption used in accounting for the gratuity plan:</b>	%	%
Discount Rate (p.a.)	8.30%	8.00%
Salary escalation rate (p.a.) *	7% for first year, 10% for next 5 years & 7% thereafter.	7% for first year, 10% for next 5 years & 7% thereafter.
Expected rate of return on plan assets (p.a.)	7.50%	7.50%

The expected return on plan assets determined consulting several applicable factors mainly the compensation of the plan assets held, assesses risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

\*Change in the estimate relating to salary escalation resulted in lesser provision of Rs. Nil (Previous year Rs.202 lakhs) towards gratuity and Rs. Nil (Previous year Rs .98.00 lakhs) towards leave salary during the year under review compared to the provisions made during the previous year.

#### 14) Auditors' Remuneration:

Rs. in lakhs

SR. No.	Particulars	2009-10	2008-09
i)	Audit Fees	25.22	25.68
ii)	Tax Audit Fees	2.50	2.50
iii)	Reimbursement of out of pocket expenses	0.74	0.47
	<b>Total</b>	<b>28.46</b>	<b>28.65</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

The remuneration disclosed above excludes fees of Rs. 0.36 lakh (previous year Rs. 1.50 lakh ) for other professional services rendered by firm of accountants in which some partners of the firm of statutory auditors are partners.

- 15) The equity shares allotted on exercise of option to convert FCCBs would rank pari passu with the existing shareholders and consequently will be eligible to all rights and entitlements prospectively. Accordingly the proposed Dividend, recommended by the Directors and provided for, stands enhanced in favour of conversion effected since the close of the year to date, if any. However, as the Company is unable to estimate further conversion up to the record date set for determining the said liability i.e. (beginning of the conversion closure period), any further amounts required to be distributed as Dividend will be adjusted against the balance in the profit and loss account carried forward to the subsequent financial year.
- 16) Managerial Remuneration Rs.509.92 lakhs (previous year Rs.638.92 lakhs) includes Rs.181.00 lakhs (previous year Rs.310.00 lakhs) being commission payable to Managing and Joint Managing Director and Non Executive Directors.

### Computation of Net Profit and Commission Payable :

Rs. in lakhs

Particulars	2009-10	2008-09
Net Profit after charging depreciation and before tax as per Profit & Loss Account	6464.24	19,345.32
Add:Directors remuneration and Commission	509.92	638.92
Sitting Fees	14.20	20.40
Loss On Sale of Assets	36.46	26.24
Loss on Sale of Investment	-	8.00
Provision for doubtful debts	68.27	47.18
	7093.09	20086.06
Less: Prior Period Adjustment (Net)	399.13	88.68
Profit on Exchange Fluctuation	67.90	870.34
Profit on FCCB Buyback	64.83	6,463.69
	531.86	7422.71
<b>Total</b>	<b>6561.23</b>	<b>12,663.35</b>
Commission to two whole time Directors (1% each)	131.22	253.27
Restricted to	120.00	200.00
Commission to Non Executive Directors ( Total 1%)	65.61	126.63
Restricted to	61.00	110.00

- 17) Additional Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956:

- (a) The Company has obtained exemption from giving quantitative details in compliance with Para 3(i)(a) of Part II, Schedule VI to the Companies Act, 1956 for a period of three years with effect from financial year 2007-08 vide order no. 46/74/2008-CL-III dated May 23, 2008 from the Department of Company Affairs, Ministry of Finance and Company Affairs, Government of India.

Rs. in lakhs

Particulars	2009-10	2008-09
<b>(b) CIF Value of Imports</b>		
a) Raw Materials Cost	143.47	121.00
b) Stores, Supplies and Spares	784.26	539.00
c) Capital Goods	4,998.94	5,676.00
<b>(c) Earnings in Foreign Exchange</b>	<b>17,123.22</b>	<b>27,670.00</b>
<b>(d) Expenditure in Foreign Currencies</b>		
1) Royalty	280.03	61.00
2) Interest on FCCB	262.27	325.00
3) Project Expenditure	1589.60	1,783.00
4) Advertisement & Publicity	509.01	1193.00
5) Others	655.48	254.00
<b>Total</b>	<b>3296.39</b>	<b>3,616.00</b>



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	2009-10		2008-09	
	Rs. in lakh	% of Consumption	Rs. in lakh	% of Consumption
(e) Value of Raw materials Consumed				
Imported	542.99	18%	121.00	4%
Indigenous	2,515.04	82%	2,762.54	96%
<b>Total</b>	<b>3,058.03</b>	<b>100%</b>	<b>2,883.54</b>	<b>100%</b>

(f) Amount remitted in Foreign Currency on account of Dividends to Non Resident shareholders:

Particulars	2009-10	2008-09
Number of Shareholders	169	179
Number of Equity Shares on which Dividend was paid	3,315,255	4,277,105
Year to which the Dividend relates	2008-09	2007-08
Amount remitted in Rs.	1,326,102	2,138,533

18) Cash at Bank in current account includes Rs Nil (previous year Rs 1446.15 lakhs ) with Barclays Bank, London. Maximum amount held in that account during the year under review was Rs 1446.15 lakhs ] (previous year Rs 10,880 lakhs).

19) Related parties disclosures:

1. Relationships during the year:

(a) Associates:

Leela Lace Holdings Private Limited  
 Leela Lace Software Solutions Private Limited  
 Rockfort Estate Developers Private Limited  
 Leela Fashions Private Limited  
 Mumbai International Convention & Exhibition Centre Limited  
 Elegant Eateries Private Limited  
 Vibgyor Leasing Private Limited  
 Armcess Engineers Private Limited  
 Leela Housing Private Limited  
 Standard Precision Alloy Industries Private Limited  
 Aushim Soft Private Limited  
 Leela Soft Private Limited  
 Buena Vista Travels Private Limited  
 Leela Capital & Finance Limited  
 Leela Lace Real Estate Development Pvt. Limited  
 L.M. Realtors Pvt. Limited  
 Leela Lace Estates Pvt. Limited

(b) Key Management Personnel:

Whole Time Directors  
 Mr. Vivek Nair  
 Mr. Dinesh Nair  
 Mr. Venu Krishnan  
 Mr. V.L. Ganesh

(c) Relatives of Key Management Personnel:-

Capt. C.P. Krishnan Nair  
 Mrs. Madhu Nair  
 Ms. Amruda Nair  
 Ms. Samyuktha Nair  
 Ms. Aishwarya Nair

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

### 2. Transactions carried out with related parties referred in 1 above.

Particulars	Associates	Key Management Personnel and their relatives
Sale of Room, Food and Other services	11.53	-
	(14.00)	-
Lease rent	85.83	-
	(88.00)	-
Fees for License, Reservation etc.,	497.61	-
	(554.00)	-
Investments	-	-
	-	-
Remuneration paid to Whole Time Directors (including Commission)	-	448.92
	-	(528.92)
Remuneration to relatives of Whole Time Directors	-	53.01
	-	-
Commission Paid to Relatives of Key Managerial personnel	-	43.00
	-	(83.00)
Sitting Fees	-	2.00
	-	(3.00)
Dividend Paid	772.34	4.71
	(952.00)	(9.00)
Deposits Given	165.24	-
	(381.21)	-
Deposits Received	-	-
	-	-
Debit balance outstanding	0.43	-
	-	-
Credit balance outstanding	68.56	-
	(66.00)	-

### 20) Segment Information:

The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 "Segment Reporting" (AS-17). There is no geographical segment to be reported.

### 21) Earnings Per Share (EPS):

Earnings per share is calculated in accordance with Accounting Standard 20

- Earnings per share (AS-20) issued by the ICAI

Rs. in lakhs

Particulars	2009-10	2008-09
Profit Before Taxation & Extra Ordinary Income	6,002.02	12,790.10
Less : Current Year Tax	875.40	3,697.96
Deferred Tax	2,197.80	1,937.63
FBT	-	160.22
MAT Credit Entitlement	(1,110.20)	(1,037.63)
<b>Profit After Tax Before Extra Ordinary Item</b>	<b>4,039.02</b>	<b>8,031.92</b>
Extra Ordinary Item	64.83	6,463.69
Profit After Tax After Extra Ordinary Item	4,103.85	14,495.61
Weighted Avg. No. of Equity Shares		
Basic	377,824,992	377,824,992
Diluted	447,713,386	462,510,650
<b>Earning Per Share Basic</b>		
Before extra ordinary items in Rupees	1.07	2.13
After extra ordinary items in Rupees	1.09	3.84
<b>Earning Per Share Diluted</b>		
Before extra ordinary items in Rupees	0.90	1.74
After extra ordinary items in Rupees	0.92	3.13
Cash Profit attributed to Equity Shareholders	10,936.58	21035.03
Cash EPS	2.89	5.57



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

22) **Operating Leases:**

- i) Hotel Leelaventure Limited as a lessor under various operating leases will receive fixed future and minimum rentals, exclusive of formula or percentage of rentals, as under:

	2009-10	2008-09
Not later than one Year	862.28	873.00
Later than one year but not later than 5 years	2057.99	2029.00
Later than 5 Years	35.87	83.00

Rs. in Lakhs

- ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:

	2009-10	2008-09
Not later than one Year	833.20	38.00
Later than one year but not later than 5 years	3866.89	63.00
Later than 5 Years	1219.89	-

Rs. in Lakhs

- iii) Lease rent paid /payable during the year towards employees accommodation is charged as Employee related expenses in the Profit & Loss account as the agreements are made for the period of 11 months, cancelable on mutual consent.

- 23) The provision for tax of Rs 875.40 lakhs for the current year is after considering a reversal of excess provision of Rs. 238.15 lakhs relating to earlier years ( previous year provision for tax of Rs. 3697.96 lakhs is after considering short provision of Rs. 192.95 lakhs relating to earlier years )

- 24) Donations made during the year includes donation of Rs. 45 lakhs to Bharatiya Janata Party and Rs. 20 lakhs to Goa Pradesh Congress Committee.

- 25) Previous year figures have been regrouped and re-arranged wherever necessary.

Schedules referred to herein form  
an integral part of the Balance Sheet

Per our report of even date attached  
For PICARDO & CO.  
Chartered Accountants

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748  
Firm Registration No : 107917W  
Mumbai, 24th May, 2010

**V.L.Ganesh**  
Director Finance  
& CFO

**Dinesh Kalani**  
Company Secretary

For and on behalf of the Board of Directors

**Capt. C.P. Krishnan Nair**  
Vivek Nair

**Dinesh Nair**  
Venu Krishnan

**Madhu Nair**  
**M.Narasimham**  
**P.C.D.Nambiar**  
**Anna Malhotra**  
**R.Venkatachalam**  
**A.K.Dasgupta**

Chairman  
Vice Chairman &  
Managing Director  
Joint Managing Director  
Deputy Managing Director

Directors

# STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

In Rupees

1 Name of the Wholly-owned subsidiaries	: Amin Group : Hotel Ltd.	Iskon Estates Pvt. Ltd.
2 Financial year of the subsidiary ended on	: 31st March, 2010	31st March, 2010
3 Number of shares of the subsidiary company held by the Holding Company on the above date	:	
a) Number and Face Value	: 6,120 Equity Shares of Rs.100/- each fully paid-up	10,00,000 Equity Shares of Rs.10/- each
b) Extent of holding	: 99.35%	100%
4 The net aggregate amount of Profit/(Losses) of the Subsidiary Company for the above financial year, so far as they concern the Members of the Company		
(i) dealt within the accounts of the Company:		
(a) For the financial year ended 31st March, 2010 (Amount in Rs.)	: (13,311)	(19,036)
(b) For the previous financial years since these became subsidiaries of the Company (Amount in Rs.)	: (1,155,335)	(720,199)
(ii) not dealt within the accounts of the Company:		
(a) For the financial year ended 31st March, 2010	: Nil	Nil
(b) For the previous financial years since these became subsidiaries of the Company	: Nil	Nil

## SUMMARIZED FINANCIAL INFORMATION IN RESPECT OF SUBSIDIARIES OF THE COMPANY IN COMPLIANCE WITH THE TERMS OF APPROVAL OF THE MINISTRY OF CORPORATE AFFAIRS UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

\*The Company has applied to Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, seeking exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies to its Annual Accounts for the financial year ended 31.03.2010. The information as required in terms of the aforesaid letter of approval is furnished below:

In Rupees

Name of subsidiary companies	Financial Year / Period	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit/(Loss) before taxation	Provision for taxation	Profit/(Loss) After taxation	Profit/(Loss) after Prior Items
1. Amin Group Hotel Limited	01.04.2009 to 31.03.2010	616,000	104,625	1,481,322	2,012,275	82,932	-	(13,311)	-	(13,311)	(13,311)
2. Iskon Estates Private Limited	01.04.2009 to 31.03.2010	10,000,000	-99,059,571	94,837,108	-	-	-	(19,036)	-	(19,036)	(19,036)

### Notes:

- None of the above subsidiaries has proposed any dividend.
- The Company shall provide to any member on request the Annual Accounts of the subsidiaries and other related information at any point of time. Copies of the Annual Accounts of the subsidiaries shall be available for inspection by any member at the Registered Office of the Company and its subsidiaries on any working day.
- The audited accounts of the subsidiaries have been uploaded on the web-site of the Company.

	For and on behalf of the Board Capt. C.P. Krishnan Nair Vivek Nair	Chairman Vice Chairman & Managing Director
V.L.Ganesh Director - Finance & CFO	Dinesh Nair Venu Krishnan	Joint Managing Director Deputy Managing Director
Dinesh Kalani Company Secretary	Madhu Nair M.Narasimham P.C.D.Nambiar Anna Malhotra R.Venkatachalam A.K.Dasgupta	Directors

Mumbai, 24th May, 2010

\* The Company has since received the approval of the Ministry of Corporate Affairs vide their letter no. 47/519/2010-CL-III dated 08-06-2010 granting exemption from publishing the balance sheet of its subsidiaries.



For any assistance pertaining to • Room Reservations • Conferences • Weddings • Holiday Packages and weekend offers at The Leela Palaces, Hotels and Resorts, please feel free to contact our Hotels & Sales Offices below:

## THE LEELA PALACES, HOTELS AND RESORTS

### The Leela Kempinski Mumbai

Sahar,  
Mumbai - 400 059  
Tel: +91 22 6691 1234  
Fax: +91 22 6691 1212  
E-mail: [reservations.mumbai@theleela.com](mailto:reservations.mumbai@theleela.com)

### The Leela Palace Kempinski Bangalore

23, Airport Road,  
Bangalore - 560 008  
Tel: +91 80 2521 1234  
Fax: +91 80 2521 2222  
E-mail: [reservations.bangalore@theleela.com](mailto:reservations.bangalore@theleela.com)

### The Leela Kempinski Goa

Mobor, Cavelossim,  
Goa - 403 731  
Tel: +91 832 662 1234  
Fax: +91 832 287 1352  
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### The Leela Kempinski Kovalam Beach, Kerala

Trivandrum - 695 527  
Tel: +91 471 305 1234  
Fax: +91 471 248 1522  
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### The Leela Palace Kempinski Udaipur

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Fax: +91 294 670 1212  
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### The Leela Palace Kempinski New Delhi

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New Delhi 110 023  
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## REGIONAL SALES & MARKETING OFFICES IN INDIA

### Mumbai

19/20, Shubdha Towers,  
Sir Pochkanwala Road ,  
Worli, Mumbai - 400 025.  
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Fax: +91 141 281 1180  
E-mail: [kamal@ashokaholidays.com](mailto:kamal@ashokaholidays.com)



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# NOTICE

NOTICE is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of the Members of HOTEL LEELAVENTURE LIMITED will be held at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle (West), Mumbai 400 056 on **Tuesday, the 10th August, 2010 at 11.00 a.m.** to transact the following business:

## ORDINARY BUSINESS:

1. **Adoption of Accounts**  
To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on the date and Reports of the Directors and Auditors thereon.
2. **Declaration of Dividend**  
To declare a dividend on the equity shares for the financial year ended 31st March, 2010.
3. **Re-appointment of Mrs.Madhu Nair**  
To appoint a Director in place of Mrs. Madhu Nair, who retires by rotation and being eligible, offers herself for re-appointment.
4. **Re-appointment of Mr.Anil Harish**  
To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
5. **Re-appointment of Mr.A. K. Dasgupta**  
To appoint a Director in place of Mr. A.K.Dasgupta, who retires by rotation and being eligible, offers himself for re-appointment.
6. **Re-appointment of Mr. Vijay Amritraj**  
To appoint a Director in place of Mr. Vijay Amritraj, who retires by rotation and being eligible, offers himself for re-appointment.
7. **Appointment of Statutory Auditors**  
To appoint M/s.Picardo & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## SPECIAL BUSINESS:

8. **Amendments to Articles of Association**  
To consider and, if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution**:  
  
“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to necessary approvals required, if any, the amendments/additions/alterations be made as hereinafter stated in the Articles of Association of the Company:  
  
I. That the definitions along with their headings of Affiliate, Control, IDF, IDF Director and IDF Shares, Promoters, HDFC, LIF, IIEF, IEWT as mentioned in the clause no.2 of the Articles of Association of the Company be and are hereby deleted from the Articles of Association of the Company, and;  
  
II. The existing Articles along with their headings at Article nos. 14(a), (b), (c) and (d), 53(A)(i), (ii) and (iii) along with its sub clauses (a) to (f), Article No.100 (A) along with its sub-clauses from (i) to (xix), Article 118A with its sub-clauses (i) and (ii), Article 149, Articles No. 195 (A) and Proviso to Article No 154 be and are hereby deleted from the Articles of Association of the Company; and  
  
III. Consequent to the deletions of the above clauses, the following general Articles be added to the Articles of Association of the Company:



## NOTICE (contd.)

Heading:	As Article No.	Contents
Further Issue of Capital	14 (a)	Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation whichever is earlier it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increase share capital, then such further shares shall be offered to the person who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
	(b)	Notwithstanding anything contained in the preceding sub-clause, the Company may:- (i) by a special resolution; or (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled so to vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast the proposal by Members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company;
	(c)	Offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of equity shares of the Company  Notwithstanding anything contained in sub clause (a) above but subject, however, sub-clause (a) and Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.
Notice of Meetings	149	Notice of each Board meeting shall be given in writing to each Director (and his/her alternate) for the time being in India at his usual address in India.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard.”

### 9. Issue of equity shares on preferential basis to a promoter Group entity of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof, for the time being in force) (“Companies Act”), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), as may be applicable to the preferential issue of equity shares and other applicable regulations of SEBI, if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the applicable rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (“GOI”), the Reserve Bank of India (“RBI”), Securities and Exchange Board of India (“SEBI”) and/or prescribed by the listing agreements entered into by the Company with the stock exchanges on which the equity shares of the Company are listed or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution), is hereby authorized to accept, the Board be and is hereby authorized to create, offer, issue, and allot in one or more tranches 1,00,00,000 (One Crore) equity shares of Rs.2/- each representing 2.65% of the existing issued and paid-up share capital of the Company, for cash on a preferential basis to

## NOTICE (contd.)

Leela Lace Software Solutions Private Limited, a promoter group entity, pursuant to and in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations such issue and allotment to be made at such price or prices (including premium), not less than the price to be determined for the equity shares to be allotted in such manner and on such terms and conditions as prescribed under the applicable SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** the equity shares shall be issued by the Company to Leela Lace Software Solutions Private Limited inter alia, on the following terms and conditions:

1. The entire amount towards subscription of the equity shares shall be payable on allotment.
2. The equity shares to be allotted shall be subject of a lock-in for a period to be determined in accordance with the provisions of Chapter VII of SEBI ICDR Regulations.
3. The equity shares proposed to be issued and allotted in the manner aforesaid shall rank pari passu with the existing equity shares of the Company in all respects.

**RESOLVED FURTHER THAT** the price of the equity shares to be allotted on preferential basis shall be calculated in accordance with provisions of Chapter VII of SEBI ICDR Regulations with reference to the 'Relevant Date'. The "Relevant Date" for the purpose of pricing of the equity shares shall be the 10th July, 2010, being the 30 days prior to 10th August, 2010 the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, to consider the proposed issue.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, at its discretion deem necessary, desirable or expedient to effect the issue or allotment of aforesaid securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of any of the said securities including in adjustment and appropriation of share application money as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company."

### 10. Raising of additional long term funds through Further Issue of Securities

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or reenactment thereof) and subject to approval of shareholders and such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee thereof) consent of the Board is hereby accorded to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets, for a value of up to Rs.750,00,00,000 (Rupees Seven Hundred and Fifty Crores Only) representing such number of Equity Shares by way of Rights Issue, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Fully Convertible Debentures /Partly Convertible Debentures, Preference Shares and /or Equity Shares through Depository Receipt Mechanism and / or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form (hereinafter collectively referred to as Securities) or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and / or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, Employees of the Company and/ or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "Investors") through Rights



## NOTICE (contd.)

Issue, public issue(s) of prospectus, private placement(s) or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be decided and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), approval of the shareholders, subject to the guidelines issued by the GOI, RBI and any other competent authority, and the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares, as permissible, for a value up to the amount of Rs.750,00,00,000 (Rupees Seven Hundred and Fifty Crores Only) inclusive of such premium, as specified above, to Qualified Institutional Buyers pursuant to a qualified institutional placement, as provided under Chapter VIII of the SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** in case of the issue of the securities by way of Qualified Institutions Placement, the "Relevant Date" shall mean the date of the meeting in which the Board decides to open the proposed issue and at such price as applicable under the provisions of SEBI ICDR Regulations as amended and in force at the relevant time.

**RESOLVED FURTHER THAT:**

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (b) the underlying Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be from the relevant financial year in which they are allotted and/or as provided under the terms of the issue in the offering documents.

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby granted in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, as amended, and subject to all necessary approvals of the Board to secure, if necessary, all or any of the above mentioned Securities to be issued, by the creation of mortgage and/or charge on all or any of the Company's immovable, movable and/or intangible assets, both present and future in such form and manner and on such terms and conditions as may be deemed fit and appropriate by the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the Issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities / rate of interest / redemption period, listings on one or more stock exchanges in India and / or abroad as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

Mumbai  
13th July, 2010

Registered Office:  
Hotel Leelaventure Limited  
The Leela Kempinski, Sahar  
Mumbai - 400 059

By order of the Board of Directors  
For Hotel Leelaventure Limited

Dinesh Kalani  
Company Secretary

# NOTES FOR MEMBERS ATTENTION

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY SHALL NOT VOTE EXCEPT ON A POLL.
2. The Instruments appointing Proxies, in order to be effective, should be duly stamped, completed, signed and lodged at the Registered Office of the Company not less than 48 hours before the time appointed for the meeting.
3. Corporate Members are requested to send duly certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.
4. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No. 8, 9 and 10 is annexed hereto.
5. The Register of Members and Transfer Books of the Company will remain closed from Friday, the 6th August, 2010 to Tuesday, the 10th August, 2010 (both days inclusive) for the purpose of payment of dividend.
6. Please quote your DP & client ID / Folio Number and our Company's name in all your correspondence / communications with Sharepro Services (India) Pvt. Ltd., 13 A/B Samhita Warehousing Complex, 2nd Floor, Off. Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400 072, who are acting as Registrar & Share Transfer Agents (Registrars) of the Company. Members are requested to communicate at the above address.
7. **Members may please note that Equity Share of the face value of Rs.10/-each has been sub-divided into face value of Rs. 2/- each w.e.f. 15th September, 2006. The Members are therefore requested not to deal with the earlier share certificates of the face value of Rs.10/- in any manner as the same stands cancelled. The Members still holding old share certificates of the face value of Rs. 10/- each are once again requested to surrender them to the Company/Registrar in order to enable the Company / Registrar to issue sub-divided share certificates of the face value of Rs.2/- each in lieu thereof. Members are requested to send such share certificates by Registered Post only. The Company has been sending reminders to the concerned members to exchange their old Certificates with new sub-divided share certificates.**
8. Payment of Dividend as recommended by the Board of Directors, if declared, at the Annual General Meeting, will be paid on or before 10th September, 2010 to the members whose names appear on the Company's Register of Members on 10th August, 2010 and in respect of shares held in Electronic form, the dividend will be paid on the basis of particulars of 'beneficial owners' of the shares furnished by the Depositories for this purpose as at the close of business hours on 10th August, 2010.
9. Members holding shares in physical form are requested to immediately intimate changes, if any, in their registered addresses along with the PIN CODE to the Company or the Registrars so as to enable the Company to address future communication to their correct addresses.
10. **The Company prefers use of ECS / NECS for payment of dividend. Considering the advantages, members are requested to enroll for ECS / NECS facility. In order to avoid loss of dividend warrants in transit, undue delay in receiving the warrants and to protect against fraudulent encashment of dividend warrants, members are requested to provide ECS / NECS Mandate, if not provided earlier.**

In respect of the Members who have given mandate for payment of dividend through ECS / NECS, the dividend will be paid through ECS / NECS and their bank account details will be printed on their ECS advices.

In light of the above, Members are requested to furnish the new bank account number, if any, allotted to them by their bank after it has implemented the Core Banking Solutions (CBS) together with name of the bank, branch, 9 digit MICR bank / branch code, account type by quoting their folio number and a photocopy of a cheque pertaining to their bank account, so that the dividends can be credited to the said bank account.

Those Members holding shares in demat form are requested to provide the same details to their Depository Participant (DP).

Please note that in case the Members do not provide the said details as aforesaid, credit of dividends through NECS to their old bank account number may be rejected or returned by the banking system at the ECS centre level itself in terms of Reserve Bank of India (RBI) circular no. DPSS (CO) EPPD No.191-04.01.01/2009-2010 dated 29th July, 2009. However, in such cases, the Company would issue physical dividend warrants to the concerned Members post such rejection. After credit of dividend, a confirmation will be sent to the concerned Members.

11. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.



## NOTES FOR MEMBERS ATTENTION (contd.)

12. In terms of section 109A of the Companies Act, 1956, Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in form 2B in duplicate to the registered office of the Company or the Registrars. The nomination forms will be made available to the members on request.
13. Members holding shares in multiple folios in the same name or in the same order of names are requested to consolidate their holding into a single Folio.
14. A brief profile of the Directors retiring by rotation and eligible for re-appointment, as stipulated under clause 49(IV)(G) of the Listing Agreement are provided as an annexure to the Notice. The Company has received the requisite Form DD-A from the said Directors in terms of Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules 2003 confirming their eligibility for re-appointment.
15. For security reasons and for proper conduct of the Meeting, entry to the venue of the Meeting will be regulated by the Attendance Slip, which is annexed to the Proxy Form. Members / proxies attending the Meeting are requested to bring their Attendance Slip complete in all respects and signed at the place provided there at and handover it over at the entrance. Members holding shares in dematerialized form are requested to bring their depository account number along with the depository participant identification number for identification. Members / Proxies are also requested to bring their copy of the Annual Report to the Meeting.
16. Pursuant to section 205A and 205C of the Companies Act, 1956, the dividend which remained unencashed / unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the "Investor Education and Protection Fund" established by the Central Government. According to the relevant provisions of the Companies Act, 1956, as amended, no claim shall lie against the said fund or the Company for the amount of unclaimed dividend / debenture interest so transferred to the said Fund. Members who have not encashed the dividend warrant(s) so far, subsequent to the financial year 2003-04, are requested to send their claim immediately to the Company /Registrar for issue of pay order/demand draft in lieu thereof. The Company has been sending reminders to the concerned members to claim their dividend amounts from the Company.
17. Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated May 20, 2009 and No.SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities.  
  
In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/transmission and transposition of shares of the Company in physical form will be returned under objection.
18. The Company has uploaded on its web-site an "Investor Information Kit" for the general information and guidance to the investors of the Company. Further, the Company has designated an exclusive email ID viz. investor.service@theleela.com to enable the investors to post their grievances, if any, and monitor its redressal. Members are advised to refer to Section titled "General Shareholder Information" provided in the annual report.
19. Non-resident Indian Members are requested to inform our Registrar M/s. Sharepro Services (India) Pvt. Ltd. immediately on change in residence status on return to India for permanent settlement.
20. Members desiring any relevant information or clarifications on the Accounts at the Annual General Meeting are requested to write to the Company Secretary at least seven days in advance of the meeting, so as to enable the Management to compile the information and provide replies at the meeting.

# EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

## 8. Amendments to Articles of Association

In terms of the approval of the shareholders of the Company at an Extra-ordinary General Meeting held on 26th February, 2005 (and also at the Annual General Meeting held on 13th July, 2005) for the Preferential allotments to Housing Development Finance Corporation Limited (HDFC), IL & FS Trust Company Limited A/c IL & FS Private Equity Trust - The Leverage India Fund (LIF), the Trustees of IVC Employees' Welfare Trust (IEWT) and IL & FS Trust Company Limited A/c IL & FS Infrastructure Equity Trust (IIEF) had subscribed to 14.79% of the paid up capital of the Company, post preferential allotment in the year 2005.

In terms of the Subscription Agreements executed in February 2005 with the aforesaid investors, the Company had amended some clauses of the Articles of Association of the Company to provide certain special rights, like appointment of nominee director, seeking their consent before any further issue of capital, etc. to the aforesaid special investors so long as each of them continues to hold a certain number & percentage of shares in the paid up capital of the Company as specified in the Subscription Agreements with each of them. The said Subscription Agreements and Memorandum and Articles of Association of the Company are available for inspection by the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. prior to the date of this Annual General Meeting.

Over the years, all the said special investors have fully sold their original shareholding in the Company in the open market and even IDFC has withdrawn their Nominee director and Observer appointed by them from the Board long back and therefore Subscription Agreements eventually became infructuous. Therefore it has become necessary to delete these special clauses added earlier in the year 2005 in the Articles of Association of the Company in terms of the Subscription Agreements. The proposed amendments in the Articles of Association of the Company will also clear certain ambiguities to any prospective investors which may come across while examining the Articles of Association of the Company.

Consequent to deletion of such special clauses, the Company also would like to add the new general clauses in the Articles of Association of the Company.

Your directors recommend the proposed resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

## 9. Issue of equity shares on a preferential basis to a Promoter Group Entity of the Company

The Company proposes to issue 1,00,00,000 (One Crore) equity shares of Rs.2/- each to a promoter group entity at an issue price including such premium not less than the price to be determined as per SEBI ICDR Regulations.

### Pricing of the issue and Relevant Date:

The issue price of the equity shares shall be fixed as per the SEBI ICDR Regulations. The price of equity shares will be such price, including premium as per the SEBI ICDR Regulations to be issued based on the relevant date being 10th July, 2010 and will be calculated in the manner specified for pricing of shares/securities as per the SEBI ICDR Regulations. For this purpose, the share price quotations available at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited will be considered. The average of the high and low of the weekly closing prices preceding six months and two weeks of the relevant date is determined as per the said SEBI ICDR Regulations. The minimum issue price shall not be less than the price determined as per the SEBI ICDR Regulations. A certificate will be obtained from the statutory auditors of the Company certifying the minimum price for the preferential issue as per Chapter VII of SEBI ICDR Regulations and showing the calculation thereof and the same will also be made available for inspection at the Registered Office of the Company.

The Relevant Date for the purpose of pricing of the equity shares shall be 30 days prior the date on this meeting. Thus the Relevant Date shall be 10th July, 2010.

Accordingly, the minimum issue price of the proposed shares is to be determined pursuant to the SEBI ICDR Regulations as higher of the following:

- i) The average of the weekly high and low of the closing prices of the equity shares on the Stock Exchanges prevailed during six months preceding the relevant date of 10th July, 2010:
  - (1) Bombay Stock Exchange Limited - **Rs. 48.15**
  - (2) National Stock Exchange of India Limited - **Rs. 48.18**
- ii) The average of the weekly high and low of the closing prices of the equity shares on the following Stock Exchanges prevailed during two weeks, preceding the relevant date of 10th July, 2010:
  - (1) Bombay Stock Exchange Limited - **Rs. 48.36**
  - (2) National Stock Exchange of India Limited - **Rs. 48.46**

As per the provisions applicable to preferential issues under the SEBI ICDR Regulations, minimum issue price for the offer shall be **Rs. 48.46** (the Floor price<sup>ii</sup>). It is proposed to issue the equity share to Leela Lace Software Solutions Private Limited at **Rs. 48.50** (Rupees forty eight and fifty paise), which is above the Floor price.



## EXPLANATORY STATEMENT (contd.)

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Disclosures required pursuant to the SEBI ICDR Regulations for preferential issue:

(a) **Object of the preferential issue and details of utilization of proceeds**

The object of the issue is to strengthen the financial base of the Company and to repay part of its debts.

(b) **Intention of the promoters/directors/key management personnel to subscribe to the offer**

Leela Lace Software Solutions Private Limited, which is a promoter entity, intends to subscribe to the equity shares proposed to be issued in the offer.

None of the key managerial personnel and the directors of the Company (except directors who are promoters of the Company) intend to subscribe equity shares proposed to be issued by the Company.

(c) **The shareholding pattern of the Company before and after the preferential issue**

Particulars	Pre-issue shareholding as on June 30, 2010*		Post Issue shareholding after issue of equity shares under the proposed preferential issue	
	Total No. of Equity Shares	Percentage of Shareholdings	Total No. of Equity Shares	Percentage of Shareholdings
<b>Shareholding of Promoter and Promoter Group</b>				
Group Companies	199749825	52.87	209749825	54.08
Individuals	1887555	0.50	1887555	0.49
<b>Total shareholding of Promoters and Promoter Group Entities</b>	<b>201637380</b>	<b>53.37</b>	<b>211637380</b>	<b>54.57</b>
<b>Public shareholding of Institutions</b>				
Mutual Funds	467900	0.12	467900	0.12
Financial Institutions / Banks	25210023	6.67	25210023	6.50
Foreign Institutional Investors	9693820	2.57	9693820	2.50
<b>Sub Total</b>	<b>35371743</b>	<b>9.36</b>	<b>35371743</b>	<b>9.12</b>
<b>Non- Institutions</b>				
Bodies Corporate	53525437	14.17	53525437	13.80
Individuals	75755333	20.05	75755333	19.53
NRI/ Foreign Nationals/ OCBs	11535099	3.05	11535099	2.98
<b>Sub Total</b>	<b>140815869</b>	<b>37.27</b>	<b>140815869</b>	<b>36.31</b>
<b>Total Shareholding</b>	<b>377824992</b>	<b>100.00</b>	<b>387824992</b>	<b>100.00</b>

\* based on the beneficiary positions in the shares of the Company as on 30th June, 2010, as provided by the depositories. Post-issue shareholding pattern may change due to change in the beneficiary position.

(d) **Proposed time within which the allotment shall be completed**

The allotment of equity shares shall be completed, within a period of 15 days from the date of passing of the resolution by the Members provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

(e) **Identity and percentage of post preferential issue capital held by proposed allottee.**

Name of the proposed allottee	Pre-issue shareholding		Equity shares proposed to be allotted	Post-issue shareholding	
	No. of Equity Shares	Percentage of Capital		No. of Equity Shares	Percentage of Capital
Leela Lace Software Solutions Private Limited	6,849,840	1.81	10,000,000	16,849,840	4.34

(f) **Change in control**

As a result of the proposed preferential allotment of equity shares, there will be no change in the control of the Company.

(g) **Pre-issue holding of shares, non disposal of shares by the proposed allottee and lock-in period of equity shares**

a. The proposed allottee has not sold their shares during the six months period prior to the relevant date and hence is eligible for allotment of shares on preferential basis.

## EXPLANATORY STATEMENT (contd.)

(Pursuant to Section 173(2) of the Companies Act, 1956)

- b. The equity shares allotted to the proposed allottee shall be subject to 'lock-in' for a period of three years from the date of allotment as per Clause 78(1) of the Chapter VII of SEBI ICDR Regulations.
- c. The entire pre preferential allotment shareholding of the allottee shall be locked in from the relevant date up to a period of six months from the date of preferential allotment.

### (h) Compliance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997

The provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 ("Takeover Code") are not attracted for this issue and therefore proposed allottee is not required make an open offer and comply with formalities related to an open offer for this preferential issue except the specific disclosures as may be required to be furnished as per the Takeover Code.

### (i) Undertaking

In terms of SEBI ICDR Regulations, the Company hereby undertakes that:

- (a) It shall re-compute the price of the specified securities in terms of the provisions of these regulations where it is required to do so.
- (b) If the amount payable on account of re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked in till the time such amount is paid by allottee.

### (j) Auditor's Certificate

A certificate from M/s. Picardo & Co., Chartered Accountants certifying that the proposed issue of equity shares are in accordance with the SEBI ICDR Regulations, will be obtained and will be available for inspection at the Registered Office of the Company between 11 a.m. and 1 p.m. on any working day up to the date of the Annual General Meeting and also during the meeting.

### (k) Compliance

The provisions of the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 1997 ("Takeover Code") are not attracted for this issue and therefore proposed allottee is not required to make an open offer for this preferential issue, except the specific disclosures as may be required to be furnished as per the Takeover Code.

### (l) Approval under the Companies Act, 1956

Sections 81, 81(1A) of the Companies Act, 1956 provide, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of the issuer company in the manner laid down in Section 81 unless the shareholders of such company in general meeting decide otherwise.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution. The Board of Directors, therefore, recommends the resolution proposed vide Item No. 9 of the Notice for approval in accordance with the requirements of Sections 81, 81(1A) of the Companies Act, 1956 read with the SEBI ICDR Regulations for preferential issues.

Capt. C. P. Krishnan Nair, Mr.Vivek Nair, Mr.Dinesh Nair, Mrs.Madhu Nair and Mr. Venu Krishnan , directors, shall be deemed to be concerned or interested to the extent of their being members, promoters and/ or Directors in the Promoter Group Entity, the proposed allottee.

Except the above named directors, none of the directors of the Company shall be deemed to be interested or concerned in passing of the above resolution and the Board recommends that the same be passed.

The Board of Directors believes that the proposed preferential issue is in the best interest of the Company and its members.

## 10. Raising of additional long term funds through Further Issue of Securities

Your Company owns and operates chain of five star deluxe hotels in India. The Company is currently in the process of developing hotels in other key destinations in order to increase its market presence in select locations. As India is emerging to be one of the best destinations for both business and leisure among other developing countries, it is imperative to set up hotels and resorts at key destinations to enable the Company to participate in the growth momentum and create higher value for its stakeholders. Your company currently owns five luxurious five star deluxe hotels and is in the process of increasing these numbers at other locations as well. Therefore in order to sustain the rapid growth in business and to meet the financing and expansion objectives as well as to pursue new opportunities, corporate initiatives, general corporate purposes, prepayment of existing bank borrowings, organic and inorganic growth and also promotional as well as brand building exercise envisaged, the Board of Directors of the Company has been exploring various fund raising options. The funds so raised will strengthen the capital base for the above purposes and for any other purpose related to the business of the Company as the Board may in its absolute discretion deem fit.



## EXPLANATORY STATEMENT (contd.)

(Pursuant to Section 173(2) of the Companies Act, 1956)

Accordingly, the Company proposes to create, offer, issue and allot equity shares, GDRs, ADRs, FCCBs, Partially / Fully Convertible Debentures, preference shares and such other securities including Rights Issue, public issue(s) of prospectus, private placement(s) or a combination thereof at such time or times, as stated in the resolution (the "Securities") at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate. The Company intends to issue Securities for a value upto Rs.750 Crores.

This enabling Special Resolution also seeks to empower the Board of Directors to undertake a qualified institutional placement (QIP) with qualified institutional buyers (QIB) as defined by SEBI ICDR Regulations.

The Board of Directors, may in their discretion adopt this mechanism, as prescribed under SEBI ICDR Regulations in order to facilitate and meet its objectives as stated in para 1 above without the need for fresh approval from the shareholders.

The pricing of the Securities to be issued to Qualified Institutional Buyers pursuant to SEBI ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The issue / allotment / conversion would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges under the provisions of the Listing Agreement.

Section 81 (1A) of the Companies Act, 1956 and the relevant clauses of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company in the manner laid down in Section 81(1A) unless the shareholders in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

The Members of the Company had passed this Resolution at the last Annual General Meeting held on 21st August, 2009. However, due to market conditions, the issue of securities did not materialize. Hence new resolution is presented to the Members for consideration and approval as the earlier resolution stands infructuous.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company.

Directors of the Company may be deemed to be concerned or interested in the passing of resolution to the extent of securities issued / allotted to them or to the Companies in which they are director or members. Save as aforesaid none of the Directors in any way are interested in this resolution.

The Board of Directors of the Company commends the resolution set out in Item No. 10 for approval of the shareholders as a Special Resolution.

Mumbai  
13th July, 2010

Registered Office:  
Hotel Leelaventure Limited  
The Leela Kempinski, Sahar  
Mumbai - 400 059

By order of the Board of Directors  
For **Hotel Leelaventure Limited**

**Dinesh Kalani**  
Company Secretary

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

(in pursuance of Clause 49 [IV][G] of the Listing Agreement)

## 1. MRS. MADHU NAIR

### Profile and expertise in specific functional areas:

Mrs. Madhu Nair (B.A. (Hons) Sociology) joined the Board of the Company in September 2001 and has nearly twenty years of experience in the field of interior design and project coordination.

Limited Companies (other than Hotel Leelaventure Limited) in which Mrs.Madhu Nair holds directorship and committee memberships: Nil

Shareholding in the Company: 360 shares

## 2. MR. ANIL HARISH

### Profile and expertise in specific functional areas:

Mr. Anil Harish (B.A., LL.B, LL.M (USA)), has over thirty years of experience. He is a partner of M/s. D.M.Harish & Co., a renowned firm of advocates specialised in inter alia, real estate, international investments, corporate law and taxation matters. He is also on the board of several well-known companies including large real estate companies in India. He is also associated with a number of trade and professional bodies in various capacities. He has written several articles for various newspapers and magazines and is a renowned speaker on matters which include real estate, taxation and collaborations, at domestic and international levels. He joined the Board of Directors of Hotel Leelaventure Limited in April, 1998.

Limited Companies (other than Hotel Leelaventure Limited) in which Mr.Anil Harish holds directorship and committee memberships:

Directorships	Chairman / Membership of Committees
Pantaloon Retail (India) Limited	Nil
Ador Welding Limited	Audit Committee Chairman
Unitech Limited	Audit Committee Member
Valecha Engineering Limited	Audit Committee Member
Hinduja Ventures Limited	Audit Committee Chairman
Hinduja Global Solutions Limited	Audit Committee Chairman
	Investor Grievance Committee Chairman
K.C. Maritime (India) Limited	Nil
Advani Hotels & Resorts (India) Limited	Nil
Mahindra Lifespace Developers Limited	Audit Committee Member
Mukta Arts Limited	Audit Committee Member
Future Ventures India Limited	Nil
Ashok Leyland Limited	Audit Committee Chairman
Oberoi Realty Limited	Nil

Shareholding in the Company: Nil

## 3. Mr.A.K.Dasgupta

### Profile and expertise in specific functional areas:

Mr. A.K. Dasgupta is a qualified civil engineer with nearly fifty years of experience. He has worked with several engineering companies in India. He has extensive experience in setting up projects in diverse industries. He was awarded the Shiromani Award in 1990. He has also published several journals. He joined the Board of Directors of Hotel Leelaventure Limited in June, 2007.



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

(in pursuance of Clause 49 [IV][G] of the Listing Agreement)

Limited Companies (other than Hotel Leelaventure Limited) in which Mr.A.K.Dasgupta holds directorship and committee memberships:

Directorships	Chairman / Membership of Committees
Welspun India Limited	Nil
Himatsingka Seide Limited	Nil

Shareholding in the Company: Nil

#### 4. MR. VIJAY AMRITRAJ

##### Profile and expertise in specific functional areas:

Mr. Vijay Amritraj (B. Com, D. Lit (Hons.)) is a graduate of the University of Madras and has been India's captain of the Davis Cup team and is a renowned international tennis player and, more recently, television entrepreneur. He was also appointed an international peace ambassador by the U.N. Secretary General. He joined the Board of Directors of Hotel Leelaventure Limited in August, 1983.

Companies (other than Hotel Leelaventure Limited) in which Mr.Vijay Amritraj holds directorship and committee memberships:

Directorships	Chairman / Membership of Committees
Kingfisher Airlines Limited	Nil

Shareholding in the Company: 60,105 shares

#### ATTENDANCE REPORT OF DIRECTORS SEEKING RE-APPOINTMENT:

Directors	Held	Attended
Mrs.Madhu Nair	6	3
Mr.Anil Harish	6	6
Mr.A.K.Dasgupta	6	5
Mr.Vijay Amritraj	6	2

#### DISCLOSURE IN TERMS CLAUSE 49(IV)(G)(i)(a) OF THE LISTING AGREEMENT:

Mrs.Madhu Nair is related to Capt. C.P Krishnan Nair - Chairman, Mr.Vivek Nair - Vice Chairman & Managing Director and Mr. Dinesh Nair - Joint Managing Director of the Company.



# HOTEL LEELAVENTURE LIMITED

Regd. Office: The Leela Kempinski, Sahar, Mumbai - 400 059

## 25% FOOD DISCOUNT COUPON 2010-11

Ref. Folio No. ....  
DPID .....  
Client ID .....  
Name & Signature  
of the Shareholder  
.....

Dear Shareholder,

The Company is pleased to issue this Coupon which will entitle you to avail of a discount of 25% on a bill value of upto Rs.2,000/- at the food and beverage outlets of the Company located in hotels at Mumbai, Goa, Bangalore, Kovalam and Udaipur. This discount cannot be clubbed with any other Discount Scheme. The Company will not make cash refunds against any coupon or part use thereof and will not be able to extend the validity of the coupon(s) nor issue duplicate coupon(s) in case of loss or defaced coupons(s).

The coupon is neither valid for consumption of Beer, Liquor and Cigarettes nor stay at the properties of the Company.

Please DO NOT detach the coupon,  
but present in intact, before your bill is  
being prepared

Bill Value upto Rs.200/- Discount 25% Valid upto 31.08.2011				
Bill Value upto Rs.200/- Discount 25% Valid upto 31.08.2011				





## HOTEL LEELAVENTURE LIMITED

Registered Office: The Leela Kempinski, Sahar, Mumbai – 400 059

### ATTENDANCE SLIP

**(To be handed over at the entrance of the Meeting Hall duly filled)**

Folio No. .... DP ID.\* ..... Client ID.\* ..... Shares held .....

.....  
(Name in BLOCK letters)

I hereby record my presence at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company held at Shree Bhaidas Maganlal Sabhagriha, U-1 Juhu-Vile Parle Development Scheme, Vile Parle (West), Mumbai 400 056 on Tuesday, 10th August, 2010 at 11.00 a.m.

\_\_\_\_\_  
Member's/Proxy's Signature  
(to be signed at the time of handing over this slip)

\* Applicable for Investors holding Shares in dematerialised from

----- TEAR HERE -----



## HOTEL LEELAVENTURE LIMITED

Registered Office: The Leela Kempinski, Sahar, Mumbai – 400 059

### PROXY FORM

Folio No. .... DP ID.\* ..... Client ID.\* ..... Shares held .....

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member/Members of the above-named Company, hereby appoint \_\_\_\_\_, of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the TWENTY NINTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 10th August, 2010 at 11.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010

Signature .....

Affix  
Rs. 1  
Revenue  
Stamp

\* Applicable for Investors holding Shares in dematerialised form.

- Notes: 1. The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.  
2. A Proxy need not be a member of the Company.





Hon'ble President of India, Smt. Pratibha Patil conferring the Padma Bhushan to Capt. C. P. Krishnan Nair in New Delhi on 31<sup>st</sup> March 2010 in recognition for his contribution to the society.



Capt. C. P. Krishnan Nair receiving the prestigious Hotelier of the Century Award in Belgrade from Mr. Ghassan Aidi, President, International Hotel & Restaurant Association.



BOOK-POST

To,



HOTEL LEELAVENTURE LIMITED

The Leela, Sahar, Mumbai - 400 059. Tel.: +91-22-6691 1234 Fax: +91-22-6691 1212  
Call toll free: 1-800-222-444 (MTNL & BSNL) Others: 6000 2233  
[www.theleela.com](http://www.theleela.com)

