



# ANNUAL REPORT

2011-2012



Late Shri Vasantdada Patil, former Chief Minister of Maharashtra at the foundation stone laying ceremony of The Leela Mumbai.



Lighting the ceremonial lamp at the opening of The Leela Mumbai in 1986



The Leela Mumbai today

*Celebrating 25 years of The Leela*



HOTEL LEEAVENTURE LIMITED





It's a palace where exuberant British architecture is coupled with subtle classical interiors, where lush green boulevards meet grand exquisite hallways, and where attention has been paid to every detail. In terms of hospitality, The Leela Palace offers its guests the highest standards of comfort and world-class service. Inspiring in every sense, its welcoming ambience is what led this palatial abode to become the most preferred choice in luxury.



# MISSION STATEMENT

To not just satisfy our guests but delight them.  
To show the warmth and grace unique to Indian hospitality.  
To set a new global standard of service in which wishes are  
not simply granted, but anticipated.

## *A new era begins*

India is playing a new role on the global stage, and so are we. The last 25 years have seen our country blossom as never before. The Leela stands ready to host a new generation of business leaders, renowned artists, and heads of state from here and abroad.

In addition to the finest hotel experience on the continent, they will come to us for something they can find nowhere else: the inner riches of India – at The Leela.

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# Chairman's Statement

Dear Shareholder,

The booming economy of India passed through a challenging phase last year. The weak global economy, the European debt crisis and the continuing slowdown in the American economy impacted the hospitality industry.

Inflation and high interest rates affected economic growth and GDP forecasts have been revised downwards. While subdued room pricing and lower occupancy rates impacted overall revenues, I am confident that given India's resilience and power it will only be a matter of time before the economy rebounds – the growth story must continue and only sustained and planned domestic reforms by the government will help in overcoming challenges.

It has been a wonderful journey since 1986 when the first Leela hotel opened in Mumbai. In a short span of 25 years, we have grown from one to eight award-winning properties in prime urban and resort locations across India – Mumbai, Bangalore, Gurgaon, New Delhi, Goa, Kovalam, Udaipur and Chennai opening very soon. We are preparing to open the 326-room palace hotel, The Leela Palace Chennai, which will be an iconic landmark in the Chettinad style of palace architecture in one of the fastest-growing cities in India.

I am pleased to inform you our hotels and resorts continue to gain recognition and accolades from the world's most prestigious authorities on luxury. This year, The Leela Palace New Delhi was the only hotel in India to be named among the "Best of the Best" hotels in the world by Robb Report, USA, an honour that has placed the hotel amongst the most elite in the world. The Indian Green Building Council (IGBC), licensed by the internationally renowned U.S. Green Building Council conferred the LEED Platinum Certification on The Leela Palace New Delhi for excellence in sustainable design and world class best green practices. Additionally, the hotel has also been selected to join the world's leading luxury travel network - Virtuoso® - which encompasses

20 countries in North and South America, the Caribbean, Australia and New Zealand. This by-invitation-only organization comprises more than 330 travel agencies with more than 7,200 elite travel advisors, and should have a positive impact on occupancy rates and driving incremental revenues. The Leela Palace New Delhi has also been specially chosen by American Express for their Fine Hotels & Resorts Program 2012.

The Leela Palace Udaipur was named one of the best hotels for service in Asia by Condé Nast Traveller, UK and The Leela Palace Bangalore featured as one of the best hotel in India on the Gold List of Conde Nast Traveler, USA. Also, top media from the key markets were invited to experience the Leela and their positive reportage has successfully elevated the brand in the eyes of the affluent luxury travelers. We further strengthened our efforts to raise the brand's visibility in international markets by placing strategic advertisements in selected high reach business and leisure publications in the primary USA and UK markets.

We look forward to the successful launch of The Leela Palace Chennai with additional developments in Jaipur, Bangalore, (near the International Airport) Agra and Lake Ashtamudi – all of which are moving forward rapidly. As we mature and expand, we look forward to fostering new relationships and exceeding expectations.

## Acknowledgement

For the many wonderful and outstanding comments of guest experiences that we receive I thank the extraordinary people who make the mission of The Leela their own. I look forward to their support for the growth we have chartered for ourselves in the years to come. I acknowledge all my associates in the group for their stellar contribution and am confident of their continued support and commitment, to ensure that we will surpass all expectations in the coming years. 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



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



# BOARD OF DIRECTORS

Capt. C. P. Krishnan Nair



Mr. Vivek Nair



Mr. Dinesh Nair



Mr. Venu Krishnan



Mr. Krishna Deshika



Mrs. Madhu Nair



Mrs. Anna Malhotra



Mr. M. Narasimham



Mr. Vijay Amritraj



Mr. Anil Harish



Dr. K. U. Mada



Mr. R. Venkatachalam



Mr. C. K. Kutty



Mr. Indur Kirpalani



Mr. A. K. Dasgupta



Mr. M. Madhavan Nambiar



Mr. Pawan Kumar Nagpal

# CORPORATE INFORMATION

## Board of Directors

Capt. C. P. Krishnan Nair

Mr. Vivek Nair

Mr. Dinesh Nair

Mr. Venu Krishnan

Mr. Krishna Deshika

Mrs. Madhu Nair

Mrs. Anna Malhotra

Mr. M. Narasimham

Mr. P. C. D. Nambiar <sup>1</sup>

Mr. Vijay Amritraj

Mr. Anil Harish

Dr. K. U. Mada

Mr. R. Venkatachalam

Mr. C. K. Kutty

Mr. Indur Kirpalani

Mr. A. K. Dasgupta

Mr. M. Madhavan Nambiar <sup>2</sup>

Mr. Pawan Kumar Nagpal <sup>2</sup>

<sup>1</sup> Upto 27th May, 2012.

<sup>2</sup> With effect from 21st December, 2011.

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director – Finance & CFO

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director

Director - Nominee of Airports Authority of India

## Company Secretary

Dinesh Kalani

## Statutory Auditors

Picardo & Co.

Chartered Accountants

## Registered & Corporate Office

Hotel Leelaventure Limited

The Leela, Sahar, Mumbai 400 059

Tel: +91 22 6691 1234 Fax: +91 22 6691 1212

E-mail: investor.service@theleela.com

Website: www.theleela.com

## Solicitors & Advocates

Amarchand & Mangaldas & Suresh A. Shroff & Co.

## Bankers / Financial Institutions

Bank of Baroda

Bank of India

Export Import Bank of India

Federal Bank

Housing Development Finance Corporation Limited

Indian Overseas Bank

Oriental Bank of Commerce

State Bank of India & associate Banks

Syndicate Bank

Union Bank of India

Vijaya Bank

## Registrars & Share Transfer Agents

Sharepro Services (India) Private Limited

13 A/B Samhita Warehousing Complex

2nd Floor, Off Andheri Kurla Road

Sakinaka Telephone Exchange Lane

Sakinaka, Andheri East

Mumbai - 400 072

E-mail: hotelleela@shareproservices.com

Tel : + 91 22 6772 0300 / 6772 0400

Fax : + 91 22 2859 1568

## Investor Relations Centre of Registrar

912, Raheja Centre

Free Press Journal Road

Nariman Point

Mumbai – 400 021

Tel : + 91 22 6613 4700

Fax : + 91 22 2282 5484





# DIRECTORS' REPORT

## Dear Members,

Your Directors hereby present the thirty first Annual Report of the Company together with its Audited Statement of Accounts for the year ended 31st March, 2012.

### 1. Financial Results

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

(Rupees in Lakhs)

	Financial Year 2011-12	Financial Year 2010-11
Revenue from Operations and Other Income	58,766.13	49,100.13
Operating and other Expenses	55,248.68	33,415.18
Interest	32,125.06	5,608.31
Depreciation	10,223.53	6,295.92
Profit from discontinuing operations & gain on disposal of assets relating to discontinuing operations	41,766.36	1,854.12
<b>Profit before Tax</b>	<b>2,935.22</b>	<b>5,634.84</b>
<b>Provision for Taxes / Deferred Tax</b>	<b>1,072.05</b>	<b>1,850.99</b>
Profit after Tax for the year	1,863.17	3,783.85
<b>Balance brought forward</b>	<b>32,588.18</b>	<b>31,280.44</b>
Amount available for Appropriation	34,451.35	35,064.29
Appropriations:		
<b>Dividend on Equity shares</b>	<b>-</b>	<b>581.74</b>
Tax on proposed Dividend	-	94.37
Transfer to General Reserve	-	-
Transfer to Debenture Redemption Reserve	1,800.00	1,800.00
Balance carried to Balance Sheet	32,651.35	32,588.18
EPS Basic (in Rs.)	0.48	0.99
EPS diluted (in Rs.)	0.48	0.93

### 2. Dividend

In the absence of adequate profits and cash flows, the directors do not recommend any dividend for the financial year ended 31st March, 2012.

During the year under review, the Company has credited Rs.13.7 lakhs, lying in the unpaid / unclaimed dividend and redemption account of debentures, 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.

### 3. Corporate Debt Restructuring

The Company has applied for restructuring of its debts under the Corporate Debt Restructuring (CDR) mechanism. Please refer to the "Management Discussions and Analysis" for further details.

### 4. Foreign Currency Convertible Bonds

As on 31st March, 2012, the Company had outstanding US Dollar Foreign Currency Convertible Bonds of the face value of US\$ 41.60 million, due for redemption on 25th April, 2012. The bonds have been redeemed on 25th May, 2012 along with redemption premium and interest for the delayed period.

### 5. Transfer of Kovalam Hotel Undertaking

The Company has sold its Kovalam Hotel undertaking for Rs.50,000 Lakhs by way of a slump sale through a Scheme of Arrangement sanctioned by the

Hon'ble Bombay High Court vide its Order dated 24th February, 2012. The Company has entered into a long term management contract with the new owner of the said hotel for managing the hotel under The Leela brand name. The scheme became effective on 21st March 2012 with 1st September, 2011 as the Appointed Date.

### 6. Expansion / Up-gradation Plans

Your Company owns and operates five hotels at New Delhi, Mumbai, Bangalore, Goa, and Udaipur, besides operating two hotels at Gurgaon and Kovalam under Management Contract. The Company expects to start operations of the hotel under construction in Chennai during the current financial year. During the financial year ended 31st March, 2012, the Company added 20 guest rooms at its Goa hotel property, resulting an increase of total room inventory to 1890 including those under Management.

The Company, through its subsidiary / associates, has acquired land in Agra for a hotel facing the Taj Mahal and in Lake Ashtamudi, Kerala for a backwater resort.

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 in Pune for high end residential use and has entered into joint development agreement with a reputed builder in Pune. In Hyderabad, the Company is planning an outright sale of land. The Company also has about 2 acres of land next to The Leela Palace, Bangalore and the Company has entered into a joint development agreement with a reputed builder for developing high-end Serviced Residences.

### 7. 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.

### 8. 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 Secretarial Compliance Certificate from a Practising Company Secretary in respect of compliance of all rules and 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 appended elsewhere in this report.

### 9. Changes in Directorate

Mr. P. C. D. Nambiar passed away on 27th May, 2012. The Board wish to place on record the valuable contribution made by Mr. Nambiar to the Company and to the deliberations of the Board and its Committees. The Board has decided not to fill the vacancy caused by his death for the time being.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, the Board of Directors at their meeting held on 21st December, 2011 appointed Mr. M. Madhavan Nambiar as an additional Director and Mr. Pawan Kumar Nagpal as a nominee director of Airports Authority of India. Mr. Nambiar and Mr. Nagpal hold office up to the date of the forthcoming Annual General Meeting. The Company has received notices in writing under Section 257 of the Companies Act, 1956 proposing their candidature for the office of director. A brief resume of the said directors is given in the explanatory statement. The Board commends their appointments by the members at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of association of the Company, Mr. C. K. Kutty, Mr. R. Venkatachalam, Mrs. Madhu Nair and Mr. Anil Harish retire by rotation at the forthcoming Annual General Meeting.

Mr. C. K. Kutty and Mr. R. Venkatachalam, who retire by rotation, have conveyed that they are not seeking re-appointment at the ensuing Annual General Meeting. The Board has decided not to fill these vacancies. The Board wish to place on record their appreciation of the valuable contribution made by them.



Mrs. Madhu Nair and Mr. Anil Harish, retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

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

#### 10. 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.

#### 11. Particulars of Employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report.

#### 12. Subsidiary Companies and Consolidated Financial Statements

The Company has not attached Balance Sheet, Profit and Loss Account and other documents of its two subsidiary companies with the Annual Report of the Company in terms of general exemption notified by the Ministry of Corporate Affairs, Government of India vide General Circular No.2/2011 dated 8th February, 2011 regarding compliance with Section 212(8) of the Companies Act, 1956.

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.

#### 13. Fixed Deposits

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

#### 14. 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, 2012 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'.

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

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

Energy Conservation, sustainability and efforts to make the properties more "Green" have 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, CFL and energy saving lights have been used across all hotel properties.
- Rain Water Harvesting has been implemented at Mumbai, Delhi and Kovalam hotels. The Leela Palace, Chennai will 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.
- Old equipments are being replaced with more efficient ones to reduce power consumption and improve efficiency.
- Main chiller and steam boilers have been tuned for best efficiency to conserve energy.
- Hotels are equipped with building management system to monitor and control energy wastage of engineering equipments.
- Power distribution systems are equipped with power factor correction panels and automatic voltage regulators.
- Delhi hotel is equipped with solar geysers for generating hot water and the rooms are equipped with energy saving devices during non-occupancy.
- Wind Mills continue to produce Renewable Energy for use in two of the hotels.

##### (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 is service industry and the Company does not have any significant manufacturing operations.

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

The foreign exchange earnings of the Company during the year stood at Rs. 19,436 lakhs (previous year Rs. 17,388 lakhs) and foreign exchange outgo during the year stood at Rs. 4,658 lakhs (previous year Rs. 3,034 lakhs).

#### 16. Acknowledgements

The Board wishes to place on record its appreciation for the assistance and support received from the lenders, Government authorities, customers and vendors.

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 and the management.

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

For and on behalf of the Board of Directors

Capt. C. P. Krishnan Nair  
Chairman

Mumbai, 29th May, 2012



## ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, AS AMENDED, READ WITH COMPANIES (PARTICULARS OF THE EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

S. No.	NAME OF THE EMPLOYEE	AGE	DESIGNATION/ NATURE OF JOB	QUALIFICATIONS	EXPERIENCE (NO. OF YEARS)	REMUNERATION IN RS.	DATE OF COMMENCEMENT	PARTICULARS OF PREVIOUS EMPLOYMENT NAME OF THE EMPLOYER	POST HELD
1	Vivek Nair	60	Vice Chairman & Managing Director	BA [Economics], Hotel Mgmt. [USA]	33	20,160,000	8-Aug-93	Leela Scottish Private Limited	Director
2	Dhesh Nair	56	Joint Managing Director	B. Com	33	20,160,000	8-Aug-93	Leela Scottish Private Limited	Director
3	Venu Krishnan	57	Dy. Managing Director	B. Com	26	16,128,000	29-Jan-05	Leela Scottish Private Limited	Executive Director
4	Krishna Deshika	56	Director - Finance & CFO	B.Com, LLB, FCA, FCS	31	14,880,000	15-Sep-10	JSW Group	Joint Group CFO
5	Rajiv Kaul	55	President	Dip. in Hotel Management, MBA	26	14,950,000	30-Mar-06	Dodsall Hotels and Resorts	CFO
6	Thomas Lind	52	Sr. Vice President - Operations	Bachelor of Science - Management	28	22,030,768	9-Aug-10	Elysian Hotels & Resorts, Chicago	Chief Operating Officer Partner
7	Julia Gajcak	48	Vice President - Corporate Communications And Global Marketing	MBA-University of Chicago, Major in Journalism & Minor in PR, Graduated cum Laude	24	19,112,746	23-Oct-10	The Ritz-Carlton Hotel Company, LLC	Vice President (Marketing and Communications)
8	Sanjoy Pasricha	57	Vice President - Sales & Marketing	MBA	24	9,196,000	15-Jul-02	Taj Hotels, Resorts & Palaces	GM-Northern Region [Sales]
9	R. K. Singhl*	60	Sr. Vice President - Projects & Engg.	BSc (G) II Year, Graduation-Marine Engg, First Class Engineer (Motor) Dip in Electronics, Radio & TV Technology	33	8,243,583	3-Nov-08	Kempinski Hotel Beijing Lufthansa Center, Beijing, China	Vice President China Region - Project Dev. & Engineering
10	Mohan P. Rao	59	Vice President - Human Resources	B.Com, MBA, LLB	31	7,300,000	17-Jul-06	Oberoi Hotels	Director - HR
11	Sujeet Kumar Singh	47	Vice President - Projects	B.E. [Civil], Masters of Planning	19	6,235,247	17-Mar-09	Archetype - Asia	Business Development & Operations Director - INDIA
12	Shashank Warty	65	Area Vice President	Diploma in Hotel Management	39	6,160,000	24-Apr-08	Jaypee Group of Hotels	Executive Director
13	Jeewan Bakhtawar *	45	Vice President - Human Resources	Post Graduation from X.I.R.I., Jamshedpur	22	1,827,815	9-Jan-12	Trident, BKC, Mumbai	Director - HR
14	Andrew Hendrian	49	General Manager	B.Com, Intensive German Course-Goethe Institute Frankfurt, Germany	24	13,240,824	1-Feb-09	Hyatt Regency, Dubai	General Manager
15	Pascal Herve Gerard Dupuis	42	General Manager	Degree in Hotel Management - from France	17	11,676,000	1-Aug-08	Le Touessrok, Mauritius	Resident Manager
16	Charles Morris*	57	General Manager	Dip. in Hotel Mgmt - Ecole Hotellere Lausanne, Switzerland	36	9,772,440	17-May-10	Peninsula Bangkok, Thailand	General Manager
17	Biswajit Chakraborty	49	General Manager	M.Com	23	8,531,001	1-Jun-07	Yak and Yeti, Kathmandu	General Manager
18	Iamir Kobrin	38	General Manager	Les Roches Hotel Mgmt. Hospitality Mgmt Certificate-Cornell, Edinburgh Business School	16	6,357,340	22-Dec-08	Soul Maldives, Maldives	General Manager
19	Morton Johnston*	43	General Manager	BSc (Hon) in Retail and Distribution Management from University of Ulster, and BTEC Higher	20	5,882,501	22-Aug-11	The Grand Fomosa Regent, Taipei, Taiwan	General Manager
20	Graham Grant *	41	General Manager	National Diploma in Business Studies Australian Traineeship in Hospitality, Diploma in Business Frontline Management and a course in Frontline Management Certificate IV Graduate-Culinary Institute of America	21	4,705,584	15-Jul-11	Hayman Great Barrier Reef, Australia	Resort Manager
21	Glen Eastman	51	Executive Chef	Graduate-Culinary Institute of America	26	7,977,946	25-Oct-10	Fairmont Hotels & Resorts, Mexico	Executive Chef
22	Rudolf Eichele	44	Executive Chef	School of Hotel Admn., Cornell University, Ithaca, New York. Certificate of F&B Management	23	7,947,618	24-Apr-09	Jumeirah Beach Hotel, Dubai	Resort Executive Chef
23	Dharmen Makwana*	46	Executive Chef	Graduate from Hotel Association Training and Singapore Educational Centre	25	2,291,383	14-Dec-11	The Dusit Thani Lakeview, New Cairo, Egypt	Executive Chef

- \* Employed for part of the year.
- Designation indicates the nature of duties of the employees.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- The nature of employment is contractual.
- None of the employees are related to any director of the Company.
- None of the above employees hold shares more than 2% of the paid up capital of the Company.

For and on behalf of the Board of Directors

Mumbai, 29th May, 2012

Capt. C. P. Krishnan Nair  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview of Global and Indian Tourism Industry

The calendar year 2011 was one of the most challenging years ever experienced by the global Travel & Tourism industry due to the political upheavals in the Middle East, economic uncertainty in Europe and the aftermath of the earlier natural disasters in Japan. The Indian economy faced problems of high inflation, increased fiscal deficit, weakening rupee, slow growth, high interest rates and lower GDP growth. The global and Indian economic situation impacted the foreign arrivals to India as well as the domestic spending. As a result, no significant improvements were noticed either in occupancy or Room Rates. Even though no significant improvement is expected in the short term, the Hotel Industry is expected to grow substantially in the long run, which would benefit the Company.

The Ministry of Finance, Government of India, has recently extended the benefit of infrastructure status to hotels of 3-star and above category but limited to cities with a population of 10 lakhs and less. The industry has represented to the Government of India to extend the benefit to all hotels 2-star and above throughout the country.

## The Leela - Dynamism in our Strides

Your Company now operates seven hotels with 1,890 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	206
(5)	The Leela Palace, Udaipur	80
	<b>Total</b>	<b>1,295</b>
(b)	Managed Hotels:	
(1)	The Leela Kempinski, Gurgaon	412
(2)	The Leela Kovalam Beach, Kerala,	183
	<b>Total</b>	<b>594</b>
	<b>Grand Total</b>	<b>1,890</b>

The Company's Chennai hotel with 326 guest-rooms and suites facing the Bay of Bengal is expected to become operational in the Financial Year 2012-13.

The Company, through its subsidiary / associates, has acquired land in Agra for a hotel facing the Taj Mahal and Lake Ashtamudi in Kerala for a backwater resort.

It is the Company's endeavor to ensure that each of its hotels becomes the market leader in terms of RevPAR at the respective locations it operates and has been able to achieve this in most of the destinations.

## Marketing and other Alliances

- The Company has an arrangement with the Preferred Hotel Group ("PHG") since June, 2008. PHG provides sales, marketing, reservation and technological advice to hotels and resorts across the world.
- The Company is a member of the Global Hotel Alliance ("GHA") network, based in Geneva, Switzerland, and gets sales support in key markets, cross-promotional activity for the Company's hotels, trade show representation, airline frequent flyer program partnerships, training materials for staff, loyalty programs (such as the "GHA Discovery" program), public relations and advertising campaigns, preferred partnerships with some of the leading travel management companies in the world, as well as full additional services such as CRS through private label, central database management, account management and hotel training programs.
- These strategic arrangements not only enable the Company to access the international hospitality industry marketing networks but also to further strengthen and consolidate The Leela brand globally.
- The Company has a marketing alliance with Kempinski Group of Hotels (Hoteliers since 1897). Under the alliance with Kempinski, the Company has been receiving, amongst others, international marketing services for its hotels.
- The Company has attracted internationally acclaimed restaurants and spas as partners. For example, The Leela Palace, New Delhi houses fine-dining establishments such as Le Cirque and Megu, well renowned in New York, as well as Spas by ESPA, London.

## Opportunities, Threats, Risks and Concerns

The hotel business is dependent on global and domestic economic conditions. Your Company also has the risk of heavy dependence on a few specific locations in India and on higher luxury segment. However, the Company's hotels enjoy premium over the other competitors and are the RevPAR leaders in many of the locations, where the Company operates.

## 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 the terrorist attacks in Mumbai, the Company has taken several measures at all its properties to beef up its security preparedness. 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 to provide exceptional services, consistently, across all its hotels. The Company has also decided to carry out expansion through management contracts and leverage the strengths of its Brand.

## Efficient Internal Control Systems

In the year gone by, your Company instituted an Internal Audit Department. The effectiveness of internal controls is reviewed through the internal audit process, which is undertaken for every operational Unit by one of the three prominent firms, under the guidance of the Internal Audit Department. The focus of these reviews are as follow:

- Identify weaknesses and areas of improvement
- Compliance with defined policies and processes
- Safeguarding of tangible and intangible assets
- Management of business and operational risks
- Compliance with applicable statutes

The Audit Committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitoring implementations of internal audit recommendations.

## Human Resources and Industrial Relations - The Intangible Imperatives

Your Company attaches the 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 36 such stars at a glittering ceremony and has identified 54 this year.
- Employee Satisfaction Surveys to get 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 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.
- 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. 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 executives coming from the Leela Academy having 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 in the units of the company are done with the staff representatives / unions.

As on 31st March, 2012 the Company had 3533 employees.

#### Corporate Social Responsibility and Environmental Initiatives

Your Company recognizes the need to contribute towards reducing the impact of daily operations on the environment. The Company maintains large gardens in and around all its properties. The Company has made substantial investments for improving energy efficiencies, and also fresh and waste water management in its hotel properties. The Company's latest hotel in New Delhi has been conferred Platinum LEED Certification, the first new hotel in New Delhi to be so conferred.

#### 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.

Your Company is committed to ensure healthy and safe working environment for all concerned and to improve the 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.

#### Analysis of Operating Performance and Financial Results

The financial statement of your Company forms part of the annual report for 2011-12 the highlights of which are given below:

##### (i) Operational Revenue:

The total operating revenue increased by 23%, from Rs. 46,403 lakhs in F.Y. 2010-11 to Rs. 57,109 lakhs in 2011-12. The increase is mainly from Leela Palace, New Delhi, which contributed Rs.10,739 lakhs to revenue.

##### (ii) Operating expenses:

The operating expenses increased from Rs. 33,415 lakhs in F.Y. 2010-11 to Rs. 55,248 lakhs in F.Y. 2011-12 mainly because of the Delhi Hotel, which is under stabilisation. Out of the above expenditure Rs.4,298 lakhs were for food and beverages consumed, Rs. 17,306 lakhs were for manpower cost and Rs. 33,644 lakhs were for Administrative and other costs.

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

Interest Cost increased from Rs. 5,608 lakhs in F.Y. 2010-11 to Rs.32,125 lakhs in F.Y. 2011-12, mainly on account of interest on funds borrowed for the Delhi Hotel.

Depreciation for the year was Rs. 10,223 lakhs against Rs. 6,295 lakhs in previous year, mainly because of addition of Delhi Hotel.

##### (iv) Profit after Tax:

The Profit after Tax was lower at Rs. 1,863 lakhs in 2011-12, compared to Rs. 3,784 lakhs in 2010-11. The profit is after taking into consideration Rs.41,476 lakhs of gain on disposal of the Kovalam Hotel Undertaking.

#### Balance Sheet:

##### (i) Fixed Assets:

The gross fixed assets (including projects in progress) as on 31st March, 2012 was Rs. 6,14,304 lakhs and net was Rs. 5,57,700 lakhs.

##### (ii) Share Capital:

There was no change in the share capital of the Company during the year.

##### (iii) Secured and Unsecured Loans:

The details of the Company's debt are as follows:

	Rs. Lakhs	
	31.3.2012	31.3.2011
<b>Long-term borrowings:</b>		
Secured Loans (Refer Note No. 4 of accounts)	355,569	348,618
Current Maturities of Long Term Debt (Refer Note No. 10 of accounts)	53,168	28,513
Short-term Debts (Refer Note No. 8 of accounts)	8,777	3,182
Redemption premium accrued on FCCBs (Refer Note No. 11 & 7 of accounts for current year and previous year respectively)	9,800	6,817
<b>Total</b>	<b>427,314</b>	<b>387,130</b>

#### Corporate Debt Restructuring

The Company has invested about Rs. 340,000 lakhs for the hotels at Udaipur, Delhi and Chennai. The Company has also invested about Rs. 35,000 lakhs in land in Pune, Hyderabad, Bangalore, Agra and Ashtamudi and about Rs. 15,000 lakhs for office in Chennai adjoining its Hotel. These investments were planned to be funded by a combination of equity and debt and accordingly FCCBs of Euro 60 million and USD 100 million had been issued. However, due to the depressed equity market, the FCCBs did not get converted to equity and remained as debt and fresh QIP / FCCB of US\$ 200 million which was planned also did not materialise. Consequently, the Company has a debt of Rs. 427,314 lakhs.

The pay-back period for Hotel industry, especially the super luxury segment is long and ideally the debt should have a repayment period of about 12-15 years. The loans that your Company could get were of much shorter durations, as Hotels were not included in the infrastructure lending list of the RBI.

The Leela Palace, Udaipur has been operational since April 2009. The Leela Palace, Delhi commenced commercial operations in April 2011. The Leela Palace, Chennai is expected to commence operations in the F.Y. 2012-13. These hotels will need at least 3 years to stabilize and contribute significantly to the Company's revenues.

In the meantime, the Company is facing a liquidity mismatch as most of its debts are payable in next 5 years. Therefore, the Company has applied for restructuring of its debts under the Corporate Debt Restructuring (CDR) mechanism. The flash report for restructuring was approved by the CDR EG on 7th May, 2012 with 1st January, 2012 as the cut-off date. The final restructuring package is under discussions. The Company expects to get moratorium on interest and principal repayments for 2 years and repayment over the next 8 years. The Company also expects to get reduction of interest rate, even though the lenders would have a right of recompense at the time of exit from CDR.

The Company has met all its debt service obligations for the period upto 31st January, 2012.

#### 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'.

## AWARDS AND ACCOLADES FOR THE YEAR 2011-12

### RECOGNITION TO THE CHAIRMAN OF THE COMPANY

- *Lifetime Achievement Award* at Hotelier India Awards 2011, conferred on Capt. C. P. Krishnan Nair, December 2011.
- *Lifetime Achievement Award* at Condé Nast Traveller India's Readers' Travel Awards, conferred on Capt. C.P. Krishnan Nair, December 2011.
- *Lifetime Achievement Award* by The Times Travel Academy, conferred on Capt. C.P. Krishnan Nair, October 2011.

### THE LEELA PALACE – NEW DELHI

- *Best New Restaurant by Food and Nightlife*, conferred upon MEGU, May 2012.
- *Best Restaurant in the 5 Star Category by Food and Nightlife*, conferred upon Le Cirque, May 2012.
- *Conde Nast Traveler, USA*, named The Leela Palace New Delhi as one of the Best New Hotels in the World, May 2012.
- *Conde Nast Traveler, USA*, named the ESPA at The Leela Palace New Delhi amongst the 35 Sybaritic Spas, May 2012.
- *Six- Star Diamond Award by American Academy of Hospitality Sciences*, conferred upon MEGU, April 2012.
- *Best Multi Cuisine Restaurant in Delhi and NCR by Times Food Guide*, conferred upon The Qube, March 2012.
- *Best European Restaurant in Delhi and NCR by Times Food Guide*, conferred upon Le Cirque, March 2012.
- *Best Whisky Bar in India by Icons of Whisky*, conferred upon The Library bar, March 2012.
- *LEED Platinum Certification by Indian Green Building Council*, conferred upon The Leela Palace New Delhi recognizing its excellence in sustainable design and integrating world class green best practices, March 2012.
- *Best Hotel in New Delhi, India by DestinAsian Reader's Choice Awards 2012*, conferred upon The Leela Palace New Delhi, February 2012.
- *Virtuoso Hotels & Resorts Programs by Virtuoso*, welcomed and listed The Leela Palace New Delhi, February 2012.
- *Best Hotel Restaurant in India, India's Best Awards by Travel + Leisure India & South Asia's India*, conferred upon Le Cirque, February 2012.
- *Leading Luxury Single Development 2012 by SATTE*, conferred upon The Leela Palace New Delhi, February 2012.
- *Tatler Travel Guide* named The Leela Palace New Delhi amongst 101, Best Hotels around the World, January 2012.
- *Conde Nast Traveler, USA*, named The Leela Palace New Delhi as 'a must-stay hotel en-route Ladakh', January 2012.
- *Best Wine List by Time Out*, conferred upon Le Cirque, December 2011.
- *Best Opening of 2011 by Vir Sanghvi Personal Choice Awards*, conferred upon Le Cirque, October 2011.
- *Wallpaper*, named The Leela Palace New Delhi amongst the Best Business Hotels 2011, October 2011.
- *Iconic Luxury Hotel by Today's Traveller Award*, conferred upon The Leela Palace New Delhi, September 2011.
- *Business Traveler's Guide by Executive Travel*, named The Leela Palace New Delhi one the Best Hotels in Delhi, September 2011.
- *Business Traveler*, named The Leela Palace New Delhi amongst the Top Ten Green Hotels, July 2011.
- *Travel & Leisure, USA*, named The Leela Palace New Delhi one of the 50 Best New Hotels, June 2011.
- *Travel & Leisure, South Asia*, named The Leela Palace New Delhi one of the 50 Best New Hotels, June 2011.
- *Conde Nast Traveller, UK*, named The Leela Palace New Delhi one of the 65 Great New Hotels, May 2011.

### THE LEELA PALACE - UDAIPUR

- *Robb Report USA*, named The Leela Palace Udaipur one of the World's Top Resorts and The Most Exclusive Retreat on Earth, May 2012.
- *Conde Nast Traveller Gold List*, The Leela Palace Udaipur was featured amongst the World's Best Hotels, January 2012.
- *Conde Nast Traveller Awards*, named The Leela Palace Udaipur was runner up in the Favourite Hotel Spa in India category, December 2011.
- *Conde Nast Traveller Awards*, The Leela Palace Udaipur was presented the runner up award in the Favourite Leisure Hotel in India category, December 2011.
- *World Luxury Spa Awards by Asia Spa India*, The Leela Palace Udaipur wins the Best Luxury Resort Spa award, April 2011.

### THE LEELA PALACE - BANGALORE

- *Conde Nast Traveller Readers Choice Survey, USA*, The Leela Palace Bangalore voted one of the Best in India and Asia in the Gold List category by Conde Nast Traveller, USA, January 2012.
- *Times Food and Night Life Awards*, Zen at The Leela Palace Bangalore voted Best Pan Asian Restaurant by The Times Food Guide, January 2012.
- *Times Food and Night Life Awards*, Library Bar at The Leela Palace Bangalore voted Best Bar by The Times Food Guide, January 2012.

### THE LEELA - MUMBAI

- *Travellers' Choice Award 2012*, named The Leela Mumbai amongst the top 25 hotels in the Luxury segment.

### THE LEELA – GOA

- *Trip Advisor Awards*, The Leela Goa conferred the Traveller's Choice 2012 Award for Romance, Luxury and Relaxation and Spa, January 2012.
- *Times Food and Night Life Awards*, Susegado restaurant awarded the Best Seafood Restaurant in South Goa award, January 2012.
- *Times Food and Night Life Awards*, The Restaurant was presented the Best All Day Dining Restaurant in South Goa award, January 2012.

### THE LEELA KEMPINSKI- GURGAON

- *International Hotel Awards in association with Bloomberg Television*, The Leela Kempinski Gurgaon was presented the Best 5-Star Deluxe Hotel (India) award, March 2012.
- *Times Food & Nightlife Awards*, Spectra awarded the Best Restaurant for Japanese cuisine in Gurgaon, March 2012.
- *Times Food & Nightlife Awards*, Diya awarded the Best North Indian Restaurant in Gurgaon, March 2012.
- *Times Food & Nightlife Awards*, Rubicon awarded the Best Bar in Gurgaon, March 2012.
- *World Luxury Hotel Awards*, The Leela Kempinski Gurgaon was conferred the Best Luxury Hotel and Conference Center (India and Worldwide) award, September 2011.
- *World Luxury Hotel Awards*, The Leela Kempinski Gurgaon awarded Best Luxury Hotel and Conference Centre, September 2011.
- *Today's Traveller Award*, The Leela Kempinski Gurgaon awarded Best Luxury Apartment Hotel, August 2011.
- *Expedia Insiders Select List*, The Leela Kempinski Gurgaon featured in the top 500 hotels worldwide list, May 2011.

### THE LEELA – KOVALAM

- *Lonely Planet India Travel Awards*, Best Resort Hotel in India conferred upon The Leela Kovalam, May 2012.

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# 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

At present, the Board comprises of 17 Directors, of which 10 are Independent Directors, 3 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 ended 31st March, 2012, Mr. M. Madhavan Nambiar has been inducted as an Independent Director and Mr. Pawan Kumar Nagpal has joined the Board as a nominee of Airports Authority of India, one of the lessors of the land on which the Mumbai hotel is built. The particulars of Directors seeking appointment / re-appointment 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
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	Nil
	Mr. Krishna Deshika	Director – Finance & CFO	1,800
Non- Executive Non- Independent Directors	Mrs. Madhu Nair	Director	360
	Mr. Pawan Kumar Nagpal <sup>1</sup>	Director – Nominee of Airports Authority of India	NIL
	Mr. Indur Kirpalani	Director	530,740
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Mr. M. Narasimham	Director	NIL
	Mr. P. C. D. Nambiar <sup>2</sup>	Director	15,000
	Mr. Vijay Amritraj	Director	60,105
	Mr. Anil Harish	Director	NIL
	Dr. K. U. Mada	Director	10,500
	Mr. R. Venkatachalam	Director	500
	Mr. C. K. Kutty	Director	1,774,600
	Mr. A. K. Dasgupta	Director	NIL
	Mr. M. Madhavan Nambiar <sup>1</sup>	Director	NIL

<sup>1</sup> Joined the Board with effect from 21st December, 2011

<sup>2</sup> Passed away on 27th May, 2012

### 2.2. Meetings of the Board of Directors

The Board of Directors met 9 times during the year - on 16th April, 23rd May, 28th June, 26th July, 10th August, 8th September, 12th November, 21st December 2011 and 10th February, 2012 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.

### 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, 2012	No. of Committee positions held in other public limited Companies	
		No. of Board Meetings attended during the financial year 2011-12	AGM (held on 28.06.11)		Chairman of the Committee	Member of Committees
Capt. C.P. Krishnan Nair	Chairman (NED)	9	Yes	4	1	-
Mr. Vivek Nair	VCMD	9	Yes	7	-	1
Mr. Dinesh Nair	JMD	8	Yes	4	-	1
Mr. Venu Krishnan	DMD	7	Yes	4	-	-
Mr. Krishna Deshika	DF	8	Yes	-	-	-
Mrs. Madhu Nair	NED	4	Yes	-	-	-
Mrs. Anna Malhotra	NEID	9	Yes	1	-	1
Mr. M. Narasimham	NEID	4	Yes	-	-	-
Mr. P.C.D. Nambiar <sup>1</sup>	NEID	7	No	5	1	4
Mr. Vijay Amritraj	NEID	0	No	-	-	-
Mr. Anil Harish	NEID	6	Yes	13	4	5
Dr. K.U. Mada	NEID	9	Yes	3	2	3
Mr. R. Venkatachalam	NEID	8	Yes	-	-	-
Mr. C. K. Kutty	NEID	5	Yes	-	-	-
Mr. Indur Kirpalani	NED	2	No	-	-	-
Mr. A.K.Dasgupta	NEID	6	Yes	2	-	4
Mr. M. Madhavan Nambiar <sup>2</sup>	NEID	1	N.A.	1	-	-
Mr. Pawan Kumar Nagpal <sup>2</sup>	NED	1	N.A.	-	-	-

<sup>1</sup> Passed away on 27th May, 2012

<sup>2</sup> Joined the Board with effect from 21st December, 2011

\* VCMD: Vice Chairman and Managing Director, JMD: Joint Managing Director, DMD: Deputy Managing Director, DF: Director- Finance, NEID: Non Executive & Independent Director, NED: Non-Executive Director.

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.

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

The Audit Committee of the Company comprises of five Directors of which, four 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 not present at the last Annual General Meeting held on 28th June, 2011. The Deputy Managing Director and Director-Finance & CFO 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 23rd May, 10th August, 12th November 2011 and 10th February, 2012. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

Mrs. Anna Malhotra was elected unanimously to be the Chairperson of the Audit Committee in place of late Mr. P.C.D. Nambiar w.e.f. 29th May 2012. The Board has decided not to fill the vacancy caused by the death of Mr. P.C.D. Nambiar, for the time being.



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 <sup>1</sup>	Chairman	NEID	4	3
Mr. Vivek Nair	Member	ED	4	4
Mrs. Anna Malhthora <sup>2</sup>	Member	NEID	4	4
Mr. Anil Harish	Member	NEID	4	2
Dr. K.U. Mada	Member	NEID	4	4
Mr. R. Venkatachalam	Member	NEID	4	4

<sup>1</sup> Passed away on 27th May, 2012.

<sup>2</sup> Appointed as the Chairperson of the Audit Committee with effect from 29th May, 2012

### 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;

- (j) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (k) Considering such other matters as may be required by the Board; and
- (l) Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, the 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 of two Non-Executive Independent Directors and one Executive Director. The Committee met on 12th November, 2011 and on 30th March, 2012 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 54 share transfers comprising 82,090 shares and processed 261 requests for dematerialization of 7,45,305 shares and 6 requests for rematerialization of 925 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 the 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 below:

Received from		Received	Action Complete	Pending as on 31-03-2012
(1)	Stock Exchanges, MCA, ROC and SEBI through SCORES*	5	5	Nil
(2)	Directly from investors:			
(a)	Non-receipt of Share Certificates after Transfer / sub- division / Transmission / name change, etc.	6	6	Nil
(b)	Non-receipt of Dividend	11	11	Nil
(c)	Non-receipt of Sub-divided Share certificates	28	28	Nil
(d)	Change of address / Specimen Signature / Mandate instruction, etc.	4	4	Nil
(e)	Warrant Conversion / Redemption of Debentures, etc.	13	13	Nil
(f)	Others/ Miscellaneous	3	3	Nil
<b>Total</b>		<b>70</b>	<b>70</b>	<b>Nil</b>

\* SEBI Complaints Redress System (SCORES): The investor complaints registered with SEBI are processed in a centralized web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

##### 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





## 5. Remuneration Committee

### 5.1 Composition, Meeting and Attendance

The Committee comprises three Non-Executive Independent Directors. The Committee did not hold any meeting during the year.

The particulars of members and meeting during the year are given below:

Name of the Member	Designation	Category of Directorship
Mrs. Anna Malhotra	Chairperson	NEID
Mr. P.C.D. Nambiar <sup>1</sup>	Member	NEID
Dr. K.U. Mada	Member	NEID
Mr. M. Madhavan Nambiar <sup>2</sup>	Member	NEID

<sup>1</sup> Passed away on 27th May, 2012.

<sup>2</sup> With effect from 29th May, 2012.

### 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 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 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, 2011 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 during the financial year 2011-12 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid 2011-12 (Rs.)
Capt. C.P. Krishnan Nair	1,80,000
Mrs. Madhu Nair	80,000
Mrs. Anna Malhotra	3,00,000
Mr. M. Narasimham	80,000
Mr. P.C.D. Nambiar	2,00,000
Mr. Vijay Amritraj	Nil
Mr. Anil Harish	1,60,000
Dr. K.U. Mada	3,00,000
Mr. R. Venkatachalam	2,40,000
Mr. C.K. Kutty	1,00,000
Mr. Indur Kirpalani	40,000
Mr. A.K. Dasgupta	1,20,000
Mr. M. Madhavan Nambiar <sup>1</sup>	20,000
Mr. Pawan Kumar Nagpal <sup>1</sup>	20,000

<sup>1</sup> Joined the Board with effect from 21st December, 2011.

The Company does not propose to pay any commission for the financial year 2011-12.

### 6.2 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. The Company has also obtained approval of the Central Government for the remuneration being paid to executive directors.

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: (Rs. in lakhs)

Name of the Director	Designation	Salary and Allowances	Company's contribution to Provident Fund	Sitting Fees	Commission
Mr. Vivek Nair	Vice Chairman & Managing Director	180.00	21.60	NIL	NIL
Mr. Dinesh Nair	Joint Managing Director	180.00	21.60	NIL	NIL
Mr. Venu Krishnan	Deputy Managing Director	144.00	17.28	NIL	NIL
Mr. Krishna Deshika	Director- Finance & CFO	141.60	7.20	NIL	NIL

## 7. General Body Meetings and Postal Ballot

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

Financial Year	General Meeting	Date	Time	Location
2011-12	Court Convened Meeting	21.12.2011	11.00 a.m.	Rangsharda Auditorium K.C.Marg, Near Leelavati Hospital Bandra Reclamation, Bandra (West) Mumbai – 400 050
2010-11	30th AGM	28.06.2011	11.00 a.m.	Shree Bhaidas Maganlal Sabhagriha U-1, JVPD Scheme, Vile Parle (West) Mumbai – 400 056
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

All the resolutions as set out in the notices were passed unanimously / by majority by a show of hands by the Members of the Company present at the said Annual General Meetings. The resolution as set out in the court convened meeting was approved by the members through a poll.

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

Annual General Meeting (AGM)	Special Resolution
30th AGM 28.06.2011	Resolution No. 9 – Approval of the Members for issue of Securities u/s 81(1A) upto Rs.1,000 crores
29th AGM 10.08.2010	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 21.08.2009	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.

### 7.3 Postal Ballot

The Company conducted postal ballots during the financial year 2010-11 and results thereof were declared during the year under review. The Company has complied with the provisions relating to Postal Ballot. The Company has not conducted any Postal Ballot during the financial year 2011-12.

## 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 has 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 financial 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.

#### 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 principal amount outstanding as at the end of the financial year was US\$ 41.6 million. The Company redeemed the Bonds on 25th May, 2012, together with redemption premium and interest for the delayed period from the date of redemption after receiving prior approval of the Reserve Bank of India.

#### 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 placed before and reviewed by the Board of Directors annually.

#### 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.

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

##### (a) The Board:

###### (i) 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.

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

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

##### (b) Remuneration Committee:

The Company has a Remuneration Committee, the details whereof are furnished at above mentioned Sr. No. 5 of this Report.

##### (c) Shareholder 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. The half-yearly financial performance is not sent to each household of shareholders.

##### (d) Audit Qualifications:

The Company has moved towards a regime of unqualified financial statements.

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

The Directors of the Company are senior professionals of high standing and wide 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.

##### (f) 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.

##### (g) 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. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

Place: Mumbai

Date: 29th May, 2012

Capt. C.P. Krishnan Nair

Chairman



**DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

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

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.

**Vivek Nair  
Vice Chairman & Managing Director**

29th May, 2012

**CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION**

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

We have reviewed the financial statements, read with the cash flow statement of Hotel Leelaventure Limited, for the financial year ended March 31, 2012 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 year, 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 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**

29th May, 2012

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

**The Members  
Hotel Leelaventure Limited  
Mumbai**

I have examined the compliance of conditions of Corporate Governance by HOTEL LEELAVENTURE LIMITED for the financial year ended 31st March, 2012, 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 explanations 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**

Place : Mumbai

Date: 29th May, 2012

Certificate of Practice No. 9900



## 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 31st Annual General Meeting

Day / Date	Time	Venue
Thursday, 20th September, 2012	11.00 a.m.	Grand Ball Room, The Leela, Sahar, Mumbai - 400 059

### 1.2 Financial Calendar for the Year

Financial Year	1st April, 2011 to 31st March, 2012
Dividend Payment	The Company has not proposed any dividend for the financial year ended 31st March, 2012.
Book Closure Dates	Monday, the 17th September, 2012 to Thursday, the 20th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
Listing on Stock Exchanges	<b>Equity Shares :</b>
	I) BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.
	II) National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
	<b>Non-convertible Debentures</b> Whole-sale Debt Market Segment, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.
<b>Unaudited Financial reporting for the quarter ending (tentative)</b>	
30th June, 2012	On or before 14th August, 2012
30th September, 2012	On or before 14th November, 2012
31st December, 2012	On or before 14th February, 2013
31st March, 2013	On or before 30th May, 2013
Annual General Meeting for the year ending 31st March, 2013	On or before 30th September, 2013

The Company has already paid the annual listing fees for the year 2012-13 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
BSE 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
BSE Limited	HLVL19DEC08
Demat ISIN allotted by NSDL/CDSL	INE102A07013
Face Value	Rs.10,00,000/- each

## 1.6 Stock Market Data

The monthly high/ low prices of the equity shares of the Company from 1st April, 2011 to 31st March, 2012 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 – 2011	43.80	38.85	31,72,073	19,135.96	43.90	38.65	95,99,549	5749.50
May – 2011	43.00	37.55	13,08,218	18,503.28	42.25	36.20	47,51,895	5560.15
June – 2011	42.00	35.05	18,02,769	18,845.87	41.75	34.80	66,23,214	5647.40
July – 2011	49.30	40.25	39,79,078	18,197.20	49.40	40.00	117,16,966	5482.00
August – 2011	47.55	35.30	32,00,009	16,676.75	47.80	35.35	103,75,551	5001.00
September – 2011	40.00	35.20	8,20,870	16,453.76	40.40	35.10	33,48,070	4943.25
October – 2011	44.00	34.50	10,13,722	17,705.01	44.90	33.45	48,33,622	5326.60
November – 2011	40.70	30.55	12,07,797	16,123.46	40.70	29.10	38,55,038	4832.05
December – 2011	34.25	27.55	13,48,378	15,454.92	34.10	27.60	55,78,738	4624.30
January – 2012	36.20	29.30	13,77,221	17,193.55	36.35	29.35	42,75,384	5199.25
February – 2012	40.30	33.25	32,69,810	17,752.68	40.00	33.30	124,06,203	5385.20
March – 2012	39.40	31.60	29,14,685	17,404.20	39.45	31.20	93,61,723	5295.55

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

## 1.7. Distribution of Shareholding as on 31st March, 2012

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Holding
Upto 5000	1,29,939	98.737	5,07,18,397	13.078
5001 to 10000	936	0.711	70,50,617	1.818
10001 to 20000	340	0.258	48,32,529	1.246
20001 to 30000	142	0.108	35,61,006	0.918
30001 to 40000	54	0.041	19,59,770	0.505
40001 to 50000	42	0.032	19,70,001	0.508
50001 to 100000	68	0.052	48,39,034	1.248
Above 100000	80	0.061	31,28,93,638	80.679
<b>Total</b>	<b>1,31,601</b>	<b>100</b>	<b>38,78,24,992</b>	<b>100</b>

## 1.8 Shareholding Pattern as on 31st March, 2012

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	21,93,96,867	56.57
2	Banks and Public Financial Institutions	2,51,93,423	6.50
3	Bodies Corporate	6,28,08,876	16.19
4	FII's	46,12,593	1.19
5	NRI's / OCB's	99,11,114	2.56
6	Directors (Other than Promoters)	23,95,745	0.62
7	Resident Individuals	6,35,06,374	16.38
	<b>Total</b>	<b>38,78,24,992</b>	<b>100</b>

The Promoters have pledged 9,22,17,171 shares representing 23.78% of the outstanding shares of the Company as on 31st March, 2012.

As on date, pledged shares of the promoters stands at 16,41,79,171 shares constituting 42.33% of the outstanding shares of the Company. The additional pledge of 7,19,62,000 shares after the close of the financial year under review with some of the banks is for availing additional financing, pending approval of the CDR package.

The Shareholding Pattern is posted on the Company's website (www.theleela.com) and also filed electronically on NSE Electronic Application Processing System (NEAPS). The NEAPS is a web based application designed by NSE for corporates.





## 1.9 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.

## 1.10 Dematerialisation of shares and liquidity

As on 31st March, 2012, the total number of Equity Shares of the Company in dematerialized form stood at 37,76,88,346 (representing 97.39% 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. Thereafter, eligible number of shares is issued in physical form to the shareholder within 21 days.

## 1.11 Registrar & Share Transfer Agent for Equity Shares

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:

### Sharepro Services (India) Pvt. Limited

Unit: Hotel Leelaventure Limited

13 A/B Samhita Warehousing Complex, 2nd Floor

Off. Andheri Kurla Road

Sakinaka Telephone Exchange Lane

Sakinaka, Andheri (East)

Mumbai - 400 072

Tel : + 91 22 6772 0300 / 6772 0400 / 6772 0344

Fax : + 91 22 2859 1568

E-mail: [hotelleela@shareproservices.com](mailto:hotelleela@shareproservices.com)

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

### Investor relations centre of Registrars:

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

## 1.12 Debenture Trustee

Axis Trustee Services Limited

2nd Floor, Axis Bank Tower

Bombay Dyeing Mills Compound

Pandurang Budhkar Marg

Worli, Mumbai - 400 025

Tel : + 91 22 2425 2525

Fax : + 91 22 4325 2525

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

During the year under review, the Company has credited Rs.13.7 Lacs, lying in the unpaid / unclaimed dividend and redemption account of debentures, 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.

### 1.14 Unclaimed / unexchanged Equity Shares in the Company

Some of the shareholders of the Company have not exchanged their old share certificates for the shares of the face value of Rs. 10 each with the new share certificates for the sub-divided shares of the face value of Rs. 2 each and their share certificates are lying with the Company since September, 2006.

In terms of Clause 5A(II) of the Listing Agreement, the Company is in the process of sending reminder to the concerned shareholders asking them to claim their shares by submitting old certificates with certain prescribed documents for the same.

### 1.15 Investor Correspondence – Contact Details

	Clarification / queries	Name	Contact Nos.
(a)	Company Secretary	Mr. Dinesh Kalani	dinesh.kalani@theleela.com Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458
(b)	Share / Secretarial matters	Exclusive E-mail ID for investor grievances	investor.service@theleela.com Tel. +91 22 6691 1182/3 Fax. +91 22 6691 1458

### 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 Address of Hotels

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

#### (a) Owned hotels:

- (1) The Leela Palace New Delhi, Chanakyapuri, New Delhi – 110 023
- (2) The Leela Mumbai, Sahar, Mumbai – 400 059
- (3) The Leela Palace Bangalore, 23, Airport Road, Bangalore – 560 008.
- (4) The Leela Goa, Mobor, Cavelossim, Goa - 403 731
- (5) The Leela Palace Udaipur, Lake Pichola, Udaipur – 313 001
- (6) The Leela Palace Chennai, Satyadev Avenue Extension, MRC Nagar, Raja Annamalapuram, Chennai- 600 028

#### (b) Managed hotels:

- (1) The Leela Kempinski Gurgaon, Delhi NCR, Ambience Island, National Highway – 8, Gurgaon – 122 002
- (2) The Leela Kovalam Beach, Trivandrum – 695 527, Kerala



# SECRETARIAL COMPLIANCE REPORT

CIN: L55101MH1981PLC024097

Nominal Capital: Rs.180 Crores

## 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, 2012 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The Foreign Exchange Management Act, 1999 and the Rules and Regulations made under that Act to the extent applicable to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI) and External Commercial Borrowings (ECB);
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
  - The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited and Debt Listing Agreement with BSE Limited.

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 or electronic mode as applicable.
2. The requisite forms, returns and documents required under the Act and the Rules made thereunder to be filed with the Registrar of Companies and other authorities have been duly complied with.
3. The Company has a Board consisting of 17 members and it met 9 times during the year under review and the minutes of the meetings have been recorded properly in the minutes book maintained for the purpose.
4. As required under the Listing Agreements and Companies Act, the Company has the following Committees:
  - Audit Committee: The Committee met 4 times during the year under review and the minutes are properly recorded.
  - Shareholders/Investors Grievance Committee: The Committee met two times during the year and the minutes are properly recorded.
5. The Annual General Meeting for the year financial 2010-11 was held on 28th June, 2011. The minutes of the said 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 provisions of the applicable statutes have been made by the Company. The Company has also complied with the requirements of the Listing Agreements with the Stock Exchanges. The Company has complied with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 as amended from time to time. The promoters of the Company have filed statements with the Stock Exchanges under the Regulation 30 (3) of the said Regulations within the prescribed time.

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 representing 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, 2012.
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, 2011 has been paid during the year under review. The Annual Return and the Annual Report 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 and Corporate Governance standards as prescribed in clause 49 within the time limit.
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. During the year, the Company transferred by way of slump sale its Kovalam Hotel Undertaking through Scheme of Arrangement sanctioned by the Hon'ble Bombay High Court vide its order dated 24th February, 2012. The Company has complied with the terms of the order in all respects and the said order has been filed with the Registrar of Companies on 21st March, 2012.
18. 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.

For V. Sundaram & Co.

Prasanna Gupchup  
Partner

Certificate of Practice No. 9900

Place: Mumbai  
Dated: 29th May, 2012

# 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 2012, 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 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March 2012 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 information required by the Companies Act, 1956 in the manner so required 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 2012;
    - 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

Registration No: 107917W

**K.V. Gopalakrishnayya**

Partner

Membership No.21748

Mumbai, 29th May, 2012





## 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) (a) 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.
- (b) According to the information and explanation given to us, the Company has not entered into any contracts / arrangements which need to be entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 5 lakhs in respect of each party during the year under review.
- (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, except wealth tax, 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, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year under review and no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March 2012 for a period of more than six months from the date they became payable. Wealth Tax dues outstanding for more than six months as at the end of the year amounted Rs 12.76 lakhs.
- (b) 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, 2012 on account of dispute are given below :

Name of the Statute	Nature of Dues	Amount (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act 2003	VAT with interest and penalty	145.25	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	Income Tax Appellate Tribunal Mumbai.
Customs Act	Customs Duty and Penalty	75.09	1989 -90 and 2000-01	Customs, Excise & Service Tax Appellate Tribunal, Mumbai
Customs Act	Customs Duty and Penalty	2.00	1990-91	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) As per the information and explanations given to us, the Company has defaulted in repayment of interest and term loan installment to banks, financial institutions and debenture holders relating to February and March 2012 amounting to Rs 15,446.52 lakhs.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company during the year under audit.
- (xiv) The Company during the year under review has not dealt or traded in shares, securities, debentures and other investments except investment in mutual funds for which proper records of the transactions and contracts are maintained. All investments have been held by the Company in its own name.
- (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 to the extent of Rs. 4,972 lakhs have been used during the year for long term investment.
- (xviii) During the year, the Company has not made preferential allotment of shares.
- (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 material fraud on or by the Company has been noticed or reported during the year.

For **PICARDO & CO.**  
Chartered Accountants  
Registration No: 107917W

**K.V. Gopalakrishnayya**  
Partner  
Membership No.21748

Mumbai, 29th May, 2012



## BALANCE SHEET as at 31 March, 2012

		Rs. lakhs	
Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	7,756.50	7,756.50
(b) Reserves and Surplus	3	151,306.97	202,531.21
		159,063.47	210,287.71
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	355,569.57	348,618.58
(b) Deferred Tax Liabilities (net)	5	14,563.10	14,795.68
(c) Other Long Term Liabilities	6	1,328.62	1,247.99
(d) Long Term Provisions	7	1,537.82	8,080.03
		372,999.11	372,742.28
<b>Current Liabilities</b>			
(a) Short Term Borrowings	8	8,777.81	3,182.58
(b) Trade Payables	9	2,951.17	2,587.81
(c) Other Current Liabilities	10	71,555.59	38,856.10
(d) Short Term Provisions	11	10,270.97	2,106.20
		93,555.54	46,732.69
<b>TOTAL</b>		<b>625,618.12</b>	<b>629,762.68</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	446,472.99	406,768.10
(ii) Intangible Assets	13	830.34	135.53
(iii) Capital Work-in-Progress	32.1	110,397.43	155,165.91
(b) Non Current Investments	14	4,624.38	4,614.08
(c) Foreign Currency Monetary Translation Difference	15	6,424.22	-
(d) Long Term Loans and Advances	16	23,765.31	37,186.40
(e) Other Non Current Assets	17	3,575.42	3,560.32
		596,090.09	607,430.34
<b>Current Assets</b>			
(a) Current Investments	18	10,009.20	-
(b) Inventories	19	5,984.67	5,438.09
(c) Trade Receivables	20	5,377.90	4,643.86
(d) Cash and Cash Equivalents	21	1,592.14	5,626.07
(e) Short Term Loans and Advances	22	5,944.41	6,279.35
(f) Other Current Assets	23	619.70	344.97
		29,528.02	22,332.34
<b>TOTAL</b>		<b>625,618.12</b>	<b>629,762.68</b>
<b>Notes forming part of the Financial Statements</b>		1 to 32	

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

K.V Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 29th May, 2012

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Capt. C.P. Krishnan Nair

Vivek Nair

Dinesh Nair

Venu Krishnan

Krishna Deshika

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO

# STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2012

		Rs. lakhs	
Particulars	Note No.	Year ended 31st March 2012	Year ended 31st March 2011
<b>INCOME</b>			
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	24	57,109.10	46,403.54
Other Income	25	1,657.03	2,696.59
<b>Total Income</b>		<b>58,766.13</b>	<b>49,100.13</b>
<b>Expenses</b>			
(a) Cost of Materials Consumed	26	4,298.65	3,058.34
(b) Employee Benefit Expenses	27	17,306.08	10,426.23
(c) Finance Costs	28	32,125.06	5,608.31
(d) Depreciation and Amortisation	29	10,223.53	6,295.92
(e) Other Expenses	30	33,643.95	19,930.61
<b>Total Expenses</b>		<b>97,597.27</b>	<b>45,319.41</b>
<b>Profit / (Loss) Before Tax</b>		<b>(38,831.14)</b>	<b>3,780.72</b>
<b>Tax Expense:</b>			
(a) Current Tax Expense for Current Year		-	1,263.39
(b) (Less): MAT Credit		-	(936.40)
(c) Current Tax Expense Relating to Prior Years		704.63	-
(d) Deferred Tax Relating to the Current Year		-	1,524.00
(e) Deferred Tax Relating to the Prior Years		(232.58)	-
		<b>472.05</b>	<b>1,850.99</b>
<b>Profit / (Loss) from Continuing Operations</b>		<b>(39,303.19)</b>	<b>1,929.73</b>
<b>DISCONTINUING OPERATIONS</b>	31		
Profit from Discontinuing Operations (before tax)		289.39	1,854.12
Gain on Disposal of Assets attributable to the Discontinuing Operations		41,476.97	-
		<b>41,766.36</b>	<b>1,854.12</b>
Add / (Less): Tax Expense of Discontinuing Operations			
(a) on Ordinary Activities attributable to the Discontinuing Operations		-	-
(b) on Gain / (Loss) on Disposal of Assets		(600.00)	-
<b>Profit / (Loss) from Discontinuing Operations</b>		<b>41,166.36</b>	<b>1,854.12</b>
<b>TOTAL OPERATIONS :</b>			
<b>Profit / (Loss) for the Year</b>		<b>1,863.17</b>	<b>3,783.85</b>
<b>Earnings per share (of Rs 2 each):</b>			
(a) Basic			
(i) Continuing Operations		(10.13)	0.50
(ii) Total Operations		0.48	0.99
(b) Diluted			
(i) Continuing Operations		(10.13)	0.47
(ii) Total Operations		0.48	0.93
<b>Notes forming part of the Financial Statements</b>	1 to 32		

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 29th May, 2012

For and on behalf of the Board of Directors

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

**Vivek Nair**

**Dinesh Nair**

**Venu Krishnan**

**Krishna Deshika**

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO





# CASH FLOW STATEMENT for the Year ended March 31, 2012

		2011-12	2010-11
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and Extraordinary Items			
From Continuing Operations	(38,831.14)		3,780.74
From Discontinuing Operations	289.39	(38,541.75)	1,854.12
Adjustments for			
Depreciation & Amortisation	10,435.66		6,843.45
Interest Charged	32,125.06		5,512.96
Loss / (Profit) on Sale of Assets	4,487.53		182.82
Loss / (Profit) on Sale of Investments	(303.90)		-
Derivative Losses	-		42.85
Dividend on Current Investments	(8.18)		-
Provision for Doubtful Debts	47.57		6.41
Bad debts written off	729.88		181.69
Provision for Employee Benefits	385.71		485.68
Interest Income	(898.42)		(2,467.16)
		47,000.91	10,788.70
Operating Profit before working capital changes		8,459.16	16,423.56
Changes in :			
Trade and Other Receivables	15,796.45		(6,622.25)
Inventories	(546.57)		(1,094.65)
Trade and Other Payables	1,024.04		(219.55)
		16,273.92	(7,936.45)
Cash generated from operations		24,733.08	8,487.11
Direct Taxes		(1,117.70)	(1,586.15)
Net Cash Flow before extraordinary items		23,615.38	6,900.96
Extraordinary Items		-	-
<b>Net Cash Flow from Operating Activities</b>		<b>23,615.38</b>	<b>6,900.96</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Fixed Assets		50,116.51	24.47
Investment in Fixed Assets / Projects		(69,147.16)	(84,832.97)
Proceeds from Sale of Investments		307.44	-
Other Investments		(10,023.04)	(0.25)
Dividend Received		8.18	-
Interest Received		893.73	302.16
<b>Net Cash Flow from Investing Activities</b>		<b>(27,844.34)</b>	<b>(84,506.59)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Increase / (Decrease) in Long Term Loans		21,572.69	96,208.14
Increase / (Decrease) in Cash Credit		1,595.23	(816.14)
Increase / (Decrease) in Short Term Funds		4,000.00	21,000.00
Issue of Shares		-	200.00
Loan Advanced to Subsidiary		(1,420.21)	(3,047.46)
Securities Premium Received		-	4,650.00
Premium on Redemption of Debentures / FCCB		-	(5,976.64)
Issue / (Redemption) of Debentures		-	(22.05)
Issue / (Redemption) of Foreign Currency Convertible Bonds		-	(23,943.36)
Dividend Paid (Including Dividend Tax)		(675.82)	(875.32)
Income / (Loss) from Derivatives		-	(42.85)
Interest Paid		(24,876.86)	(5,450.62)
<b>Net Cash Flow from Financing Activities</b>		<b>195.03</b>	<b>81,883.70</b>
NET CHANGES IN CASH AND CASH EQUIVALENTS		(4,033.93)	4,278.07
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		5,626.07	1,348.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,592.14	5,626.07

In terms of our report attached

For **PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V Gopalakrishnayya**

Partner

Membership No.21748

Mumbai, 29th May, 2012

**Dinesh Kalani**

Company Secretary

For and on behalf of the Board of Directors

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

**Vivek Nair**

**Dinesh Nair**

**Venu Krishnan**

**Krishna Deshika**

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 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, 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 realisable 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 and Amortisation

Depreciation on fixed assets is provided on straight-line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than Rs. 5,000 each are fully depreciated. Premium and other capitalised cost relating to leasehold land is amortised over the period of lease. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

Buildings constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease will be renewed in the normal course. Depreciation on Computer Software is provided over a period of six years. License fee and Franchise fee are amortised over five years.

### e) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost.

### f) Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable 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 amortised 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 recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

### h) Recognition of Income and Expenditure

Revenue/Incomes and Costs/Expenditures are accounted on accrual.

### i) Borrowing Costs

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

### j) Taxation

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

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

Deferred tax is recognised 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 realisation 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 recognised 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 recognised 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 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 amortised over the balance period of such long-term asset/liability but not beyond 31st March 2020, 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 recognised 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 capitalised 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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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:

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

Contingent Assets are not recognised in the financial statements.

### o) Government Grants

Revenue Grants are recognised in the Profit and Loss Account in accordance with the related scheme and in the period in which these are accrued.

### p) Service Tax Input Credit

Service Tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

### Note 2 Share Capital

Particulars	Rs. lakhs			
	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised				
Equity shares of Rs.2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of Rs 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) Issued				
Equity shares of Rs 2 each with voting rights	387,824,992	7,756.50	387,824,992	7,756.50
(c) Subscribed and fully paid up				
Equity shares of Rs 2 each with voting rights	387,824,992	7,756.50	387,824,992	7,756.50
<b>Total</b>	<b>387,824,992.000</b>	<b>7,756.50</b>	<b>387,824,992.00</b>	<b>7,756.50</b>
	<b>No of Shares</b>		<b>No of Shares</b>	
(d) Equity Shares at the beginning of the year	387,824,992		377,824,992	
Add: Preferential Allotment	-		10,000,000	
Equity Shares at the end of the year	387,824,992		387,824,992	
	<b>No of Shares</b>	<b>% of Shares held</b>	<b>No of Shares</b>	<b>% of Shares held</b>
(e) The details of Shareholders holding more than 5% shares				
(i) Leela Lace Holdings Private Limited	188,649,985	48.64	188,649,985	48.64
(ii) ITC Limited	49,953,055	12.88	32,023,542	8.26
(iii) Leela Lace Software Solutions Private Limited	24,459,327	6.31	16,849,840	4.34

### Note 3 Reserves and Surplus

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
(a) Capital Reserve		
As per last Balance Sheet	710.11	710.11
Less : Transferred to General Reserve	710.11	-
	-	710.11
(b) Capital Redemption Reserve		
As per last Balance Sheet	8,750.00	8,750.00
(c) Securities Premium Account		
As per last Balance Sheet	28,021.26	25,162.04
Add : Premium on shares issued during the Year	-	4,650.00
Less : Premium on Redemption of FCCB	2,983.31	1,790.78
Closing Balance	25,037.95	28,021.26

(d) Debenture Redemption Reserve		
As per last Balance Sheet	5,400.00	3,600.00
Add: Additions during the year		
Transferred from surplus in Statement of Profit and Loss	1,800.00	1,800.00
Closing Balance	7,200.00	5,400.00
(e) Revaluation Reserve		
As per last Balance Sheet	121,326.38	122,620.22
Less: Withdrawal on account of sale/ discard	48,995.78	-
Less: Utilised for set off against Depreciation	1,108.32	1,293.84
Closing Balance	71,222.28	121,326.38
(f) General Reserve		
As per last Balance Sheet	5,735.28	5,735.28
Add : Transferred from Capital Reserve	710.11	-
	6,445.39	5,735.28
(g) Surplus / (Deficit) in Statement of Profit and Loss		
As per last Balance Sheet	32,588.18	31,280.44
Add: Profit for the Year	1,863.17	3,783.85
Less:		
(i) Dividends Proposed	-	581.74
(ii) Tax on Dividend	-	94.37
(iii) Debenture Redemption Reserve	1,800.00	1,800.00
Closing Balance	32,651.35	32,588.18
	151,306.97	202,531.21
<b>Total</b>		

### Note 4 Long Term Borrowings

Particulars	Rs. lakhs			
	As at 31st March 2012		As at 31st March 2011	
	Non - Current	Current Maturities	Non-Current	Current Maturities
A - Secured				
(a) Debentures	9,000.00	-	9,000.00	-
(b) Rupee Term Loans from Banks	199,564.75	9,289.39	166,205.18	18,509.00
(c) FCNRRB Loans from Banks	36,380.46	2,613.55	34,473.74	1,869.00
(d) Foreign Currency Loans from Banks	13,300.69	-	11,609.00	-
(e) Rupee Term Loans from Financial Institutions	30,832.03	4,459.88	69,627.51	3,218.00
(f) Foreign Currency Term Loans from Financial Institutions	58,153.64	3,861.40	10,961.75	3,084.00
B- Unsecured				
(a) Foreign Currency Convertible Bonds (FCCB)	-	21,282.56	18,574.40	-
(b) Rupee Term Loan from Banks	8,338.00	11,662.00	28,167.00	1,833.00
<b>Total</b>	<b>355,569.57</b>	<b>53,168.78</b>	<b>348,618.58</b>	<b>28,513.00</b>
Less: Amount disclosed under other current liabilities (Refer note 10)	-	53,168.78	-	28,513.00
<b>Net Long Term Borrowings</b>	<b>355,569.57</b>	<b>-</b>	<b>348,618.58</b>	<b>-</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Name of the Bank/ Financial Institution	Details of Security	Amount Outstanding	Repayment Terms
<b>Secured</b>			
<b>12.5% Non Convertible Debentures</b>			
Life Insurance Corp. of India (Issued on 19th December 2008)	First Pari passu charge on the fixed assets of The Leela Palace, Udaipur	9,000.00	Redeemable at par on 18th December 2013
	<b>Total</b>	<b>9,000.00</b>	
<b>Rupee Term Loan from Banks</b>			
The Federal Bank Limited	First pari passu charge on the fixed assets of The Leela Palace New Delhi	2,982.22	5% in 4 equal quarterly installments in 2012-13 20% in 4 equal quarterly installments in 2013-14 20% in 4 equal quarterly installments in 2014-15 22% in 4 equal quarterly installments in 2015-16 25% in 4 equal quarterly installments in 2016-17
State Bank of Hyderabad	First pari passu charge on the fixed assets of The Leela Palace New Delhi	3,728.55	
State Bank of Bikaner & Jaipur	First pari passu charge on the fixed assets of The Leela Palace New Delhi	4,656.37	
Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	19,035.57	
State Bank of Travancore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	312.86	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,093.78	
State Bank of Mysore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	4,217.59	
State Bank of Patiala	First pari passu charge on the fixed assets of The Leela Palace New Delhi	3,442.11	
Syndicate Bank	Second Charge on The Leela Palace New Delhi	49,881.10	10 half yearly equal installments commencing from March 2016
Indian Overseas Bank	First Pari passu charge on the fixed assets of The Leela Palace, Chennai. And personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	35,000.00	2 equal installments in March 2015 & March 2016
Vijaya Bank	First Pari passu charge on the fixed assets of The Leela Palace, Chennai. And personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	15,000.00	2 equal installments in June 2015 & June 2016
Bank of Baroda	Second Charge on the fixed assets of The Leela, Mumbai	15,000.00	48 equal monthly installments commencing from June 2012
Union Bank of India	First Pari passu charge on the fixed assets of The Leela, Goa	22,998.64	Rs.1,250 lakhs in 2012-13 in 12 equal monthly installments Rs.5,000 lakhs in 2013-15 in 24 equal monthly installments Rs.7,500 lakhs in 2015-17 in 24 equal monthly installments Rs.5,000 lakhs in 2017-18 in 12 equal monthly installments Rs.4,248.64 lakhs in 2018-19 in 12 equal monthly installments
Bank of India	First Pari passu charge on the fixed assets of The Leela, Goa	25,000.00	Rs.1,250 lakhs in 2012-13 in 12 equal monthly installments Rs.5,000 lakhs in 2013-15 in 24 equal monthly installments Rs.3,750 lakhs in 2015-16 in 12 equal monthly installments Rs.15,000 lakhs in 2016-19 in 36 equal monthly installments
Oriental Bank of Commerce	Equitable mortgage of flats owned by the Company and personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	1,016.71	40 equal quarterly installments commencing from January 2005
Kotak Mahindra Prime Limited	Hypothecation of Vehicles	709.89	60 EMI commencing from August, 2010
HDFC Bank Limited	Hypothecation of Vehicles	10.94	36 EMI commencing from June, 2010
HDFC Bank Limited	Hypothecation of Vehicles	436.40	60 EMI commencing from February, 2012
ICICI Bank Limited	Hypothecation of Vehicles	331.41	60 EMI commencing from March, 2012
	<b>Total</b>	<b>208,854.14</b>	
<b>FCNRB Loans from Banks</b>			
State Bank of Travancore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	6,253.85	5% in 4 equal quarterly installments in 2012-13 20% in 4 equal quarterly installments in 2013-14 20% in 4 equal quarterly installments in 2014-15 22% in 4 equal quarterly installments in 2015-16 25% in 4 equal quarterly installments in 2016-17
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	2,046.26	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	10,231.30	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,115.65	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,115.65	
State Bank of Mysore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	10,231.30	
	<b>Total</b>	<b>38,994.01</b>	





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<b>Foreign Currency Loan from a Bank</b>			
State Bank of India	First Pari passu charge on The Leela Palace, Bangalore	13,300.69 (US \$ 26 Mn)	8 equal half yearly installments commencing from June 2013
	<b>Total</b>	<b>13,300.69</b>	
<b>Rupee Term Loan from Financial Institutions</b>			
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	2,343.75	32 equal quarterly installments commencing from December 2007
Export Import Bank of India	Mortgage on Wind Mills and pari passu charge on The Leela Mumbai	3,586.21	29 equal quarterly installments commencing from July 2011
Export Import Bank of India	First pari passu charge on the fixed assets of The Leela Palace, Udaipur	941.38	29 equal quarterly installments commencing from March 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	2,035.71	28 equal quarterly installments commencing from January 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	15,600.00	28 equal quarterly installments commencing from June 2012
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	10,000.00	Repayable in March 2016 in single installment
BMW Financial Services (I) Ltd	Hypothecation of Vehicles	784.86	60 EMI commencing from October, 2011
	<b>Total</b>	<b>35,291.91</b>	
<b>Foreign Currency Loans from Financial Institutions</b>			
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	2,938.04	32 equal quarterly installments commencing from July 2008
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	4,585.80	23 equal quarterly installments commencing from November 2009
Export Import Bank of India	First pari passu charge on the fixed assets of The Leela Palace, Udaipur	5,362.56	23 equal quarterly installments commencing from January 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	49,128.64	6 equal half yearly installments commencing from February 2014
	<b>Total</b>	<b>62,015.04</b>	
<b>Unsecured</b>			
Syndicate Bank	Nil	20,000.00	24 monthly installments commencing from March 2012
Foreign Currency Convertible Bonds	Nil	21,282.56	Redeemable in April 2012
	<b>Total</b>	<b>41,282.56</b>	
	<b>Grand Total</b>	<b>4,08,738.35</b>	

Over due liabilities as at 31st March 2012 are as under

	Principal	Interest
(a) Debentures	-	280.48
(b) Rupee Term Loan from Banks	643.65	4,678.38
(c) FCNRB Loan from Banks	522.70	103.25
(d) Rupee Term Loan from Financial Institutions	308.17	778.95
(e) Foreign Currency Term Loans from Financial Institutions	327.56	609.86
(f) Unsecured Loans	833.00	463.88

The overdue pertains to February and March 2012

There were no overdue liabilities as at 31st March 2011

Repayment schedules stated above are for the full disbursed amount.

### Foreign Currency Convertible Bonds

The Company had allotted Zero Coupon Foreign Currency Convertible Bonds (USD Bonds), of USD 1000 Lakhs 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 per share with a fixed rate of exchange on conversion of Rs.41.945 for one USD. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore. Up to 31st March 2012, none of the holders of these Bonds have exercised their right to convert their holding into equity shares. Upto 31st March 2012, the Company has repurchased 584 (Previous Year 584) USD Bonds with a face value of US \$ 584 lakhs (Previous Year US\$ 584 lakhs). The repurchased USD Bonds have been extinguished. The remaining USD 416 lakhs USD Bonds which are due for redemption on 25th April 2012, at 146.61% of the principal amount have been redeemed on 25th May 2012. The pro-rata premium payable up to 31st March 2012 is charged to Security Premium Account.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 5 Deferred Tax (Liabilities/Assets)

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
<b>1. Deferred Tax Liabilities on Account of</b>		
(a) Depreciation differences	18,050.62	16,087.24
<b>Total</b>	<b>18,050.62</b>	<b>16,087.24</b>
<b>2. Deferred Tax Assets on account of</b>		
(a) Employee benefits	553.57	459.81
(b) Other temporary disallowance under Income Tax Act	176.29	39.31
(c) Unabsorbed depreciation	2,757.66	792.44
<b>Total</b>	<b>3,487.52</b>	<b>1,291.56</b>
<b>Net Deferred Tax Liability</b>	<b>14,563.10</b>	<b>14,795.68</b>

## Note 6 Other Long Term Liabilities

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
Trade / Security deposits received	1,328.62	1,247.99
<b>Total</b>	<b>1,328.62</b>	<b>1,247.99</b>

## Note 7 Long Term Provisions

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences	746.30	608.79
(ii) Provision for gratuity (net)	791.52	654.33
(b) Provision - Others:		
(i) Provision for premium payable on redemption of FCCB (Refer Note 4 and 11)	-	6,816.91
<b>Total</b>	<b>1,537.82</b>	<b>8,080.03</b>

## Note 8 Short Term Borrowings

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
(a) Working Capital facilities from Banks - Secured	3,777.81	2,182.58
(b) Short Term Loan from a Bank- Secured	5,000.00	1,000.00
<b>Total</b>	<b>8,777.81</b>	<b>3,182.58</b>
(i) Working capital facilities from consortium of Banks 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, further secured by pari passu second charge on the fixed Assets of The Leela Goa (excluding the club suites) and the Leela Palace, Udaipur.		
(ii) Short Term borrowing from a bank is secured by first Pari passu charge on the fixed assets of The Leela, Mumbai. The loan was repayable in monthly installment of Rs. 2000 lakhs each commencing from August 2011 and last installment of Rs 1000 lakhs in March 2012. The overdue installment and interest payable as on 31st March 2012 is Rs 5,000 lakhs and Rs. 62.64 lakhs respectively. (Previous Year Nil)		

## Note 9 Trade Payables (Refer Note 32.3)

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
Trade payables:		
Acceptances	712.11	1,295.38
Others	2,239.06	1,292.43
<b>Total</b>	<b>2,951.17</b>	<b>2,587.81</b>

## Note 10 Other Current Liabilities

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
(a) Current maturities of long term debt (Refer Note 4)	53,168.78	28,513.00
(b) Interest accrued but not due on borrowings	862.73	591.98
(c) Interest accrued and due on borrowings	6,977.45	-
(d) Unpaid dividends	69.31	69.02
(e) Other Payables		
(i) Statutory liabilities	968.85	1,003.30
(ii) Payables on purchase of Fixed Assets	5,720.90	5,505.74
(iii) Liability for expenses	2,708.02	2,406.98
(iv) Advances from customers	1,079.55	766.08
<b>Total</b>	<b>71,555.59</b>	<b>38,856.10</b>

## Note 11 Short Term Provisions

Particulars	Rs. lakhs	
	As at 31st March 2012	As at 31st March 2011
(a) Provision for Employee Benefits:		
(i) Provision for bonus	302.39	205.67
(ii) Provision for compensated absences	168.36	154.08
(b) Provision - Others:		
(i) Provision for premium payable on redemption of FCCB (Refer Note 4 & 7) *	9,800.22	-
(ii) Provision for estimated loss on derivatives	-	1,070.34
(iii) Provision for proposed equity dividend	-	581.74
(iv) Provision for tax on proposed dividends	-	94.37
<b>Total</b>	<b>10,270.97</b>	<b>2,106.20</b>

\* Previous year included under Note 7 - Long Term Provisions



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 12 Tangible Assets

A. Assets	Rs. lakhs									
	Balance as at 1 April, 2011	Additions	Disposals	Effect of foreign currency exchange differences	Gross block	Other adjustments	Sale of Business Undertaking	Balance as at 31st March, 2012	Accumulated depreciation and impairment	Net block
									Depreciation /amortisation expense for the year	Balance as at 31st March, 2012
									Eliminated on disposal of assets	Balance as at 31st March, 2011
									Sale of Kovalam Undertaking	
(a) Land										
Freehold	225,734.35	614.00	-	3,467.26	3,009.65	9,571.15	48,872.88	174,381.23	-	174,381.23
Leasehold	36,822.17	163.57	-	-	-	-	-	36,985.74	727.52	34,818.62
(b) Buildings	117,371.38	52,417.92	2,683.48	3,263.43	14,599.86	-	5,524.00	179,445.11	630.32	163,929.25
(c) Plant and Equipment	54,085.52	22,429.94	715.95	905.71	3,569.02	-	3,180.74	77,093.50	413.53	52,652.69
(d) Furniture and Fixtures	19,237.72	10,034.24	1,193.11	373.69	1,608.39	-	1,782.62	28,278.31	1,765.44	24,440.81
(e) Vehicles	4,351.64	2,788.86	1,335.07	122.00	223.23	-	377.47	5,773.19	1,152.80	15,987.46
(f) Office Equipment	1,050.84	89.28	1.08	16.57	9.18	-	189.88	974.91	138.18	4,555.96
Total	458,653.62	89,537.81	5,928.69	8,148.66	23,019.33	9,571.15	59,927.59	502,931.99	10,569.58	56,459.00
Previous year	414,417.54	9,568.92	6,678.56	(391.55)	45,114.52	3,377.25	-	458,653.62	7,764.66	51,885.52

- Land (Leasehold) includes development expenses, stamp duty and other direct charges.
- Amount received towards a property under joint development from a co-investor is credited to land account.
- Building includes cost of 76 shares of Rs. 10 each in a Co-Operative Housing Society
- Depreciation for the year includes depreciation of a discontinued operation amounting to Rs. 212.13 lakhs
- Additions on account of " Foreign currency exchange differences and "Borrowing cost capitalised " include expenses capitalised during prior years and included under capital work in progress.

## Note 13 Intangible Assets

B	Assets	Gross block				Accumulated depreciation and impairment			Net block	
		Balance as at 1 April, 2011	Additions	Effect of foreign currency exchange differences	Balance as at 31st March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Balance as at 31st March, 2012	Balance as at 31st March, 2011	
	(a) Computer software	208.29	533.03		741.32	72.76	54.27	127.03	614.29	135.53
	(b) License Fees /Franchise Fee	-	234.50		234.50	-	18.45	18.45	216.05	-
	Total	208.29	767.53		975.82	72.76	72.73	145.48	830.34	135.53
	Previous year	135.02	73.43	(0.16)	208.29	53.04	19.72	72.76	135.53	81.98

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 14 Non-Current Investments

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
Investments (At cost):		
<b>A. Trade, Unquoted</b>		
(a) Investment in Equity Instruments of Subsidiaries		
(i) Leela Palaces and Resorts Limited		
9,99,994 (Previous year 9,99,994) fully paid up Equity Shares of Rs.10 each	4,604.17	4,604.17
(ii) Leela Realty Limited		
19,960 (Previous year 6,120) fully paid up Equity Shares of Rs.100 each	19.96	6.12
<b>Sub Total</b>	<b>4,624.13</b>	<b>4,610.29</b>
(b) Investment in Government Securities	0.25	3.79
<b>Total</b>	<b>4,624.38</b>	<b>4,614.08</b>

## Note 15 Foreign Currency Monetary Translation Difference Account

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
Additions During the year	7,325.91	-
Less : Amortised during the year	901.69	-
Closing Balance	<b>6,424.22</b>	-

In line with the option given by the Ministry of Corporate Affairs Notification No G.S.R 225(E) dated 31st March 2009, 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 have been accounted as under :

- Rs. 5034.48 lakhs increase (Previous Year Rs. 391.66 lakhs reduction) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited/(credited) to respective Fixed Assets/ Capital Work -in -progress account.
- Rs Nil (Previous Year Rs. 135.57 lakhs reduction) on account of exchange difference which are regarded as adjustment to interest costs in terms of Paragraph 4 (e) of Accounting Standards AS 16 "Borrowing Cost" is debited/(credited) to fixed assets.
- Rs. 7325.91 lakhs increase (Previous year Rs. - Nil) on account of exchange variations in the long term foreign monetary items relating to non depreciable assets other than as referred in note (b) above, are debited to foreign currency monetary translation difference account.
- The balance in foreign currency translation difference account would be amortised over the balance period of the long term liability but not beyond 31st March 2020 by recognition as income or expenditure.

## Note 16 Long Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
(a) Advance for Fixed Assets	1,652.78	4,667.56
(b) Advance to Subsidiaries	5,435.94	4,015.73
(c) Security Deposits	10,880.08	10,572.18
(d) Prepaid Expenses	248.75	304.48
(e) MAT Credit Entitlement	2,938.73	3,084.24
(f) Others	2,609.03	14,542.21
<b>Total</b>	<b>23,765.31</b>	<b>37,186.40</b>

## Note 17 Other Non Current Assets

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
Receivables on sale of Fixed Assets	3,575.42	3,560.32
<b>Total</b>	<b>3,575.42</b>	<b>3,560.32</b>

## Note 18 Current Investments

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
<b>Investment in mutual funds</b>		
<b>SBI Premier Liquid - Growth</b>	2,000.00	-
1,18,690.7666 units Rs 1000 each (Previous year NIL)		
(NAV Rs.1,685.0510) (Previous year NIL)		
<b>SBI Ultra Short Term - Growth</b>	2,008.38	-
1,44,676.6920 units Rs 1000 each (Previous year NIL)		
(NAV Rs.1,388.1854) (Previous year NIL)		
<b>ICICI PRUDENTIAL Money Market Fund - Growth</b>	2,000.00	-
13,49,229.0510 units Rs 100 each (Previous year NIL)		
(NAV Rs.148.2328) (Previous year NIL)		
<b>HDFC Cash Management Fund - Growth</b>	2,000.00	-
89,33,831.5440 units Rs 10 each (Previous year NIL)		
(NAV Rs.22.3868) (Previous year NIL)		
<b>HDFC Treasury Advantage Fund - Growth</b>	2,000.82	-
85,81,049.1410 units Rs 10 each (Previous year NIL)		
(NAV Rs. 23.3167) (Previous year NIL)		
<b>Total</b>	<b>10,009.20</b>	-

## Note 19 Inventories

(At lower of cost and net realisable value)

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
(a) Raw materials	1,644.59	1,055.98
(b) Stores and operating supplies	4,340.08	4,333.25
(c) Goods in transit	-	48.86
<b>Total</b>	<b>5,984.67</b>	<b>5,438.09</b>

## Note 20 Trade Receivables

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March, 2011
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)	611.66	785.37
Considered Good	69.83	129.61
Doubtful	681.49	914.98
Less: Provision for Doubtful Trade Receivables	69.83	129.61
	611.66	785.37
Other Trade Receivables (Unsecured, considered good)	4,766.24	3,858.49
<b>Total</b>	<b>5,377.90</b>	<b>4,643.86</b>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 21 Cash and Cash Equivalents

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
(a) Cash on hand	100.61	80.63
(b) Cheques, Drafts on hand	-	0.53
(c) Balances with banks		
(i) In Current Accounts	704.79	4,695.93
(ii) In EEFC Accounts	1.49	3.23
(iii) In Deposit Accounts	261.11	99.71
(iv) In Earmarked Accounts		
- Unpaid Dividend Accounts	69.31	69.02
- Balances held as Margin Money or Security against borrowings, guarantees and other commitments	454.83	677.02
<b>Total</b>	<b>1,592.14</b>	<b>5,626.07</b>

### Note 22 Short Term Loans and Advances (Unsecured, considered good)

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
(a) Trade Advances	999.60	1,115.39
(b) Security Deposits	2.94	30.23
(c) Loans and Advances to Employees	85.60	45.35
(d) Prepaid Expenses	832.45	798.59
(e) Balances with Government Authorities		
(i) VAT Credit Receivable	1.45	123.91
(ii) Service Tax Credit Receivable	1,915.91	2,116.48
(iii) Advance Income Tax (net of provisions)	1,896.51	1,937.93
(iv) Others	76.98	-
(f) Others	132.97	111.47
<b>Total</b>	<b>5,944.41</b>	<b>6,279.35</b>

### Note 23 Other Current Assets

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
(a) Unbilled Revenue	583.05	286.36
(b) Interest Accrued on Deposits	22.90	18.21
(c) Insurance Claims	13.75	40.40
<b>Total</b>	<b>619.70</b>	<b>344.97</b>

### Note 24 Revenue from Operations

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
Sale of Products (Refer Note (i) below)	18,318.24	13,639.68
Sale of Services (Refer Note (ii) below)	38,790.86	32,763.86
<b>Total</b>	<b>57,109.10</b>	<b>46,403.54</b>

Rs. lakhs		
Particulars	As at 31st March 2012	As at 31st March 2011
Note (i) Sale of Products comprises;		
Food and Beverages	17,144.73	12,511.61
Sale of Power	1,173.51	1,128.07
<b>Total</b>	<b>18,318.24</b>	<b>13,639.68</b>
Note (ii) Sale of Services Comprises;		
Room Revenue	30,878.78	25,992.80
Revenue from Managed Hotels	1,865.95	1,869.37
Income from Rental & Related Services	1,725.20	1,587.18
Other Services	4,320.93	3,314.51
<b>Total</b>	<b>38,790.86</b>	<b>32,763.86</b>

### Note 25 Other Income

Rs. lakhs		
Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Interest Income (Refer Note below)	898.42	2,465.25
Dividend from Current Investments	8.18	-
Net gain on sale of Current Investments	303.90	-
Net gain on Foreign Currency Transactions and Translation	87.12	40.75
Subsidy	50.31	40.42
Liabilities/Provisions no longer required written back	232.44	76.70
Other Non Operating Income	76.66	73.47
<b>Total</b>	<b>1,657.03</b>	<b>2,696.59</b>
Note: Interest Income Comprises:		
from Bank Deposits	14.78	103.48
on Loans and Advances	311.01	2,144.02
from Long Term Investments in a Subsidiary	572.63	217.75
<b>Total</b>	<b>898.42</b>	<b>2,465.25</b>

### Note 26 Cost of Materials Consumed

Rs. lakhs		
Particulars	Year ended 31st March 2012	Year ended 31st March 2011
Opening Stock	517.48	614.22
Add: Purchases	5,425.76	2,961.60
	5,943.24	3,575.82
Less: Closing Stock	1,644.59	517.48
<b>Cost of Materials Consumed</b>	<b>4,298.65</b>	<b>3,058.34</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 27 Employee Benefit Expenses

Particulars	Rs. lakhs	
	Year ended 31st March 2012	Year ended 31st March 2011
Salaries and Wages	14,439.98	8,500.60
Contributions to Provident and Other Funds	888.28	712.70
Staff Welfare Expenses	1,977.82	1,212.93
<b>Total</b>	<b>17,306.08</b>	<b>10,426.23</b>

### Note 28 Finance Costs

Particulars	Rs. lakhs	
	Year ended 31st March 2012	Year ended 31st March 2011
(a) Interest Expense on:		
(i) Term Loans	31,583.52	4,305.11
(ii) Working Capital borrowings	231.45	354.51
(b) Other Borrowing Costs	310.09	948.69
<b>Total</b>	<b>32,125.06</b>	<b>5,608.31</b>
Borrowing costs capitalised during the year Rs. 20,079.87 lakhs (Previous Year Rs. 35,561.29 Lakhs)		

### Note 29 Depreciation and Amortisation

Particulars	Rs. lakhs	
	Year ended 31st March 2012	Year ended 31st March 2011
Depreciation on Tangible Assets (Refer note 12)	10,357.45	7,555.15
Less : Withdrawal from Revaluation Reserve	1,108.32	1,293.83
	9,249.13	6,261.32
Amortisation of Intangible Assets (Refer note 13)	72.72	34.60
Amortisation of Foreign Exchange Translation Difference (Refer note 15)	901.69	-
<b>Total</b>	<b>10,223.54</b>	<b>6,295.92</b>

### Note 30 Other Expenses

Particulars	Rs. lakhs	
	Year ended 31st March 2012	Year ended 31st March 2011
Consumption of Stores and Supplies including Linen	3,163.67	1,972.78
Power and Fuel	5,061.43	3,845.81
Rent including Lease Rentals	2,945.48	1,469.54
Repairs and Maintenance - Buildings	588.51	436.97
Repairs and Maintenance - Machinery	1,142.15	840.41
Repairs and Maintenance - Others	1,717.45	1,276.02
Insurance	236.61	188.54
Rates and Taxes	1,796.55	1,009.88
Communication	475.36	464.42
Travelling and Conveyance	1,132.35	782.41
Guest Transport	514.84	454.00
Printing and Stationery	358.93	270.25
Lease, License fee and Reservation fee	1,333.29	1,042.23
Sales Commission	1,646.51	1,476.56

Particulars	Rs. lakhs	
	Year ended 31st March 2012	Year ended 31st March 2011
Business Promotion	3,699.51	2,140.16
Donations and Contributions (Refer Note (i) below)	53.83	6.46
Legal and Professional Fees	1,229.23	880.04
Payments to Auditors (Refer Note (ii) below)	35.54	33.35
Membership and Subscription	352.12	253.86
Directors' Remuneration	719.28	512.08
Commission to Directors	-	181.00
Directors' Sitting Fees	18.40	15.20
Bad Trade and Other Receivables, Loans and Advances Written off (Refer Note (iii) below)	729.88	6.41
Loss on Fixed Assets Sold / Scrapped / Written off	4,487.53	182.34
Prior Period Items (net)	47.51	103.97
Miscellaneous Expenses	157.99	85.92
<b>Total</b>	<b>33,643.95</b>	<b>19,930.61</b>
Note:		
(i) Donations and Contributions includes Donation to Political Parties as under		
Goa Pradesh Congress Committee	20.00	-
Bharatiya Janata Party - Goa Pradesh	15.00	-
<b>Total</b>	<b>35.00</b>	<b>-</b>
(ii) Payments to the Auditors comprises (net of service tax input credit, where applicable):		
Statutory Audit	28.00	28.00
For Taxation Matters	4.00	4.00
Reimbursement of Expenses	3.54	1.35
<b>Total</b>	<b>35.54</b>	<b>33.35</b>
(iii) Break up of Bad trade and other receivables, loans and advances written off		
Bad receivable /advance written off	789.94	181.69
Less : written off against provision for bad receivable	106.85	181.69
Less : provision for bad receivable withdrawn	0.78	-
Add : Additional provision for bad debts	47.57	6.41
	<b>729.88</b>	<b>6.41</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 31 Discontinuing Operations

During the year, pursuant to the scheme of arrangement approved by the Hon'ble High Court of Bombay on 24th February 2012, with the appointed date of 1st September 2011 and the effective date of 21st March 2012, the Company has transferred the Kovalam Hotel Undertaking on a slump sale basis for a consideration of Rs 50,000 Lakhs. The results of the discontinued business during the year until discontinuation were as under :

Rs. lakhs		
Profit / (Loss) from ordinary activities	Period ended 31st August, 2011	Year ended 31st March, 2011
Sale of Products	791.08	2,017.10
Sale of Services	1,050.44	3,659.55
Other Operating Revenue	135.42	502.15
Other Income	85.88	55.64
<b>Total Revenue</b>	<b>2,062.82</b>	<b>6,234.44</b>
Cost of Materials Consumed	199.25	497.87
Employee Benefits Expense	448.59	1,023.65
Finance Costs	37.96	154.01
Depreciation and Amortisation Expense	212.13	547.53
Other Expenses	875.50	2,157.26
<b>Total Expenses</b>	<b>1,773.43</b>	<b>4,380.32</b>
Profit / (Loss) Before Tax from Ordinary Activities	289.39	1,854.12
Add / (Less): Gain / (Loss) on Disposal of Assets / Settlement of Liabilities attributable to the Discontinuing Operation	41,476.97	-
Tax Expense	-	-
On Ordinary activities attributable to the Discontinuing Operations	-	-
On Gain / Loss on Disposal of Assets / Settlement of Liabilities	600.00	-
Profit / (Loss) after tax of Discontinuing Operations	41,166.36	1,854.12
Note : Unallocated expenses are not considered for computing the profit or loss from ordinary activities		
Particulars	As at 31st March, 2012	As at 31st March, 2011
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business to be disposed off	-	57,461.57
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business to be settled	-	1,602.67

### Note 32 Additional information to the Financial Statements

32.1 Capital work-in-progress include Rs.13,805.08 lakhs, (previous year Rs. 13,556.84 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 paid 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.

		Rs. lakhs	
32.2	Particulars	2011-12	2010-11
	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
	Contingent liabilities		
(a)	Claims against the Company not acknowledged as debts	7,478.00	7,478.00
(b)	Letters of credit Open and Outstanding	521.65	3,319.12
(c)	Disputed Statutory Liabilities	2,469.15	2,184.70
	Other Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	11,255.87	25,543.31

32.3 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. lakhs	
Particulars	2011-12	2010-11	
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	47.45	6.11	
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil	
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil	
(iv) The amount of interest due and payable for the year	Nil	Nil	
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil	
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil	

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

32.4 Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

		Rs. lakhs	
Name of the party	Relationship	Amount outstanding as at 31st March 2012	Maximum Balance outstanding during the year
(i) Loans and advances Given			
Leela Palaces and Resorts Limited	Subsidiary	5,435.94 (3,995.72)	5,435.94 (3,995.72)
Leela Realty Limited	Subsidiary	0.01 (20.01)	20.16 (20.01)
Leela Lace Holdings Pvt. Ltd	Associate	294.16 (15.45)	521.14 (3,389.37)
Leela Fashions Pvt. Ltd	Associate	- (39.61)	80.24 (39.61)
Leela Capital & Finance Limited	Associate	0.21 (0.69)	0.21 (0.69)
Mumbai International Convention and Exhibition Centre Ltd	Associate	0.53 (0.46)	0.53 (0.46)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(ii) Investments in Shares of the Company		No of Shares	
	Leela Lace Holdings Pvt. Ltd.	Associate	188,649,985 (188,649,985)
	Leela Fashions Pvt. Ltd.	Associate	4,250,000 (4,250,000)
(iii) Investment by Leela Lace Holdings Pvt. Ltd in a subsidiary			
	Leela Palaces and Resorts Limited		1 (1)
Previous year's figures are in brackets			

32.5

Rs. lakhs				
Particulars	2011-12		2010-11	
(i) Value of imports calculated on CIF basis:				
Raw materials	647.43		149.03	
Stores and Supplies including Linen	2,390.92		628.48	
Capital goods	6,585.07		4,879.64	
<b>Total</b>	<b>9,623.42</b>		<b>5,657.15</b>	
(ii) Expenditure in Foreign Currency:				
Royalty	484.26		337.88	
Advertisement & publicity	991.63		255.00	
Professional and consultation fees	567.45		874.23	
Interest	869.93		787.07	
Others	1,744.81		780.50	
<b>Total</b>	<b>4,658.08</b>		<b>3,034.68</b>	
(iii) Details of consumption of imported and indigenous items	2011-12		2010-11	
	Rs. lakhs	% of Consumption	Rs. lakhs	% of Consumption
<b>Raw Materials</b>				
Imported	1,524.89	34%	832.33	23%
Indigenous	2,973.01	66%	2,723.88	77%
<b>Total</b>	<b>4,497.90</b>	<b>100%</b>	<b>3,556.21</b>	<b>100%</b>
<b>Stores and Supplies including Linen</b>				
Imported	931.77	28%	602.96	27%
Indigenous	2,356.55	72%	1,635.32	73%
<b>Total</b>	<b>3,288.32</b>	<b>100%</b>	<b>2,238.28</b>	<b>100%</b>
(iv) Earnings in Foreign Exchange:	2011-12		2010-11	
Sale of products & Services	19,436.12		17,388.57	
(v) Amounts remitted in foreign currency during the year on account of dividend				
Amount of dividend remitted in foreign currency	4.59		6.29	
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	158		165	
Total number of shares held by them on which dividend was due	3,056,755		3,149,505	
Year to which the dividend relates	2010-11		2009-10	

### 32.6 Employee benefit plans

#### Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying 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. 477.53 lakhs (Year ended 31st March, 2011 Rs. 381.40 lakhs) for Provident Fund contributions in the Statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

##### i. Gratuity

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, of 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 amount recognised in the Company's financial statements:

Rs. lakhs		
Particulars	2011-12	2010-11
<b>Components of employer expense</b>		
Current service cost	133.21	87.85
Interest cost	100.21	83.57
Expected return on plan assets	(36.01)	(38.22)
Curtailed cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	126.47
Actuarial losses / (gains)	(28.86)	(64.80)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>168.55</b>	<b>194.87</b>
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	1,253.23	1,150.78
Fair value of plan assets	(461.70)	(496.45)
Funded status [surplus / (deficit)]	791.53	654.33
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(791.53)</b>	<b>(654.33)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1,150.78	958.23
Current service cost	133.21	87.85
Interest cost	100.21	83.57
Curtailed cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (Settled on Divestiture)	(39.72)	-
Actuarial (gains) / losses	(21.87)	(58.72)
Past service cost	-	126.47
Benefits paid	(69.38)	(46.62)
<b>Present value of DBO at the end of the year</b>	<b>1,253.23</b>	<b>1,150.78</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	496.45	498.77
Acquisition adjustment (Distributed on Divestiture)	(16.12)	-
Expected return on plan assets	36.01	38.22
Actual company contributions	7.77	-
Actuarial gain / (loss)	6.99	6.07
Benefits paid	(69.38)	(46.61)
Plan assets at the end of the year	<b>461.72</b>	<b>496.45</b>
Actual return on plan assets	<b>43.00</b>	<b>44.29</b>
<b>Composition of the plan assets is as follows:</b>		
Insurer managed funds	100%	100%
<b>Actuarial assumptions</b>		
Discount rate	8.65%	8.35%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% for first 4 years & 7% thereafter	10% for first 5 years & 7% thereafter

Experience adjustments	2011-2012	2010- 2011	2009-2010	2008-2009	2007-2008
<b>Gratuity</b>					
Present value of DBO	1,253.23	1,150.78	958.23	942.03	1003.70
Fair value of plan assets	461.70	496.45	498.77	500.62	486.55
Funded status [surplus / (deficit)]	(791.52)	(654.33)	(459.46)	(441.41)	(517.15)
Experience gain / (loss) adjustments on plan liabilities	16.44	(52.68)	(70.58)	(77.85)	233.73
Experience gain / (loss) adjustments on plan assets	6.99	6.07	5.99	1.88	5.74

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.

### 32.7 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.

### 32.8 Related party transactions

#### (i) Details of related parties:

Description of relationship	Name of Related Parties
<b>Subsidiaries</b>	(a) Leela Realty Ltd. (b) Leela Palaces and Resorts Ltd.
<b>Associates</b>	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) Vibgyor 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 (KMP) (Whole Time Directors)</b>	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
<b>Relatives of KMP</b>	Capt. C.P. Krishnan Nair (Father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (Wife of Mr. Dinesh Nair) Ms. Amruda Nair (Daughter of Mr. Vivek Nair) Ms. Samyukta Nair (Daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (Daughter of Mr. Vivek Nair)
<b>Company in which KMP / Relatives of KMP can exercise significant influence</b>	None



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (ii) Transactions carried out with Related Parties

Rs. lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Sale of room, food and other services				
Leela Lace Holdings Pvt. Ltd.	- (-)	0.04 (1.19)	- (-)	- (-)
<b>Lease rent</b>				
Leela Lace Holdings Pvt. Ltd.	- (-)	556.01 (88.08)	- (-)	- (-)
<b>Fees for license, reservation etc.,</b>				
Leela Lace Holdings Pvt. Ltd.	- (-)	698.25 (566.72)	- (-)	- (-)
<b>Investments</b>				
Leela Palces & Resorts Ltd.	4,604.17 (4,604.17)	- (-)	- (-)	- (-)
Leela Realty Ltd.	19.96 (6.12)	- (-)	- (-)	- (-)
<b>Remuneration paid</b>				
Mr. Vivek Nair	- (-)	- (-)	260.60 (223.99)	- (-)
Mr. Dinesh Nair	- (-)	- (-)	260.60 (219.13)	- (-)
Mr. Venu Krishnan	- (-)	- (-)	161.36 (92.40)	- (-)
Mr. Krishna Deshika	- (-)	- (-)	148.80 (78.78)	- (-)
Mr. V.L. Ganesh	- (-)	- (-)	- (92.14)	- (-)
Ms. Amruda Nair	- (-)	- (-)	- (-)	34.52 (29.22)
Ms. Aishwarya Nair	- (-)	- (-)	- (-)	34.52 (29.22)
Ms. Samyukta Nair	- (-)	- (-)	- (-)	34.52 (29.22)
<b>Commission Paid</b>				
Capt. C.P. Krishnan Nair	- (-)	- (-)	- (-)	- (41.00)
Ms. Madhu Nair	- (-)	- (-)	- (-)	- (2.00)
<b>Sitting Fees</b>				
Capt. C.P. Krishnan Nair	- (-)	- (-)	- (-)	1.80 (1.00)
Ms. Madhu Nair	- (-)	- (-)	- (-)	0.80 (1.20)
<b>Debit Balance Outstanding</b>				
Leela Palaces & Resorts Ltd	5,435.94 (3,995.72)	- (-)	- (-)	- (-)
Leela Realty Ltd	0.01 (20.01)	- (-)	- (-)	- (-)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Leela Lace Holdings Pvt Ltd	- (-)	294.16 (15.45)	- (-)	- (-)
Leela Fashions Pvt. Ltd	- (-)	- (39.61)	- (-)	- (-)
Leela Capital & Finance Limited	- (-)	0.21 (0.07)	- (-)	- (-)
Mumbai International Convention and Exhibition Centre Ltd	- (-)	0.53 (0.46)	- (-)	- (-)
<b>Dividend Paid</b>				
Leela Lace Holdings Pvt. Ltd	- (-)	282.97 (377.30)	- (-)	- (-)
Leela Lace Software Solutions Pvt. Ltd	- (-)	27.50 (13.70)	- (-)	- (-)
Leela Fashions Pvt. Ltd.	- (-)	6.38 (8.50)	- (-)	- (-)
Mr. Vivek Nair	- (-)	- (-)	1.56 (0.49)	- (-)
Mr. Dinesh Nair	- (-)	- (-)	0.56 (0.75)	- (-)
Capt. C.P. Krsihnan Nair	- (-)	- (-)	- (-)	0.35 (0.82)
Ms. Madhu Nair	- (-)	- (-)	- (-)	0.00 (0.00)
Ms. Lakshmi Nair	- (-)	- (-)	- (-)	0.03 (0.04)
Ms. P. V. Leela Amma Nair	- (-)	- (-)	- (-)	0.11 (1.07)
Ms. Amruda Nair	- (-)	- (-)	- (-)	0.45 (0.60)
<b>Deposits Given</b>				
Leela Lace Holdings Pvt. Ltd.	- (-)	7,173.51 (7,173.51)	- (-)	- (-)
Leela Fashions Pvt. Ltd	- (-)	100.00 (100.00)	- (-)	- (-)
Credit balance outstanding	- (-)	- (68.56)	- (-)	- (-)

### 32.9. Details of leasing arrangements

Rs. lakhs

Particulars	2011-12	2010-11
(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:		
not later than one year	1,122.45	1,026.34
later than one year and not later than five years	2,879.43	4,627.63
later than five years	987.41	1,264.03



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	2011-12	2010-11
(ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:		
not later than one year	1,260.80	842.72
later than one year and not later than five years	4,710.48	4188.08
later than five years	29,111.76	30272.14

### 32.10 Earnings per share

Rs. lakhs		
Particulars	2011-12	2010-11
<b>Basic</b>		
(i) Continuing operations		
Net profit / (loss) for the year from continuing operations	(39,303.19)	1,929.73
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(39,303.19)	1,929.73
Weighted average number of equity shares	387,824,992	383,688,006
Par value per share (Rs.)	2.00	2.00
Earnings per share from continuing operations - Basic (Rs.)	<b>(10.13)</b>	<b>0.50</b>
(ii) Total operations		
Net profit / (loss) for the year	1,863.17	3,783.85
Less: Preference dividend and tax thereon	-	-
- Net profit / (loss) for the year attributable to the equity shareholders	1,863.17	3,783.85
- Weighted average number of equity shares	387,824,992	383,688,006
- Par value per share (Rs.)	2.00	2.00
- Earnings per share - Basic (Rs.)	<b>0.48</b>	<b>0.99</b>
<b>Diluted</b>		
The diluted earnings per share is computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods.		
(iii) Continuing operations		
Net profit / (loss) for the year from continuing operations	(39,303.19)	1,929.73
Less: Preference dividend and tax thereon	-	-

Particulars	2011-12	2010-11
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	(39,303.19)	1,929.73
Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)	(39,303.19)	1,929.73
Weighted average number of equity shares for Basic EPS	387,824,992	383,688,006
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive	-	24,234,889
Weighted average number of equity shares - for diluted EPS	387,824,992	407,922,895
Par value per share (Rs.)	2.00	2.00
Earnings per share, from continuing operations - Diluted (Rs.)	<b>(10.13)</b>	<b>0.47</b>
(iv) Total operations		
Net profit / (loss) for the year	1,863.17	3,783.85
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	1,863.17	3,783.85
Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
Profit / (loss) attributable to equity shareholders (on dilution)	1,863.17	3,783.85
Weighted average number of equity shares for Basic EPS	387,824,992	383,688,006
Add: Effect of Warrants, ESOPs and Convertible bonds which are dilutive	-	24,234,889
Weighted average number of equity shares - for diluted EPS	387,824,992	407,922,895
Par value per share (Rs.)	2.00	2.00
Earnings per share - Diluted (Rs.)	<b>0.48</b>	<b>0.93</b>
<b>Note :</b> Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same		

**32.11** Up to the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its Financial Statements. For the year ended 31st March 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 29th May, 2012

For and on behalf of the Board of Directors

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

**Vivek Nair**

**Dinesh Nair**

**Venu Krishnan**

**Krishna Deshika**

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO

# AUDITOR'S REPORT On Consolidated Financial Statements

To

The Board of Directors

Hotel Leelaventure Limited

We have examined the attached Consolidated Balance Sheet of Hotel Leelaventure Limited ("the Company") and its subsidiaries as at 31st March 2012, the Consolidated Profit and Loss Account for the year ended, annexed thereto, and also the Consolidated Cash Flow Statement for the year then ended. The preparation of these financial statements is the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements of two subsidiaries, audited by us, which are not commenced commercial operations, reflect a net worth of Rs 48.71 Lakhs as at 31st March 2012.

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 read together with the Significant Accounting Policies and 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 2012;
- 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 2012.

For PICARDO & CO  
Chartered Accountants  
Registration No:107917W

K.V.Gopalakrishnayya  
Partner  
Membership No.21748

Mumbai, 29th May, 2012



# CONSOLIDATED BALANCE SHEET as at 31 March, 2012

		Rs. lakhs	
Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share Capital	2	7,756.50	7,756.50
(b) Reserves and Surplus	3	151,292.75	202,517.98
		159,049.25	210,274.48
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	355,569.57	348,618.58
(b) Deferred Tax Liabilities (net)	5	14,563.10	14,795.68
(c) Other Long Term Liabilities	6	1,328.62	1,247.99
(d) Long Term Provisions	7	1,537.82	8,080.03
		372,999.11	372,742.28
<b>Current Liabilities</b>			
(a) Short Term Borrowings	8	8,777.81	3,182.58
(b) Trade Payables	9	2,951.17	2,587.81
(c) Other Current Liabilities	10	71,573.10	38,878.30
(d) Short Term Provisions	11	10,270.97	2,106.20
		93,573.05	46,754.89
<b>TOTAL</b>		<b>625,621.41</b>	<b>629,771.65</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	451,795.32	410,660.35
(ii) Intangible Assets	13	830.34	135.53
(iii) Goodwill	32.1	4,561.14	4,561.14
(iv) Capital Work-in-Progress	32.2	110,439.16	155,207.59
(b) Non Current Investments	14	1.08	4.62
(c) Foreign Currency Monetary Translation Difference	15	6,424.22	-
(d) Long Term Loans and Advances	16	18,329.37	33,196.67
(e) Other Non Current Assets	17	3,575.42	3,560.32
		595,956.05	607,326.22
<b>Current Assets</b>			
(a) Current Investments	18	10,009.20	-
(b) Inventories	19	5,984.67	5,438.09
(c) Trade Receivables	20	5,377.90	4,643.86
(d) Cash and Cash Equivalents	21	1,729.48	5,739.16
(e) Short Term Loans and Advances	22	5,944.41	6,279.35
(f) Other Current Assets	23	619.70	344.97
		29,665.36	22,445.43
<b>TOTAL</b>		<b>625,621.41</b>	<b>629,771.65</b>
<b>Notes forming part of the Consolidated Financial Statements</b>		<b>1 to 32</b>	

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 29th May, 2012

For and on behalf of the Board of Directors

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

**Vivek Nair**

**Dinesh Nair**

**Venu Krishnan**

**Krishna Deshika**

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2012

		Rs. lakhs	
Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>INCOME</b>			
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	24	57,109.10	46,403.54
Other Income	25	1,084.46	2,478.84
<b>Total Income</b>		<b>58,193.56</b>	<b>48,882.38</b>
<b>Expenses</b>			
(a) Cost of Materials Consumed	26	4,298.65	3,058.34
(b) Employee Benefit Expenses	27	17,306.08	10,426.23
(c) Finance Costs	28	31,552.46	5,390.62
(d) Depreciation and Amortisation	29	10,223.53	6,295.92
(e) Other Expenses	30	33,645.00	19,932.39
<b>Total Expenses</b>		<b>97,025.72</b>	<b>45,103.50</b>
<b>Profit / (Loss) Before Tax</b>		<b>(38,832.16)</b>	<b>3,778.88</b>
<b>Tax Expense:</b>			
(a) Current Tax Expense for Current Year		-	1,263.39
(b) (Less): MAT Credit		-	(936.40)
(c) Current Tax Expense Relating to Prior Years		704.63	-
(d) Deferred Tax Relating to the Current Year		-	1,524.00
(e) Deferred Tax Relating to the Prior Years		(232.58)	-
		<b>472.05</b>	<b>1,850.99</b>
<b>Profit / (Loss) from Continuing Operations</b>		<b>(39,304.21)</b>	<b>1,927.89</b>
<b>DISCONTINUING OPERATIONS</b>	31		
Profit from Discontinuing Operations (before tax)		289.39	1,854.12
Gain on disposal of Assets attributable to the Discontinuing Operations		41,476.97	-
Add / (Less): Tax Expense of Discontinuing Operations		41,766.36	1,854.12
(a) on Ordinary Activities attributable to the Discontinuing Operations		-	-
(b) on Gain / (Loss) on disposal of Assets		(600.00)	-
<b>Profit / (Loss) from Discontinuing Operations</b>		<b>41,166.36</b>	<b>1,854.12</b>
<b>TOTAL OPERATIONS :</b>			
<b>Profit / (Loss) for the Year</b>		<b>1,862.15</b>	<b>3,782.01</b>
<b>Earnings per share (of Rs 2 each):</b>			
(a) Basic			
(i) Continuing Operations		(10.13)	0.50
(ii) Total Operations		0.48	0.99
(b) Diluted			
(i) Continuing Operations		(10.13)	0.47
(ii) Total Operations		0.48	0.93
<b>Notes forming part of the Financial Statements</b>	<b>1 to 32</b>		

In terms of our report attached

**For PICARDO & CO**

Chartered Accountants

Registration No : 107917W

**K.V Gopalakrishnayya**

Partner

Membership No.21748

**Dinesh Kalani**

Company Secretary

Mumbai, 29th May, 2012

For and on behalf of the Board of Directors

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

**Vivek Nair**

**Dinesh Nair**

**Venu Krishnan**

**Krishna Deshika**

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO





# CONSOLIDATED CASH FLOW STATEMENT for the Year ended March 31, 2012

		2011-12	2010-11
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and Extraordinary Items			
From Continuing Operations	(38,832.16)	3,778.88	
From Discontinuing Operations	289.39	1,854.12	5,633.00
Adjustments for			
Depreciation & Amortisation	10,435.66	6,843.45	
Interest Charged	32,125.06	5,512.96	
Loss / (Profit) on Sale of Assets	4,487.53	182.82	
Loss / (Profit) on Sale of Investments	(303.90)	-	
Derivative Losses	-	42.85	
Dividend on Current Investments	(8.18)	-	
Provision for Doubtful Debts	47.57	8.00	
Bad debts written off	729.88	183.00	
Provision for Employee Benefits	385.71	485.68	
Interest Income	(898.42)	(2,467.16)	
		47,000.91	10,791.60
Operating Profit before working capital changes		8,458.14	16,424.60
Changes in :			
Trade and Other Receivables	15,822.45	(6,622.63)	
Inventories	(546.57)	(1,094.65)	
Trade and Other Payables	1,019.35	(197.55)	
		16,295.23	(7,914.83)
Cash generated from operations		24,753.37	8,509.77
Direct Taxes		(1,117.70)	(1,586.15)
Net Cash Flow before extraordinary items		23,635.67	6,923.62
Extraordinary Items		-	-
<b>Net Cash Flow from Operating Activities</b>		<b>23,635.67</b>	<b>6,923.62</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Fixed Assets		50,116.51	24.47
Investment in Fixed Assets / Projects		(70,577.25)	(87,885.00)
Proceeds from Sale of Investments		307.44	-
Other Investments		(10,009.20)	(0.25)
Dividend Received		8.18	-
Interest Received		893.73	302.16
<b>Net Cash Flow from Investing Activities</b>		<b>(29,260.59)</b>	<b>(87,558.62)</b>
<b>C CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
Increase / (Decrease) in Long Term Loans		21,572.69	96,208.14
Increase / (Decrease) in Cash Credit		1,595.23	(816.14)
Increase / (Decrease) in Short Term Funds		4,000.00	21,000.00
Issue of Shares		-	200.00
Securities Premium Received		-	4,650.00
Premium on Redemption of Debentures / FCCB		-	(5,976.64)
Issue / (Redemption) of Debentures		-	(22.05)
Issue / (Redemption) of Foreign Currency Convertible Bonds		-	(23,943.36)
Dividend Paid (Including Dividend Tax)		(675.82)	(875.32)
Income / (Loss) from Derivatives		-	(42.85)
Interest Paid		(24,876.86)	(5,450.62)
<b>Net Cash Flow from Financing Activities</b>		<b>1,615.24</b>	<b>84,931.16</b>
NET CHANGES IN CASH AND CASH EQUIVALENTS		(4,009.68)	4,296.16
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		5,739.16	1,443.00
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,729.48	5,739.16

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

K.V Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 29th May, 2012

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Capt. C.P. Krishnan Nair

Vivek Nair

Dinesh Nair

Venu Krishnan

Krishna Deshika

Chairman

Vice Chairman & Managing Director

Joint Managing Director

Deputy Managing Director

Director Finance & CFO

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 Significant Accounting Policies

### a) Convention

The consolidated financial statements comprise the individual financial statements of Hotel Leelaventure Limited and its subsidiaries as on 31<sup>st</sup> March, 2012 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 realised 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. 31<sup>st</sup> March, 2012
- 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	99.80%	99.35%
Leela Palaces and Resorts Limited	99.99%	99.99%

### d) Minority interest

The minority interest as on 31<sup>st</sup> March, 2012 is not material (previous year negative) and is not disclosed 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 realisable 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 and Amortisation

Depreciation on fixed assets is provided on straight-line method at rates

specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deletions during the year are provided on pro-rata basis. Assets purchased / installed during the year costing less than Rs. 5,000 each are fully depreciated. Premium and other capitalised cost relating to leasehold land is amortised over the period of lease. Revaluation Reserve is withdrawn to the extent of incremental depreciation on account of revaluation.

Buildings constructed on leasehold land are depreciated at the applicable rate on the assumption that the lease will be renewed in the normal course.

Depreciation on Computer Software is provided over a period of six years. License fee and Franchise fee are amortised over five years.

### h) Investments

Current investments are carried at lower of cost and quoted / fair value. Long-term investments are carried at cost.

### i) Inventories

Inventories are valued at lower of cost (weighted average basis) or net realisable 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 recognised in full in the Profit and Loss Account for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise it is amortised 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 recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

### k) Recognition of Income and Expenditure

Revenue/Incomes and Costs/Expenditures are accounted on accrual.

### l) Borrowing Costs

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

### m) Taxation

(i) Provision for current taxation has been made in accordance with the



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Deferred tax is recognised 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 realisation 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 recognised 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 recognised 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:

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

In line with option given by the Ministry of Corporate Affairs vide Notification No G.S.R.225 (E) dated 31<sup>st</sup> 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 amortised over the balance period of such long-term asset/liability but not beyond 31<sup>st</sup> March, 2020, 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.

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

Contingent Assets are not recognised in the financial statements.

### r) Government Grants

Revenue Grants are recognised in the Profit and Loss Account in accordance with the related scheme and in the period in which these are accrued.

### s) Service Tax Input Credit

Service Tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

## Note 2 Share Capital

Rs lakhs

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	Amount	No of Shares	Amount
(a) <b>Authorised</b>				
Equity shares of Rs.2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of Rs. 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) <b>Issued</b>				
Equity shares of Rs. 2 each with voting rights	387,824,992	7,756.50	387,824,992	7,756.50
(c) <b>Subscribed and fully paid up</b>				
Equity shares of Rs. 2 each with voting rights	387,824,992	7,756.50	387,824,992	7,756.50
<b>Total</b>	<b>387,824,992.00</b>	<b>7,756.50</b>	<b>387,824,992.00</b>	<b>7,756.50</b>
(d) <b>Equity Shares at the beginning of the year</b>	<b>No of Shares</b>		<b>No of Shares</b>	
	387,824,992		377,824,992	
Add: Preferential Allotment	-		10,000,000	
Equity Shares at the end of the year	387,824,992		387,824,992	
	<b>No of Shares</b>	<b>% of Shares held</b>	<b>No of Shares</b>	<b>% of Shares held</b>
(e) <b>The details of Shareholders holding more than 5% shares</b>				
(i) Leela Lace Holdings Private Limited	188,649,985	48.64	188,649,985	48.64
(ii) ITC Limited	49,953,055	12.88	32,023,542	8.26
(iii) Leela Lace Software Solutions Private Limited	24,459,327	6.31	16,849,840	4.34

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 3 Reserves and Surplus

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
<b>(a) Capital Reserve</b>		
As per last Balance Sheet	710.15	710.15
Less : Transferred to General Reserve	710.15	-
	-	710.15
<b>(b) Capital Redemption Reserve</b>		
As per last Balance Sheet	8,750.00	8,750.00
<b>(c) Securities Premium Account</b>		
As per last Balance Sheet	28,021.26	25,162.04
Add: Premium on shares issued during the Year	-	4,650.00
Less: Utilized during the year for:		
Premium on Redemption of FCCB	2,983.31	1,790.78
Closing Balance	25,037.95	28,021.26
<b>(d) Debenture Redemption Reserve</b>		
As per last Balance Sheet	5,400.00	3,600.00
Add: Additions during the year	1,800.00	1,800.00
Closing Balance	7,200.00	5,400.00
<b>(e) Revaluation Reserve</b>		
As per last Balance Sheet	121,326.39	122,620.22
Less: Withdrawal on account of sale/ discard	48,995.78	-
Less: Utilized for set off against Depreciation	1,108.32	1,293.84
Closing Balance	71,222.29	121,326.38
<b>(f) General Reserve</b>		
As per last Balance Sheet	5,736.33	5,736.33
Add: Transferred from Capital Reserve	710.15	-
Closing Balance	6,446.48	5,736.33
<b>(g) Surplus / (Deficit) in Statement of Profit and Loss</b>		
As per last Balance Sheet	32,573.86	31,267.96
Add: Profit for the Year	1,862.17	3,782.01
Amounts transferred to:		
Dividends Proposed	-	581.74
Tax on Dividend	-	94.37
Debenture Redemption Reserve	1,800.00	1,800.00
Closing Balance	32,636.03	32,573.86
<b>Total</b>	<b>151,292.75</b>	<b>202,517.98</b>

## Note 4 Long Term Borrowings

Particulars	Rs. lakhs			
	As at 31st March, 2012		As at 31st March, 2011	
	Non-Current	Current Maturities	Non- Current	Current Maturities
<b>a. Secured</b>				
(i) Debentures	9,000.00	-	9,000.00	-
(ii) Rupee Term Loans from Banks	199,564.75	9,289.39	166,205.18	18,509.00
(iii) FCNRB Loans from Banks	36,380.46	2,613.55	34,473.74	1,869.00
(iv) Foreign Currency Loans from Banks	13,300.69	-	11,609.00	-
(v) Rupee Term Loans from Financial Institutions	30,832.03	4,459.88	69,627.51	3,218.00
(vi) Foreign Currency Term Loans from Financial Institutions	58,153.64	3,861.40	10,961.75	3,084.00
<b>b. Unsecured</b>				
(i) Foreign Currency Convertible Bonds (FCCB)	-	21,282.56	18,574.40	-
(ii) Rupee Term Loan from Banks	8,338.00	11,662.00	28,167.00	1,833.00
(iii) Rupee Term Loan from Financial Institutions	-	-	-	-
<b>Total</b>	355,569.57	53,168.78	348,618.58	28,513.00
Less : Amount disclosed under other current liabilities (refer note 10)	-	53,168.78	-	28,513.00
<b>Net Long Term Borrowings</b>	<b>355,569.57</b>	<b>-</b>	<b>348,618.58</b>	<b>-</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Name of the Bank/ Financial Institution	Details of Security	Amount Outstanding	Repayment Terms
<b>Secured</b>			
<b>12.5% Non Convertible Debentures</b>			
Life Insurance Corp. of India (Issued on 19th December 2008)	First Pari passu charge on the fixed assets of The Leela Palace, Udaipur	9,000.00	Redeemable at par on 18th December 2013
	<b>Total</b>	<b>9,000.00</b>	
<b>Rupee Term Loan from Banks</b>			
The Federal Bank Limited	First pari passu charge on the fixed assets of The Leela Palace, New Delhi	2,982.22	5% in 4 equal quarterly installments in 2012-13 20% in 4 equal quarterly installments in 2013-14 20% in 4 equal quarterly installments in 2014-15 22% in 4 equal quarterly installments in 2015-16 25% in 4 equal quarterly installments in 2016-17
State Bank of Hyderabad	First pari passu charge on the fixed assets of The Leela Palace New Delhi	3,728.55	
State Bank of Bikaner & Jaipur	First pari passu charge on the fixed assets of The Leela Palace New Delhi	4,656.37	
Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	19,035.57	
State Bank of Travancore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	312.86	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,093.78	
State Bank of Mysore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	4,217.59	
State Bank of Patiala	First pari passu charge on the fixed assets of The Leela Palace New Delhi	3,442.11	
Syndicate Bank	Second Charge on The Leela Palace New Delhi	49,881.10	10 half yearly equal installments commencing from March 2016
Indian Overseas Bank	First Pari passu charge on the fixed assets of The Leela Palace, Chennai. And personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	35,000.00	2 equal installments in March 2015 & March 2016
Vijaya Bank	First Pari passu charge on the fixed assets of The Leela Palace, Chennai. And personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	15,000.00	2 equal installments in June 2015 & June 2016
Bank of Baroda	Second Charge on the fixed assets of The Leela, Mumbai	15,000.00	48 equal monthly installments commencing from June 2012
Union Bank of India	First Pari passu charge on the fixed assets of The Leela, Goa	22,998.64	Rs.1,250 lakhs in 2012-13 in 12 equal monthly installments Rs.5,000 lakhs in 2013-15 in 24 equal monthly installments Rs.7,500 lakhs in 2015-17 in 24 equal monthly installments Rs.5,000 lakhs in 2017-18 in 12 equal monthly installments Rs.4,248.64 lakhs in 2018-19 in 12 equal monthly installments
Bank of India	First Pari passu charge on the fixed assets of The Leela, Goa	25,000.00	Rs.1,250 lakhs in 2012-13 in 12 equal monthly installments Rs.5,000 lakhs in 2013-15 in 24 equal monthly installments Rs.3,750 lakhs in 2015-16 in 12 equal monthly installments Rs.15,000 lakhs in 2016-19 in 36 equal monthly installments
Oriental Bank of Commerce	Equitable mortgage of flats owned by the Company and personal guarantee of Mr. Vivek Nair, Vice Chairman and Managing Director	1,016.71	40 equal quarterly installments commencing from January 2005
Kotak Mahindra Prime Limited	Hypothecation of Vehicles	709.89	60 EMI commencing from August, 2010
HDFC Bank Limited	Hypothecation of Vehicles	10.94	36 EMI commencing from June, 2010
HDFC Bank Limited	Hypothecation of Vehicles	436.40	60 EMI commencing from February, 2012
ICICI Bank Limited	Hypothecation of Vehicles	331.41	60 EMI commencing from March, 2012
	<b>Total</b>	<b>208,854.14</b>	
<b>FCNRB Loans from Banks</b>			
State Bank of Travancore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	6,253.85	5% in 4 equal quarterly installments in 2012-13 20% in 4 equal quarterly installments in 2013-14 20% in 4 equal quarterly installments in 2014-15 22% in 4 equal quarterly installments in 2015-16 25% in 4 equal quarterly installments in 2016-17
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	2,046.26	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	10,231.30	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,115.65	
State Bank of India	First pari passu charge on the fixed assets of The Leela Palace New Delhi	5,115.65	
State Bank of Mysore	First pari passu charge on the fixed assets of The Leela Palace New Delhi	10,231.30	
	<b>Total</b>	<b>38,994.01</b>	



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Foreign Currency Loan from a Bank</b>		
State Bank of India	First pari passu charge on The Leela Palace, Bangalore	13,300.69 8 equal half yearly installments commencing from June 2013 (US \$ 26 Mn)
	<b>Total</b>	<b>13,300.69</b>
<b>Rupee Term Loan from Financial Institutions</b>		
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	2,343.75 32 equal quarterly installments commencing from December 2007
Export Import Bank of India	Mortgage on Wind Mills and pari passu charge on The Leela Mumbai	3,586.21 29 equal quarterly installments commencing from July 2011
Export Import Bank of India	First pari passu charge on the fixed assets of The Leela Palace, Udaipur	941.38 29 equal quarterly installments commencing from March 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	2,035.71 28 equal quarterly installments commencing from January 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	15,600.00 28 equal quarterly installments commencing from June 2012
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	10,000.00 Repayable in March 2016 in single installment
BMW Financial Services (I) Ltd	Hypothecation of Vehicles	784.86 60 EMI commencing from October, 2011
	<b>Total</b>	<b>35,291.91</b>
<b>Foreign Currency Loans from Financial Institutions</b>		
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	2,938.04 32 equal quarterly installments commencing from July 2008
Export Import Bank of India	First pari passu charge on the immovable properties of The Leela, Mumbai	4,585.80 23 equal quarterly installments commencing from November 2009
Export Import Bank of India	First pari passu charge on the fixed assets of The Leela Palace, Udaipur	5,362.56 23 equal quarterly installments commencing from January 2010
HDFC Limited	First pari passu charge on the immovable properties of The Leela Palace, Bangalore	49,128.64 6 equal half yearly installments commencing from February 2014
	<b>Total</b>	<b>62,015.04</b>
<b>Unsecured</b>		
Syndicate Bank	Nil	20,000.00 24 monthly installments commencing from March 2012
Foreign Currency Convertible Bonds	Nil	21,282.56 Redeemable in April 2012
	<b>Total</b>	<b>41,282.56</b>
	<b>Grand Total</b>	<b>4,08,738.35</b>
Over due liabilities as at 31st March 2012 are as under		
	Principal	Interest
(a) Debentures	-	280.48
(b) Rupee Term Loan from Banks	643.65	4,678.38
(c) FCNRB Loan from Banks	522.70	103.25
(d) Rupee Term Loan from Financial Institutions	308.17	778.95
(e) Foreign Currency Term Loans from Financial Institutions	327.56	609.86
(f) Unsecured Loans	833.00	463.88
The overdue pertains to February and March 2012		
There were no overdue liabilities as at 31st March 2011		
Repayment schedules stated above are for the full disbursed amount.		

### Foreign Currency Convertible Bonds

The Company had allotted Zero Coupon Foreign Currency Convertible Bonds (USD Bonds), of USD 1000 Lakhs 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 per share with a fixed rate of exchange on conversion of Rs.41.945 for one USD. These bonds are listed on the Singapore Exchange Securities Trading Ltd., Singapore. Up to 31st March 2012, none of the holders of these Bonds have exercised their right to convert their holding into equity shares. Upto 31st March 2012, the Company has repurchased 584 (Previous Year 584) USD Bonds with a face value of US \$ 584 lakhs (Previous Year US\$ 584 lakhs). The repurchased USD Bonds have been extinguished. The remaining USD 416 lakhs USD Bonds which are due for redemption on 25th April 2012, at 146.61% of the principal amount have been redeemed on 25th May 2012. The pro-rata premium payable up to 31st March 2012 is charged to Security Premium Account.



# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 5 Deferred Tax (Liabilities)/Assets)

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
<b>a. Deferred Tax Liabilities on Account of</b>		
Depreciation differences	18,050.62	16,087.24
<b>Total</b>	<u>18,050.62</u>	<u>16,087.24</u>
<b>b. Deferred Tax Assets on account of</b>		
(i) Employee benefits	553.57	459.81
(ii) Other temporary disallowance under Income Tax Act	176.29	39.31
(iii) Unabsorbed depreciation	2,757.66	792.44
<b>Total</b>	<u>3,487.52</u>	<u>1,291.56</u>
<b>Net Deferred Tax Liability</b>	<u>14,563.10</u>	<u>14,795.68</u>

## Note 6 Other Long Term Liabilities

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
Trade / Security deposits received	1,328.62	1,247.99
<b>Total</b>	<u>1,328.62</u>	<u>1,247.99</u>

## Note 7 Long Term Provisions

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
<b>(a) Provision for employee benefits</b>		
(i) Provision for compensated absences	746.30	608.79
(ii) Provision for gratuity (net)	791.52	654.33
<b>(b) Provision - Others</b>		
Provision for premium payable on redemption of FCCB (Refer Note 4 and 11)	-	6,816.91
<b>Total</b>	<u>1,537.82</u>	<u>8,080.03</u>

## Note 8 Short Term Borrowings

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
(a) Working Capital facilities from Banks -Secured	3,777.81	2,182.58
(b) Short Term Loan from a Bank- Secured	5,000.00	1,000.00
<b>Total</b>	<u>8,777.81</u>	<u>3,182.58</u>

- (i) Working capital facilities from consortium of Banks 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, further secured by pari passu second charge on the Fixed Assets of The Leela Goa (excluding the club suites) and the Leela Palace, Udaipur
- (ii) Short Term borrowing from a bank is secured by first pari passu charge on the fixed assets of The Leela, Mumbai. The loan carries 14.75% interest and is repayable in monthly installment of Rs. 2000 lakhs each commencing from August 2011 and last installment of Rs 1000 lakhs in March 2012. The overdue installment and interest payable as on 31<sup>st</sup> March 2012 is Rs 5,000 lakhs and Rs. 62.64 lakhs respectively.

## Note 9 Trade Payables

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
<b>Trade payables</b>		
Acceptances	712.11	1,295.38
Others	2,239.06	1,292.43
<b>Total</b>	<u>2,951.17</u>	<u>2,587.81</u>

## Note 10 Other Current Liabilities

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
(a) Current Maturities of long term debt (Refer Note 4)	53,168.78	28,513.00
(b) Interest accrued but not due on borrowings	862.73	591.98
(c) Interest accrued and due on borrowings	6,977.45	-
(d) Unpaid dividends	69.31	69.02
(e) Other Payables		
(i) Statutory liabilities	985.91	1,025.11
(ii) Payables on Purchase of Fixed Assets	5,720.90	5,505.74
(iii) Liability for expenses	2,708.47	2,407.37
(iv) Advances from customers	1,079.55	766.08
<b>Total</b>	<u>71,573.10</u>	<u>38,878.30</u>

## Note 11 Short Term Provisions

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
<b>(a) Provision for Employee Benefits</b>		
(i) Provision for bonus	302.39	205.67
(ii) Provision for compensated absences	168.36	154.08
<b>(b) Provision - Others</b>		
(i) Provision for premium payable on redemption of FCCB (Refer Note 4 & 7)*	9,800.22	-
(ii) Provision for estimated loss on derivatives	-	1,070.34
(iii) Provision for proposed equity dividend	-	581.74
(iv) Provision for tax on proposed dividends	-	94.37
<b>Total</b>	<u>10,270.97</u>	<u>2,106.20</u>

\* Previous year included under Note 7 - Long Term Provisions

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 12 Tangible Assets

Note 12 Tangible Assets													Rs. lakhs	
Assets	Gross block						Accumulated depreciation and impairment				Net block			
	"Balance as at 1 April, 2011 "	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Sale of Business Undertaking	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Sale of Kovalam Undertaking	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land	229,626.60	1,471.45	-	3,467.26	3,582.28	9,571.15	48,872.88	179,703.56	-	-	-	-	179,703.56	229,626.60
	36,822.17	163.57	-	-	-	-	-	36,985.74	1,439.60	727.52	-	-	34,818.62	35,382.57
(b) Buildings	117,371.38	52,417.92	2,683.48	3,263.43	14,599.86	-	5,524.00	179,445.11	14,100.00	2,627.98	630.32	581.80	15,515.86	103,271.38
(c) Plant and Equipment	54,085.52	22,429.94	715.95	905.71	3,569.02	-	3,180.74	77,093.50	22,548.03	4,071.75	413.53	1,765.44	24,440.81	31,537.49
(d) Furniture and Fixtures	19,237.72	10,034.24	1,193.11	373.69	1,608.39	-	1,782.62	28,278.31	11,786.37	2,526.46	1,152.80	869.18	12,290.85	7,451.35
(e) Vehicles	4,351.64	2,788.86	1,335.07	122.00	223.23	-	377.47	5,773.19	1,177.43	488.70	310.72	138.18	1,217.23	3,174.21
(f) Office equipment	1,050.84	89.28	1.08	16.57	9.18	-	189.88	974.91	834.09	127.17	4.37	129.76	827.13	216.75
Total	462,545.87	89,395.26	5,928.69	8,148.66	23,591.96	9,571.15	59,927.59	508,254.32	51,885.52	10,569.58	2,511.74	3,484.36	56,459.00	410,660.35
Previous year	415,300.25	12,578.46	6,678.56	(391.55)	45,114.52	3,377.25	-	462,545.87	47,632.71	7,764.66	3,511.85	-	51,885.52	367,667.54

- Land (Leasehold) includes development expenses, stamp duty and other direct charges.
- Amount received towards a property under joint development from a co-investor is credited to Land Account.
- Building includes cost of 76 shares of Rs. 10 each in a Co-Operative Housing Society
- Depreciation for the year includes depreciation of a discontinued operation amounting to Rs. 212.13 lakhs
- Additions on account of "Foreign currency exchange differences" and "Borrowing cost capitalised" include expenses capitalised during prior years and included under capital work in progress.

## Note 13 Intangible Assets

Assets	Gross block				Accumulated depreciation and impairment				Net Block	
	Balance as at 1 April, 2011	Additions	Disposals	Effect of foreign currency exchange differences	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Computer software	208.29	533.03	-	-	741.32	72.76	54.27	-	127.03	135.53
(b) License Fees / Franchise Fee	-	234.50	-	-	234.50	-	18.45	-	18.45	-
Total	208.29	767.53	-	-	975.82	72.76	72.72	-	145.48	135.53
Previous year	135.02	73.43	-	(0.16)	208.29	53.04	19.72	-	72.76	81.98



# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 14 Non-Current Investments

Rs lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Investments (At cost):		
a. Land	0.83	0.83
b. Trade, Unquoted		
Investment in Government Securities	0.25	3.79
<b>Total</b>	<b>1.08</b>	<b>4.62</b>

## Note 15 Foreign Currency Monetary Translation Difference Account

Rs. lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Additions During the year	7,325.91	-
Less : Amortised during the year	901.69	-
Closing Balance	6,424.22	-

In line with option given by the Ministry of Corporate Affairs vide Notification No G.S.R 225 (E) dated 31<sup>st</sup> 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 have been accounted as under:

- Rs. 5034.48 lakhs increase (Previous Year Rs 391.66 lakhs reduction) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited/(credited) to respective Fixed Assets/ Capital Work-in-progress account.
- Rs Nil (Previous Year Rs. 135.57 lakhs reduction) on account of exchange difference which are regarded as adjustment to interest costs in terms of Paragraph 4(e) of Accounting Standards AS 16 "Borrowing Cost" is debited/(credited) to fixed assets.
- Rs. 7,325.91 lakhs increased (Previous Year Nil) on account of exchange variations in the long term foreign currency monetary items relating to non-depreciable assets other than as referred in note (b) above, are debited to Foreign Currency Monetary Translation Difference Account.
- The balance in foreign currency translation difference account would be amortised over the balance period of the long term liability but not beyond 31<sup>st</sup> March 2020 by recognition as income or expenditure.

## Note 16 Long Term Loans and Advances

(Unsecured, considered good unless otherwise stated)

Rs. lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Advance for Fixed Asset	1,652.78	4,693.56
(b) Security Deposits	10,880.08	10,572.18
(c) Prepaid Expenses	248.75	304.48
(d) MAT Credit Entitlement	2,938.73	3,084.24
(e) Others	2,609.03	14,542.21
<b>Total</b>	<b>18,329.37</b>	<b>33,196.67</b>

## Note 17 Other Non Current Assets

Rs. lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Receivables on sale of Fixed Assets	3,575.42	3,560.32
<b>Total</b>	<b>3,575.42</b>	<b>3,560.32</b>

## Note 18 Current Investments

Rs. lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Investment in mutual funds</b>		
<b>SBI Premier Liquid - Growth</b>	<b>2,000.00</b>	<b>-</b>
1,18,690.7666 units Rs. 1,000 each (Previous year NIL) (NAV Rs.1,685.0510) (Previous year NIL)		
<b>SBI Ultra Short Term - Growth</b>	<b>2,008.38</b>	<b>-</b>
1,44,676.6920 units Rs. 1,000 each (Previous year NIL) (NAV Rs.1,388.1854) (Previous year NIL)		
<b>ICICI PRUDENTIAL Money Market Fund - Growth</b>	<b>2,000.00</b>	<b>-</b>
13,49,229.0510 units Rs 100 each (Previous year NIL) (NAV Rs.148.2328) (Previous year NIL)		
<b>HDFC Cash Management Fund - Growth</b>	<b>2,000.00</b>	<b>-</b>
89,33,831.5440 units Rs 10 each (Previous year NIL) (NAV Rs.22.3868) (Previous year NIL)		
<b>HDFC Treasury Advantage Fund - Growth</b>	<b>2,000.82</b>	<b>-</b>
85,81,049.1410 units Rs 10 each (Previous year NIL) (NAV Rs. 23.3167) (Previous year NIL)		
<b>Total</b>	<b>10,009.20</b>	<b>-</b>

## Note 19 Inventories

(At lower of cost and net realisable value)

Rs. lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(a) Raw materials	1,644.59	1,055.98
(b) Stores and operating supplies	4,340.08	4,333.25
(c) Goods in transit	-	48.86
<b>Total</b>	<b>5,984.67</b>	<b>5,438.09</b>

## Note 20 Trade Receivables

Rs lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered Good	611.66	785.37
Doubtful	98.92	129.61
	710.58	914.98
Less: Provision for Doubtful Trade Receivables	98.92	129.61
	611.66	785.37
Other Trade Receivables (Unsecured , considered good)	4,766.24	3,858.49
<b>Total</b>	<b>5,377.90</b>	<b>4,643.86</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 21 Cash and Cash Equivalents

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
(a) Cash on hand	101.51	103.63
(b) Cheques, Drafts on hand	-	0.53
(c) Balances with Banks		
(i) In Current Accounts	841.23	4,786.02
(ii) In EEFC Accounts	1.49	3.23
(iii) In Deposit Accounts	261.11	99.71
(iv) In Earmarked Accounts		
- Unpaid Dividend Accounts	69.31	69.02
- Balances held as Margin Money or Security against borrowings, guarantees and other commitments	454.83	677.02
<b>Total</b>	<b>1,729.48</b>	<b>5,739.16</b>

## Note 22 Short Term Loans and Advances (Unsecured, considered good)

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
(a) Trade Advances	999.60	1,115.39
(b) Security Deposits	2.94	30.23
(c) Loans and Advances to Employees	85.60	45.35
(d) Prepaid Expenses	832.45	798.59
(e) Balances with Government Authorities		
(i) VAT Credit Receivable	1.45	123.91
(ii) Service Tax Credit Receivable	1,915.91	2,116.48
(iii) Advance Income Tax (net of provisions)	1,896.51	1,937.93
(iv) Others	76.98	-
(f) Others	132.97	111.47
<b>Total</b>	<b>5,944.41</b>	<b>6,279.35</b>

## Note 23 Other Current Assets

Particulars	Rs. lakhs	
	As at 31st March, 2012	As at 31st March, 2011
(a) Unbilled Revenue	583.05	286.36
(b) Interest Accrued on Deposits	22.90	18.21
(c) Insurance Claims	13.75	40.40
<b>Total</b>	<b>619.70</b>	<b>344.97</b>

## Note 24 Revenue from Operations

Particulars	Rs. lakhs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Sale of Products (Refer Note (i) below)	18,318.24	13,639.68
Sale of Services (Refer Note (ii) below)	38,790.86	32,763.86
<b>Total</b>	<b>57,109.10</b>	<b>46,403.54</b>
Note (i) Sale of Products Comprises;		
Food and Beverages	17,144.73	12,511.61
Sale of Power	1,173.51	1,128.07
<b>Total</b>	<b>18,318.24</b>	<b>13,639.68</b>
Note (ii) Sale of Services Comprises;		
Room Revenue	30,878.78	25,992.80
Revenue from Managed Hotels	1,865.95	1,869.37
Income from Rental & Related Services	1,725.20	1,587.18
Other Services	4,320.93	3,314.51
<b>Total</b>	<b>38,790.86</b>	<b>32,763.86</b>

## Note 25 Other Income

Particulars	Rs. lakhs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Interest Income (Refer Note below)	325.79	2,247.50
Dividend from Current Investments	8.18	-
Net gain on sale of Current Investments	303.90	-
Net gain on Foreign Currency Transactions and Translation (other than Considered as Finance Cost)	87.12	40.75
Subsidy	50.31	40.42
Liabilities /Provisions no longer required Written Back	232.44	76.70
Other Non Operating Income	76.72	73.47
<b>Total</b>	<b>1,084.46</b>	<b>2,478.84</b>
Note: Interest Income Comprises:		
from Bank Deposits	14.78	103.48
on Loans and Advances	311.01	2,144.02
<b>Total</b>	<b>325.79</b>	<b>2,247.50</b>

## Note 26 Cost of Materials Consumed

Particulars	Rs. lakhs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Opening Stock	517.48	614.22
Add: Purchases	5,425.76	2,961.60
	5,943.24	3,575.82
Less: Closing Stock	1,644.59	517.48
<b>Total</b>	<b>4,298.65</b>	<b>3,058.34</b>

## Note 27 Employee Benefit Expenses

Particulars	Rs. lakhs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Salaries and Wages	14,439.98	8,500.60
Contributions to Provident and Other Funds	888.28	712.70
Staff Welfare Expenses	1,977.82	1,212.93
<b>Total</b>	<b>17,306.08</b>	<b>10,426.23</b>

## Note 28 Finance Costs

Particulars	Rs. lakhs	
	Year ended 31st March, 2012	Year ended 31st March, 2011
(a) Interest Expense on:		
(i) Term Loans	31,010.88	4,087.36
(ii) Working Capital Borrowings	231.45	354.51
(b) Other Borrowing Costs	310.13	948.75
<b>Total</b>	<b>31,552.46</b>	<b>5,390.62</b>
Borrowing cost capitalised during the year Rs.20,652.50 lakhs (Previous Year Rs. 35,779.04 lakhs).		





# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Note 29 Depreciation and Amortisation

	Rs. lakhs	
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Depreciation on Tangible Assets (Refer note 12)	10,357.45	7,555.15
Less : Withdrawal from Revaluation Reserve	1,108.32	1,293.83
	9,249.13	6,261.32
Amortisation of Intangible Assets (Refer note 13)	72.72	34.60
Amortisation of Foreign Exchange Translation Difference (Refer note 15)	901.69	-
<b>Total</b>	<b>10,223.54</b>	<b>6,295.92</b>

## Note 30 Other expenses

	Rs. lakhs	
Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Consumption of Stores and Supplies including Linen	3,163.67	1,972.78
Power and Fuel	5,061.43	3,845.81
Rent including Lease Rentals	2,945.48	1,469.54
Repairs and Maintenance - Buildings	588.51	436.97
Repairs and Maintenance - Machinery	1,142.15	840.41
Repairs and Maintenance - Others	1,717.45	1,276.02
Insurance	236.61	188.54
Rates and Taxes	1,796.83	1,009.95
Communication	475.36	464.42
Travelling and Conveyance	1,132.35	782.41
Guest Transport	514.84	454.00
Printing and Stationery	358.93	270.25
Lease, License fee and Reservation fee.	1,333.29	1,042.23
Sales Commission	1,646.51	1,476.56
Business Promotion	3,699.51	2,140.16
Donations and Contributions (Refer Note (i) below)	53.83	6.46
Legal and Professional	1,229.58	880.37
Payments to Auditors (Refer Note (ii) below)	35.88	33.62
Membership and Subscription	352.12	253.86
Director's Remuneration	719.28	512.08
Commission to Directors	-	181.00
Directors' Sitting Fees	18.40	15.20
Bad Trade and Other Receivables, Loans and Advances Written off (Refer note-(iii) below)	729.88	7.54
Loss on Fixed Assets Sold / Scrapped / Written off	4,487.53	182.34
Prior Period Items (net)	47.51	103.97
Miscellaneous Expenses	158.07	85.90
<b>Total</b>	<b>33,645.00</b>	<b>19,932.39</b>
(i) Donations and Contributions includes Donation to Political Parties as under		
Goa Pradesh Congress Committee	20.00	-
Bharatiya Janata Party - Goa Pradesh	15.00	
<b>Total</b>	<b>35.00</b>	
(ii) Payments to the Auditors comprises (net of service tax input credit, where applicable):		
Statutory Audit	28.34	28.27
For Taxation Matters	4.00	4.00
Reimbursement of Expenses	3.54	1.35
<b>Total</b>	<b>35.88</b>	<b>33.62</b>

(iii) Break up of Bad trade and other receivables, loans and advances written off		
Bad receivable / advance written off	789.94	181.69
Less: written off against provision for bad receivable	106.85	181.69
Less: provision for bad receivable withdrawn	0.78	-
Add: Additional provision for bad debts	47.57	7.54
<b>Total</b>	<b>729.88</b>	<b>7.54</b>

## Note 31 Discontinuing Operations

During the year, pursuant to the scheme of arrangement approved by the Hon'ble High Court of Bombay on 24<sup>th</sup> February, 2012, with an appointed date of 1<sup>st</sup> September 2011 and an effective date of 21<sup>st</sup> March 2012, the Company has transferred the Kovalam Hotel Undertaking on a slump sale basis for a consideration of Rs 50,000 Lakhs. The results of the discontinued business during the year untill discontinuation were as under;

	Rs. lakhs	
Profit / (Loss) from ordinary activities	Year ended 31st March, 2012	Year ended 31st March, 2011
Sale of Products	791.08	2,017.10
Sale of Services	1,050.44	3,659.55
Other Operating Revenue	135.42	502.15
Other Income	85.88	55.64
Total Revenue	2,062.82	6,234.44
Cost of Materials Consumed	199.25	497.87
Employee Benefits Expense	448.59	1,023.65
Finance Costs	37.96	154.01
Depreciation and Amortisation Expense	212.13	547.53
Other Expenses	875.50	2,157.24
Total Expenses	1,773.43	4,380.32
Profit / (Loss) Before Tax from Ordinary Activities	289.39	1,854.12
Add / (Less): Gain / (Loss) on Disposal of Assets / Settlement of Liabilities Attributable to the Discontinuing Operation	41,476.97	-
Less:		
Tax Expense	-	-
On Ordinary activities attributable to the Discontinuing Operations	-	-
On Gain / Loss on Disposal of Assets / Settlement of Liabilities	600.00	
Profit / (Loss) after tax of Discontinuing Operations	41,166.36	1,854.12
	As at 31st March, 2012	As at 31st March, 2011
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business to be disposed off	-	57,461.57
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business to be settled	-	1,602.67

## Note 32 Additional information to the Consolidated Financial Statements

32.1 Goodwill of Rs. 4,561.14 lakhs represent the difference between the networth of the subsidiary companies as on date of investment and cost of investment.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

32.2 Capital work-in-progress include Rs.13,805.08 lakhs, (previous year Rs.13,556.84 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 paid till 30th June 2007 in terms of Award passed by the Sole Arbitrator on 17<sup>th</sup> 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.

Rs. lakhs		
Particulars	2011-12	2010-11
<b>32.3 Contingent liabilities and commitments (to the extent not provided for)</b>		
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts	7,478.00	7,478.00
(b) Letters of credit Open and Outstanding	521.65	3,319.12
(c) Disputed Statutory Liabilities	2,469.15	2,184.70
Other Commitments *		
* Estimated amount of contracts remaining to be executed on capital account and not provided for	11,255.87	25,543.31

### 32.4 Employee benefit plans

#### Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying 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. 477.53 lakhs (Year ended 31 March, 2011 Rs. 381.40 lakhs) for Provident Fund contributions in the Statement of Profit & Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

##### i. Gratuity

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 defined benefit schemes and the amount recognised in the financial statements:

Rs. lakhs		
Particulars	2011-12	2010-11
<b>Components of employer expense</b>		
Current service cost	133.21	87.85
Interest cost	100.21	83.57
Expected return on plan assets	(36.01)	(38.22)
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	126.47
Actuarial losses/(gains)	(28.86)	(64.80)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>168.55</b>	<b>194.87</b>
Net asset / (liability) recognised in the Balance Sheet		

Rs. lakhs		
Particulars	2011-12	2010-11
Present value of defined benefit obligation	1,253.23	1,150.78
Fair value of plan assets	(461.70)	(496.45)
Funded status [surplus / (deficit)]	791.53	654.33
Unrecognised past service costs	-	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(791.53)</b>	<b>(654.33)</b>
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	1,150.78	958.23
Current service cost	133.21	87.85
Interest cost	100.21	83.57
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (Settled on Divestiture)	(39.72)	-
Actuarial (gains) / losses	(21.87)	(58.72)
Past service cost	-	126.47
Benefits paid	(69.38)	(46.61)
Present value of DBO at the end of the year	1,253.23	1,150.78
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	496.45	498.77
Acquisition adjustment (Distributed on Divestiture)	(16.12)	-
Expected return on plan assets	36.01	38.22
Actual company contributions	7.77	-
Actuarial gain / (loss)	6.99	6.07
Benefits paid	(69.38)	(46.61)
Plan assets at the end of the year	461.72	496.45
Actual return on plan assets	43.00	44.29
<b>Composition of the plan assets is as follows:</b>		
Insurer Managed funds	100%	100%
<b>Actuarial assumptions</b>	<b>2011-12</b>	<b>2010-11</b>
Discount rate	8.65%	8.35%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% for first 4 years & 7% thereafter	10% for first 5 years & 7% thereafter

Experience adjustments	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>Gratuity</b>					
Present value of DBO	1,253.23	1,150.78	958.23	942.03	1003.70
Fair value of plan assets	461.70	496.45	498.77	500.62	486.55
Funded status [surplus / (deficit)]	(791.52)	(654.33)	(459.46)	(441.41)	(517.15)
Experience gain / (loss) adjustments on plan liabilities	16.44	(52.68)	(70.58)	(77.85)	233.73
Experience gain / (loss) adjustments on plan assets	6.99	6.07	5.99	1.88	5.74
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					



# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 32.5 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.

## 32.6 Related party transactions

### (i) Details of related parties:

Description of relationship	Name of related parties
<b>Associates</b>	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) Vibgyor 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 (KMP)</b> (Whole time Directors)	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
<b>Relatives of KMP</b>	Capt. C.P. Krishnan Nair (Father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (Wife of Mr. Dinesh Nair) Ms. Amruda Nair (Daughter of Mr. Vivek Nair) Ms. Samyukta Nair ( Daughter of Mr. Dinesh Nair) Ms. Aishwarya Nair (Daughter of Mr. Vivek Nair)
<b>Company in which KMP / Relatives of KMP can exercise significant influence</b>	None

### (ii) Transactions carried out with Related Parties

Particulars	Associates	Key Management Personnel	Rs. lakhs Relative of Key Management Personnel
<b>Sale of room, food and other services</b>			
Leela Lace Holdings Pvt. Ltd.	0.04 (1.19)	- (-)	- (-)
<b>Lease rent</b>			
Leela Lace Holdings Pvt. Ltd.	556.01 (88.08)	- (-)	- (-)
<b>Fees for license, reservation etc.,</b>			
Leela Lace Holdings Pvt. Ltd.	698.25 (566.72)	- (-)	- (-)
<b>Remuneration paid</b>			
Mr. Vivek Nair	- (-)	260.60 (223.99)	- (-)
Mr. Dinesh Nair	- (-)	260.60 (219.13)	- (-)
Mr. Venu Krishnan	- (-)	161.36 (92.40)	- (-)
Mr. Krishna Deshika	- (-)	148.80 (78.78)	- (-)
Mr. V.L. Ganesh	- (-)	- (92.14)	- (-)
Ms. Amruda Nair	- (-)	- (-)	34.52 (29.22)
Ms. Aishwarya Nair	- (-)	- (-)	34.52 (29.22)
Ms. Samyukta Nair	- (-)	- (-)	34.52 (29.22)
<b>Commission Paid</b>			
Capt. C.P. Krishnan Nair	- (-)	- (-)	- (41.00)
Ms. Madhu Nair	- (-)	- (-)	- (2.00)
<b>Sitting Fees</b>			
Capt. C.P. Krishnan Nair	- (-)	- (-)	1.80 (1.00)
Ms. Madhu Nair	- (-)	- (-)	0.80 (1.20)
<b>Debit balance outstanding</b>			
Leela Lace Holdings Pvt Ltd	294.16 (15.45)	- (-)	- (-)
Leela Fashions Pvt. Ltd.	- (39.61)	- (-)	- (-)
Leela Capital & Finance Ltd	0.21 (0.07)	- (-)	- (-)
Mumbai International Convention and Exhibition Centre Ltd	0.53 (0.46)	- (-)	- (-)
<b>Dividend Paid</b>			
Leela Lace Holdings Pvt. Ltd	282.97 (377.30)	- (-)	- (-)
Leela Lace Software Solutions Pvt. Ltd	27.50 (13.70)	- (-)	- (-)
Leela Fashions Limited	6.38 (8.50)	- (-)	- (-)
Mr. Vivek Nair	1.56 (0.49)	- (-)	- (-)
Mr. Dinesh Nair	0.56 (0.75)	- (-)	- (-)
Capt. C.P. Krsihnan Nair	0.35 (0.82)	- (-)	- (-)
Ms. Madhu Nair	0.00 (0.00)	- (-)	- (-)
Ms. Lakshmi Nair	0.03 (0.04)	- (-)	- (-)

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Ms. P. V. Leela Amma Nair	0.11	-	-
	(1.07)	(-)	(-)
Ms. Amruda Nair	0.45	-	-
	(0.60)	(-)	(-)
<b>Deposits Given</b>			
Leela Lace Holdings Pvt. Ltd.	7,173.51	-	-
	(7,173.51)	(-)	(-)
Leela Fashions Pvt. Ltd	100.00	-	-
	(100.00)	(-)	(-)
Credit balance outstanding	-	-	-
	(68.56)	(-)	(-)

32.7	Details of leasing arrangements	Rs. lakhs	
	Particulars	2011-12	2010-11
	(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:		
	not later than one year	1,422.45	1,026.34
	later than one year and not later than five years	2,879.43	4,627.63
	later than five years	967.41	1,264.03
	(ii) The Company has taken on operating lease certain assets, the minimum future rent payable on which are as follows:		
	not later than one year	1,260.80	842.72
	later than one year and not later than five years	4,710.48	4,188.08
	later than five years	29,111.76	30,272.14

32.8	Earning per share	Rs. lakhs	
	Particulars	2011-12	2010-11
	<b>Basic</b>		
	(i) Continuing operations		
	Net profit / (loss) for the year from continuing operations	(39,304.21)	1,927.89
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(39,304.21)	1,927.89
	Weighted average number of equity shares	387,824,992	383,688,006
	Par value per share (Rs.)	2.00	2.00
	Earnings per share from continuing operations - Basic (Rs.)	(10.13)	0.50
	(ii) Total operations		
	Net profit / (loss) for the year	1,862.15	3,782.01
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders	1,862.15	3,782.01
	Weighted average number of equity shares	387,824,992	383,688,006
	Par value per share (Rs.)	2.00	2.00
	Earnings per share - Basic (Rs.)	0.48	0.99

<b>Diluted</b>		
The diluted earnings per share is computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods.		
(iii) Continuing operations		
Net profit / (loss) for the year from continuing operations	(39,304.21)	1,927.89
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	(39,304.21)	1,927.89
Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)	(39,304.21)	1,927.89
Weighted average number of equity shares for Basic EPS	387,824,992	383,688,006
Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive	-	24,234,889
Weighted average number of equity shares - for diluted EPS	387,824,992	407,922,895
Par value per share (Rs.)	2.00	2.00
Earnings per share, from continuing operations - Diluted (Rs.)	(10.13)	0.47
(iv) Total operations		
Net profit / (loss) for the year	1,862.15	3,782.01
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year attributable to the equity shareholders	1,862.15	3,782.01
Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
Profit / (loss) attributable to equity shareholders (on dilution)	1,862.15	3,782.01
Weighted average number of equity shares for Basic EPS	387,824,992	383,688,006
Add: Effect of Warrants, ESOPs and Convertible bonds which are dilutive	-	24,234,889
Weighted average number of equity shares - for diluted EPS	387,824,992	407,922,895
Par value per share (Rs.)	2.00	2.00
Earnings per share - Diluted (Rs.)	0.48	0.93
<b>Note :</b> Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same.		

32.9 Upto the year ended 31st March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its Financial Statements. For the year ended 31st March 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification.

In terms of our report attached  
For PICARDO & CO  
Chartered Accountants  
Registration No : 107917W

K.V Gopalakrishnayya  
Partner  
Membership No.21748

Mumbai, 29th May, 2012

Dinesh Kalani  
Company Secretary

For and on behalf of the Board of Directors

Capt. C.P. Krishnan Nair  
Vivek Nair  
Dinesh Nair  
Venu Krishnan  
Krishna Deshika

Chairman  
Vice Chairman & Managing Director  
Joint Managing Director  
Deputy Managing Director  
Director Finance & CFO



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

(Amount Rupees)

Sr. No.	Name of the Subsidiaries	Leela Realty Limited (Formerly Amin Group Hotel Limited)	Leela Palaces and Resorts Limited (Formerly Iskon Estate Private Limited)
1	Corporate Identification Number (CIN)	U55200MH1981PLC023888	U70101DL2005PLC134480
2	Country of Incorporation / Currency	India / Rupees	India / Rupees
3	Financial year of the subsidiary ended on	31st March, 2012	31st March, 2012
4	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	9,99,994 Equity Shares of Rs.10/- each
	b) Extent of holding	99.80%	99.99%
5	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, 2012	(22,579)	(80,076)
	(b) For the previous financial years since these became subsidiaries of the Company	(1,180,007)	(912,894)
	(ii) not dealt with in the accounts of the Company:		
	(a) For the financial year ended 31st March, 2012	Nil	Nil
	(b) For the previous financial years since these became subsidiaries of the Company	Nil	Nil
6	Material changes, if any between the end of the financial year of the subsidiary company and that of the Holding Company.	Nil	Nil
7	Additional information on Subsidiary Companies		
	Share Capital	2,000,000	10,000,000
	Reserves	-	-
	Total Assets	848,291	549,284,058
	Total Liabilities	29,184	545,315,330
	Investments other than investments in subsidiary	82,932	-
	Turnover	-	-
	Profit / (Loss) before taxation	(22,579)	(80,076)
	Provision for taxation	-	-
	Profit / (Loss) after taxation	(22,579)	(80,076)
	Proposed dividend	-	-

## Notes:

- Your Company has two Indian subsidiary companies as on March 31, 2012.
- The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption.
- The Annual Accounts for 2011-12 for all subsidiaries are available at Company's Registered Office. Any investor of the Company can seek any information by making a request in writing to the Company Secretary to obtain a copy of the financial statements of the subsidiary companies. The Subsidiaries' Accounts will also be available on the Website of the Company [www.theleela.com](http://www.theleela.com).
- The consolidated financial statements in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standards 21 as prescribed by Companies (Accounting Standards) Rules, 2006 issued by Ministry of Corporate Affairs vide notification no.G.S.R. 739 (E) dated December 7, 2006 also form part of this Annual Report.

For and on behalf of the Board of Directors

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

**Dinesh Kalani**  
Company Secretary

Mumbai, 29th May, 2012





## HOTEL LEELAVENTURE LIMITED

Regd Office: The Leela, Sahar, Mumbai -400059  
Phone: 022-6691 1234. Fax No. 022-6691 1458

Dear Shareholder,

### **Re: Green Initiative in the Corporate Governance: Paperless Compliance**

Ministry of Corporate Affairs ("MCA") vide its circular no 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively has notified a "Green Initiative in the Corporate Governance", by allowing paperless compliances by Companies. In terms of the said circulars, the Companies are permitted to send Annual Reports and various notices to the shareholders through electronic mode to the registered e-mail addresses of shareholders. The amended Listing Agreement with the Stock Exchanges requires the Company to send soft copies of the Annual Report to Member(s) who register their email address with the Company. The "Green Initiative" will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Environment conservation and sustainable development are continuously on your Company's focus and your Company supports MCA in this initiative.

We propose to send documents such as notices of general meeting(s), annual reports and other shareholder communications to you to the e-mail address provided by you to your depository participant and made available to us by the Depositories / registered with us. Please note that these documents shall be available on Company's website [www.theleela.com](http://www.theleela.com) for download by the shareholders and shall also be kept open for inspection by the Members at the registered office of the Company during office hours.

Please note that you will be entitled to be furnished, free of cost, with a copy of the balance sheet of the Company and all other documents required by law to be attached thereto including the profit and loss account and auditors' report, upon receipt of a requisition from you, any time, as a member of the Company.

You can register your e-mail address with the Company for this purpose by duly completing and sending to the Registrar of the Company the E-Communication Registration Form given overleaf or ALTERNATIVELY avail the option provided on the web-site of the Registrar of the Company at [www.shareproservices.com](http://www.shareproservices.com) for registration of your e-mail address directly.

We are sure, that as a responsible citizen, you will whole-heartedly support and co-operate with the Company in implementing this initiative of the MCA.

Best Regards,

**For Hotel Leelaventure Limited**

**Dinesh Kalani**  
Company Secretary



## E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011  
issued by the Ministry of Corporate Affairs)

Sharepro Services (India) Pvt. Ltd.  
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

Dear Sir,

### Re. Registration of E-mail ID as part of Green Initiative in Corporate Governance

I agree to receive the notices, annual reports and other documents / information in electronic mode. Please register my Email ID in your records.

Folio No. / DP ID / Client ID	:	
E-mail ID	:	
Name of the First / Sole Shareholder	:	
Signature of the First / Sole Shareholder	:	

#### Note:

Shareholder(s) are requested to notify the Company as and when there is any change in the e-mail address.



## 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, Bangalore, Mumbai, Goa, 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 30.09.2013

The Leela Palaces ~  
Hotels ~ Resorts  
Bill Value upto  
Rs.500/-  
Discount 25%  
Valid upto 30.09.2013

The Leela Palaces ~  
Hotels ~ Resorts  
Bill Value upto  
Rs.500/-  
Discount 25%  
Valid upto 30.09.2013

The Leela Palaces ~  
Hotels ~ Resorts  
Bill Value upto  
Rs.500/-  
Discount 25%  
Valid upto 30.09.2013





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, India  
Tel: +91 (11) 3933 1234, Fax: +91 (11) 3933 1235  
E-mail: reservations.newdelhi@theleela.com

**The Leela Palace Bangalore**  
23 Kodihalli, Old Airport Road  
Bangalore - 560 008  
Tel: +91 (80) 2521 1234, Fax: +91 (80) 2521 2222  
E-Mail: reservations.bangalore@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 Goa**  
Mobor, Cavelossim  
Goa - 403 731  
Tel: +91 (832) 662 1234, Fax: +91 (832) 287 1352  
E-Mail: reservations.goa@theleela.com

**The Leela Palace Udaipur**  
Lake Pichola, Udaipur - 313 001  
Tel: +91 (294) 670 1234, Fax: +91 (294) 670 1212  
E-Mail: reservations.udaipur@theleela.com

**The Leela Kempinski Gurgaon, Delhi NCR**  
Ambience Island, National Highway - 8  
Gurgaon - 122 002  
Tel: +91 (124) 477 1234, Fax: +91 (0) (124) 477 1235  
E-Mail: reservations.gurgaon-delhi@theleela.com

**The Leela Kovalam Beach, Kerala**  
Trivandrum - 695 527  
Tel: +91 (471) 305 1234, Fax: +91 (471) 248 1522  
E-Mail: reservations.kovalam@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

## 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 (141) 289 1244, +91 (141) 289 1747  
Fax: +91 (141) 289 1180  
E-Mail: info@ashokaholidays.com

**Chandigarh**  
Ekido Holiday Tours P Ltd,  
SCO 149-150, M Marg Sector 8 C,  
Chandigarh – 160 008  
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 - 141 001  
Tel: +91 9876088330  
Fax: +91 (161) 2443211  
E-Mail: ldh@ekido.in



Central Reservations : India Toll Free No. : 1-800-222-444 (MTNL & BSNL users) | Others : +91 (22) 6000 2233  
Visit [www.theleela.com](http://www.theleela.com)





## NOTES

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# NOTICE

NOTICE is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of the Members of HOTEL LEELAVENTURE LIMITED will be held at Grand Ball Room, The Leela, Sahar, Mumbai - 400 059 on Thursday, the 20th September, 2012 at 11.00 A.M. to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on the date and Reports of the Directors and Auditors thereon.
2. To consider and if thought fit to pass with or without modification/s, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Mr. C. K. Kutty, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company.”  
“RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled.”
3. To consider and if thought fit to pass with or without modification/s the following resolution as an Ordinary Resolution:  
“RESOLVED THAT Mr. R. Venkatachalam, a Director liable to retire by rotation, who does not seek re-election, be not re-appointed as a Director of the Company.”  
“RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled.”
4. To appoint a Director in place of Mrs. Madhu Nair, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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:

7. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT Mr. M. Madhavan Nambiar who was appointed as an Additional Director by the Board of Directors with effect from 21st December, 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 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 retirement by rotation.”
8. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an **Ordinary Resolution**:  
“RESOLVED THAT Mr. Pawan Kumar Nagpal who was appointed as an Additional Director by the Board of Directors with effect from 21st December, 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 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 retirement by rotation.”
9. 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) (the “Companies Act”), the Foreign Exchange Management Act, 1999, 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, guidelines, notifications and circulars issued by the Securities and Exchange Board of India (“SEBI”) including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”), the Government of India (“GOI”), the Reserve Bank of India (“RBI”), and / or any other appropriate regulatory authorities as may be required, and clarifications, if any, issued thereon from time to time, the equity listing agreements entered into by the Company with the stock exchanges where the Company’s equity shares of face value of Rs. 2 each (the “Equity Shares”) are listed (the “Listing Agreement”), and subject to

any approval, consent, permission and / or sanction as may be necessary from the GOI, RBI, SEBI, the stock exchanges, the Foreign Investment Promotion Board and / or any other appropriate regulatory authorities as may be required, 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 the extent permitted by law, including the Finance Committee of the Board) and the enabling provisions of the Memorandum and Articles of Association of the Company, consent, approval and authority of the members is hereby accorded to create, offer, issue and allot Equity Shares, global depository receipts (“GDRs”), American depository receipts (“ADRs”), 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, 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, including by way of placement of Equity Shares to qualified institutional buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations, 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 of the Company, 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 Equity Shares or not (collectively, referred to as 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 issuance of the aforesaid Securities does 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 a qualified institutions placement to qualified institutional buyers (as defined in the ICDR Regulations) in accordance with Chapter VIII of the ICDR Regulations, the “Relevant Date” for determining the floor price of the Securities shall mean, in case of allotment of Equity Shares, the date of the meeting in which the Board or the Finance Committee of the Board decides to open the proposed issue of the Equity Shares, and in case of convertible Securities, either the date of the meeting in which the Board or the Finance Committee of the Board decides to open the issue of the convertible Securities or the date on which the holders of such convertible Securities become entitled to apply for the Equity Shares, as provided under Chapter VIII of the ICDR Regulations.

## RESOLVED FURTHER THAT:

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (b) the relevant date for the purposes of determining the floor price of the Securities would be in accordance with the guidelines prescribed by SEBI, RBI, the GOI through its various departments or any other regulator, as applicable, and the pricing of any Equity Shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable adjustments in the applicable rules/ guidelines/ statutory provisions;
- (c) the number of Equity Shares to be issued and the number and/or conversion price in relation to Equity Shares that may be issued and allotted on conversion of the convertible Securities that may be issued pursuant to this resolution, shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split and consolidation of share capital, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring; and



- (d) 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 such other agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like (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 Securities at such premium as may be decided by the Board or 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 shall rank 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 / relevant 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, 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, finalisation and approval of the preliminary as well as final offer documents, listings on one or more stock exchanges in India and / or abroad and fixing of record date or book closure, entering into or execution of all such agreements/ arrangements/ memoranda of understanding/ documents, authorising the Director(s) or any officer(s) of the Company to sign for and on behalf of the Company the offer document(s), agreement(s), arrangements(s), memoranda of understanding, application(s) authority letter(s) or any other documents, affidavits, undertakings, certificates 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 this resolution."

10. 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 amendment thereto or re-enactment thereof, for the time being in force) ("Companies Act"), Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), as may be applicable to the preferential issue of equity shares and other applicable regulations of SEBI, if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the applicable rules / regulations / guidelines, notifications, circulars and

clarifications issued thereon from time to time by Government of India ("GOI"), the Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI") and/or prescribed by the listing agreements entered into by the Company with the stock exchanges on which the equity shares of the Company are listed or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution), is hereby authorized to create, offer, issue, and allot to Leela Lace Software Solutions Private Limited, a promoter group entity, for cash on preferential basis, such number of Equity Shares of Rs.2 each, subject to the pricing guidelines prescribed under Chapter VII of the SEBI ICDR Regulations, in one or more tranches and on such terms and conditions as prescribed under the applicable SEBI ICDR Regulations, and that the issue size shall not exceed an aggregate value of Rs.100,00,00,000 (Rupees one hundred crores only), including the premium.

**RESOLVED FURTHER THAT** the price of the equity shares so issued shall be determined as per the Regulations issued by SEBI in this respect, i.e.

- a) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the six months preceding the 'relevant date'.

OR

- b) The average of the Weekly high and low of the closing prices of the Company's shares quoted on the Stock Exchange (National Stock Exchange of India Limited) during the two weeks preceding the 'relevant date', whichever is higher.

**RESOLVED FURTHER THAT** the relevant date for the purpose of calculating the exercise price under Chapter VII of "SEBI ICDR Regulations" is 21st August, 2012, being the 30 days prior to 20th September, 2012, the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, to consider the proposed issue.

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

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

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

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

By order of the Board of Directors  
For Hotel Leelaventure Limited  
Dinesh Kalani  
Company Secretary

Registered Office:

The Leela, Sahar, Mumbai - 400 059  
Mumbai, 2nd August, 2012

#### 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 Instrument 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 commencement of the Meeting.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf 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.7 to 10 to be transacted at the meeting is annexed hereto. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th September, 2012 to Thursday, the 20th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
6. Brief resume of the newly appointed Directors including those retiring by rotation and eligible for reappointment, 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.
7. 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.
8. 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 each 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.
9. Members holding shares in physical form are requested to immediately intimate changes, if any, in their registered addresses along with the PIN CODE to the Company or the Registrars so that future communication can be sent to the correct addresses.
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. 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 at the entrance of the Meeting Hall. 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.
14. 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. Members who have not encashed the dividend warrant(s) so far, since the financial year 2005-06, are requested to send their claim to the Company / Registrar for issue of pay order / demand draft in lieu thereof after verification.
15. 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.
16. 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.
17. Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated May 20, 2009 and No.SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities. In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/ transmission and transposition of shares of the Company in physical form will be returned under objection.
18. The Company has uploaded on its web-site an "Investor Information Kit" for the general information and guidance to the investors of the Company. Further, the Company has designated an exclusive email ID viz. [investor.service@theleela.com](mailto:investor.service@theleela.com) to enable the investors to post their grievances, if any, and monitor its redressal. Members are advised to refer to Section titled "General Shareholder Information" provided in the annual report.
19. 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 as 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](http://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 Note No.7 above, quoting their folio number(s).





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

### No. 7 - Appointment of Mr. M. Madhavan Nambiar as a Director

Mr. Madhavan Nambiar (I.A.S., M.B.A.) joined the Board as an additional director with effect from 21st December, 2011.

Mr. Nambiar retired as Secretary to Government of India in the Ministry of Civil Aviation, where he was closely involved in the airport privatization programs, especially in the metros of Delhi, Mumbai, Hyderabad and Bangalore.

Earlier, he held posts as Secretary in the Ministry of Information Technology, as Chairman and Managing Director of ELCOT and also TIDCO in the State of Tamil Nadu.

He is a fellow at the Judge Business School, Cambridge University.

At present he is the Chairman of C-DOT Alcatel Lucent Research Centre Pvt. Limited and is also on the Board of Rediff.com India Limited.

In view of the wide and extensive experience of Mr. Madhavan Nambiar, it would be of great benefit to the Company and to the Board to avail his expertise in various fields.

He is not related to any other directors of the Company and does not hold any shares in the Company.

Except Mr. Madhavan Nambiar 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. 8 - Appointment of Mr. Pawan Kumar Nagpal as a Director

Mr. Pawan Kumar Nagpal [BE (Civil) Hons. from IIT, Roorkee] joined the Board of the Company with effect from 21st December, 2011 as a Nominee of Airports Authority of India ("AAI"). AAI is entitled to appoint a nominee on the Board of the Company in terms of clause 19(a) of the Lease Deed dated 7th February, 1996 signed by the Company with AAI in respect of 11,000 sq. mtrs. of land leased to the Company at Mumbai.

Mr. Nagpal has over 3 decades of professional experience. He has worked with several public sector companies like UP State Bridge Corporation, erstwhile Posts & Telegraphs, Border Roads Organization and at present, working as Regional Executive Director, Western Region of Airports Authority of India (AAI) with overall charge for Airports in the Western Region as well as Joint Venture Airports like CSI Airport, Mumbai (MIAL), Nagpur (MADC), etc.

He has been responsible for large number of infrastructure projects, terminal building projects and also Civil Aviation Training College at Allahabad and creation of engineering wing in AAI during his association with AAI spreading over 25 years. He is also Member of Indian Road Congress and Indian Council of Arbitration.

He is not related to any other directors of the Company and does not hold any shares in the Company.

Except Mr. Pawan Kumar Nagpal 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 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 become operational in financial year 2012-13. The Company has also built commercial space in Chennai and had acquired land in Agra for building a luxury hotel. The total capital expenditure incurred by the Company on these luxury hotels was approximately Rs. 3,400 crores. These investments were planned to be funded by a combination of debt and equity. Accordingly, the Company had issued FCCBs for Euro 60 million in September 2005 and USD 100 million in April 2007, respectively. However, due to the global economic crisis and the adverse security market conditions, these FCCBs did not get converted into Equity Shares. Consequently, the Company currently has a debt of approximately Rs. 4,300 crores. The Company is taking various steps to reduce its debt. Further, the Company will also require funds to meet the normal capital expenditure, expenditures for renovations and expansions as well as to pursue new opportunities, organic and inorganic growth, and also promotional as well as brand building exercise and for general corporate purposes. 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. One of the options available for the Company to raise funds is by way of issue of equity / equity linked instruments.

Accordingly, the Company proposes to create, offer, issue and allot Securities, including the 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 public issue(s), private placement(s), 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 a combination thereof at such time or times, as stated in the resolution, for an amount not exceeding Rs. 1,000 crores (including premium) at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board at its absolute discretion, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made at the time of such offer,

issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers. Accordingly, the detailed terms and conditions for the offer will be determined by the Board in its sole discretion and 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 pricing of the Securities that may be issued to qualified institutional buyers pursuant to Chapter VIII of the 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, in case of Equity Shares be the date when the Board or the Finance Committee thereof decides to open the qualified institutions placement for subscription, and in case of convertible Securities, either the date of the meeting in which the Board or the Finance Committee of the Board decides to open the issue of the convertible Securities or the date on which the holders of such convertible Securities become entitled to apply for the Equity Shares.

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 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) of the Companies Act, unless the shareholders in a General Meeting decide otherwise. Since the Resolution no. 9 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 and in terms of the provisions of the Listing Agreement.

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.

The 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.

### No.10 of the Notice - Issue of equity shares on a preferential basis to a Promoter Group Entity of the Company

The Company proposes to issue such number of equity shares of Rs.2/- each to a promoter group entity at an issue price including such premium not less than the price to be determined as per SEBI ICDR Regulations in order to raise funds upto Rs.100 crores.

#### Pricing of the issue and Relevant Date:

The pricing of the Equity Shares to be allotted to on preferential basis shall not be lower than the price determined in accordance with the Chapter VII of SEBI ICDR Regulations.

SEBI ICDR Regulations provide that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

- The average of the weekly high and low of the closing prices of the shares quoted on the stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the shares quoted on a stock exchange during the two weeks preceding the relevant date.

The Relevant Date for the purpose of pricing of the Equity Shares to be allotted shall be 21st August, 2012 being the date which is 30 days prior to the date of this meeting. The price shall be determined on the basis of the quotes available on National Stock Exchange Ltd. website being the Stock Exchange having the highest trading volume during the preceding six months prior to the relevant date.

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

- Object of the preferential issue and details of utilization of proceeds**  
The object of the issue is to meet the debt service obligations and capital expenditure.
- Intention of the promoters/directors/key management personnel to subscribe to the offer**

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

None of the key managerial personnel and the directors of the Company intend to subscribe equity shares proposed to be issued by the Company.



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

Particulars	Pre-issue shareholding as on 27th July, 2012*		Post Issue shareholding after issue of equity shares under the proposed preferential issue **	
	Total No. of Equity Shares	Percentage of Shareholding	Total No. of Equity Shares	Percentage of Shareholding
<b>Shareholding of Promoter and Promoter Group</b>				
Group Companies	217,359,312	56.05	247,534,327	59.22
Individuals	2,037,555	0.53	2,037,555	0.49
<b>Total shareholding of Promoters and Promoter Group Entities</b>	<b>219,396,867</b>	<b>56.57</b>	<b>249,571,882</b>	<b>59.71</b>
<b>Public shareholding of Institutions</b>				
Financial Institutions / Banks / Mutual Funds	25,219,011	6.50	25,219,011	6.03
Foreign Institutional Investors	4,652,523	1.20	4,652,523	1.11
<b>Sub Total</b>	<b>29,871,534</b>	<b>7.70</b>	<b>29,871,534</b>	<b>7.15</b>
<b>Non- Institutions</b>				
Bodies Corporate	63,918,203	16.48	63,918,203	15.29
Individuals	64,992,016	16.76	64,992,016	15.55
NRI/ Foreign Nationals/ OCBS	9,646,372	2.49	9,646,372	2.31
<b>Sub Total</b>	<b>138,556,591</b>	<b>35.73</b>	<b>138,556,591</b>	<b>33.15</b>
<b>Total Shareholding</b>	<b>387,824,992</b>	<b>100.00</b>	<b>418,000,007</b>	<b>100.00</b>

\* based on the beneficiary positions in the shares of the Company as on 27th July, 2012, as provided by the depositories. Post-issue shareholding pattern may change due to change in the beneficiary position.

\*\* The number of shares to be allotted is calculated on the basis of issue price as on 27th July, 2012 in terms of pricing formula of Chapter VII of SEBI ICDR Regulations and the same has been considered only for the purpose of disclosing the pre and post issue shareholding pattern. Total number of shares to be allotted, the shareholding pattern and the issue price, on the basis of actual relevant date i.e. 21st August, 2012, may accordingly increase or decrease. However, the value of the total number of shares so issued (including premium) at a price to be determined in accordance with Chapter VII of SEBI ICDR Regulations will not exceed Rs.100,00,00,000 (Rupees One Hundred Crores Only).

(d) Identity and percentage of post preferential issue capital held by proposed allottee

Name of the proposed allottee	Pre-issue shareholding		Equity shares proposed to be allotted *	Post-issue shareholding	
	No. of Equity Shares	Percentage of Capital		No. of Equity Shares*	Percentage of Capital*
Leela Lace Software Solutions Private Limited	24,459,327	6.31	30,175,015	54,634,342	13.07

\* The number of shares to be allotted is calculated on the basis of issue price determined as on 27th July, 2012 in terms of pricing formula of Chapter VII of SEBI ICDR Regulations and the same has been considered only for the purpose of disclosing the pre and post issue shareholding pattern. Total number of shares, the shareholding pattern and the issue price, on the basis of actual relevant date i.e. 21st August, 2012, may accordingly increase or decrease. However, the value of the total number of shares so issued (including premium) at a price determined in accordance with Chapter VII of SEBI ICDR Regulations, 2009 will not exceed Rs.100,00,00,000 (Rupees One Hundred Crores Only).

(e) Proposed time within which the allotment shall be completed

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

(f) Change in control

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

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

- The proposed allottee has not sold the Company's shares during the six months period prior to the relevant date and hence is eligible for allotment of shares on preferential basis.
- The equity shares allotted to the proposed allottee shall be subject to 'lock-in' for a period of three years from the date of allotment as per Clause 78(1) of the Chapter VII of SEBI ICDR Regulations.
- The entire pre preferential allotment shareholding of the proposed allottee shall be locked in from the relevant date up to a period of six months from the date of preferential allotment.

(h) Compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

The provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Code") are not attracted for this issue and therefore the proposed allottee is not required to make an open offer or comply with formalities related to an open offer for this preferential issue except the specific disclosures as may be required to be furnished as per the Takeover Code.

(i) Undertakings

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

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

(j) Auditor's Certificate

A certificate from M/s. Picardo & Co., Chartered Accountants certifying that the proposed issue of equity shares is in accordance with the Chapter VII of SEBI ICDR Regulations, will be obtained and will be available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days, except Saturdays, up to the date of the Annual General Meeting and also during the meeting.

(k) Approval under the Companies Act, 1956

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of the equity shares of a company or to such holders otherwise than in proportion to the capital paid up, requires prior approval of the shareholders in general meeting by a Special Resolution. Accordingly, in respect of proposed equity shares to be allotted to Leela Lace Software Solutions Private Limited, a promoter group entity, requires the shareholders' approval. The Board recommends the resolution proposed vide Item No. 10 of the Notice for approval in accordance with the requirements of Sections 81, 81(1A) of the Companies Act, 1956 read with the SEBI ICDR Regulations for preferential issues.

Capt. C. P. Krishnan Nair, Mr.Vivek Nair, Mr.Dinesh Nair, Mrs.Madhu Nair and Mr. Venu Krishnan, directors, shall be deemed to be concerned or interested to the extent of their being members, promoters and/ or Directors of Leela Lace Software Solutions Private Limited, the proposed allottee.

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

Registered Office:

The Leela, Sahar,  
Mumbai - 400 059

By order of the Board of Directors  
For Hotel Leelaventure Limited

Dinesh Kalani  
Company Secretary

Mumbai, 2nd August, 2012



## 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	Mrs. Madhu Nair	Mr. Anil Harish	Mr. M. Madhvan Nambiar	Mr. Pawan Kumar Nagpal
Date of Birth	01.11.1961	19.03.1954	09.11.1950	16.06.1957
Date of Appointment	29.04.2006	13.04.1998	21.12.2011	21.12.2011
No of shares held	360	NIL	NIL	NIL
Expertise in Specific Functional areas	Interior design and project coordination	Corporate Law and Taxation	Administrative Services	Project Management and Administration
Qualifications	B.A. (Hons.)	B.A., LL.B, LL.M (USA)	I.A.S., M.B.A.	B.E. (Civil)
List of Limited Companies in which outside Directorships held as on 31.03.2012 (excluding private & foreign companies)	NIL	<ol style="list-style-type: none"> <li>1) Pantaloon Retail (India) Ltd.</li> <li>2) Ador Welding Ltd.</li> <li>3) Unitech Ltd.</li> <li>4) Hinduja Ventures Ltd.</li> <li>5) Advani Hotels &amp; Resorts (India) Ltd.</li> <li>6) Mahindra Lifespace Developers Ltd.</li> <li>7) Mukta Arts Ltd.</li> <li>8) Hinduja Global Solutions Ltd.</li> <li>9) Future Ventures India Ltd.</li> <li>10) Ashok Leyland Ltd.</li> <li>11) Oberoi Realty Ltd.</li> <li>12) Valecha Engineering Ltd.</li> <li>13) Hinduja Leyland Finance Ltd.</li> </ol>	1) Rediff.Com India Ltd.	NIL
* Chairman / Member of the Audit Committee and Investor Grievance Committee of other Companies, of which he is a Director as on 31.03.2012.	NIL	<ol style="list-style-type: none"> <li>1) Ador Welding Ltd.- Audit Committee Chairman</li> <li>2) Unitech Ltd.- Audit Committee Member</li> <li>3) Hinduja Ventures Ltd.- Audit Committee Chairman</li> <li>4) Mahindra Lifespace Developers Ltd.-Audit Committee Member</li> <li>5) Hinduja Global Solutions Ltd. - Audit Committee Chairman</li> <li>6) Future Ventures India Ltd.- Audit Committee Member</li> <li>7) Ashok Leyland Limited - Audit Committee Chairman</li> <li>8) Oberoi Realty Ltd.- Audit Committee Member</li> <li>9) Valecha Engineering Ltd.- Audit Committee Member</li> </ol>	NIL	NIL

### Disclosure in terms of Clause 49(IV)(G)(ia) of the Listing Agreement

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

**ATTENDANCE SLIP****HOTEL LEEAVENTURE LIMITED** (To be handed over at the entrance of the Meeting Hall)**Registered Office:** The Leela, Sahar, Mumbai – 400 059**31ST ANNUAL GENERAL MEETING – 20TH SEPTEMBER, 2012**

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

(Name in Block letters)

I hereby record my presence at the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company held at Grand Ball Room, The Leela, Sahar, Mumbai - 400 059 on Thursday, the 20th September, 2012 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.**PROXY FORM****HOTEL LEEAVENTURE LIMITED****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 **THIRTY FIRST ANNUAL GENERAL MEETING** of the Company to be held on Thursday, the 20th September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this ..... day of ....., 2012.

\* Applicable for investors holding shares in dematerialised form.

Signature .....

Affix  
revenue  
stamp

- 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. Appointing a proxy does not prevent a member from attending in person, if he so wishes.
  4. 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.





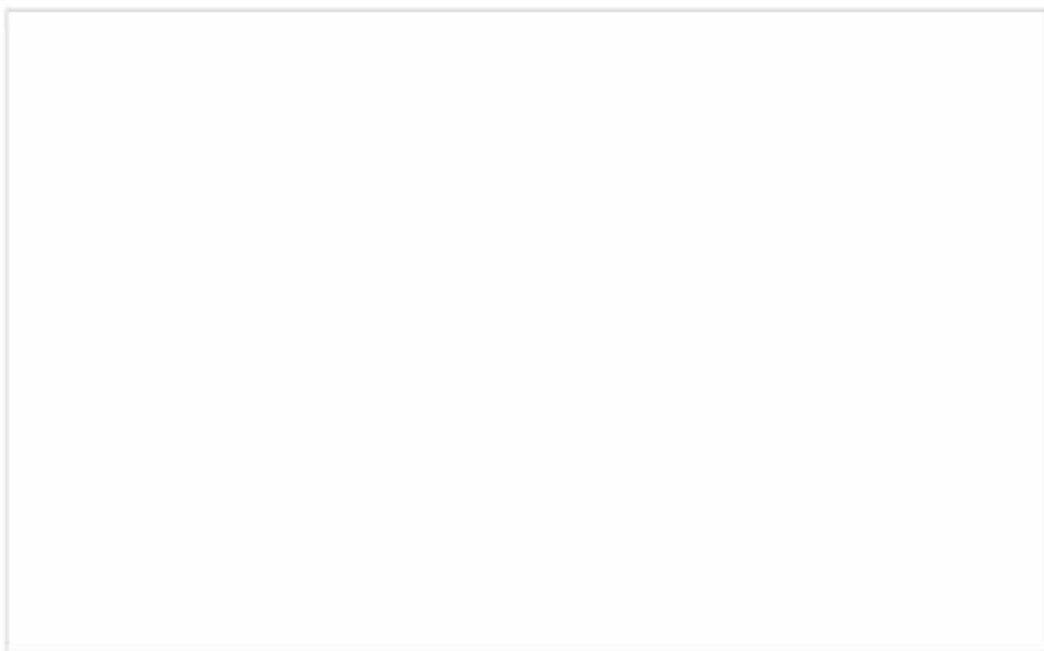
# PAN INDIA PRESENCE





## BOOK-POST

To,



HOTEL LEELAVENTURE LIMITED

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