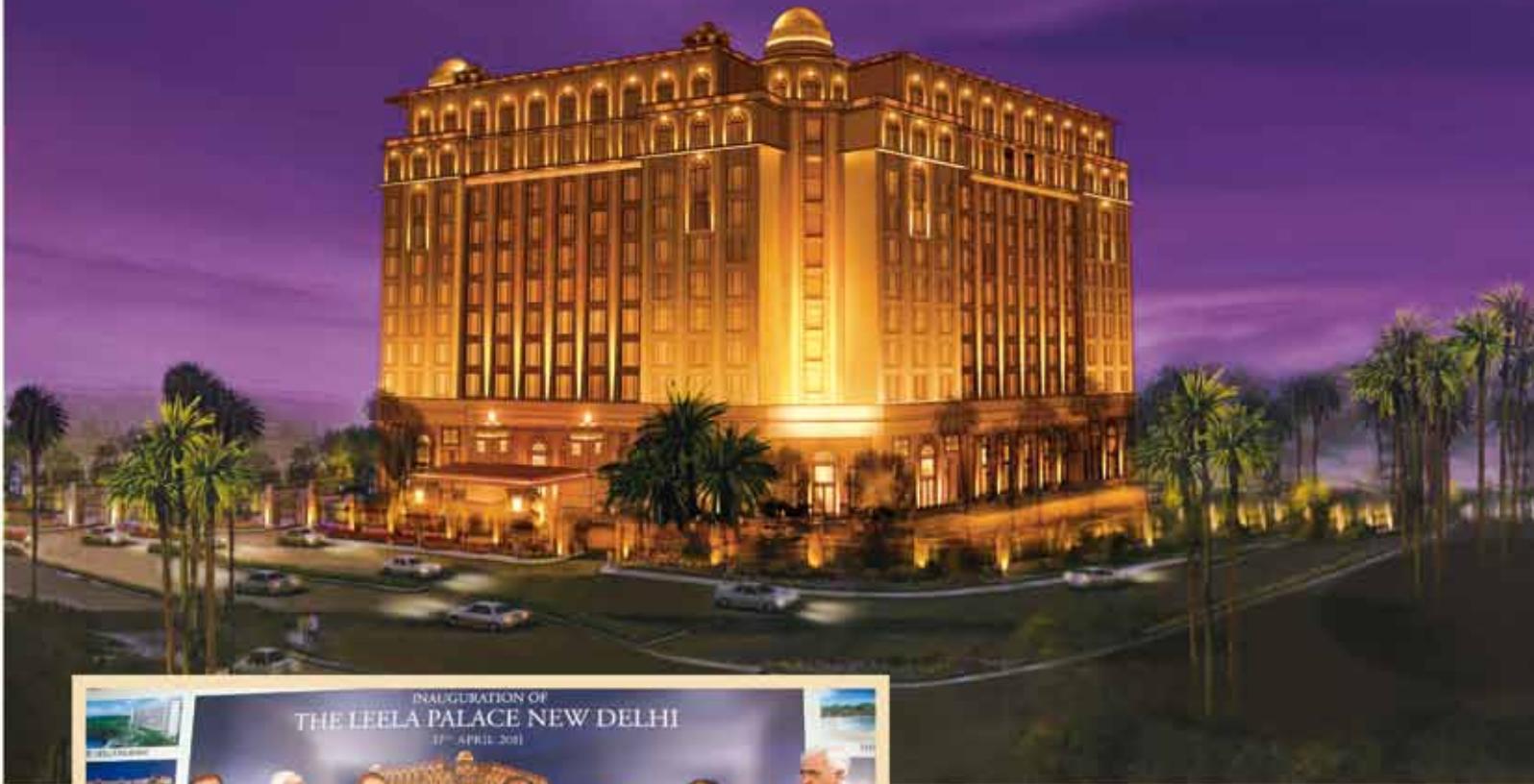


Surging ahead. Yet again.



The Leela Palace New Delhi was inaugurated on 17th April at the Grand Ballroom of the hotel by the Hon'ble Chief Minister of the N.C.T of Delhi and presided by the Hon'ble Union Minister of Tourism, Shri Subodh Kant Sahay. Seen in the picture from left are Madhu Nair, Director Interior Design and Operations of The Leela, Vivek Nair, Vice Chairman & Managing Director of The Leela, Deepak Parekh, Chairman of Housing Development Finance Corporation, Hon'ble Minister of Heavy Industries and Public Enterprises, Shri Praful Patel, Rajiv Kaul, President, The Leela, Hon'ble Chief Minister of the N.C.T. of Delhi, Smt. Sheila Dikshit, Hon'ble Union Minister of Tourism, Shri Subodh Kant Sahay, Chairman of The Leela, Capt. C. P. Krishnan Nair, Hon'ble Minister of Law & Justice, Shri Veerappa Moily and Hon'ble Minister of Water Resources & Minister of Minority Affairs, Shri Salman Khursheed.

Annual Report 2010-11



HOTEL LEELAVENTURE LIMITED

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 Palace
New Delhi



The Leela Mumbai



The Leela Palace
Bangalore



The Leela Kempinski
Gurgaon-Delhi NCR



The Leela Palace
Udaipur



The Leela Goa



The Leela Kovalam
Kerala

Proposed Hotels and Resorts



The Leela Palace
Chennai



The Leela Palace Agra



The Leela Lake
Ashtamudi

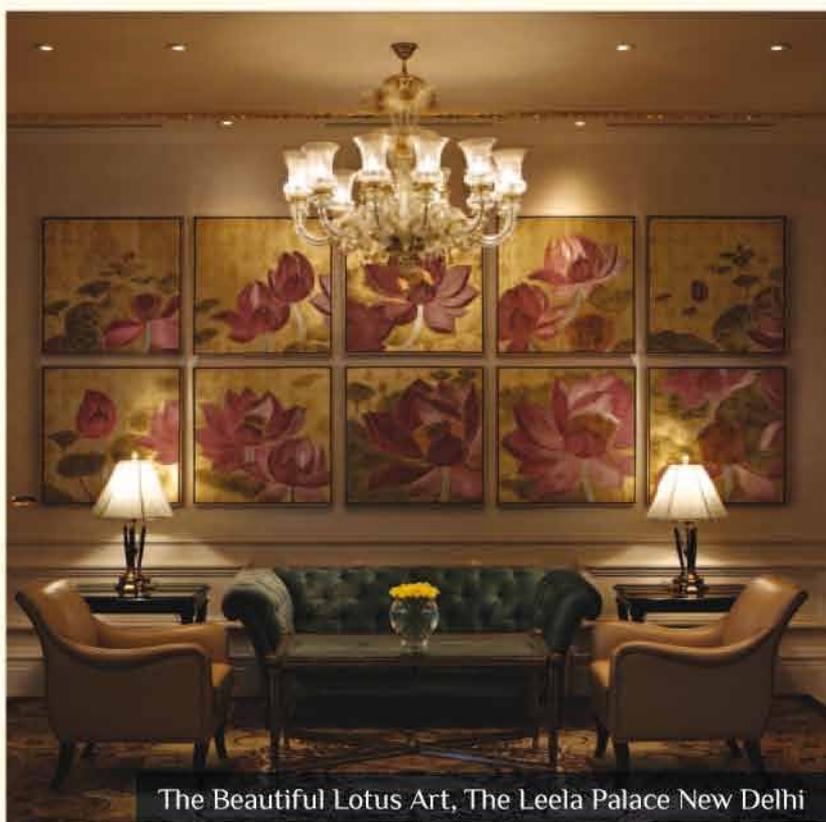


Serving new India

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.

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CHAIRMAN'S STATEMENT



Captain C.P. Krishnan Nair
Chairman
Hotel Leelaventure Limited

Dear Shareholder,

As I look back on the year gone by, I am convinced in my belief that India will take its rightful place in the world as a global superpower. Despite crisis and challenges, India's resilience to withstand and weather these adverse challenges is commendable. The Government managed to overcome several apprehensions and controversies which threatened to disrupt the Commonwealth Games - the biggest international multi-sport event to be held in Delhi - but it successfully averted attention from negative reporting with a spectacular opening and a resounding finish with global praise and applause. Having embarked on the journey towards economic development, we must face all challenges and obstacles to ensure that our rightful place in the world is not compromised. I am pleased to inform you that, as committed, The Leela Palace New Delhi opened several rooms in time for the Games - in the year that also marks the centenary of the establishment of Delhi as the capital city of modern India.

With the grand opening of The Leela Palace New Delhi at Chanakyapuri, we have strengthened our position as a premier player within the luxury segment of the Indian hospitality industry. The hotel benchmarks new standards of luxury, service and comfort in the country. The hotel is already creating waves in the international market. The Condé Nast Traveller UK has voted The Leela Palace New Delhi as among the best new hotels to be opened in the world in its Hot List.

The hotel has also featured in the IT List of Travel + Leisure USA as among 50 favourite new hotels and in 'How To Spend It' - the luxury and lifestyle supplement of Financial Times UK.

We have strengthened our brand image in the international markets by placing strategic advertisements in well placed international publications. The Leela Palaces, Hotels and Resorts are the exclusive India partner for the GHA Discovery Guest Recognition Programme launched in Financial Year 2010. The programme already has 1.6 million members globally which should have a positive impact on the occupancy rate, driving incremental revenues and building customer loyalty

Industry Initiatives

India's GDP performance continues to be strong and encouraging. The country continues to be an exciting destination for the global business and leisure traveller due to the continued pace in economic activity and the efforts made by the Ministry of Tourism promoting India overseas through the aggressive Incredible India campaign. The pace of constructing hotel rooms however need to be accelerated and this can be done by giving the industry the much needed status of infrastructure industry. The hotel industry is a highly capital intensive industry and the considerable benefits it will get by granting infrastructure status will not only help in cheaper finance for expansion but also give the industry tax sops that will boost the tourism industry. This will in turn, create thousands of jobs enhancing the employment opportunities in the country.

Performance Review

In the fiscal year 2010 -11, I am happy to inform you that your company has announced encouraging results. With the stabilization of The Leela Palace Udaipur, improved performance of our other hotels and the addition of The Leela Palace New Delhi, the revenue is expected to go up by 45% in the Financial year 2011-12. Going forward we also plan new properties in Agra, Lake Ashtamudi (in Kerala) and Jaipur.

Acknowledgement

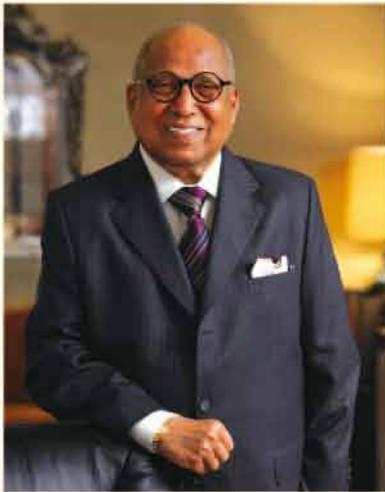
People have always been our most valuable asset and I would like to acknowledge and thank the exemplary hard work and commitment of each and every employee of the Leela family who ensure that the 'Leela Experience' is never compromised. I also take this opportunity to extend my gratitude to all our shareholders and Board members for their support and good wishes.



Captain C.P. Krishnan Nair
Chairman
Hotel Leelaventure Limited



Devi - The Great Goddess, The Leela Palace New Delhi



Captain C.P. Krishnan Nair

BOARD OF DIRECTORS



Vivek Nair



Dinesh Nair



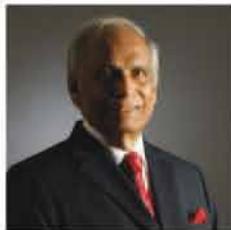
Madhu Nair



Anna Malhotra



M. Narasimham



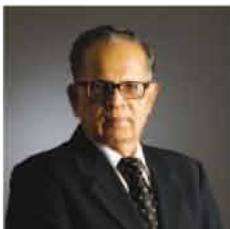
P. C. D. Nambiar



Vijay Amritraj



Anil Harish



K. U. Mada



Venu Krishnan



R. Venkatachalam



C. K. Kutty



Indur Kirpalani



Krishna Deshika



A. K. Dasgupta

Glimpses of The Leela Palace New Delhi



Jamavar for specialty Indian cuisine



The spectacular lobby lounge



The grand porte cochère



The Library Bar



CORPORATE INFORMATION

Board of Directors

Capt. C. P. Krishnan Nair	Chairman
Mr. Vivek Nair	Vice Chairman & Managing Director
Mr. Dinesh Nair	Joint Managing Director
Mr. Venu Krishnan	Deputy Managing Director
Mr. Krishna Deshika ¹	Director – Finance & CFO
Mrs. Madhu Nair	Director
Mrs. Anna Malhotra	Director
Mr. M. Narasimham	Director
Mr. P. C. D. Nambiar	Director
Mr. Vijay Amritraj	Director
Mr. Anil Harish	Director
Dr. K. U. Mada	Director
Mr. R. Venkatachalam	Director
Mr. C. K. Kutty	Director
Mr. Indur Kirpalani ²	Director
Mr. A. K. Dasgupta	Director

¹ With effect from 17th January, 2011.

² With effect from 29th January, 2011.

Company Secretary

Dinesh Kalani

Statutory Auditors

Picardo & Co.
Chartered Accountants

The Company's hotel locations

The Leela Palace New Delhi
Chanakyaपुरi, New Delhi – 110 023

The Leela Palace Udaipur
Lake Pichola, Udaipur - 313 001

The Leela Mumbai
Sahar, Mumbai - 400 059

The Leela Goa
Mobor, Cavelossim, Goa - 403 731

The Leela Palace Bangalore
23, Airport Road,
Bangalore - 560 008

The Leela Kempinski Gurgaon, Delhi NCR
Ambience Island, National Highway - 8
Gurgaon -122 002

The Leela Kovalam, Kerala
Trivandrum - 695 527

Registered & Corporate Office

The Leela
Sahar
Mumbai 400 059
Website: www.theleela.com
E-mail: investor.service@theleela.com

Bankers / Financial Institutions

Housing Development Finance Corporation Limited
State Bank of India & Associated Banks
Syndicate Bank
Bank of India
Export Import Bank of India
Union Bank of India
Bank of Baroda
Oriental Bank of Commerce
Indian Overseas Bank

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
Website: www.shareproservices.com
E-mail: hotelleela@shareproservices.com

Investor relations centre of the Registrar & Share Transfer Agents

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

Important Communication to Members

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be made by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the feedback form on page No. 63 of the Annual Report and send the same to the Company OR ALTERNATIVELY avail the option provided on the web-site of the Registrar of the Company at www.shareproservices.com for registration of your e-mail address directly.

30th Annual General Meeting on Tuesday, the 28th June, 2011 at 11.00 a.m.
at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle (West), Mumbai – 400 056



NOTICE

NOTICE is hereby given that the THIRTIETH 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 28th June, 2011 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, 2011 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, 2011.

3. Re-appointment of Capt. C. P. Krishnan Nair

To appoint a Director in place of Capt. C. P. Krishnan Nair, who retires by rotation and being eligible, offers himself for re-appointment.

4. Re-appointment of Mrs. Anna Malhotra

To appoint a Director in place of Mrs. Anna Malhotra, who retires by rotation and being eligible, offers herself for re-appointment.

5. Re-appointment of Dr. K. U. Mada

To appoint a Director in place of Dr. K. U. Mada, who retires by rotation and being eligible, offers himself for re-appointment.

6. Re-appointment of Mr. M. Narasimham

To appoint a Director in place of Mr. M. Narasimham, 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. Appointment of Mr. Indur Kirpalani as a Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Indur Kirpalani who was appointed as an Additional Director by the Board of Directors with effect from 29th January, 2011 pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company and who holds office and upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

9. Raising additional long term funds through Further Issue of Securities

To consider and if thought fit, to pass, with or without modifications, 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, modifications, variation or reenactment thereof) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (“GOI”), the Reserve Bank of India (“RBI”), the stock exchanges and the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) as amended, The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 as amended, rules, regulations and guidelines prescribed by the Securities and Exchange Board of India (“SEBI”) including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (hereinafter referred to as the “ICDR Regulations”) and subject to any 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, SEBI and / or any other competent authorities as may be required 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 rules/ regulations/ guidelines, notifications and circulars, if any, issued by the GOI, RBI, SEBI and any competent authorities as may be required and clarifications, if any issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other relevant 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 constituted/ to be constituted by the Board to exercise its powers including powers conferred by this resolution to extent permitted by law) consent of the members is hereby accorded to create, offer, issue and allot in one or more tranches, in the course of international and / or domestic offering(s) in one or more foreign markets, by way of a public issue or a private placement of Equity Shares of face value of Rs. 2 each (the “Equity Shares”) including a placement of Equity Shares to Qualified Institutional Buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations or through an issuance of Global Depository Receipts (“GDRs”), American Depository Receipts (“ADRs”), or an issuance of Foreign Currency Convertible Bonds (“FCCBs”), Fully Convertible Debentures / Partly Convertible Debentures, Preference Shares convertible into Equity Shares, and / or any other financial instruments convertible into or linked to Equity Shares 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 whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as “Securities”) or any combination of Securities to any person including but not limited to 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”) 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., 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 as may be decided by the Board in its absolute discretion at the time of issue of Securities, such that the total amount including premium raised through the aforesaid Securities should not exceed Rs. 1,000 crores in one or more currencies and in one or more offerings/tranches.

RESOLVED FURTHER THAT in case of the issue of the securities by way of Qualified Institutions Placement to QIBs in accordance with Chapter VIII of the ICDR Regulations, the “Relevant Date” shall mean the date of the meeting in which the Board / Finance Committee of the Board decides to open the proposed issue of Securities and at such price as applicable under the provisions of ICDR Regulations as amended and in force at the relevant time.

RESOLVED FURTHER THAT:

- 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
- the Equity Shares that may be issued by the Company 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

NOTICE (contd.)

of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts/ agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more recognized (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, redemption or cancellation of the Securities or as may be necessary in accordance with the terms of the issue / offering and 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 / 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, to 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) / offering(s), including the type of Security to be issued and allotted, the class of investors to whom the Securities are to be offered / issued and allotted, number of Securities to be issued and allotted in each tranche, issue price, face value, number of Equity Shares or other securities upon conversion or redemption or cancellation of Securities, premium or discount amount on issue / conversion of Securities / exercise of warrants / redemption of Securities / rate of interest / period of conversion or redemption, listings on one or more stock exchanges in India and / or abroad and fixing of record date or book closure and related or incidental matters 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) / offering(s), allotment and conversion of any of the aforesaid Securities, utilisation of issue proceeds 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 shareholders 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 authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

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

Dinesh Kalani
Company Secretary

Registered Office:

The Leela, Sahar, Mumbai - 400 059

Mumbai, 23rd May, 2011

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 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 and 9 is annexed hereto.
5. The Register of Members and Transfer Books of the Company will remain closed from Thursday, the 23rd June, 2011 to Tuesday, the 28th June, 2011 (both days inclusive) for the purpose of payment of dividend. If the dividend, as recommended by the Board is approved at the Annual General Meeting, payment of such dividend will be made on or before 27th July, 2011 as under:
 - (i) To all beneficial owners in respect of shares in electronic form, as per the data made available by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the close of business hours on Wednesday, the 22nd June, 2011;
 - (ii) To all members in respect of shares in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 22nd June, 2011.
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 with effect from 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. 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.
9. 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 implementation of the Core Banking Solutions (CBS), together with name of the bank, branch, 9 digit MICR bank / branch code and 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



NOTICE (contd.)

- 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.
10. 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.
 11. 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.
 12. 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.
 13. 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.
 14. 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 carry their depository account number along with the depository participant identification number. Members / Proxies are also requested to bring their copy of the Annual Report to the Meeting.
 15. 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, since the financial year 2004-05, 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.
 16. 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.
 17. 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.
 18. Non-resident Indian Members are requested to inform the Registrar M/s. Sharepro Services (India) Pvt. Ltd. immediately on change in residence status on return to India for permanent settlement.
 19. 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.
 20. **The Company has implemented the "Green Initiative" as per circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant(DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.theleela.com of the Company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer agent of the Company at the address mentioned in (6) above quoting their folio number(s).**

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

No. 8 - Appointment of Mr. Indur Kirpalani as a Director

Mr. Indur Kirpalani (also known as Andrew), a Graduate, aged 63 years, based in U.S.A., has over two decades of industry experience at senior level in reputed companies, (including St. Michel Sportswear Ltd.) before becoming an entrepreneur. He is the Founder, Chief Executive Officer and President of Andrew Sports club, Inc. since 1983 which owns several high value brands of apparels having an annual turnover in excess of \$100 million. He is also an investor in several ventures globally including IT related Real Estate ventures. He is also the Chairman of the Indian Garments Import Association in the USA and also a noted philanthropist and recipient of several recognitions/awards for contributing to the well being of communities and local events.

In view of the wide and extensive experience of Mr. Kirpalani, it would be of great benefit to the Company and to the Board to avail his expertise as an industrialist.

Mr. Kirpalani does not hold directorships in any other Indian public limited companies. He is not related to any other directors of the Company.

He holds 5,30,740 shares in the Company.

Except Mr. Indur Kirpalani himself, none of the other Directors may be deemed to be concerned or interested in the above resolution.

Your Directors recommend the resolution for the approval of the members.

No. 9. Raising additional long term funds through Further Issue of Securities

The Leela Palace Udaipur became operational in the Financial Year 2009-10. The Leela Palace New Delhi had soft opening in September, 2010. The Leela Palace Chennai will be completed in Financial Year 2011-12. The Company has also built commercial space in Chennai and had acquired land in Agra for building a luxury hotel. The total capital expenditure on these super luxury hotels is about Rs.3,300 crores. Due to these investments, the Company's debt level is high and it is necessary to reduce the debt and increase equity infusion in order to sustain the rapid growth in business.

Further, to meet the financing and expansion objectives as well as to pursue new opportunities, general corporate purposes, organic and inorganic growth and also promotional as well as brand building exercise, the Company will require funds. 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.

Accordingly, the Company proposes to create, offer, issue and allot Equity Shares or GDRs, ADRs, represented by Equity Shares of the Company FCCBs, Partially / Fully Convertible Debentures convertible into Equity Shares, preference shares and such other securities through various modes which may include a public issue(s), private placement(s) or a placement of Equity Shares to Qualified Institutional Buyers ("QIBs") (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations or a combination thereof at such time or times, as stated in the resolution for an amount not exceeding Rs. 1,000 crores (including premium) (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 deems fit 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.

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 ICDR Regulations.

The Board of Directors, may in their discretion adopt this mechanism, as prescribed under 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 that may be issued to Qualified Institutional Buyers pursuant to ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the ICDR Regulations. The "Relevant Date" for this purpose will be the date when the Board or Committee thereof decides to open the QIP for subscription.

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 its sole discretion and it may consult in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary 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 offer / issue / allotment / conversion / redemption 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 as may be required 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 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 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 may result in the issue of shares of the Company to persons other than shareholders 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 Special Resolution, if passed, will have the effect of allowing the Board to offer, 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 for the approval of the shareholders as a Special Resolution.

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

Dinesh Kalani
Company Secretary

Registered Office:

The Leela, Sahar, Mumbai - 400 059

Mumbai, 23rd May, 2011



DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

at the forthcoming Annual General Meeting (In pursuance of Clause 49 [IV][G] of the Listing Agreement)

Name of the Director	Capt. C. P. Krishnan Nair	Mrs. Anna Malhotra	Dr. K.U. Mada	Mr. M. Narasimham	Mr. Indur Kirpalani
Date of Birth	01.04.1923	17.07.1926	29.12.1933	03.06.1927	08.07.1947
Date of Appointment	29.10.1982	14.06.1993	29.01.2000	29.04.2006	29.01.2011
No of shares held	2,31,000	2,500	9,000	NIL	5,30,740
Expertise in Specific Functional areas	Eminent Industrialist & Distinguished Hotelier	Administrative Services	Economics, Banking & Projects	Eminent Economist	Emient Entrepreneur with rich business experience in general
Qualifications	Matriculate	M.A., I.A.S.	M.A. (Econ.), Ph.D., Dip.in Fin.Mgt., FICA	M.A. (Econ.) from Madras & Cambridge Universities	Graduate
List of Companies in which outside Directorships held as on 31.03.2011 (excluding private & foreign companies)	1) Leela Capital & Finance Ltd. 2) Leela Realty Ltd. 3) Mumbai International Convention and Exhibition Centre Ltd. 4) Leela Palaces and Resorts Ltd.	1) Simplex Realty Ltd.	1) Lupin Ltd. 2) PCI Ltd. 3) Tamilnadu Petroproducts Ltd.	NIL	NIL
* Chairman / Member of the Audit Committee and Investor Grievance Committee of other Companies, of which he is a Director as on 31.03.2011.	Leela Capital & Finance Limited - Audit Committee Chairman	NIL	1) Lupin Ltd. -Audit Committee Chairman & Investor Grievances Committee Member 2) PCI Ltd. - Audit Committee Member & Investor Grievance Committee Chairman 3) Tamilnadu Petroproducts Ltd. - Audit Committee Member	NIL	NIL

Disclosure in terms of Clause 49(IV)(G)(i)(a) of the Listing Agreement

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

Persons constituting group coming within the definition of "Group" for the purpose of Regulation 3(1)(e)(o) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

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

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Thirtieth Annual Report of the Company together with its Audited Statement of Accounts for the year ended 31st March, 2011.

1. Financial Results

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

(Rupees in crores)

	Financial Year 2010-11	Financial Year 2009-10
Income from Sales, Services and other Income	553.35	478.38
Operating, administrative and other expenses (before interest and depreciation)	369.68	320.94
Interest	57.62	24.47
Profit before Depreciation	126.05	132.97
Depreciation	68.43	68.33
Profit before Tax	57.62	64.64
Provision for Taxes / Deferred Tax	18.74	19.63
Profit after Tax for the year	38.88	45.01
Prior Period Adjustments – Net	1.04	3.99
Profit after Tax	37.84	41.02
Balance brought forward	312.80	287.74
Amount available for Appropriation	350.64	328.76
Appropriations:		
Dividend on Equity shares	5.82	7.56
Tax on proposed Dividend	0.94	1.25
Transfer to General Reserve	-	1.15
Transfer to Capital Redemption Reserve	18.00	6.00
Balance carried to Balance Sheet	325.88	312.80
EPS Basic (in Rs.)	0.99	1.09
EPS diluted (in Rs.)	0.93	0.92

2. Foreign Currency Convertible Bonds

During the year under review, the Company redeemed on maturity, Euro Bonds of the face value of Euro 39.20 million together with premium, as per the terms of the offer document.

As on the close the financial year, the Company has outstanding Dollar Bonds of the face value of US\$ 41.60 million, maturing in April, 2012. These bonds are listed on Singapore Exchange Securities Trading Limited.

3. Dividend on Equity Shares

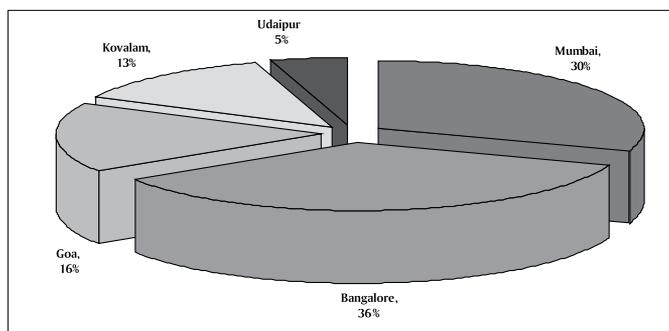
Your Directors are pleased to recommend a dividend of Rs. 0.15 per equity share of Rs.2 each (previous year Rs.0.20 Per share), subject to the approval of the shareholders at the ensuing AGM. The dividend would involve a cash outgo of Rs.5.82 crores (previous year Rs.7.56 crores) towards dividend and Rs. 0.94 crores (previous year 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. 21.99 lakhs to the Investor Education and Protection Fund during the financial year under review.

4. Review of Operations

The overall performance of the Company has improved during the year under review, in line with the overall global economic recovery. The total income stood at Rs. 553.35 crores, compared to Rs.478.38 crores in the previous year.

The revenue percentages of the Company from its various Units are graphically represented as follows:



5. Rating

The present rating assigned to the Company by Credit Analysis & Research Limited (CARE) is "CARE A-" [Single A Minus] for long term loans and NCDs and PR 2 (PR Two) for short term facilities. These ratings are considered to offer adequate safety for timely servicing of debt obligations and carry low credit risk.

6. Opening of The Leela Palace, New Delhi

The Company's most awaited and prestigious hotel "The Leela Palace, New Delhi" had a soft launch in September, 2010 and a ceremonial opening on 17th April, 2011. This hotel has 260 oversized luxury guest rooms and suites. The rooms and suites offer premium and distinct luxury experience to the contemporary business travellers.

This hotel is situated in the exclusive Diplomatic Enclave, close to the Prime Minister's residence, Rashtrapathi Bhavan, the Secretariat, as well as a number of historical monuments including the India Gate, Raj Ghat, Qutab Minar, etc.

The hotel offers rooftop pool with magnificent views over Delhi, four restaurants including the first Asian outpost of legendary restaurant brand Le Cirque, Indian restaurant Jamavar, Japanese eatery Megu, with International Cuisine available in The Qube. This hotel also has ESPA spa spread over two levels offering ayurvedic and other treatments in its seven treatment rooms and private spa suite.

Keeping in mind the 'green' sensibilities, the Leela Palace New Delhi has been designed to be sustainable. Gas turbine, water harvesting, solar energy application and a sophisticated sewage treatment plant have been built into the hotel, making it the first hotel in New Delhi to be designed for Gold Leed certification.

7. Marketing and other 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 Chennai as well as other hotels that the Company would operate in the future, purchasing services, services related to IT and management information systems, as well as personnel and operational support.

Preferred Hotel Group is 40 year old sales centric organization with 700 prestigious hotel groups across the world as its members. The alliance with Preferred Hotel Group benefits the Company with co-branding resulting in greater recognition of the Company's brand in the USA as premium and luxury hotels. The Company also gets the opportunity to leverage their seven Global Sales Offices in the USA, as well as in Paris, Singapore, Hong Kong, Japan, Australia and others. In addition, their technology powers the Company's website enabling the Company to receive direct bookings. Their preferred relationship with American Express allows the Company lower commissions on receipts through American Express Credit Card, which



DIRECTORS' REPORT (contd.)

results in substantial savings and opportunities to participate in many road shows in the Company's main source markets. The alliances also assist the Company to get more international business and to enhance its competitive positioning in the market.

Global Hotel Alliance is a collection of 12 upscale and luxury regional hotel brands from across the world with a collection of over 300 hotels in 47 countries. As a member of the alliance, the Company gets access to preferred relationships with 15 International Airlines and three of the largest Travel Management Companies, American Express, Carlson Wagonlit and BCD, which help the Company to market its hotels globally. The Company is also part of their newly launched recognition program, GHA Discovery, which already has 1.4 million members and this helps the Company to compete with other similar programs of global hotel chains. As a GHA member, the Company derives substantial savings on its hotel room management and reservations technology provided by Micros, as well as avail technical support for the Company's planned independent GDS code.

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 New Delhi.

8. Expansion / Up-gradation Plans

Tourism industry is growing and bound to grow stronger in India 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 of "Ātithi Devo Bhava".

Your Company owns and operates six hotels at the locations viz. New Delhi, Mumbai, Bangalore, Goa, Kovalam and Udaipur, besides operating another hotel at Gurgaon under Management Contract. The Company expects to start operations of the hotel under construction in Chennai during the current financial year.

The Company has acquired land in Agra and Ashtamudi in Kerala for construction of hotels. These projects will be taken up in due course after completion of the Chennai project.

The Company had purchased about 4.21 acres of land in Pune and 3.85 acres of land in Hyderabad for building hotels in these locations. Since then, considerable capacity addition has taken place in these cities. Therefore, the Company has decided to use the land for high end residential use. Accordingly, the Company has already entered into joint development agreement with a reputed builder in Pune. In Hyderabad, the Company would either directly undertake development or enter into joint development agreement with a reputed builder. The Company also has about 2 acres of land next to Leela Palace, Bangalore and is in discussions with reputed local builders for developing high end residential buildings.

9. Audit Observation:

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

10. Awards, Accolades and Recognitions:

(a) Recognition to the Chairman of the Company

One of the most prestigious luxury magazines of Dubai, Gulf Connoisseur, awarded Capt. C.P. Krishnan Nair with the 'The Green Hotelier of the Decade' Award in November 2010, in Dubai.

(b) Recognition for the Hotels

- The Leela Palace New Delhi is named one of the best New City Hotels in the Travel + Leisure's 'It' List 2011, a compilation of the 50 best new hotels in the world in the June 2011 issue.
- In November 2010, The Leela Palaces, Hotels & Resorts won the prestigious TravTalk – World Travel Market Global Award in recognition of its new standards of excellence in the luxury hotels market and rapid expansion carried out while giving back to the local community.
- The Leela Palace Udaipur also received The Connoisseur's award for Best Exotic Resort.
- In October 2010, the World Travel Awards (WTA), Asia and Australia, adjudged the iconic Leela Palace Bangalore as India's Leading Conference Hotel, and the Group's beachfront property in

Kerala, The Leela Kovalam Beach, Kerala, was recognised as Asia's Leading Resort.

- Also in October 2010, Luxury Hotel Awards, recognised The Leela Palace Bangalore as the Best Luxury City Hotel in India, while The Leela Palace Udaipur was accorded the honour of the Best Luxury Boutique Hotel in the world.
 - In August 2010, the Vogue Beauty Awards awarded The Leela Goa for the best Detox treatment offered.
 - On 24 June, 2010, The Leela Group was conferred the WTC Award of Honour by the World Trade Centre Mumbai for the group's exceptional contribution to international trade and commerce.
- Conde Nast Traveller UK**
- In the May 2011 issue, Conde Nast Traveller, UK, listed The Leela Palace New Delhi as one of the 65 great new hotels of the world in its Hot List.
 - In March 2011, The Spa at The Leela Palace Bangalore came second in the 'Hotel Spas of Asia and the Indian Subcontinent' category in Conde Nast Traveller UK's Readers' Spa Awards 2011.
 - In the January 2011 issue, Conde Nast Traveller, UK, listed The Leela Palace Udaipur as one of the Best Hotels for Service in Asia.
- Conde Nast Traveller USA**
- In the January 2011 issue, Conde Nast Traveler, USA, listed The Leela Palace Bangalore as the second best hotel within India in its Gold List.

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 Practising Company Secretary are appended hereto and they form part of this Annual Report.

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. Changes in Directorate

The Board of Directors at their meeting held on 13th November, 2010 has appointed Mr. Krishna Deshika as Director – Finance & CFO for a period of 5 years with effect from 17th January, 2011. The Board of Directors also at their meeting held on 29th January, 2011 has re-appointed Mr. Vivek Nair as Vice Chairman & Managing Director, Mr. Dinesh Nair as Joint Managing Director and Mr. Venu Krishnan as Deputy Managing Director for a period of 5 years with effect from 1st April, 2011. The above appointments have been approved by the members through a postal ballot.

During year under review, Mr. V. L. Ganesh, Director – Finance & CFO resigned with effect 13th November, 2010.

Further, in terms of provisions of Section 260 of the Companies Act, 1956, the Board of Directors on 29th January, 2011 has appointed Mr. Indur Kirpalani as an Additional Director. Mr. Kirpalani holds office up to the date of Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 for appointment of Mr. Indur Kirpalani for the office of director liable to retire by rotation.

Brief resume of the Directors proposed to be appointed / 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

DIRECTORS' REPORT (contd.)

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

Pursuant to general exemption granted in terms of General Circular No.2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, regarding compliance with Section 212(8) of the Companies Act, 1956, the Company has not attached Balance Sheet, Profit and Loss Account and other documents of its two wholly owned subsidiary companies with 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 circular, 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 two 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:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- 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, 2011 and of the profit of the Company for the year;
- 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
- they have prepared the annual accounts on a 'going concern basis'.

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

- Conservation of Energy and Water:

Energy Conservation, sustainability and efforts to make the properties more "Green" has been the main drive for the Leela Group throughout the year. Major steps have been taken towards this. Some of the efforts are:

- LED Lamps have been used to replace normal Halogen lamps in the two properties at Mumbai and Bangalore. The process will continue in other properties also. In addition, our upcoming project "The Leela Palace, Chennai" will have LED lights for all its external lighting and all major internal areas.
- Rain Water Harvesting is being implemented on an extensive scale. Today Kovalam hotel collects an average of 43 c. mtr. of water on daily basis and efforts are being made to increase the same so that we might get our major requirement of water from this in future. The Leela Palace, Chennai will also collect water on a major scale from rain water harvesting.
- Sewage Treatment Plants in all properties are being used extensively to treat and recycle all sewage and grey water for reuse within the property.
- Extensive retrofitting is being done on HVAC plants in all properties to reduce power consumption, in addition to installation of VFD and variable pumping system, resulting in savings in power consumption.
- Computerized Power Monitoring is being implemented in all properties on a gradual basis to monitor and control power consumption.
- Wind Mills continue to produce Renewable Energy for use in three of our properties with study being done for other ones.
- Old equipments are being replaced with more efficient ones to reduce our power consumption and improve efficiency.

(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 foreign exchange earnings of the Company during the year stood at Rs. 173.88 crores (previous year Rs. 171.23 crores) and foreign exchange outgo during the year stood at Rs. 32.68 crores (previous year Rs. 32.96 crores).

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, Airports Authority of India, various Government regulatory authorities, State Governments of Maharashtra, Goa, Karnataka, Kerala, Tamil Nadu, Rajasthan, Haryana, Andhra Pradesh, Uttar Pradesh and Delhi and also the Kempinski Group of Hotels, Preferred Hotel Group and Global Hotel Alliance and other business and referral associates, Stock Exchanges, Financial Institutions and Banks.

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 the family of staff – the people who work so loyally to give intrinsic values to "The Leela" brand and sincerely thank the Leela Team for sharing the Company's vision and philosophy and for the dedication and commitment in ensuring 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 Directors

Capt. C. P. Krishnan Nair
Chairman

Mumbai, 23rd May, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND OUTLOOK

India is ranked 4th in terms of Travel and Tourism growth in the world and 1st in South East Asia. According to the World Travel & Tourism Council Report, the Indian Travel and Tourism Industry estimated at Rs. 1,970 billion in FY 2010 contributed 6% to the overall GDP and is expected to reach Rs. 6,211 billion by 2020, growing at a CAGR of 12% per annum. The industry has consistently outperformed other sectors in GDP Growth and is expected to continue to do so. The Travel and Tourism Industry is the largest contributor to employment generation and accounts for about 8.4% of the total employment.

The Foreign Tourist Arrivals more than doubled during the period 2000 to 2010 and is presently about 5.5 million. World Travel & Tourism Council has estimated that the foreign tourist arrivals are expected to register 8.2% CAGR over the period 2010-19. The foreign tourist arrivals have increased substantially during the year, due to improvement in global economic situation and the increased global confidence in the business development in India. Domestic Travel reached 650 million in 2009. With increased disposable income, there is immense potential for growth in domestic tourism.

According to various estimates, the total demand for branded hotels in India as on date is about 200,000 rooms whereas the supply is only about 1,20,000 rooms. Therefore, there is a huge gap to be filled. Moreover, increased supply creates its own demand.

The Government of India has recently made a clarificatory amendment to Section 35AD of the Income Tax Act in the Union Budget 2011-12, which now allows new hotels to set off the benefit of investment based deduction against the profit from other existing hotels of the Company. This would reduce the overall cash outflow towards income tax in the initial years of hotel operation.

One of the long pending requests of the Hotel Industry is the grant of Infrastructure Status by RBI. The Hotel Industry is highly capital intensive and new hotels especially the super luxury hotels take long time to generate cash surplus. Therefore, it is necessary that the hotel industry should have access to cheaper loans with longer repayment schedules. It is also necessary that the Hotel industry should have access to foreign currency loans not just for new projects but also for refinancing of existing loans. This would be possible, only when the industry is granted Infrastructure status.

THE LEELA - DYNAMISM IN OUR STRIDES

The Company's most awaited and prestigious hotel "The Leela Palace, New Delhi" had a soft launch in September, 2010 and a ceremonial opening on 17th April, 2011. This hotel has 260 oversized luxury guest rooms and suites. The rooms and suites offer premium and distinct luxury experience to the contemporary business travellers.

With the opening of the Delhi hotel, your Company operates seven hotels with 1,869 guest rooms. The details of the hotels are as follows:

(a)	Owned hotels:	No. of Rooms
(1)	The Leela Palace, New Delhi	260
(2)	The Leela, Mumbai	392
(3)	The Leela Palace, Bangalore	357
(4)	The Leela, Goa	186
(5)	The Leela Kovalm Beach, Kerala, Trivandrum	182
(6)	The Leela Palace, Udaipur	80
(b)	Managed hotel:	
(1)	The Leela Kempinski, Gurgaon	412
	Total	1,869

The Company's Chennai hotel with 330 guest-rooms and suites facing the Bay of Bengal is expected to become operational in the Financial Year 2011-12.

The Company has acquired land in Agra and Ashtamudi in Kerala for construction of hotels. These projects will be taken up in due course after completion of the Chennai project.

It is Company's endeavor to ensure that each of its hotels becomes the market leader at the respective location.

Property Development

The Company had purchased about 4.21 acres of land in Pune and 3.85 acres of land in Hyderabad for building hotels in these locations. Since then, considerable capacity addition has taken place in these cities. The Company has, therefore, decided to use the land for high end residential use. Accordingly, the Company has entered into joint development agreement with a reputed builder in Pune. In Hyderabad, the Company would either directly undertake development or enter into joint development agreement with reputed builders. The Company also has about 2 acres of land next to Leela Palace, Bangalore and is in discussions with reputed local builders for developing high-end residential buildings.

Leela IT Park

In Chennai, next to The Leela Palace Hotel, the Company has also built an office space of about 2,50,000 sq. ft. The Company proposes to sell 90% of the building and lease the balance.

Marketing and other 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 Chennai as well as other hotels that the Company would operate in the future, purchasing services, services related to IT and management information systems, as well as personnel and operational support.

Preferred Hotel Group is 40 year old sales centric organization with 700 prestigious hotel groups across the world as its members. The alliance with Preferred Hotel Group benefits the Company with co-branding resulting in greater recognition of the Company's brand in the USA as premium and luxury hotels. The Company also gets the opportunity to leverage their seven Global Sales Offices in the USA, as well as in Paris, Singapore, Hong Kong, Japan, Australia and others. In addition, their technology empowers the Company's website to receive direct bookings. Their preferred relationship with American Express allows the Company the lower commissions on receipts through American Express Credit Card, which results in substantial savings and opportunities to participate in many road shows in the Company's main source markets. The alliances also assist the Company to get more international business and to enhance its competitive positioning in the market.

Global Hotel Alliance is a collection of 12 upscale and luxury regional hotel brands from across the world with a collection of over 300 hotels in 47 countries. As a member of the alliance, the Company gets access to preferred relationships with 15 International Airlines and three of the largest Travel Management Companies, American Express, Carlson Wagonlit and BCD, which help the Company to market its hotels globally. The Company is also part of their newly launched recognition program, GHA Discovery, which already has 1.4 million members and this helps the Company to compete with other similar programs of global hotel chains. As a GHA member, the Company derives substantial savings on its hotel room management and reservations technology provided by Micros, as well as avail technical support for the Company's planned independent GDS code.

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 New Delhi.

Environmental initiatives

Your Company recognizes the need to contribute to reducing the impact of daily operations on the environment and make a contribution. The Company maintains a large stretch of greenery and gardens in and around its properties. The Company has made substantial investments for improving energy efficiencies, fresh and waste water management in its hotel properties. The Company's latest hotel in New Delhi has been designed considering eligibility of Gold LEED Certification in the near future.

Health and Safety Management System

Health and Safety Management System in the Company aims to reduce, eliminate or control workplace hazards and associated risks of illness or injuries to the employees, customers and contractors who might be affected by the Company's work activities.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Your Company is committed to ensure healthy and safe working environment for all concerned and to make continual improvement in its Health and Safety performance. Through a systematic process, the Company aims to:

- comply with the requirements of all relevant statutory, regulatory and other provisions.
- provide and maintain safe & healthy work place through operational procedures, safe systems and methods of work.
- provide sufficient information, instruction, training and supervision to enable all employees to identify, minimize and manage hazards and to contribute positively to safety at work
- conduct audits and mock drills on site to ensure that operations are in compliance with Health and Safety management requirements and for emergency preparedness.
- ensure that appropriate resources are available to fully implement Health and Safety policy and continuously review the policy's relevance with respect to legal and business development.

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 ensures reliability of control systems and compliances with applicable legislation, defined policies and processes. The internal audit 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 monitors the implementation of their recommendations.

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.

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 last year, felicitated 38 such stars at a glittering ceremony and has identified 45 this year.
- 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 in to one of strength thereby ensuring that the employee morale and motivation levels remain high. The scores over last four years show improvement in the motivation levels to give highest level of guest service.
- Several initiatives have been continued 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 college graduates as well as MBAs. Both students and the schools that they come from, 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 settlements are due in some of the units of the company and negotiations are on with the staff representatives / unions.

As on 31st March, 2011 the Company had 3,885 employees.

General Risks and Concerns

(i) General economic conditions:

The hotel business is dependent on economic conditions globally as well as in India. Local market conditions, excess hotel room supply in some cities, reduced international or local demand for hotel rooms, fluctuations in interest rates and foreign exchange rates, government policies and regulations on taxation, natural and social factors, 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, natural calamities and so on, may affect the flow of foreign tourists to India and movement of domestic tourists.

(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. The success of the Company will depend upon its ability to match the quality of services, amenities and facilities, brand recognition, location of properties, etc.

(iv) Increased outbound travel:

Due to overall competitiveness of international airfares and higher disposable income available with travellers, destinations such as Southeast Asia, Europe 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 segment for leisure resorts in India.

(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.

Company Specific Risks

(i) Heavy Dependence on India

Your Company has operations only in India. Hence, the Company is susceptible to domestic socio-political and economic conditions. Moreover, within India, the operations and earnings are concentrated in hotel properties in seven locations.

(ii) Dependence on the high-end Luxury segment

Your Company, at present, earns its entire revenues from high-end luxury segment. This segment is affected by the international events and travel behaviour and suffers from high operating leverage. Adverse development affecting these hotels or the cities in which they operate could have a materially adverse effect on the Company.

(iii) High Operating Leverage

Your Company has high operating leverage mainly because of borrowing for setting up new hotels in Udaipur, New Delhi and Chennai. However, properties of your Company command higher room rates in all locations and higher revenues on the services.

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.

After terrorist attacks in Mumbai, the Company has taken several measures at all its properties to prevent such a situation. In addition to the physical security measures, the Company has also taken adequate insurance cover to meet financial obligations which may arise from such incidents.

To counter the 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,



MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

consistently, across all its hotels. The Company is also trying for operating and financial leverage by expansion through management contracts and leveraging the strengths of its Associates.

Analysis of Operating Performance and Financial Results

The financial statement of your Company forms part of the annual report for 2010-11, the highlights of which are given below:

(i) Operational Revenue:

The total operating revenue of the Company increased by 17.06%, from Rs. 449.18 crores in F.Y. 2009-10 to Rs. 525.82 crores in 2010-11.

Room revenues increased by 16% from Rs. 255.59 crores in 2009-10 to Rs. 296.52 crores in F.Y. 2010-11. The Average Room Rate (ARR) increased by 9%, from Rs. 9,301 in 2009-10 to Rs.10,138 in 2010-11.

The Food and Beverage revenue increased by 16%, from Rs. 125.62 crores in F.Y. 2009-10 to Rs.145.29 crores in 2010-11.

(ii) Operating expenses:

The operating expenses increased by 14.74% from Rs. 320.58 crores in F.Y. 2009-10 to Rs. 367.84 crores in 2010-11. Out of the above expenditure Rs. 35.56 crores were for food and beverages consumed, Rs. 114.50 crores were for manpower cost and Rs. 217.78 crores were for Administrative and other costs.

(iii) Earnings before Interest and Depreciation:

The EBIDTA increased by 19% from Rs. 153.44 crores in 2009-10 to Rs.182.64 crores in 2010-11. The increase in EBIDTA was mainly due to higher sales and better ARR.

(iv) Interest and Depreciation:

Interest Cost increased from Rs. 24.47 crores in 2009-10 to Rs. 57.62 crores in 2010-11 on account of higher debts.

Depreciation for the year was Rs. 68.43 crores against Rs. 68.33 crores in previous year.

(v) Profit before Tax:

The Profit before Tax decreased from Rs. 64.64 crores to Rs. 57.62 crores due to higher interest costs.

(vi) Profit after Tax:

The Profit after Tax was marginally lower at Rs. 37.84 crores in 2010-11, compared to Rs. 41.02 crores in 2009-10, due to higher interest costs.

Balance Sheet:

(i) Share Capital:

On account of allotment of one crore equity shares to a promoter group Company on preferential basis, the Share Capital of the Company, increased from Rs.75.56 crores to Rs.77.56 crores during the year.

(ii) Secured Loans:

Secured loans of the Company increased to Rs. 3,307.40 crores from Rs. 2,253.48 crores in the previous year on account of borrowing for various ongoing projects.

(iii) Unsecured Loans:

Unsecured loans have decreased to Rs. 495.74 crores, from Rs. 525.18 crores in the previous year, mainly on account of redemption of Euro Foreign Currency Bonds on maturity.

(iv) Fixed Assets:

The gross fixed assets (including projects in progress) of the Company have increased by Rs. 811 crores in F.Y. 2010-11 due to capital expenditure for the ongoing projects.

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'.

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 your Company 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 Board comprises of 16 Directors, of which 10 are Independent Directors, 2 Non-Executive Non-Independent Directors and 4 Executive Directors. The Chairman is a Non-Executive Promoter Director.

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

During the financial year, Mr. V. L. Ganesh, Director – Finance & CFO resigned from the Company and Mr. Krishna Deshika has joined the Company as Director – Finance & CFO. Further, Mr. Indur Kirpalani has been inducted as an Independent Director. The particulars of Directors retiring by rotation, seeking appointment and 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, 2011
Promoter Directors	Capt. C. P. Krishnan Nair	Non Executive Chairman	231,000
	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	8,568
	Mr. V. L. Ganesh ¹	Director –Finance & CFO	NIL
	Mr. Krishna Deshika ²	Director –Finance & CFO	1,800
Non- Executive Non- Independent Director	Mrs. Madhu Nair	Director	360
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	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. Indur Kirpalani ³	Director	530,740
	Mr. A. K. Dasgupta	Director	NIL

¹ Resigned with effect from 13.11.2010

² Joined the Board with effect from 17.01.2011

³ Joined the Board with effect from 29.01.2011

2.2. Meetings of the Board of Directors

The Board of Directors met 6 times during the year - on 24th May, 13th July, 10th August, 13th November, 2010, 29th January and 5th March, 2011 and the gap between two Board meetings did not exceed four calendar months. The Board meetings are usually held at the Registered Office of the Company. The Agenda for the Board meetings containing relevant information/supporting data, as may be 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.



REPORT ON CORPORATE GOVERNANCE (contd.)

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 other public limited Companies and Committees where they are Directors/ Members are given below:

Name	Category*	Attendance Particulars		No. of Directorships in other public limited companies as on 31st March, 2011	No. of Committee positions held in other public limited companies	
		No. of Board Meetings attended during the financial year 2010-11	AGM (held on 10.08.10)		Chairman of the Committee	Member of Committees
Capt. C.P. Krishnan Nair	Chairman (NED)	5	Yes	4	1	-
Mr.Vivek Nair	VCMD	6	Yes	7	-	1
Mr.Dinesh Nair	JMD	5	Yes	4	-	1
Mrs.Madhu Nair	NED	5	Yes	-	-	-
Mrs.Anna Malhotra	NEID	6	Yes	1	-	-
Mr.M. Narasimham	NEID	4	Yes	-	-	-
Mr.P.C.D. Nambiar	NEID	4	Yes	5	1	4
Mr.Vijay Amritraj	NEID	1	Yes	1	-	-
Mr.Anil Harish	NEID	3	Yes	13	4	5
Dr.K.U. Mada	NEID	4	Yes	3	2	3
Mr.Venu Krishnan	DMD	5	Yes	4	-	-
Mr.R. Venkatachalam	NEID	6	Yes	-	-	-
Mr. C. K. Kutty	NEID	4	Yes	-	-	-
Mr.Indur Kirpalani ¹	NEID	-	N.A.	-	-	-
Mr. Krishna Deshika ²	DF	2	N.A.	-	-	-
Mr.A.K.Dasgupta	NEID	5	Yes	2	-	4
Mr.V.L.Ganesh ³	DF	3	Yes	-	-	-

¹ Joined the Board on 29th January, 2011

² Joined the Board on 17th January, 2011

³ Resigned with effect from 13th November, 2010

* VCMD: Vice Chairman and Managing Director; JMD: Joint Managing Director; DMD: Deputy Managing Director; NEID: Non Executive & Independent Director; NED: Non-Executive Director; DF: 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 of Board across all public 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 director 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 Committees thereof 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 of six Directors of which, 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 was present at the last Annual General Meeting held on 10th August, 2010. 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 and internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

During the year under review, the Audit Committee met 4 times - on 24th May, 13th July, 13th November 2010 and 29th January, 2011. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

REPORT ON CORPORATE GOVERNANCE (contd.)

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	3
Mr. Vivek Nair	Member	ED	4	4
Mrs. Anna Malhthora	Member	NEID	4	4
Mr. Anil Harish	Member	NEID	4	2
Dr. K.U. Mada	Member	NEID	4	2
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 assurance 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:

- 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;
- 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;
- 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.
- 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;
- 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;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- 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;
- Discussion with the statutory 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;
- Reviewing the Company's financial and risk management policies;
- 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;
- Considering such other matters as may be required by the Board; and



REPORT ON CORPORATE GOVERNANCE (contd.)

- (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 6th October, 2010 and on 5th March, 2011 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
Mrs. Anna Malhotra	Member	NEID	2	2
Mr. Venu Krishnan	Member	ED	2	2

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 approved 79 share transfers comprising 75,555 shares and processed 385 requests for dematerialization of 17,78,458 shares and 6 requests for rematerialization of 17,018 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 dividend / annual reports / interest / redemption warrants on debentures, etc.

The Committee also looks into matters which can facilitate/smoothen investor 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.

4.3 Details of Shareholder Complaints

The Complaints received during the year are summarized as follows:

Received from		Received	Action Complete	Pending as on 31-03-2011
(1)	Stock Exchanges, SEBI, MCA and ROC	9	9	Nil
(2)	Directly from investors			
(a)	Non-receipt of Share Certificates after Transfer / sub- division / Transmission / name change, etc.	11	11	Nil
(b)	Non-receipt of Dividend	7	7	Nil
(c)	Non-receipt of Duplicate Share certificates	20	20	Nil
(d)	Change of address / Specimen Signature / Mandate instruction, etc.	5	5	Nil
(e)	Warrant Conversion / Redemption of Debentures, etc.	18	18	Nil
(f)	Others / Miscellaneous	4	4	Nil
Total		74	74	Nil

4.4 Compliance Officer

Name of the Compliance Officer	Mr. Dinesh Kalani, Company Secretary
Address	The Leela, Sahar, Mumbai – 400 059
Telephone	+91-22-6691 1182/83
E-mail	dinesh.kalani@theleela.com
Fax	+91-22-6691 1458
Designated E-mail ID for investor grievances	investor.service@theleela.com

REPORT ON CORPORATE GOVERNANCE (contd.)

5. Remuneration Committee

5.1 Composition, Meeting and Attendance

The Committee comprises three Non- Executive Independent Directors. The Committee met on 13th November, 2010 and on 29th January, 2011 during the year to recommend remuneration of Managerial personnel.

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

Name of the Member	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhotra	Chairperson	NEID	2	2
Mr. P.C.D Nambiar	Member	NEID	2	2
Dr. K.U. Mada	Member	NEID	2	2

5.2 Remuneration Policy and Terms of Reference

The Committee decides the 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 (including annual increments), 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.

5.3 Other Committees of Directors

In addition to the above referred Committees which are mandatory under the Corporate Governance Code, the Board has also constituted other Committees of Directors like the Finance Committee, Project Review Committee, Committee for Issue of Shares and Share Transfer Committee.

6 Remuneration to Directors

6.1 Remuneration paid to the Non-Executive 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 financial year ended 31st March, 2010 was paid to the Non-Executive Directors, consequent upon the approval of the Audited Accounts by the Members at the last Annual General Meeting. 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 for the financial year are given below:

Name of the Non-Executive Directors	Sitting Fees Paid 2010-11 (Rs.)	Commission Payable for the financial year 2010-11 (Rs.)*
Capt. C.P. Krishnan Nair	1,00,000	41,00,000
Mrs. Madhu Nair	1,20,000	2,00,000
Mrs. Anna Malhotra	3,00,000	2,00,000
Mr. M. Narasimham	80,000	2,00,000
Mr. P.C.D. Nambiar	2,00,000	2,00,000
Mr. Vijay Amritraj	20,000	2,00,000
Mr. Anil Harish	1,00,000	2,00,000
Dr. K.U. Mada	2,00,000	2,00,000
Mr. R. Venkatachalam	2,00,000	2,00,000
Mr. C.K. Kutty	1,00,000	2,00,000
Mr. Indur Kirpalani	N.A.	2,00,000
Mr. A.K.Dasgupta	1,00,000	2,00,000

* The Commission for the financial year 2010-11 will be paid after approval of the accounts by the Members at the ensuing Annual General Meeting.

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.



REPORT ON CORPORATE GOVERNANCE (contd.)

The remuneration packages of Managing Directors and Whole-Time Directors comprise of 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 Rs.	Company's contribution to Provident Fund Rs.	Sitting Fees Rs.	Commission Rs.
Mr. Vivek Nair	Vice Chairman & Managing Director	1,42,08,000	17,04,960	NIL	59,00,000
Mr. Dinesh Nair	Joint Managing Director	1,42,08,000	17,04,960	NIL	59,00,000
Mr. Venu Krishnan	Deputy Managing Director	88,50,000	9,90,000	NIL	NIL
Mr. V. L. Ganesh *	Director- Finance & CFO	64,40,000	5,28,000	NIL	NIL
Mr. Krishna Deshika**	Director- Finance & CFO	29,30,973	1,49,032	NIL	NIL

* Part of the year upto 13th November, 2010

** Part of the year with effect from 17th January, 2011.

7. General Body Meetings and Postal Ballot

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

Financial Year	General Meeting	Date	Time	Location
2009-10	29th AGM	10.08.2010	11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha, U-1, JVPD Scheme, Vile Parle (West), Mumbai – 400 056.
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.
2007-08	27th AGM	16.08.2008	11.00 a.m.	Rangsharda Natya Mandir K.C. Marg, Bandra Reclamation, Bandra (W), Mumbai – 400 050.

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

7.2 Special Resolution passed in three previous Annual General Meetings

Annual General Meeting (AGM)	Special Resolution
29th AGM	Resolution No. 8 – Approval of the Members for Amendments to Articles of Association.
	Resolution No. 9 – Approval of the Members for issue of equity shares on preferential basis to a promoter group entity of the Company u/s 81(1A).
	Resolution No. 10 – Approval of the Members for issue of Securities u/s 81(1A) upto Rs.750 crores.
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.
	Resolution No.11 – Approval of the Members for appointment of Ms. Aishwarya Nair as F & B Merchandising Associate u/s 314.
	Resolution No.12 – Approval of the Members for appointment of Ms. Samyukta Nair as Interior Design / Operations Associate u/s 314.
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.

REPORT ON CORPORATE GOVERNANCE (contd.)

7.3 Postal Ballot

The Company conducted two postal ballots during the financial year, the results whereof were declared after the close of the financial year under review. The particulars of the postal ballot are as follows:

Date of declaration of result	Particulars of Resolutions	No. of Votes cast in favour	% of total votes cast in favour
19th April, 2011	Ordinary Resolution for increase in borrowing powers of the Board from Rs.4,000 crores to Rs.5,000 crores u/s 293 (1) (d) and creation of charges u/s.293 (1) (a).	22,14,61,924	99.92
7th April, 2011	Resolution No. 1 – Special Resolution for Re-appointment of Mr. Vivek Nair as Vice Chairman & Managing Director u/s 198, 269, 309, 310, 311 and other applicable provisions r/w Schedule XIII for a period of five years with effect from 1st April, 2011 to 31st March, 2016.	22,51,57,705	99.91
	Resolution No. 2 – Special Resolution for Re-appointment of Mr. Dinesh Nair as Joint Managing Director u/s 198, 269, 309, 310, 311 and other applicable provisions r/w Schedule XIII for a period of five years with effect from 1st April, 2011 to 31st March, 2016.	22,51,17,847	99.90
	Resolution No. 3 – Special Resolution for Re-appointment of Mr. Venu Krishnan as Deputy Managing Director u/s 198, 269, 309, 310, 311 and other applicable provisions r/w Schedule XIII for a period of five years with effect from 1st April, 2011 to 31st March, 2016.	22,51,31,107	99.90
	Resolution No. 4 – Special Resolution for appointment of Mr. Krishna Deshika as Director – Finance & CFO u/s 198, 269, 309, 310, 311 and other applicable provisions r/w Schedule XIII for a period of five years with effect from 17th January , 2011 to 16th January, 2016.	22,51,71,050	99.92

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 areas and 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, which is annexed to this report.

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 newspapers like Financial Express, Free Press Journal and Navashakti and simultaneously posts them on the Company's website (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 forms an integral part of the Annual Report.

10. Outstanding Foreign Currency Convertible Bonds (FCCBs)

Out of the FCCBs issued by the Company on 24th April, 2007 aggregating US\$ 100 million (maturity date being 25th April, 2012), the amount outstanding as at the end of the financial year is US\$ 41.6 million.

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. Certificate of Compliance with Corporate Governance

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



REPORT ON CORPORATE GOVERNANCE (contd.)

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 para 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 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 thereof, 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, the 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 suggestions 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.

Place: Mumbai
Date: 23rd May, 2011

Capt. C.P. Krishnan Nair
Chairman

REPORT ON CORPORATE GOVERNANCE (contd.)

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.

23rd May, 2011

Vivek Nair
Vice Chairman & Managing Director

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

The Board of Directors,
Hotel Leelaventure Limited

We have reviewed the financial statements, read with the cash flow statement of Hotel Leelaventure Limited, for the year ended March 31, 2011 and to the best of our knowledge and belief, we state that;

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; and
- iii) No transaction was entered into by the Company during the above said period, which, are fraudulent, illegal or violative of the Company's code of conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting. Accordingly, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the statutory auditors and the Audit Committee, wherever applicable:

- a) deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/ proposed to be taken to rectify these deficiencies;
- b) significant changes, if any, in the internal controls over financial reporting during the year;
- c) significant changes, if any, in accounting policies during the year; and
- d) instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Krishna Deshika
Director - Finance & CFO

Vivek Nair
Vice Chairman & Managing Director

23rd May, 2011

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

TO THE MEMBERS OF
HOTEL LEELAVENTURE LIMITED

I have examined the compliance of conditions of corporate governance by HOTEL LEELAVENTURE LIMITED for the year ended 31st March, 2011, 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.
Company Secretaries

Prasanna Gupchup
Partner
COP - 9900

Place : Mumbai
Date : 23rd May, 2011



REPORT ON CORPORATE GOVERNANCE (contd.)

GENERAL SHAREHOLDER INFORMATION

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L55101MH1981PLC024097.

1.1 30th Annual General Meeting

Day / Date	Time	Venue
Tuesday/ 28th June, 2011	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, 2010 to 31st March, 2011
Dividend Payment	The dividend, if declared, by the shareholders at the Annual General Meeting shall be paid / credited on or before 27th July, 2011 i.e. within 30 days from the date of declaration.
Book Closure Dates	Thursday, the 23rd June, 2011 to Tuesday, the 28th June, 2011 (both days inclusive) to determine the entitlement of shareholders to receive dividend, if declared, for the year ended 31st March, 2011.
Listing on Stock Exchanges	<p>Equity Shares :</p> <p>I) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400 023.</p> <p>II) National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051</p> <p>Non-convertible Debentures</p> <p>Whole-sale Debt Market Segment, Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400 023.</p> <p>Foreign Currency Convertible Bonds:</p> <p>Singapore Exchange Securities Trading Ltd., 2 Shenton way # 19-00 SGX Centre, Singapore - 068804</p>
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2011	On or before 14th August, 2011
30th September, 2011	On or before 14th November, 2011
31st December, 2011	On or before 14th February, 2012
31st March, 2012	On or before 30th May, 2012
Annual General Meeting for the year ending 31st March, 2012	On or before 30th September, 2012

The Company has already paid the annual listing fees for the year 2011-12 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, 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	INE 102A01024
Face Value	Rs.2/- each

1.5 Scrip Information – Non-convertible Debentures

Particulars	Scrip Code / Information
Bombay Stock Exchange Limited	HLVL19DEC08
Demat ISIN allotted by NSDL/CDSL	INE102A07013
Face Value	Rs.10,00,000/- each

1.6 Scrip Information – Foreign Currency Convertible Bonds

Particulars	Scrip Code / Information
Singapore Exchange Securities Trading Ltd.	Common Code : 029787816
ISIN	XS0297878166
Face Value	US \$ 1,00,000/- each

REPORT ON CORPORATE GOVERNANCE (contd.)

1.7 Stock Market Data

The monthly high/ low prices of the equity shares of the Company from 1st April, 2010 to 31st March, 2011 are given below:

Month	BSE				NSE			
	High (Rs.)	Low (Rs.)	Volume (Nos.)	SENSEX (Closing)	High (Rs.)	Low (Rs.)	Volume (Nos.)	S&P CNX NIFTY Closing)
April – 2010	51.50	47.85	56,93,886	17,558.71	51.50	47.80	2,31,82,353	5278.00
May – 2010	53.45	43.75	77,19,516	16,944.63	53.45	43.50	3,48,21,835	5086.30
June – 2010	49.90	45.15	40,92,653	17,700.90	49.90	45.00	1,93,37,892	5312.50
July – 2010	52.80	47.35	39,96,670	17,868.29	52.15	47.25	1,44,42,757	5367.60
August – 2010	53.00	47.95	55,08,668	17,971.12	53.00	47.90	1,95,81,641	5402.40
September – 2010	58.20	51.80	91,14,830	20,069.12	58.10	51.75	3,59,55,353	6029.95
October – 2010	58.70	50.25	46,69,555	20,032.34	58.80	50.25	2,09,86,552	6017.70
November – 2010	55.60	40.15	32,44,756	19,521.25	55.75	40.00	1,58,62,084	5862.70
December – 2010	48.50	40.50	29,74,423	20,509.09	48.00	40.25	1,08,85,155	6134.50
January – 2011	49.25	39.60	18,58,811	18,327.76	49.20	39.55	75,61,425	5505.90
February – 2011	41.70	34.10	17,64,389	17,823.40	42.90	34.00	89,99,903	5333.25
March – 2011	40.60	36.10	38,15,210	19,445.22	40.70	36.05	1,40,79,076	5833.75

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

1.8 Distribution of Shareholding as on 31st March, 2011

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	Holding of No. of shares of Rs.2/- each	% of Total
Upto 5000	1,40,822	98.77	5,50,20,826	14.19
5001 to 10000	987	0.69	74,29,836	1.92
10001 to 20000	342	0.24	48,91,371	1.26
20001 to 30000	161	0.11	40,13,067	1.03
30001 to 40000	62	0.04	22,59,891	0.58
40001 to 50000	38	0.02	17,86,714	0.46
50001 to 100000	78	0.06	55,75,866	1.44
Above 100000	93	0.07	30,68,47,421	79.12
TOTAL	1,42,583	100	38,78,24,992	100

1.9 Shareholding Pattern as on 31st March, 2011.

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	21,17,87,380	54.61
2	Banks and Public Financial Institutions	2,52,50,973	6.51
3	Mutual Funds	1,49,400	0.04
4	Bodies Corporate	6,06,11,493	15.63
5	FII's	92,42,771	2.38
6	NRIs / OCBs	1,06,27,419	2.74
7	Directors (Other than Promoters)	24,02,813	0.62
8	Resident Individuals	6,77,52,743	17.47
	Total	38,78,24,992	100

The Promoters have pledged 9,20,60,250 shares representing 23.74% as on 31st March, 2011.

1.10 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 Practising 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.



REPORT ON CORPORATE GOVERNANCE (contd.)

1.11 Dematerialisation of shares and liquidity

As on 31st March, 2011, the total number of Equity Shares of the Company in dematerialized form stood at 37,68,86,291 (representing 97.18.% 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 is issued in physical form to the shareholder within 21 days.

1.12 Registrars & Share Transfer Agent for Equity Shares

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 67720300 / 6772 0400 / 6772 0344

Fax : + 91 22 2859 1568

E-mail: hotelleela@shareproservices.com

Contact persons: Mr.K.G. Abraham / Mr.Pascol Pereira

Investor relations centre of Registrars:

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

1.13 Trustees for Debentures

Axis Trustee Services Limited

2nd Floor - E, Axis Bank Tower,

Bombay Dyeing Mills Compound,

Pandurang Budhkar Marg,

Worli, Mumbai 400 025

Tel : + 91 22 2425 2525

Fax : + 91 22 4325 2525

1.14 Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

During the year under review, the Company has credited Rs.21.99 Lacs, lying in the unpaid / unclaimed Redemption accounts, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

REPORT ON CORPORATE GOVERNANCE (contd.)

1.15 Investor Correspondence – Contact Details

	Clarification / queries	Name	Contact Nos.
(a)	Company Secretary	Mr.Dinesh Kalani	Tel. +91 22 6691 1182/83 Fax. +91 22 6691 1458 dinesh.kalani@theleela.com
(b)	Share / Secretarial matters	Exclusive E-mail ID for investor grievances	Tel. +91 22 6691 1182/83 Fax. +91 22 6691 1458 Email: investor.service@theleela.com

1.16 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.

1.17 Addresses of Hotels

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

- (1) The Leela Mumbai, Sahar, Mumbai – 400 059
- (2) The Leela Palace Bangalore, 23, Airport Road, Bangalore – 560 008.
- (3) The Leela Goa, Mobor, Cavelossim, Goa - 403 731
- (4) The Leela Kovalam Beach, Kerala, Trivandrum – 695 527
- (5) The Leela Palace Udaipur, Lake Pichola, Udaipur – 313 001
- (6) The Leela Kempinski Gurgaon, Delhi NCR, Ambience Island, National Highway - 8, Gurgaon -122 002
- (7) The Leela Palace New Delhi, Chanakyapuri, New Delhi – 110 023



SECRETARIAL COMPLIANCE REPORT

CIN: L55101MH1981PLC024097

Nominal Capital: Rs.180 Crores

To

The Board of Directors
Hotel Leelaventure Limited
Mumbai

I have examined the registers, records and documents of Hotel Leelaventure Limited ("the Company") for the financial year ended on March 31, 2011 according to the provisions of:

- The Companies Act, 1956 and the Rules made under that Act ("the Act");
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- The Securities and Exchange Board of India;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and Debt Listing Agreement with Bombay Stock Exchange Limited; and
- Articles of Association of the Company.

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 16 members and it met 6 times during the year under review and the minutes of the meeting 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 met 4 times during the year under review and the minutes have been properly recorded.
 - Shareholders/Investors Grievance Committee: The Committee held two meetings and the minutes are properly recorded.
5. The Annual General Meeting for the year 2009-10 was held on 10th August, 2010. 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 generally 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 30

days from 31st March, 2011 and from the book closure date for the purpose of payment of dividend for the year ended 31st March, 2010.

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 new share certificates in respect of the sub-divided 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. 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.
11. 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.
12. 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, 2011.
13. 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.
14. The Company has not accepted any Fixed Deposits during the year under review. The dividend declared for the financial year ended 31st March, 2010 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 not defaulted in respect 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.
15. 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.
16. 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.
17. The Company has also instituted the Code of Conduct for Directors and Senior Executives of the Company and has complied with the said Code as required under the Clause 49 of the Listing Agreement.
18. The Company conducted two postal ballots in compliance with applicable regulations governing Postal Ballot and results of the same were declared after the close of the financial year ended 31st March, 2011.

For V. Sundaram & Co.
Company Secretaries

Prasanna Gupchup
Partner
COP - 9900

Place : Mumbai
Date : 23rd May, 2011

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 2011, 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 have 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 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 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f. In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts read with other notes, 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 8 of schedule K to the accounts, and 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 2011.
 - 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, 23rd May 2011



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 and situation of fixed assets on the basis of available information.
- b. As explained to us, all the fixed assets were physically verified during the year by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. 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 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, 2011 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, 2011 on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act 2003	VAT with interest and penalty	72.62	2005-06, 2006-07, 2007-08 and 2008-09	High Court of Karnataka
Income Tax Act 1961	Income Tax	30.14	Assessment Year 2008-09	Commissioner of Income Tax (Appeals) Mumbai
Wealth Tax Act, 1957	Wealth Tax	81.72	Assessment Year 2004-05	Commissioner of Income Tax (Appeals) Mumbai
Kerala Agriculture Income Tax Act	Agriculture Income Tax	17.30	Financial Year 2003 to 2009	Tribunal, Commercial Taxes, Trivandrum
Kerala VAT	VAT	6.07	Financial Year 2005-06	Deputy Commissioner of Appeals (VAT), Trivandrum
Customs Act	Customs Duty and Penalty	50.00	2000-01	Commissioner of Customs, Mumbai
Customs Act	Customs Duty and Penalty	35.00	1990-1991	Commissioner of Customs, Mumbai

- 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, or 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.

ANNEXURE TO THE AUDITORS' REPORT [referred to in paragraph (3) of our report of even date]

- 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 the 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 made preferential allotment of shares to a Company covered in the Register maintained under Section 301 of the Act. In our opinion the price at which the said allotment was made is prima facie not prejudicial to the interest of the Company.
- xix The Company has created securities/charges in respect of secured debentures issued.
- xx. The Company has not raised any monies by way of public issue 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.

For PICARDO & CO.
Chartered Accountants

K.V. Gopalakrishnayya
Partner
Membership No.21748
Firm Registration No: 107917W
Mumbai, 23rd May 2011



BALANCE SHEET as at 31st March, 2011

Rs. In Lakhs

	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCE OF FUNDS			
Shareholder's Funds			
Share Capital	A	7,756.50	7,556.50
Reserve and Surplus	B	202,531.21	197,858.09
		<u>210,287.71</u>	<u>205,414.59</u>
Loan Funds			
Secured	C	330,739.76	235,347.76
Unsecured	C	49,574.40	52,517.76
		<u>380,314.16</u>	<u>287,865.52</u>
Deferred tax liability		14,795.68	13,271.68
Total		<u><u>605,397.55</u></u>	<u><u>506,551.79</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	462,239.16	414,552.54
Less: Depreciation		51,958.28	47,685.74
Net Block		<u>410,280.88</u>	<u>366,866.80</u>
Add: Projects -in- Progress		159,833.48	126,455.95
		<u>570,114.36</u>	<u>493,322.75</u>
Investments (At Cost)	E	4,614.08	4,613.83
Current Assets, Loans and advances			
Inventories	F	5,438.09	4,343.44
Sundry Debtors		4,930.21	3,790.17
Cash and Bank balances		5,605.23	1,347.76
Loans and Advances		42,125.00	26,448.14
		<u>58,098.53</u>	<u>35,929.51</u>
Less: Current Liabilities and Provisions			
Current Liabilities	G	17,448.86	14,450.50
Provisions		9,980.56	12,863.80
		<u>27,429.42</u>	<u>27,314.30</u>
Net Current Assets		<u>30,669.11</u>	<u>8,615.21</u>
Total		<u><u>605,397.55</u></u>	<u><u>506,551.79</u></u>
Notes to the Accounts	K		

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, 23rd May 2011

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
Krishna Deshika Director Finance & CFO

PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

Rs. In Lakhs

	Schedule	Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Sales/Services rendered and other Income	H	55,335.03	47,838.01
Total		55,335.03	47,838.01
EXPENDITURE			
Operating, Administrative and Other expenses	I	36,784.07	32,057.76
Financial Charges	J	5,762.33	2,446.81
Loss on Sale of Fixed Assets		182.82	36.46
Total		42,729.22	34,541.03
Profit Before Depreciation and Amortisation		12,605.81	13,296.98
Depreciation and Amortisation		8,137.28	7,981.74
Less: Withdrawal from Revaluation Reserve		1,293.84	1,149.00
		6,843.44	6,832.74
PROFIT BEFORE TAX		5,762.37	6,464.24
PROVISION FOR TAX			
Current Tax		1,286.94	875.40
Deferred Tax		1,524.00	2,197.80
MAT Credit Entitlement		(936.40)	(1,110.20)
		1,874.54	1,963.00
PROFIT AFTER TAX FOR THE YEAR		3,887.83	4,501.24
Less: Prior Period Adjustments (Net)		103.98	399.13
PROFIT AFTER TAX		3,783.85	4,102.11
Balance of Profit brought forward		31,280.44	28,774.48
Amount available for Appropriation		35,064.29	32,876.59
APPROPRIATIONS			
Proposed Dividend on Equity shares		581.74	755.65
Dividend Distribution Tax		94.37	125.50
Transfer to General Reserve		-	115.00
Transfer to Debenture Redemption Reserve		1,800.00	600.00
Balance carried forward to Balance Sheet		32,588.18	31,280.44
		35,064.29	32,876.59
Basic Earning per share of face value of Rs.2 each - in Rs		0.99	1.09
Diluted Earning per share of face value of Rs.2 each - in Rs.		0.93	0.92
Notes to the Accounts	K		

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

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

Dinesh Kalani
Company Secretary

Mumbai, 23rd May 2011

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
Krishna Deshika Director Finance & CFO



CASH FLOW STATEMENT for the year ended 31st March, 2011

	Rs. In Lakhs	
	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	5,762	6,464
Adjustments for		
Prior Period (Expenses)/ Income	(104)	(399)
Depreciation	6,843	6,833
Discount on Buyback of Bonds	-	(65)
Interest Charged	5,513	2,291
Loss / (Profit) on sale of assets	183	36
Derivative Losses	43	77
Provision for doubtful debts	6	68
Bad debts written off	182	-
Provision for employee benefits	486	(133)
Interest Income	(2,467)	(2,546)
	<u>10,685</u>	<u>6,162</u>
Operating Profit before working capital changes	16,447	12,626
Changes in :		
Trade and Other Receivable	(6,642)	(2,086)
Inventories	(1,095)	(147)
Trade and Other Payables	(382)	(5,149)
Taxes and Levies	162	(195)
	<u>(7,957)</u>	<u>(7,577)</u>
Cash generated from operations	8,490	5,049
Direct Taxes	(1,610)	(1,733)
Net Cash Flow before extraordinary items	6,880	3,316
Extraordinary Items	-	-
Net Cash Flow from Operating Activities	<u>6,880</u>	<u>3,316</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets / Projects	(84,833)	(59,837)
Proceeds from Sale of Fixed Assets	24	98
Investment in Subsidiary	-	5
Interest Received	302	5,114
Net Cash Flow from Investing Activities	<u>(84,507)</u>	<u>(54,620)</u>
C CASH FLOW FROM FINANCIAL ACTIVITIES		
Increase / (Decrease) in Long Term Loans	96,208	80,078
Increase / (Decrease) in Cash Credit	(816)	425
Increase / (Decrease) in short term funds	21,000	-
Issue of Shares	200	-
Loan Advanced to Subsidiary	(3,047)	(174)
Securities Premium Received	4,650	-
Premium on Redemption of Debentures	(5,977)	-
Issue / (Redemption) of Debentures	(22)	(6,000)
Increase / (Decrease) of Inter-corporate deposits	-	(1,500)
Issue / (Redemption) of Foreign Currency Convertible Bonds	(23,943)	(18,516)
Dividend Paid (Including Dividend Tax)	(875)	(1,756)
Income / (Loss) from Derivatives	(43)	(572)
Interest Paid	(5,451)	(2,476)
Net Cash Flow from Financing Activities	<u>81,884</u>	<u>49,509</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	4,257	(1,795)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	1,348	3,143
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>5,605</u>	<u>1,348</u>

For and on behalf of the Board of Directors

Per our report of even date attached

For PICARDO & CO.

Chartered Accountants

K.V. Gopalakrishnayya

Partner

Membership No.21748

Firm Registration No : 107917W

Mumbai, 23rd May 2011

Capt. C.P. Krishnan Nair

Chairman

Vivek Nair

Vice Chairman & Managing Director

Dinesh Nair

Joint Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

Dinesh Kalani

Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- A		
SHARE CAPITAL	12,000.00	12,000.00
AUTHORISED:	6,000.00	6,000.00
60,00,00,000 Equity Shares of Rs. 2 each	18,000.00	18,000.00
60,00,000 Redeemable Preference Shares of Rs 100 each		
ISSUED, SUBSCRIBED AND PAID-UP:		
Equity Shares	7,756.50	7,556.50
38,78,24,992 (Previous year 37,78,24,992) Equity shares of Rs. 2 (Previous year Rs 2) each		
Total	7,756.50	7,556.50
Schedule- B		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE:		
Per last Balance Sheet	8,750.00	8,750.00
SECURITIES PREMIUM ACCOUNT :		
Per last Balance Sheet	25,162.04	25,245.67
Add: Received during the year	4,650.00	-
	29,812.04	25,245.67
Less: Premium on redemption of FCCB's and Issue expenses (net of tax credit)	1,790.78	83.63
	28,021.26	25,162.04
DEBENTURE REDEMPTION RESERVE :		
Per last Balance Sheet	3,600.00	3,000.00
Transferred from Profit and Loss Account	1,800.00	600.00
	5,400.00	3,600.00
REVALUATION RESERVE:		
Per last Balance Sheet	122,620.22	123,769.23
Less: Transferred to Profit and Loss Account	1,293.84	1,149.01
	121,326.38	122,620.22
CAPITAL RESERVE:		
Per last Balance Sheet	710.11	710.11
GENERAL RESERVE:		
Per last Balance Sheet	5,735.28	5,620.28
Add: Transfer from Profit and Loss Account	-	115.00
	5,735.28	5,735.28
PROFIT AND LOSS ACCOUNT:	32,588.18	31,280.44
Total	202,531.21	197,858.09
Schedule- C		
LOAN FUNDS		
(A) SECURED:		
i. Debentures	9,000.00	9,000.00
ii. Term Loans		
a. Financial Institutions		
i. Foreign Currency Loans	14,045.75	17,317.60
ii. Rupee Currency Loans	73,733.72	48,079.18
b. Banks		
i. Foreign Currency Loans	47,951.74	51,208.03
ii. Rupee Currency Loans	183,825.97	106,744.23
iii. Cash Credit from Banks	2,182.58	2,998.72
Total	330,739.76	235,347.76
Amount Repayable within One Year	26,680.00	8,560.00
(B) UNSECURED:		
i. Short term Loan from Bank	1,000.00	1,000.00
ii. Other term Loan from Bank	20,000.00	9,000.00
iii. Other term Loan from a Financial Institution	10,000.00	-
iv. Foreign Currency Convertible Bonds	18,574.40	42,517.76
Total	49,574.40	52,517.76
Amount Repayable within One Year	1,833.00	24,739.52



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, 2010	Additions during the year	Deductions during the year	As at 31st March, 2011	As at 1st April, 2010	For the year	Deductions during the year	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Land (Freehold)	178,722.70	50,011.65	-	228,734.35	-	-	-	-	228,734.35	178,722.70
Land (Leasehold)	37,198.67	0.75	-	37,199.42	717.53	722.07	-	1,439.60	35,759.82	36,481.14
Buildings	117,408.76	17.87	55.25	117,371.38	12,165.64	1,944.64	10.28	14,100.00	103,271.38	105,243.12
Plant & Machinery & Electrical Installation	52,978.11	2,754.19	636.04	55,096.26	20,699.81	3,202.47	447.38	23,454.90	31,641.36	32,278.30
Furniture & Fixtures	21,456.93	156.84	2,127.66	19,486.11	12,232.81	1,666.23	2,112.69	11,786.35	7,699.76	9,224.12
Vehicles & Motor Boats	6,787.37	1,423.88	3,859.61	4,351.64	1,869.95	248.98	941.50	1,177.43	3,174.21	4,917.42
Total	414,552.54	54,365.18	6,678.56	462,239.16	47,685.74	7,784.39	3,511.85	51,958.28	410,280.88	366,866.80
Previous Year	383,345.04	38,043.42	6,835.92	414,552.54	39,845.69	7,981.75	141.70	47,685.74	366,866.80	343,499.34
Projects in Progress	126,455.95	33,771.03	393.50	159,833.48	-	352.89	-	-	159,833.48	126,455.95
Grand Total	541,008.49	88,136.21	7,072.06	622,072.64	47,685.74	8,137.28	3,511.85	51,958.28	570,114.36	493,322.75

- a) Building Includes Cost of 76 shares of Rs.10 each in a Co-operative Housing Society.
b) Additions during the Year is Net of Rs.391.66 Lakhs reduction (Previous Year 6559.62 Lakhs) on account of Foreign Exchange Translation Difference.
c) Depreciation for the year includes Rs.352.89 Lakhs of Impairment loss under Projects in Progress (Previous Year Rs.Nil).

SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- E		
INVESTMENTS (UNQUOTED) AT COST		
TRADE INVESTMENT		
I. Investment in Subsidiary Companies		
a Leela Palaces and Resorts Limited (formerly known as 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 Leela Realty Ltd (formerly known as Amin Group Hotel Limited) 6,120 (Previous year 6,120) fully paid up Equity Shares of Rs.100 each	6.12	6.12
	<u>4,610.29</u>	<u>4,610.29</u>
OTHER INVESTMENTS		
National Savings Certificates	0.25	-
Indira Vikas Patra	3.54	3.54
Total	<u><u>4,614.08</u></u>	<u><u>4,613.83</u></u>
Schedule- F		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories (at lower of cost and net realisable value as certified by the Management)		
Stores and Operating supplies	4,333.25	3,655.73
Food and Beverage	1,055.98	685.31
Goods in transit	48.86	2.40
	<u>5,438.09</u>	<u>4,343.44</u>
Sundry Debtors - (Unsecured , Considered good except to the extent specifically provided)		
Outstanding for more than six months - Considered Good	1,181.76	888.24
- Doubtful	129.61	304.90
	<u>1,311.37</u>	<u>1,193.14</u>
Others	3,748.45	2,901.93
	<u>5,059.82</u>	<u>4,095.07</u>
Less: Provision for Doubtful Debts (outstanding for more than six months)	129.61	304.90
	<u>4,930.21</u>	<u>3,790.17</u>
Cash and Bank Balances		
Cash on hand	80.63	57.39
Cheques on hand	0.53	0.60
Balances with Scheduled Banks		-
Current Accounts	4,747.34	603.17
Deposit Accounts	776.73	686.60
	<u>5,605.23</u>	<u>1,347.76</u>
LOANS AND ADVANCES		
(Unsecured - Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	22,986.69	15,703.36
Advance Income Tax (Net of Provision)	1,609.61	395.67
MAT Credit entitlement	3,084.24	2,147.84
Deposits with Public Bodies and others	10,428.73	7,233.00
Advance to Subsidiary Companies	4,015.73	968.27
	<u>42,125.00</u>	<u>26,448.14</u>
Total	<u><u>58,098.53</u></u>	<u><u>35,929.51</u></u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

Rs. In Lakhs

		As at 31st March 2011	As at 31st March 2010
Schedule- G			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Acceptances		1,295.38	262.38
Sundry Creditors *			
- For Operation	1,292.43		4,737.74
- For Project	3,799.81		966.85
		5,092.24	5,704.59
Unclaimed Dividend		69.02	63.18
Unclaimed Debenture Redemption		-	22.05
Taxes and Levies		997.72	835.25
Retention Money		1,705.93	1,328.67
Other Liabilities		2,683.39	4,438.24
Advance Received		755.43	707.76
Deposits		4,257.77	558.74
Interest accrued but not due		591.98	529.64
		17,448.86	14,450.50
PROVISIONS:			
Proposed Dividend (Including Dividend Distribution Tax)		676.11	881.15
Premium on Redemption of Bonds		6,816.91	10,637.53
Derivatives		1,070.34	320.00
Leave Encashment & Gratuity		1,417.20	1,025.12
		9,980.56	12,863.80
Total		27,429.42	27,314.30
* Dues to Micro & Small Enterprises		6.10	33.57

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. In Lakhs

		Year ended 31st March 2011	Year ended 31st March 2010
Schedule- H			
SALES / SERVICES RENDERED AND OTHER INCOME			
(a) SALES / SERVICES RENDERED:			
Room Revenue		29,652.36	25,559.67
Food and Beverages		14,528.71	12,562.19
Other operating Services		5,686.02	4,694.43
(Tax deducted at source Rs 538.18 Lakhs previous year Rs 530.69 Lakhs)			
Income from Rental & related services		1,587.18	1,454.18
Sale of Power		1,128.07	647.68
Total		52,582.34	44,918.15
(b) OTHER INCOME			
Interest from Banks (Tax deducted at source Rs. 5.14 Lakhs previous year Rs.9.47 Lakhs)		105.39	58.93
Interest from others (Tax deducted at source Rs. 21.78 Lakhs previous year Nil)		2,361.77	2,487.41
From Exchange Fluctuation		51.76	67.90
Discount on Buyback of Bonds		-	64.83
Subsidy		40.42	17.92
Miscellaneous Income		193.35	222.87
Total		2,752.69	2,919.86
Total (a+b)		55,335.03	47,838.01

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Rs. In Lakhs

	Year ended 31st March 2011	Year ended 31st March 2010
Schedule- I		
OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
1. OPERATING EXPENSES:		
(a) Food and Beverages consumed		
Opening Stock	685.31	756.51
Add: Purchases	3,647.11	2,986.83
	<u>4,332.42</u>	<u>3,743.34</u>
Less: Closing Stock	<u>776.21</u>	<u>685.31</u>
	3,556.21	3,058.03
(b) Payments to and Provisions for employees		
Salaries, Wages and Bonus	9,327.35	7,974.43
Contribution to Provident and other funds	756.68	491.90
Workmen and Staff Welfare Expenses	<u>1,365.86</u>	<u>1,076.64</u>
	11,449.89	9,542.97
(c) Other Operating Expenses		
Stores and Supplies including Linen	2,236.96	2,142.67
Power, Fuel and Water	4,446.14	4,394.78
Repairs:		
Building	550.46	438.83
Machinery	964.22	737.11
Others	877.83	842.87
Music, Banquets and Restaurants	<u>613.58</u>	<u>521.71</u>
	9,689.19	9,077.97
2. ADMINISTRATIVE AND OTHER EXPENSES:		
Rent	1,471.99	1,394.09
Rates and Taxes	1,083.63	1,009.71
Insurance	212.38	183.14
Travelling and Conveyance	829.26	646.84
Guest Transport	489.15	362.62
Communication Expenses	503.17	475.26
Advertising and Publicity	2,276.15	1,683.50
Printing and Stationery	309.51	296.64
Lease, Licence fee and Reservation fee.	1,067.40	953.04
Legal and Professional Fees	929.94	780.59
Donation	8.97	100.09
Commission	1,775.36	1,535.52
Membership and Subscription	281.64	228.98
Directors' Remuneration	512.08	328.92
Commission to Directors	181.00	181.00
Directors' Sitting Fees	15.20	14.20
Auditor's Remuneration	33.35	28.24
Provision for Doubtful Debts	6.41	68.27
Miscellaneous	<u>102.19</u>	<u>108.14</u>
	12,088.78	10,378.79
Total	<u><u>36,784.07</u></u>	<u><u>32,057.76</u></u>

	Year ended 31st March 2011	Year ended 31st March 2010
Schedule- J		
FINANCIAL CHARGES		
Interest on Fixed Loans		
Interest - Others	4,404.25	2,068.41
Other Charges	1,108.71	222.54
	<u>249.37</u>	<u>155.86</u>
Total	<u><u>5,762.33</u></u>	<u><u>2,446.81</u></u>



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Schedule – K 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 statements require 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 March 2009. All the fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation was carried out in all the cases by professional valuers, 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 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 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.

h) Sales and Services:

Sales comprise room revenue, food and beverages, other operating services, Income from Rental and related services and sale of power.

i) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized. 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 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. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

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

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 by the Ministry of Corporate Affairs vide 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, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

of the asset and will be depreciated over the balance life of the asset, and in other cases are 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 income or expense in the year in which they arise.

m) Assets taken on lease:

In respect of operating lease transactions, the assets are not capitalized in the books of the Company and the 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.

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, with a fixed rate of exchange on conversion of Rs. 54.33 for one Euro. These bonds were listed on the Singapore Exchange Securities Trading Ltd., Singapore. Subsequently, holders of 8,600 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. Further, the Company had repurchased 12,200 Euro Bonds with a face value of Euro 12.20 million. The outstanding Euro Bonds of the face value of 39.20 million Euros together with redemption premium were redeemed by the Company on the maturity date i.e. 15th September 2010.
- (b) 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. Up to 31st March 2011, none of the holders of these Bonds have exercised their right to convert their holding into equity shares. Upto 31st March 2011, the Company has repurchased 584 (Previous Year 584) Zero Coupon USD Bonds with a face value of US \$ 58.40 Million (Previous Year US\$ 58.40 million). The repurchased USD Bonds have been extinguished. The remaining US \$ 41.60 Million USD Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 25th 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 to Rs. 9,000 Lakhs redeemable at par on 18th December 2013.
- ii) Debenture Redemption Reserve is created in accordance with applicable laws and guidelines.

b) Term Loans:

- i) Foreign Currency Loans of Rs.19,646 lakhs and Rupee Term Loans of Rs.6,136 lakhs from State Bank of India, Foreign Currency Loan of Rs.11,163 lakhs and Rupee Term Loan of Rs.3,104 lakhs from State Bank of Mysore, Foreign Currency Loan Rs.5,458 lakhs and Rupee Term Loan of Rs. 527 lakhs from State Bank of Travancore, Rupee Term Loan of Rs. 4,850 lakhs from State Bank of Bikaner & Jaipur, Rs. 3,565 lakhs from State Bank of Patiala, Rs. 3,880 lakhs from State Bank of Hyderabad, Rs. 3,102 lakhs from Federal Bank and Rs. 19,807 lakhs from Bank of India are secured by a pari passu charge on the fixed assets of The Leela Palace, New Delhi.
- ii) Rupee Term Loan of Rs. 47,897 lakhs from Syndicate Bank is secured by 2nd charge on the Delhi and Chennai Hotel properties.
- iii) Rupee Term Loan of Rs. 10,000 lakhs from Indian Overseas Bank is to be secured by a pari passu charge on the fixed assets of The Leela Palace, Chennai.
- iv) Rupee Term Loan of Rs. 15,000 lakhs from State Bank of India is secured by a pari passu charge on the fixed assets of The Leela Mumbai.
- v) Rupee Term Loan of Rs. 15,000 lakhs from Bank of Baroda is secured by 2nd pari passu charge on the fixed assets of The Leela, Mumbai.
- vi) 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, Kovalam.
- vii) Out of Foreign Currency Loan of Rs. 14,045 lakhs and Rupee Term Loan of Rs. 7,889 lakhs from EXIM Bank, an amount of Rs. 10,840 lakhs is secured by a 1st charge on the immovable properties of The Leela Mumbai and Rs.7,094 lakhs is secured by a pari passu charge on the fixed assets of the Leela Palace Udaipur and Rs. 4,000 lakhs is secured by a Mortgage on Wind Mills as well as 1st Charge on The Leela Mumbai.
- viii) Foreign Currency Loan of Rs.76 lakhs and Rupee Term Loans of Rs.450 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets of The Leela Kovalam.
- ix) Foreign Currency Loan of Rs.11,609 lakhs from State Bank of India, Singapore is secured by a pari passu charge on The Leela Palace, Bangalore.
- x) Rupee Term loans aggregating to Rs. 64,957 lakhs from the Housing Development Finance Corporation Limited are secured against pari passu charge on the immovable properties of The Leela Palace, Bangalore.
- xi) NCD of Rs. 9,000 lakhs from Life Insurance Corporation of India is secured by a pari passu Charge on the fixed assets of The Leela Palace, Udaipur.
- xii) Term loan of Rs. 108 lakhs from HDFC Bank Limited and Rs. 889 lakhs from Kotak Mahindra Prime Limited are secured by hypothecation of certain vehicles.
- xiii) Term Loan of Rs. 1,088 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.



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

xiv) Term Loan of Rs.1,309 lakhs from Oriental Bank of Commerce is secured by certain company owned flats.

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 Palace Kempinski, Udaipur

4) Deferred Tax:

The Company has accounted for deferred tax in accordance with Accounting Standard 22 'Accounting for Taxes on Income' notified by the Companies (Accounting Standards) Rules, 2006. The deferred tax Liability comprises following components:

(Rs. in lakhs)

Particulars	2010-11	2009-10
Deferred Tax Liabilities:		
Depreciation differences	16,087.24	14,615.77
Others	-	-
Total	16,087.24	14,615.77
Deferred Tax Assets:		
Employee Benefits	459.81	340.52
Provision for doubtful debts	39.31	100.61
Unabsorbed Depreciation	792.44	796.66
Others	-	106.30
Total	1,291.56	1,344.09
Net Deferred Tax liability	14,795.68	13,271.68

5) Fixed Assets:

- Land (Leasehold) includes Development expenses, stamp duty and other direct charges.
- Projects-in-progress include Rs. 13,556.84 lakhs, (previous year Rs. 12,912.65 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. Computation of Royalty as Minimum Guaranteed amount payable to AAI subsequent to the above mentioned Award is referred to Arbitration and pending its determination, no provision is made in the accounts. The Company is confident of settling the dispute and completing the project.
- Additions to Fixed Assets/ Projects in progress includes, capitalization of borrowing cost during the year under review amounting to Rs 35,561.29 lakhs (previous year Rs. 23,497.53 lakhs).

6) Contingent Liabilities not provided for:

- Estimated amount of contracts remaining to be executed on capital account not provided for- Rs. 25,543.31 lakhs (previous year Rs. 24,068.00 lakhs).
- Claims against the Company not acknowledged as debts Rs. 7,478 Lakhs (previous year Rs. 1,750 lakhs).
- Disputed Statutory Liabilities not provided for Rs. 2,184.70 lakhs (previous year Rs. 217.00 lakhs).
- Letter of Credit open and outstanding Rs. 3,319.12 lakhs (previous year 610.32 lakhs).
- Counter guarantee given to banks in respect of guarantees given by them on behalf of the Company Rs. 160.85 lakhs (previous year Rs.128.82 lakhs).
- 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 separation 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	565.66 (527.39)	292.18 (168.14)	93.59 (75.39)	1.37 (54.47)	762.88 (565.67)

- 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	2010-11		2009-10	
	Principal	Interest	Principal	Interest
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	6.11	Nil	33.57	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 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	As at March 31, 2011	As at March 31, 2010
<p>8) Loans and advances include an amount of Rs 14,365.71 Lakhs (Previous Year Rs 12,677.72 Lakhs) recoverable from HUDCO. 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.1,687.99 lakhs (previous year Rs.2,485.88 lakhs) from HUDCO.</p> <p>9) Land and Buildings includes land measuring 4.1330 hectares and building known as Kovalam Palace and other structures. The Kovalam Palace (Taking Over by Resumption) Act, 2005 taking over the building known as Kovalam Palace, appurtenant land measuring 4.1330 hectares and other structures standing thereon has been set aside by the Kerala High Court. The Government of Kerala has filed an appeal before a division bench of the Kerala High Court, which has been admitted and the parties have been directed to maintain status quo until further orders. The possession of the Palace building is presently with the Government of Kerala, while that of the appurtenant land together with the other structures standing thereon is with the Company. 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.</p> <p>10) Retirement benefit plans:</p> <p>a) Defined contribution plans</p> <p>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. 381.40 lakhs (previous year Rs.355.47 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.</p> <p>b) Defined benefit plans</p> <p>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 on 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.</p> <p>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, 2011:</p>	<p style="text-align: right;">(Rs. in lakhs)</p> <p>i) Change in benefit obligations:</p> <p>Projected benefit obligation at beginning of the year 958.22 942.02</p> <p>Service Cost 87.84 91.40</p> <p>Interest cost 83.57 79.97</p> <p>Actuarial (gain)/loss -58.72 -106.85</p> <p>Benefits paid -46.61 -48.33</p> <p>Projected benefit obligation at the end of the year 1150.78 958.22</p> <p>ii) Change in plan assets:</p> <p>Fair value of plan assets, at beginning of the year 498.76 500.62</p> <p>Expected return on plan assets 38.22 38.76</p> <p>Employer's contributions - 1.72</p> <p>Benefits paid - 46.61 -48.33</p> <p>Actuarial gain 6.07 5.99</p> <p>Fair value of plan assets at the end of the year 496.44 498.77</p> <p>Excess of (obligation over plan assets) / plan assets over obligation - 654.34 -459.45</p> <p>(Accrued liability) / Prepaid benefit -654.34 -459.45</p> <p>iii) Net Gratuity and other cost for the year ended March 31, 2011:</p> <p>Service cost 87.84 91.40</p> <p>Interest on defined benefit obligation 83.57 79.97</p> <p>Expected return on plan assets 38.22 -38.76</p> <p>Net actuarial gain recognised in the year -64.79 -112.84</p> <p>Net gratuity and other cost 194.87 19.77</p> <p>Actual Return on Plan Assets 44.29 44.76</p> <p>iv) Category of Assets as at March 31, 2011:</p> <p>Insurer Managed Funds 496.44 498.77</p> <p>Others Nil</p> <p>Total 496.44 498.77</p> <p>v) Assumption used in accounting for the gratuity plan:</p> <p>Discount Rate (p.a.) 8.30% 8.30%</p> <p>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.</p> <p>* Expected rate of return on plan assets (p.a.) 7.50% 7.50%</p>	

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

11) Auditors' Remuneration:

(Rs. in lakhs)

Sr. No.	Particulars	2010-11	2009-10
i)	Audit Fees	28.00	25.00
ii)	Tax Audit Fees	4.00	2.50
iii)	Reimbursement of out of pocket expenses	1.35	0.74
	Total	33.35	28.24

12) Managerial Remuneration Rs. 693.08 lakhs (previous year Rs. 509.92 lakhs) includes Rs. 181.00 lakhs (previous year Rs.181.00 lakhs) being commission to Directors.

Computation of Net Profit and Commission Payable :

(Rs in lakhs)

PARTICULARS	2010-11	2009-10
Net Profit after charging depreciation and before tax as per Profit & Loss Account	5,762.35	6,464.24
Add: Directors remuneration and Commission	693.08	509.92
Sitting Fees	15.20	14.20
Loss On Sale of Assets	182.82	36.46
Provision for doubtful debts	6.41	68.27
Sub Total	6,659.86	7,093.09
Less : Prior Period Adjustment (Net)	103.96	399.13
Profit on Exchange Fluctuation	51.76	67.90
Profit on FCCB Buyback	-	64.83
Bad Debts written off	181.70	-
Sub Total	337.42	531.86
Net Profit for the purpose of Managerial Remuneration	6,322.44	6,561.23
Commission to two whole time Directors (1% each)	126.45	131.22
Restricted to	118	120
Commission to Non Executive Directors (Total 1%)	63.22	65.61
Restricted to	63	61

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

(Rs in lakhs)

	Particulars	2010-11	2009-10
(a)	CIF Value of Imports		
1)	Raw Materials Cost	149.03	128.82
2)	Stores, Supplies and Spares	628.48	714.49
3)	Capital Goods	4,879.64	3,935.58
(b)	Earnings in Foreign Exchange	17,388.57	17,123.22
(c)	Expenditure in Foreign Currencies		
1)	Royalty	598.53	280.03
2)	Interest	787.07	262.27
3)	Project Expenditure	874.23	1,589.60
4)	Advertisement & Publicity	255.00	509.01
5)	Others	754.15	655.48
	Total	3,268.98	3,296.39

(d) Value of Raw materials Consumed

	2010-11		2009-10	
	Rs. in lakhs	% of Consumption	Rs. in lakhs	% of Consumption
Imported	832.33	23%	542.99	18%
Indigenous	2,723.88	77%	2,515.04	82%
Total	3,556.21	100%	3,058.03	100%

e) Amount remitted in Foreign Currency on account of Dividends to Non – Resident shareholders:

	2010-11	2009-10
Number of Shareholders	165	169
Number of Equity Shares on which Dividend was paid	3,149,505	3,315,255
Year to which the Dividend related (Interim & Final)	2009-10	2008-09
Amount remitted in Rs Lakhs	6.29	13.26

14) Related parties disclosures:

1. Relationships during the year:

(a) Subsidiaries:

Leela Realty Ltd (Formerly Amin Group Hotel Limited)
Leela Palaces and Resorts Ltd (Formerly Iskon Estates Pvt. Ltd.)

(b) Fellow subsidiaries:

None

(c) Associates:

- 1) Leela Lace Software Solutions Pvt. Ltd.
- 2) Leela Lace Holdings Pvt. Ltd.
- 3) Leela Fashions Pvt. Ltd.
- 4) Rockfort Estate Developers Pvt. Ltd.
- 5) Season Apparels Pvt. Ltd.
- 6) Standard Precious Alloy Industries Pvt. Ltd.
- 7) Elegant Eateries Pvt. Ltd.
- 8) L. M. Realtors Pvt. Ltd.
- 9) Aushim Soft Pvt. Ltd.
- 10) Leela Soft Pvt. Ltd.
- 11) Armcess Engineering Pvt. Ltd.
- 12) Zantho Pharmaceuticals Pvt. Ltd.
- 13) Leela Lace Estate Pvt. Ltd.
- 14) Emmel Real Estate Developers Pvt. Ltd.
- 15) Leela Villas Pvt. Ltd.
- 16) Leela Lace Info Park Pvt. Ltd.
- 17) Leela Constates Pvt. Ltd.
- 18) Leela Hospitality Pvt. Ltd.
- 19) Leela Realcon Pvt. Ltd.
- 20) Kinfra International Apparel Parks Ltd.
- 21) Palakkad Infrastructure Pvt. Ltd.
- 22) Leela Lace Builders Pvt. Ltd.
- 23) Vibgyour Leasing Pvt. Ltd.
- 24) Zillion Hotels & Resorts Pvt. Ltd.
- 25) Leela Capital & Finance Limited
- 26) Mumbai International Convention and Exhibition Centre Limited

(d) Key Management Personnel:

Whole Time Directors

Mr. Vivek Nair
Mr. Dinesh Nair
Mr. Venu Krishnan
Mr. V. L. Ganesh upto 13th November, 2010
Mr. Krishna Deshika from 17th January, 2011

(e) 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 ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(Rs in lakhs)

Particulars	Subsidiaries/ Fellow Subsidiaries	Associates	Key Management Personnel and their relatives
Sale of Room, Food and Other services	-	1.19	
Lease rent	-	(11.53)	
	-	88.08	
	-	(85.83)	
Fees for License, Reservation etc.,	-	566.72	
Investments	4,610.29 (4,610.29)	(497.61)	
Remuneration paid to Whole Time Directors (including Commission)			706.44 (448.92)
Remuneration to relatives of Whole Time Directors			87.67 (53.01)
Commission Paid to Relatives of Key Managerial personnel			43.00 (43.00)
Sitting Fees			2.20 (2.00)
Dividend Paid		399.49 (772.34)	3.78 (4.71)
Deposits Given		6,998.51 (4,173.51)	
Deposits Received-		3,000.00 (165.24)	
Debit balance outstanding	4,015.73 (968.27)	55.59 (0.43)	
Credit balance outstanding		- (68.56)	

15) Segment Information:

The Company's main business is hoteliering and there is no other reportable segment as defined under Accounting Standard 17 – "Segment Reporting" (AS-17). Hence disclosure of segment-wise information is not applicable.

16) Earnings Per Share (EPS):

Earnings per share is calculated in accordance with Accounting Standard 20 - Earnings per share (AS-20)

(Rs. in lakhs)

Particulars	2010-11	2009-10
Profit Before Taxation & Extra Ordinary Income	5,658.37	6000.28
Less : Current Year Tax	1,286.94	875.40
Deferred Tax	1,524.00	2,197.80
MAT Credit Entitlement	(936.40)	(1,110.20)
Profit after Taxation & before Extra Ordinary Income	3,783.83	4,037.28

Particulars	2010-11	2009-10
Extra Ordinary Item	-	64.83
Profit after Taxation & Extra Ordinary Income	3,783.83	4,102.11
Weighted Avg. No. of Equity Shares		
Basic	383,688,006	377,824,992
Diluted	407,922,895	447,713,386
Earning Per Share - Basic		
Before extra ordinary items in Rupees	0.99	1.07
After extra ordinary items in Rupees	0.99	1.09
Earning Per Share - Diluted		
Before extra ordinary items in Rupees	0.93	0.90
After extra ordinary items in Rupees	0.93	0.92
Cash Profit attributed to Equity Shareholders	10,627.31	10,934.85
Cash EPS	2.77	2.89

17) Operating Leases:

i) The Company as a lessor under various operating leases will receive fixed future and minimum rentals, exclusive of formula or percentage of rentals, as under:

(Rs. in lakhs)

Particulars	2010-11	2009-10
Not later than one Year	1,026.34	862.28
Later than one year but not later than 5 years	4,627.63	2,057.99
Later than 5 Years	1,264.03	35.87

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

(Rs. in lakhs)

Particulars	2010-11	2009-10
Not later than one Year	169.32	833.20
Later than one year but not later than 5 years	1,137.11	3,866.89
Later than 5 Years	299.97	1,219.89

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

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

19) Figures in bracket relates to previous year.

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, 23rd May 2011

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
Krishna Deshika	Director Finance & CFO



PART - IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details			
Registration No.	2 4 0 9 7	State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 1 1		
	Date Month Year		
II Capital Raised During the Year (Amount in Rs. Thousands)			
Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	2 0 0 0 0
III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	6 0 5 3 9 7 5 5	Total Assets	6 0 5 3 9 7 5 5
Sources of Funds		Reserves & Surplus	2 0 2 5 3 1 2 1
Paid up Capital	7 7 5 6 5 0	Unsecured Loans	4 9 5 7 4 4 0
Secured Loans	3 3 0 7 3 9 7 6		
Deferred Tax Liability	1 4 7 9 5 6 8		
Application of Funds		Investments	4 6 1 4 0 8
Net Fixed Assets	5 7 0 1 1 4 3 6	Misc. Expenditure	N I L
Net Current Assets	3 0 6 6 9 1 1		
Accumulated losses	N I L		
IV Performance of Company (Amount in Rs. Thousands)			
Turnover	5 5 3 3 5 0 3	Total Expenditure	4 2 7 2 9 2 2
Profit/Loss Before Tax	5 7 6 2 3 7	Profit/Loss(-) After Tax	3 7 8 3 8 5
Earnings Per Share in Rs.	0 . 9 9	Dividend Rate %	7 . 5 0
V Generic Names of Three Principal Products/Services of Company (As per monetary terms)			
Item Code No. (ITC Code)	N O T A P P L I C A B L E		
Product Description	H O T E L I E R I N G		

AUDITORS' 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 2011, 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 have not commenced commercial operations, reflect a net worth of Rs 35.90 Lakhs as at 31st March 2011.

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 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 7 of schedule K 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 2011;
- 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 ended 31st March 2011.

For PICARDO & CO
Chartered Accountants

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

Mumbai, 23rd May 2011



CONSOLIDATED BALANCE SHEET as at 31st March, 2011

Rs. In Lakhs

	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCE OF FUNDS			
Shareholder's Funds			
Share Capital	A	7,756.50	7,556.50
Reserve and Surplus	B	202,517.98	197,846.69
		210,274.48	205,403.19
Loan Funds			
Secured	C	330,739.76	235,347.76
Unsecured	C	49,574.40	52,517.76
		380,314.16	287,865.52
Deferred tax liability		14,795.68	13,271.68
Total		605,384.32	506,540.39
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	470,692.56	419,996.39
Less: Depreciation		51,958.28	47,685.74
Net Block		418,734.28	372,310.65
Add: Projects -in- Progress		159,875.13	126,456.07
		578,609.41	498,766.72
Investments (At Cost)	E	4.62	4.37
Current Assets, Loans and advances			
Inventories	F	5,438.09	4,343.44
Sundry Debtors		4,930.21	3,790.17
Cash and Bank balances		5,718.32	1,443.33
Loans and Advances		38,135.27	25,506.88
		54,221.89	35,083.82
Less: Current Liabilities and Provisions			
Current Liabilities	G	17,471.04	14,450.72
Provisions		9,980.56	12,863.80
		27,451.60	27,314.52
Net Current Assets		26,770.29	7,769.30
Total		605,384.32	506,540.39
Notes to the Accounts	K		

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, 23rd May 2011

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
Krishna Deshika Director Finance & CFO

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March, 2011

Rs. In Lakhs

	Schedule	Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Sales/Services rendered and other Income	H	55,335.03	47,840.06
Total		55,335.03	47,840.06
EXPENDITURE			
Operating, Administrative and Other expenses	I	36,785.86	32,058.03
Financial Charges	J	5,762.38	2,446.87
Loss on Sale of Fixed Assets		182.82	36.46
Total		42,731.06	34,541.36
Profit Before Depreciation and Amortisation		12,603.97	13,298.70
Depreciation and Amortisation		8,137.28	7,981.74
Less: Withdrawal from Revaluation Reserve		1,293.84	1,149.01
		6,843.44	6,832.73
PROFIT BEFORE TAX		5,760.53	6,465.97
PROVISION FOR TAX			
Current Tax		1,286.94	875.40
Deferred Tax		1,524.00	2,197.80
MAT Credit Entitlement		(936.40)	(1,110.20)
		1,874.54	1,963.00
PROFIT AFTER TAX FOR THE YEAR		3,885.99	4,502.97
Less: Prior Period Adjustments (Net)		103.98	399.12
PROFIT AFTER TAX		3,782.01	4,103.85
Balance of Profit brought forward		31,267.96	28,760.26
Amount available for Appropriation		35,049.97	32,864.11
APPROPRIATIONS			
Proposed Dividend on Equity shares		581.74	755.65
Dividend Distribution Tax		94.37	125.50
Transfer to General Reserve		-	115.00
Transfer to Debenture Redemption Reserve		1,800.00	600.00
Balance carried forward to Balance Sheet		32,573.86	31,267.96
		35,049.97	32,864.11
Basic Earning per share of face value of Rs.2 each - in Rs		0.99	1.09
Diluted Earning per share of face value of Rs.2 each - in Rs.		0.93	0.92
Notes to the Accounts	K		

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

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

Dinesh Kalani
Company Secretary

Mumbai, 23rd May 2011

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
Krishna Deshika Director Finance & CFO



CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2011

Rs. In Lakhs

	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	5,761	6,466
Adjustments for		
Prior Period (Expenses)/ Income	(104)	(399)
Depreciation	6,843	6,833
Discount on buyback of Bonds	-	(65)
Interest Charged	5,513	2,291
Loss / (Profit) on sale of assets	183	36
Derivative losses	43	77
Provision for doubtful debts	8	68
Bad debts written off	183	-
Provision for employee benefits	486	(133)
Interest Income	(2,467)	(2,546)
	<u>10,688</u>	<u>6,162</u>
Operating Profit before working capital changes	<u>16,449</u>	<u>12,628</u>
Changes in :		
Trade and Other Receivable	(6,645)	(2,089)
Inventories	(1,095)	(147)
Trade and Other Payables	(381)	(5,149)
Taxes and Levies	184	(195)
Cash generated from operations	<u>8,512</u>	<u>5,048</u>
Direct Taxes	(1,609)	(1,734)
Net Cash Flow before extraordinary items	6,903	3,314
Extraordinary Items	-	-
Net Cash Flow from Operating Activities	<u>6,903</u>	<u>3,314</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Fixed Assets / Projects	(87,885)	(59,928)
Proceeds from Sale of Fixed Assets	24	98
Interest Received	302	5,114
Net Cash Flow from Investing Activities	<u>(87,559)</u>	<u>(54,716)</u>
C CASH FLOW FROM FINANCIAL ACTIVITIES		
Increase / (Decrease) in Long Term Loans	96,208	80,078
Increase / (Decrease) in Cash Credit	(816)	425
Increase / (Decrease) in short term funds	21,000	-
Issue of Shares	200	-
Securities Premium Received	4,650	-
Premium on Redemption of Debentures	(5,977)	-
Issue / (Redemption) of Debentures	(22)	(6,000)
Increase / (Decrease) of Inter-corporate deposits	-	(1,500)
Issue / (Redemption) of Foreign Currency Convertible Bonds	(23,943)	(18,516)
Dividend Paid (Including Dividend Tax)	(875)	(1,756)
Income / (Loss) from Derivatives	(43)	(572)
Interest Paid	(5,451)	(2,476)
Net Cash Flow from Financing Activities	<u>84,931</u>	<u>49,683</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>4,275</u>	<u>(1,719)</u>
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR	1,443	3,162
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,718	1,443

For and on behalf of the Board of Directors

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

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

Dinesh Kalani
Company Secretary

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

Mumbai, 23rd May 2011

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- A		
SHARE CAPITAL	12,000.00	12,000.00
AUTHORISED:	6,000.00	6,000.00
60,00,00,000 Equity Shares of Rs. 2 each	<u>18,000.00</u>	<u>18,000.00</u>
60,00,000 Redeemable Preference Shares of Rs 100 each		
ISSUED, SUBSCRIBED AND PAID-UP:		
Equity Shares	7,756.50	7,556.50
38,78,24,992 (Previous year 37,78,24,992) Equity shares of Rs. 2 (Previous year Rs 2) each	<u>7,756.50</u>	<u>7,556.50</u>
Total	7,756.50	7,556.50

	As at 31st March 2011	As at 31st March 2010
Schedule- B		
RESERVES AND SURPLUS		
CAPITAL REDEMPTION RESERVE:		
Per last Balance Sheet	8,750.00	8,750.00
SECURITIES PREMIUM ACCOUNT :		
Per last Balance Sheet	25,162.04	25,245.67
Add: Received during the year	4,650.00	-
	<u>29,812.04</u>	<u>25,245.67</u>
Less: Premium on redemption of FCCB's and Issue expenses (net of tax credit)	1,790.78	83.63
	<u>28,021.26</u>	<u>25,162.04</u>
DEBENTURE REDEMPTION RESERVE :		
Per last Balance Sheet	3,600.00	3,000.00
Transferred from Profit and Loss Account	1,800.00	600.00
	<u>5,400.00</u>	<u>3,600.00</u>
REVALUATION RESERVE:		
Per last Balance Sheet	122,620.22	123,769.23
Less: Transferred to Profit and Loss Account	1,293.84	1,149.01
	<u>121,326.38</u>	<u>122,620.22</u>
CAPITAL RESERVE:		
Per last Balance Sheet	710.15	710.15
GENERAL RESERVE:		
Per last Balance Sheet	5,736.33	5,621.32
Add: Transfer from Profit and Loss Account	-	115.00
	<u>5,736.33</u>	<u>5,736.32</u>
PROFIT AND LOSS ACCOUNT:	32,573.86	31,267.96
Total	202,517.98	197,846.69



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- C		
LOAN FUNDS		
(A) SECURED:		
i. Debentures	9,000.00	9,000.00
ii. Term Loans		
a. Financial Institutions		
i. Foreign Currency Loans	14,045.75	17,317.60
ii. Rupee Currency Loans	73,733.72	48,079.18
b. Banks		
i. Foreign Currency Loans	47,951.74	51,208.03
ii. Rupee Currency Loans	183,825.97	106,744.23
iii. Cash Credit from Banks	2,182.58	2,998.72
Total	330,739.76	235,347.76
Amount Repayable within One Year	26,680.00	8,560.00
(B) UNSECURED:		
i. Short term Loan from Bank	1,000.00	1,000.00
ii. Other term Loan from Bank	20,000.00	9,000.00
iii. Other term Loan from a Financial Institution	10,000.00	-
iv. Foreign Currency Convertible Bonds	18,574.40	42,517.76
Total	49,574.40	52,517.76
Amount Repayable within One Year	1,833.00	24,739.52

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		
	1st April, 2010	Additions during the year	Deductions during the year	As at 31st March, 2011	As at 1st April, 2010	For the year	Deductions during the year	Up to 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
Goodwill	4,561.14	-	-	4,561.14	-	-	-	-	4,561.14	4,561.14
Land (Freehold)	179,605.41	53,021.20	-	232,626.61	-	-	-	-	232,626.61	179,605.41
Land (Leasehold)	37,198.67	0.75	-	37,199.42	717.53	722.07	-	1,439.60	35,759.82	36,481.14
Buildings	117,408.76	17.87	55.25	117,371.38	12,165.64	1,944.64	10.29	14,099.99	103,271.39	105,243.12
Plant & Machinery & Electrical Installation	52,978.11	2,754.19	636.04	55,096.26	20,699.81	3,202.47	447.39	23,454.89	31,641.37	32,278.30
Furniture & Fixtures	21,456.93	156.84	2,127.66	19,486.11	12,232.81	1,666.23	2,112.69	11,786.35	7,699.76	9,224.12
Vehicles & Motor Boats	6,787.37	1,423.88	3,859.61	4,351.64	1,869.95	248.98	941.48	1,177.45	3,174.19	4,917.42
Total	419,996.39	57,374.73	6,678.56	470,692.56	47,685.74	7,784.39	3,511.85	51,958.28	418,734.28	372,310.65
Previous Year	388,698.89	38,133.42	6,835.92	419,996.39	39,845.69	7,981.75	141.70	47,685.74	372,310.65	348,853.19
Projects in Progress	126,455.95	33,812.68	393.50	159,875.13	-	352.89	-	-	159,875.13	126,456.07
Grand Total	546,452.34	91,187.41	7,072.06	630,567.69	47,685.74	8,137.28	3,511.85	51,958.28	578,609.41	498,766.72

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

b) Additions during the Year is Net of Rs.391.66 Lakhs reduction (Previous Year 6559.62 Lakhs) on account of Foreign Exchange Translation Difference.

c) Depreciation for the year includes Rs.352.89 Lakhs of Impairment loss under Projects in Progress (Previous Year Rs.Nil).



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- E		
INVESTMENTS (UNQUOTED) AT COST		
OTHER INVESTMENT		
Land	0.83	0.83
National Savings Certificates	0.25	-
Indira Vikas Patra	3.54	3.54
Total	4.62	4.37

Rs. In Lakhs

	As at 31st March 2011	As at 31st March 2010
Schedule- F		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories (at lower of cost and net realisable value as certified by the Management)		
Stores and Operating supplies	4,333.25	3,655.73
Food and Beverage	1,055.98	685.31
Goods in transit	48.86	2.40
	5,438.09	4,343.44
Sundry Debtors - (Unsecured , Considered good except to the extent specifically provided)		
Outstanding for more than six months - Considered Good	1,181.76	888.24
- Doubtful	129.61	304.90
	1,311.37	1,193.14
Others	3,748.45	2,901.93
	5,059.82	4,095.07
Less: Provision for Doubtful Debts (outstanding for more than six months)	129.61	304.90
	4,930.21	3,790.17
Cash and Bank Balances		
Cash on hand	80.63	57.39
Cheques on hand	23.53	0.60
Balances with Scheduled Banks		-
Current Accounts	4,837.43	698.74
Deposit Accounts	776.73	686.60
	5,718.32	1,443.33
LOANS AND ADVANCES		
(Unsecured - Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	23,012.69	15,729.24
Advance Income Tax (Net of Provision)	1,609.61	396.80
MAT Credit entitlement	3,084.24	2,147.84
Deposits with Public Bodies and others	10,428.73	7,233.00
Advance to Subsidiary Companies	-	-
	38,135.27	25,506.88
Total	54,221.89	35,083.82

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Rs. In Lakhs

		As at 31st March 2011	As at 31st March 2010
Schedule- G			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Acceptances		1,295.38	262.38
Sundry Creditors *			
- For Operation	1,292.43		4,737.74
- For Project	<u>3,799.81</u>		<u>966.85</u>
		5,092.24	5,704.59
Unclaimed Dividend		69.02	63.18
Unclaimed Debenture Redemption		-	22.05
Taxes and Levies		1,019.52	835.25
Retention Money		1,705.93	1,328.67
Other Liabilities		2,683.77	4,438.46
Advance Received		755.43	707.76
Deposits		4,257.77	558.74
Interest accrued but not due		<u>591.98</u>	<u>529.64</u>
			17,471.04
			14,450.72
PROVISIONS:			
Proposed Dividend (Including Dividend Distribution Tax)		676.11	881.15
Premium on Redemption of Bonds		6,816.91	10,637.53
Derivatives		1,070.34	320.00
Leave Encashment & Gratuity		<u>1,417.20</u>	<u>1,025.12</u>
			9,980.56
			12,863.80
Total		<u>27,451.60</u>	<u>27,314.52</u>
			6.10
			33.57

* Dues to Micro & Small Enterprises

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. In Lakhs

		Year ended 31st March 2011	Year ended 31st March 2010
Schedule- H			
SALES / SERVICES RENDERED AND OTHER INCOME			
(a) SALES / SERVICES RENDERED:			
Room Revenue		29,652.36	25,559.67
Food and Beverages		14,528.71	12,562.19
Other operating Services		5,686.02	4,694.43
(Tax deducted at source Rs 538.18 Lakhs previous year Rs 530.69 Lakhs)			
Income from Rental & related services		1,587.18	1,454.18
Sale of Power		<u>1,128.07</u>	<u>647.68</u>
Total		<u>52,582.34</u>	<u>44,918.15</u>
(b) OTHER INCOME			
Interest from Banks (Tax deducted at source Rs. 5.14 Lakhs previous year Rs.9.47 Lakhs)		105.39	58.93
Interest from others (Tax deducted at source Rs. 21.78 Lakhs previous year Nil)		2,361.77	2,487.41
From Exchange Fluctuation		51.76	67.90
Discount on Buyback of Bonds		-	64.83
Subsidy		40.42	17.92
Miscellaneous Income		<u>193.35</u>	<u>224.92</u>
Total		<u>2,752.69</u>	<u>2,921.91</u>
Total (a+b)		<u>55,335.03</u>	<u>47,840.06</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rs. In Lakhs

	Year ended 31st March 2011	Year ended 31st March 2010
Schedule- I		
OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
1. OPERATING EXPENSES:		
(a) Food and Beverages consumed		
Opening Stock	685.31	756.51
Add: Purchases	3,647.11	2,986.83
	<u>4,332.42</u>	<u>3,743.34</u>
Less: Closing Stock	<u>776.21</u>	<u>685.31</u>
	3,556.21	3,058.03
(b) Payments to and Provisions for employees		
Salaries, Wages and Bonus	9,327.35	7,974.43
Contribution to Provident and other funds	756.68	491.90
Workmen and Staff Welfare Expenses	<u>1,365.86</u>	<u>1,076.64</u>
	11,449.89	9,542.97
(c) Other Operating Expenses		
Stores and Supplies including Linen	2,236.96	2,142.67
Power, Fuel and Water	4,446.14	4,394.78
Repairs:		
Building	550.46	438.83
Machinery	964.22	737.11
Others	877.83	842.87
Music, Banquets and Restaurants	<u>613.58</u>	<u>521.71</u>
	9,689.19	9,077.97
2. ADMINISTRATIVE AND OTHER EXPENSES:		
Rent	1,471.99	1,394.09
Rates and Taxes	1,083.69	1,009.76
Insurance	212.38	183.14
Travelling and Conveyance	829.26	646.84
Guest Transport	489.15	362.62
Communication Expenses	503.17	475.26
Advertising and Publicity	2,276.15	1,683.50
Printing and Stationery	309.51	296.64
Lease, Licence fee and Reservation fee.	1,067.40	953.04
Legal and Professional Fees	930.27	780.59
Donation	8.97	100.09
Commission	1,775.36	1,535.52
Membership and Subscription	281.64	228.98
Directors' Remuneration	512.08	328.92
Commission to Directors	181.00	181.00
Directors' Sitting Fees	15.20	14.20
Auditors' Remuneration	33.62	28.46
Provision for Doubtful Debts	7.54	68.27
Miscellaneous	<u>102.19</u>	<u>108.14</u>
	12,090.57	10,379.06
Total	<u><u>36,785.86</u></u>	<u><u>32,058.03</u></u>

Rs. In Lakhs

	Year ended 31st March 2011	Year ended 31st March 2010
Schedule- J		
FINANCIAL CHARGES		
Interest on Fixed Loans	4,404.25	2,068.41
Interest - Others	1,108.71	222.54
Other Charges	<u>249.42</u>	<u>155.92</u>
Total	<u><u>5,762.38</u></u>	<u><u>2,446.87</u></u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE – K

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, 2011 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. 31st March, 2011.
- c) The financial statements of the following subsidiary companies have been consolidated.

Name of the Subsidiary	Proportion of Ownership Interest (%)	
	Current Year	Previous Year
Leela Realty Limited (Formerly known as Amin Group Hotel Limited)	99.35	99.35
Leela Palaces and Resorts Limited (Formerly Known as Iskon Estates Private Limited)	100.00	100.00

d) Minority interest:

As the net worth of Leela Realty Limited is negative, the minority interest has not been considered material and not been shown separately.

e) Use of Estimates

The preparation of financial statements require 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, in so far 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 March 2009. All the fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation was carried out in all the cases by professional valuers, 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 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.

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 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 room revenue, food and beverages, other operating services, Income from rental and related services and sale of power.

l) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized. 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.



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 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. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on an appropriate discounting factor.

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

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 by the Ministry of Corporate Affairs vide 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, in so far as they relate to acquisition of a depreciable capital asset, are 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 are 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 income or expense in the year in which they arise.

p) **Assets taken on lease:**

In respect of operating lease transactions, the assets are not capitalized in the books of the Company and the 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 as on the date of the investment 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, with a fixed rate of exchange on conversion of Rs. 54.33 for one Euro. These bonds were listed on the Singapore Exchange Securities Trading Ltd., Singapore. Subsequently, holders of 8,600 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. Further, the Company had repurchased 12,200 Euro Bonds with a face value of Euro 12.20 million. The outstanding Euro Bonds of the face value of 39.20 million Euros together with redemption premium were redeemed by the Company on the maturity date i.e. 15th September 2010.
- (b) 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. Up to 31st March 2011, none of the holders of these Bonds have exercised their right to convert their holding into equity shares. Upto 31st March 2011, the Company has repurchased 584 (Previous Year 584) Zero Coupon USD Bonds with a face value of US \$ 58.40 Million (Previous Year US\$ 58.40 million). The repurchased USD Bonds have been extinguished. The remaining US \$ 41.60 Million USD Bonds, unless converted, redeemed or repurchased and cancelled, will be redeemed on 25th 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 to Rs. 9,000 Lakhs redeemable at par on 18th December 2013.
- ii) Debenture Redemption Reserve is created in accordance with applicable laws and guidelines.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

b) Term Loans:

- i) Foreign Currency Loans of Rs.19,646 lakhs and Rupee Term Loans of Rs.6,136 lakhs from State Bank of India, Foreign Currency Loan of Rs.11,163 lakhs and Rupee Term Loan of Rs.3,104 lakhs from State Bank of Mysore, Foreign Currency Loan Rs.5,458 lakhs and Rupee Term Loan of Rs. 527 lakhs from State Bank of Travancore, Rupee Term Loan of Rs. 4,850 lakhs from State Bank of Bikaner & Jaipur, Rs. 3,565 lakhs from State Bank of Patiala, Rs. 3,880 lakhs from State Bank of Hyderabad, Rs. 3,102 lakhs from Federal Bank and Rs. 19,807 lakhs from Bank of India are secured by a pari passu charge on the fixed assets of The Leela Palace, New Delhi.
- ii) Rupee Term Loan of Rs. 47,897 lakhs from Syndicate Bank is secured by 2nd charge on the Delhi and Chennai Hotel properties.
- iii) Rupee Term Loan of Rs. 10,000 lakhs from Indian Overseas Bank is to be secured by a pari passu charge on the fixed assets of The Leela Palace, Chennai.
- iv) Rupee Term Loan of Rs. 15,000 lakhs from State Bank of India is secured by a pari passu charge on the fixed assets of The Leela Mumbai.
- v) Rupee Term Loan of Rs. 15,000 lakhs from Bank of Baroda is secured by 2nd pari passu charge on the fixed assets of The Leela, Mumbai.
- vi) 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 Kovalam.
- vii) Out of Foreign Currency Loan of Rs. 14,045 lakhs and Rupee Term Loan of Rs. 7,889 lakhs from EXIM Bank, an amount of Rs. 10,840 lakhs is secured by a 1st charge on the immovable properties of The Leela Mumbai and Rs.7,094 lakhs is secured by a pari passu charge on the fixed assets of the Leela Palace Udaipur and Rs. 4,000 lakhs is secured by a Mortgage on Wind Mills as well as 1st Charge on The Leela Mumbai.
- viii) Foreign Currency Loan of Rs.76 lakhs and Rupee Term Loans of Rs.450 lakhs from Union Bank of India are secured by a pari passu charge on the fixed assets of The Leela Kovalam.
- ix) Foreign Currency Loan of Rs.11,609 lakhs from State Bank of India, Singapore is secured by a pari passu charge on The Leela Palace, Bangalore.
- x) Rupee Term loans aggregating to Rs. 64,957 lakhs from the Housing Development Finance Corporation Limited are secured against pari passu charge on the immovable properties of The Leela Palace, Bangalore.
- xi) NCD of Rs. 9,000 lakhs from Life Insurance Corporation of India is secured by a pari passu Charge on the fixed assets of The Leela Palace, Udaipur.
- xii) Term loan of Rs. 108 lakhs from HDFC Bank Limited and Rs. 889 lakhs from Kotak Mahindra Prime Limited are secured by hypothecation of certain vehicles.
- xiii) Term Loan of Rs. 1,088 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.
- xiv) Term Loan of Rs. 1,309 lakhs from Oriental Bank of Commerce is secured by certain company owned flats.

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 Palace, Udaipur.

4) Deferred Tax:

The Company has accounted for deferred tax in accordance with Accounting Standard 22 'Accounting for Taxes on Income' notified by the Companies (Accounting Standards) Rules,2006. The deferred tax Liability comprises following components:

(Rs. in lakhs)

Particulars	2010-11	2009-10
Deferred Tax Liabilities:		
Depreciation differences	16,087.24	14,615.77
Others	-	-
Total	16,087.24	14,615.77
Deferred Tax Assets:		
Employee Benefits	459.81	340.52
Provision for doubtful debts	39.31	100.61
Unabsorbed Depreciation	792.44	796.66
Others	-	106.30
Total	1,291.56	1,344.09
Net Deferred Tax liability	14,795.68	13,271.68

5) Fixed Assets:

- a) Goodwill of Rs. 4,561.14 lakhs represents the difference between the net worth of the subsidiary companies as on date of investment and cost of investment.
- b) Land (Leasehold) includes Development expenses, stamp duty and other direct charges.
- c) Projects-in-progress include Rs. 13,556.84 lakhs, (previous year Rs. 12,912.65 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. Computation of Royalty as Minimum Guaranteed amount payable to AAI subsequent to the above mentioned Award is referred to Arbitration and pending its determination, no provision is made in the accounts. 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 35,561.29 lakhs (previous year Rs. 23,497.53 lakhs).

6) Contingent Liabilities not provided for:

- a) Estimated amount of contracts remaining to be executed on capital account not provided for- Rs. 25,543.31 lakhs (previous year Rs. 24,068.00 lakhs).
- b) Claims against the Company not acknowledged as debts Rs. 7,478 Lakhs (previous year Rs. 1,750 lakhs).



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

- c) Disputed Statutory Liabilities not provided for Rs. 2,184.70 lakhs (previous year Rs. 217.00 lakhs).
- d) Letter of Credit open and outstanding Rs. 3,319.12 lakhs (previous year 610.32 lakhs).
- e) Counter guarantee given to banks in respect of guarantees given by them on behalf of the Company Rs. 160.85 lakhs (previous year Rs.128.82 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 separation 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	565.66	292.18	93.59	1.37	762.88
Previous Year	(527.39)	(168.14)	(75.39)	(54.47)	(565.67)

- 7) Loans and advances include an amount of Rs 14,365.71 lakhs (Previous Year Rs 12,677.72 lakhs) recoverable from HUDCO. 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.1,687.99 lakhs (previous year Rs.2,485.88 lakhs) from HUDCO.
- 8) Land and Buildings includes land measuring 4.1330 hectares and building known as Kovalam Palace and other structures. The Kovalam Palace (Taking Over by Resumption) Act, 2005 taking over the building known as Kovalam Palace, appurtenant land measuring 4.1330 hectares and other structures standing thereon has been set aside by the Kerala High Court. The Government of Kerala has filed an appeal before a division bench of the Kerala High Court, which has been admitted and the parties have been directed to maintain status quo until further orders. The possession of the Palace building is presently with the Government of Kerala, while that of the appurtenant land together with the other structures standing thereon is with the Company. 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.

9) 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. 381.40 lakhs (previous year Rs.355.47 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 on 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, 2011:

(Rs. in lakhs)

	As at 31st March, 2011	As at 31st March, 2010
i) Change in benefit obligations:		
Projected benefit obligation at beginning of the year	958.22	942.02
Service Cost	87.84	91.40
Interest cost	83.57	79.97
Actuarial (gain)/loss	-58.72	-106.85
Benefits paid	-46.61	-48.33
Projected benefit obligation at the end of the year	1150.78	958.22
ii) Change in plan assets:		
Fair value of plan assets, at beginning of the year	498.76	500.62
Expected return on plan assets	38.22	38.76
Employer's contributions	-	1.72
Benefits paid	-46.61	-48.33
Actuarial gain	6.07	5.99
Fair value of plan assets at the end of the year	496.44	498.77
Excess of (obligation over plan assets) / plan assets over obligation (Accrued liability) / Prepaid benefit	-654.34	-459.45
iii) Net Gratuity and other cost for the year ended March 31, 2011:		
Service cost	87.84	91.40
Interest on defined benefit obligation	83.57	79.97
Expected return on plan assets	38.22	-38.76
Net actuarial gain recognised in the year	-64.79	-112.84
Net gratuity and other cost	194.87	19.77
Actual Return on Plan Assets	44.29	44.76
iv) Category of Assets as at March 31, 2011:		
Insurer Managed Funds	496.44	498.77
Others	-	-
Total	496.44	498.77
v) Assumption used in accounting for the gratuity plan:		
Discount Rate (p.a.)	8.30%	8.30%
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 CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan asset management.

10) Auditors' Remuneration:

(Rs. in lakhs)

Sr. No.	Particulars	2010-11	2009-10
i)	Audit Fees	28.25	25.22
ii)	Tax Audit Fees	4.00	2.50
iii)	Reimbursement of out of pocket expenses	1.37	0.74
	Total	33.62	28.46

11) Related parties disclosures:

1. Relationships during the year:

(a) Associates:

- 1) Leela Lace Software Solutions Pvt. Ltd.
- 2) Leela Lace Holdings Pvt. Ltd.
- 3) Leela Fashions Pvt. Ltd.
- 4) Rockfort Estate Developers Pvt. Ltd.
- 5) Season Apparels Pvt. Ltd.
- 6) Standard Precious Alloy Industries Pvt. Ltd.
- 7) Elegant Eateries Pvt. Ltd.
- 8) L. M. Realtors Pvt. Ltd.
- 9) Aushim Soft Pvt. Ltd.
- 10) Leela Soft Pvt. Ltd.
- 11) Armcess Engineering Pvt. Ltd.
- 12) Zantho Pharmaceuticals Pvt. Ltd.
- 13) Leela Lace Estate Pvt. Ltd.
- 14) Emmel Real Estate Developers Pvt. Ltd.
- 15) Leela Villas Pvt. Ltd.
- 16) Leela Lace Info Park Pvt. Ltd.
- 17) Leela Constates Pvt. Ltd.
- 18) Leela Hospitality Pvt. Ltd.
- 19) Leela Realcon Pvt. Ltd.
- 20) Kinfra International Apparel Parks Ltd.
- 21) Palakkad Infrastructure Pvt. Ltd.
- 22) Leela Lace Builders Pvt. Ltd.
- 23) Vibgyour Leasing Pvt. Ltd.
- 24) Zillion Hotels & Resorts Pvt. Ltd.
- 25) Leela Capital & Finance Limited
- 26) Mumbai International Convention and Exhibition Centre Limited

(b) Key Management Personnel:

Whole Time Directors

Mr. Vivek Nair
 Mr. Dinesh Nair
 Mr. Venu Krishnan
 Mr. V. L. Ganesh upto 13th November, 2010
 Mr. Krishna Deshika from 17th January, 2011

(c) 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)

Particulars	Associates	Key Management Personnel and their relatives
Sale of Room, Food and Other services	1.19 (11.53)	
Lease rent	88.08 (85.83)	
Fees for License, Reservation etc.,	566.72 (497.61)	
Remuneration paid to Whole Time Directors (including Commission)	706.44 (448.92)	
Remuneration to relatives of Whole Time Directors	87.67 (53.01)	
Commission Paid to Relatives of Key Managerial personnel	43.00 (43.00)	
Sitting Fees	2.20 (2.00)	
Dividend Paid	399.49 (772.34)	3.78 (4.71)
Deposits Given	6,998.51 (4,173.51)	
Deposits Received	3,000.00 (165.24)	
Debit balance outstanding	55.59 (0.43)	
Credit balance outstanding	- (68.56)	



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

12) Segment Information:

The Company's main business is hoteliering and there is no other reportable segment as defined under Accounting Standard 17 – "Segment Reporting" (AS-17). Hence disclosure of segment-wise information is not applicable.

13) Earnings Per Share (EPS):

Earnings per share is calculated in accordance with Accounting Standard 20 - Earnings per share (AS-20)

(Rs. in lakhs)

Particulars	2010-11	2009-10
Profit Before Taxation & Extra Ordinary Income	5,656.55	6,002.02
Less : Current Year Tax	1,286.94	875.40
Deferred Tax MAT Credit	1,524.00 (936.40)	2,197.80 (1,110.20)
Profit after Taxation & before Extra Ordinary Income	3,782.01	4,039.02
Extra Ordinary Item	-	64.83
Profit after Taxation & Extra Ordinary Income	3,782.01	4,103.85
Weighted Avg. No. of Equity Shares		
Basic	383,688,006	377,824,992
Diluted	407,922,895	447,713,386
Earning Per Share - Basic		
Before extra ordinary items in Rupees	0.99	1.07
After extra ordinary items in Rupees	0.99	1.09
Earning Per Share - Diluted		
Before extra ordinary items in Rupees	0.93	0.90
After extra ordinary items in Rupees	0.93	0.92
Cash Profit attributed to Equity Shareholders	10,625.45	10,936.58
Cash EPS	2.77	2.89

14) Operating Leases:

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

(Rs. in lakhs)

Particulars	2010-11	2009-10
Not later than one Year	1,026.34	862.28
Later than one year but not later than 5 years	4,627.63	2,057.99
Later than 5 Years	1,264.03	35.87

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

(Rs. in lakhs)

Particulars	2010-11	2009-10
Not later than one Year	169.32	833.20
Later than one year but not later than 5 years	1,137.11	3,866.89
Later than 5 Years	299.97	1,219.89

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

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

- 16) Figures in bracket relates to previous year.

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. Gopalakrishnaya
Partner
Membership No.21748
Firm Registration No : 107917W
Mumbai, 23rd May 2011

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
Krishna Deshika Director Finance & CFO

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

	Name of the Wholly-owned Subsidiaries	Leela Realty Limited (Formerly Amin Group Hotel Limited)	Leela Palaces and Resorts Limited (Formerly Iskon Estates Pvt. Ltd.)
1	Financial year of the subsidiary ended on	31st March, 2011	31st March, 2011
2	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%
3	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, 2011 (Amount in Rs)	(11,361)	(173,659)
	(b) For the previous financial years since these became subsidiaries of the Company (Amount in Rs)	(1,168,646)	(739,235)
	(ii) not dealt with in the accounts of the Company:		
	(a) For the financial year ended 31st March, 2011	Nil	Nil
	(b) For the previous financial years since these became subsidiaries of the Company	Nil	Nil

SUMMARIZED FINANCIAL INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES

(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	Leela Realty Limited (formerly Amin Group Hotel Limited)	01.04.2010 to 31.03.2011	616,000	-	1,480,991	2,023,305	82,932	-	(11,361)	-	(11,361)	(11,361)
2	Leela Palaces and Resorts Limited (Iskon Estates Private Limited)	01.04.2010 to 31.03.2011	10,000,000	-	405,818,341	401,769,537	-	-	(173,659)	-	(173,659)	(173,659)

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 of Directors

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

Dinesh Kalani
Company Secretary

Mumbai, 23rd May 2011



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HOTEL LEEAVENTURE LIMITED

Regd. Office: The Leela, Sahar, Mumbai – 400 059

MEMBERS' FEEDBACK FORM 2010-11

Name : e-mail id :

Address :

DP ID : Client ID :

Folio No. :

(in case of physical holding)

Number of Shares held :

		Excellent	Very good	Good	Satisfactory	Unsatisfactory
Directors' Report and Management Discussion and Analysis	Contents					
	Presentation					
Report on Corporate Governance	Contents					
	Presentation					
Quality of financial and non-financial information in the Annual Report	Contents					
	Presentation					
Information on Company's web-site	Contents					
	Presentation					
INVESTOR SERVICES						
Turnaround time for response to shareholder query						
Quality of response						
Timely receipt of Annual Report						
Conduct of Annual General Meeting						
Timely receipt of dividend warrants / payment through ECS						
Promptness in confirming demat / remat requests						
Overall rating						

Views / suggestions for improvement, if any _____

Signature of member



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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 and Sales offices below:

THE LEELA PALACES, HOTELS AND RESORTS

The Leela Palace New Delhi

Chanakypuri
Diplomatic Enclave
New Delhi – 110 023
Tel: +91 (0) 11 3933 1234
Fax: +91 (0) 11 3933 1235
E-mail: reservations.newdelhi@theleela.com

The Leela Mumbai

Sahar
Mumbai - 400 059
Tel: +91 22 6691 1234
Fax: +91 22 6691 1212
E-Mail: reservations.mumbai@theleela.com

The Leela Palace Bangalore

23, Airport Road
Bangalore - 560 008
Tel: +91 80 2521 1234
Fax: +91 80 2521 2222
E-Mail: reservations.bangalore@theleela.com

The Leela Goa

Mobor
Cavelossim
Goa - 403 731
Tel: +91 83 2662 1234
Fax: +91 83 2287 1352
E-Mail: reservations.goa@theleela.com

The Leela Kovalam Beach, Kerala

Trivandrum - 695 527
Tel: +91 47 1305 1234; Fax: +91 47 1248 1522
E-Mail: reservations.kovalam@theleela.com

The Leela Palace Udaipur

Lake Pichola, Udaipur - 313 001
Tel: +91 29 4670 1234; Fax: +91 29 4670 1212
E-Mail: reservations.udaipur@theleela.com

The Leela Kempinski Gurgaon, Delhi NCR

Ambience Island, National Highway - 8
Gurgaon -122 002
Tel: +91 (0) 12 4477 1234; Fax: +91 (0) 12 4477 1235
E-Mail:reservations.gurgaon-delhi@theleela.com

REGIONAL SALES & MARKETING OFFICES IN INDIA

Mumbai

The Leela Palaces Hotels and Resorts
19/20, Shubdha Towers, Sir Pochkhanwala Road
Worli, Mumbai - 400 025
Tel: +91 22 6610 0662; Fax: +91 22 6610 0660
E-Mail: rso.mumbai@theleela.com

Bangalore

The Leela Palaces Hotels and Resorts
23 Kodihalli, Old Airport Road
Bangalore - 560 008
Tel: +91 80 2521 1234; Fax: +91 80 2521 7492
E-Mail: rso.bangalore@theleela.com

Chennai

The Leela Palaces Hotels and Resorts
Alsa Towers No 2, 7 Floor
186/187 Poonamallee High Rd
Chennai - 600 010
Tel: +91 44 2532 2926/3503; Fax: +91 44 2532 3508
E-Mail: chennai.reservations@theleela.com

Hyderabad

The Leela Palaces Hotels and Resorts
8-2-601/V/2, 1st Floor,
Banjara Hills,
Road No 10,
Near Noor Nagar
Hyderabad - 500 034
Tel: +91 40 2354 7506
Fax: +91 40 2354 6713
E-Mail: rso.hyderabad@theleela.com

New Delhi

The Leela Palaces Hotels and Resorts
Som Datt Chambers – 1
Ground Level,
5,Bhikaji Cama Place
Africa Avenue Road,
New Delhi - 110 066
Tel: +91 11 3933 1234
E-Mail: rso.delhi@theleela.com

Kolkata

The Leela Palaces Hotels and Resorts
DBS House,
10/2 Hungerford Street
Kolkata - 700 017
Tel: +91 33 4050 9200
Fax: +91 33 4050 9300
E-Mail: rso.kolkata@theleela.com

Pune

The Leela Palaces Hotels and Resorts
Masters Executive Centre
Sneha Leela, 3rd floor
1237 Apte Road
Deccan Gymkhana
Pune - 411 004
Tel: +91 20 2553 9079/ 2551 3054
Fax: +91 20 2553 0874
E-Mail: rso.pune@theleela.com

LEELA GENERAL SALES AGENTS IN INDIA

Ahmedabad

Windex Tours and Travels
97/98 Chinu Bhai Tower
Ashram Road
Ahmedabad – 380 009
Gujarat
Tel: +91 79 2658 3004/ 2658 6122
Fax: +91 79 2658 0299
E-Mail: windex@satyam.net.in

Jaipur

Ashoka Holidays,
Ashoka Vatika,
Queens Road Crossing,
Ajmer Road,
Jaipur, Rajasthan - 302 019
Tel: +91 14 1289 1244, +91 14 1289 1747
Fax: +91 14 1289 1180
E-Mail: info@ashokaholidays.com

Chandigarh

Ekido Holiday Tours P Ltd, SCO 149-150, M Marg
Sector 8 C, Chandigarh – 160008
Tel: + 91 9876088330; Fax: +91 172 2773530
E-Mail: info@ekido.in

Ludhiana

Ekido Holiday Tours P Ltd
Level 1, B – XVII - 238
Opposite ESI Hospital, Ludhiana
Tel: + 91 9876088330
Fax: +91 161 2443211
E-Mail: ldh@ekido.in

Kempinski
HOTELIERS SINCE 1897



Preferred
HOTELS & RESORTS

Toll Free No. : 1-800-222-444 (MTNL & BSNL) | Others : 6000 2233 or visit www.theleela.com



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HOTEL LEELAVENTURE LIMITED

Regd. Office: The Leela, Sahar, Mumbai – 400 059

25% FOOD DISCOUNT COUPON

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 upto Rs.2,000 at the applicable normal price displayed at the food and beverage outlets of the Company located at its hotels at New Delhi, 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 not valid for consumption of Beer, Liquor and Cigarettes and for stay at the properties of the Company.

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

The Leela Palaces ~
Hotels ~ Resorts
Bill Value upto
Rs.500/-
Discount 25%
Valid upto 31.08.2012

The Leela Palaces ~
Hotels ~ Resorts
Bill Value upto
Rs.500/-
Discount 25%
Valid upto 31.08.2012

The Leela Palaces ~
Hotels ~ Resorts
Bill Value upto
Rs.500/-
Discount 25%
Valid upto 31.08.2012

The Leela Palaces ~
Hotels ~ Resorts
Bill Value upto
Rs.500/-
Discount 25%
Valid upto 31.08.2012



HOTEL LEEAVENTURE LIMITED

ATTENDANCE SLIP (To be handed over at the entrance of the Meeting Hall)

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

30TH ANNUAL GENERAL MEETING – 28TH JUNE, 2011

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

(Name in Block letters)

I hereby record my presence at the **THIRTIETH 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, 28th June, 2011 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 form.

Note : Your entry to the Meeting will be regulated by this attendance slip.



HOTEL LEEAVENTURE LIMITED

PROXY FORM

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

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

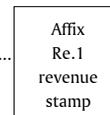
..... of as my/our proxy to vote for me/us on my/our behalf at the **THIRTIETH ANNUAL GENERAL MEETING** of the Company to be held on Tuesday, 28th June, 2011 at 11.00 a.m. and at any adjournment thereof.

** I wish my above proxy to vote in the manner as indicated in the box below:

Sr. No.	Particulars of Resolution	For	Against
1	Adoption of Accounts		
2	Declaration of Dividend		
3	Re-appointment of Capt. C. P. Krishnan Nair		
4	Re-appointment of Mrs. Anna Malhotra		
5	Re-appointment of Dr. K. U. Mada		
6	Re-appointment of Mr. M. Narasimham		
7	Appointment of Statutory Auditors		
8	Appointment of Mr. Indur Kirpalani as a Director		
9	Raising additional long term funds through Further Issue of Securities		

Signed this day of June, 2011.

Signature



* Applicable for investors holding shares in dematerialised form.

Please see the instructions overleaf.

- Notes :**
1. The proxy, to be valid, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
 2. The proxy need not be a member of the Company.
 - **** 3. This is only optional. Please tick (√) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she things appropriate. Should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicated above in the event of a poll being demanded at the meeting.
 4. Appointing a proxy does not prevent a member from attending in person, if he so wishes.
 5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

BOOK-POST

To,



HOTEL LEEAVENTURE 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