

HOTEL LEELAVENTURE LIMITED

ANNUAL REPORT

2012~13



Seen here, the view of the Bay of Bengal from The Leela Palace Chennai.



THE LEELA

PALACES HOTELS RESORTS

The Leela Palace Chennai

Regal, tasteful and a grand tribute to Chettinad culture, the hotel overlooks the Bay of Bengal and has the privilege of being the city's first sea-facing hotel with awe-inspiring panoramic views. Combining many centuries of design inspiration and over seven years of meticulous craftsmanship, the palace elevates the traditional aesthetic derived from local culture and fuses it effortlessly with contemporary standards in luxury. The hotel offers business travellers a respite from the hustle and bustle of Chennai, ensconcing them in a verdant haven rare in the heart of the city. The fine-dining restaurants, coffee shop, a library bar and a terrace swimming pool are other highlights.



Sea facing palace hotel



Terrace Pool



Deluxe sea facing room



Porte Cochere



Courtyard overlooking the sea



China XO



Grand corridor



Lobby Promenade



Tree of Life mural

MISSION STATEMENT

To not just satisfy our guests but delight them.

To show the warmth and grace unique to Indian hospitality.

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

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To the next 25 years

How does one change one's profession at the ripe age of 64 (the age at which I established The Leela)... Through aspirations. You must have great aspirations in life or you will get nowhere. I have come a long way from Kerala (my homestate) where I was involved in the freedom struggle. I have seen simple, humble men with lofty ideals, move mountains. They emerged stalwarts and giants on free India's horizon. Their conviction, commitment and crusade, has been my inspiration... to make reality of, an India of my dreams, in

my own humble way.

I do not believe in luck. If there is such a thing, then it comes to those who dare and act. I believe the key to success is to learn to do something right. Then do it right every time. In fact more than failures, I am apprehensive of success. Once you attain your goal, you are riddled with doubts and the fear that you may be judged by your last success. You have to make things happen. Repeatedly. It is this belief that drives me towards expanding The Leela Group. One success must be followed by another. It is this that defines true achievement.

To my Leela family I would like to say that to be just better than the others is a minor ambition. To be great, we have to be the best – by deriving strength from our inner resources. 25 years ago we began with a single hotel in Mumbai. Since then we have grown to 8 hotels across the key tourist and business locations in the country. Confidence is the creator and controller of destinies. This is something I discovered when working in the textile industry many years ago and I believe that this is key to how we will be able to differentiate ourselves from the keen competition that has come to define the hospitality business in our country.

The country is facing economic challenges, growth has slowed down and the political environment is vitiated. But tough times are the true test of character. History has proven that for men of resilience, challenging times can be times of opportunity. The obsessive compulsion to excel, and offer my country the best of what I was fortunate to experience around the world, is what drives me endlessly.

I have always believed that the hotels we create are not just beautiful mansions, they are living breathing souls. And nowhere is this experienced more than through each and every action of our employees. Many of our regular guests have stated that what makes The Leela unique is the way we treat them. Hospitality should always be a passion. A chef must always cook with love in his heart. The joy, the smile is what makes all the difference. Whenever an employee lends his service without a smile, I consider it my personal failure.

As I relinquish the position of Chairman and pass on the baton to my sons I request each and every one of you to extend them the same support and dedication that you have showered upon me. It has been a great privilege and honour to lead this outstanding team of women and men who have made The Leela Group what it is. I would like to take this opportunity to extend my best wishes to each and every employee of The Leela Group and their families. Without your dedication and passion I would not have been able to achieve an iota of what we have.

I wish you the very best in our future endeavours. I will continue as Chairman Emeritus and would encourage you to use my experience in the manner you deem fit.

Thank you

Captain C. P. Krishnan Nair
Chairman Emeritus and Founder Chairman
Hotel Leelaventure Limited



Chairman's Statement

Dear Shareholder,

As this is my inaugural address to the shareholders, I would like to thank the Board of Directors for placing their confidence in me as Chairman and Managing Director and in Dinesh Nair as Co-Chairman and Managing Director of the Company. I take this opportunity to acknowledge the yeoman services rendered by my father Capt. C. P. Krishnan Nair who has been the founder and driving force of the Company since inception. What started as his initiative and vision has today evolved into 8 award winning hotels and resorts across India and several more under implementation. We are honoured that he has graciously accepted the position as Chairman Emeritus and Founder Chairman and look forward to his continued guidance and inspiration.

Expanding Portfolio

Despite the challenging business environment, we were able to open Chennai's first sea-facing palace hotel, The Leela Palace Chennai. The 326 room hotel with world class banqueting and meeting room facilities has been built to LEED Platinum certification and has since its opening been receiving encouraging comments and positive reviews. The Leela Palace Chennai is a luxurious experience, evoking the rich heritage of Chettinad architecture in terms of grandness and space. Facilities and guestrooms are world class with distinctive amenities and cutting edge technology. With Chennai booming as a commercial centre, it is our aim to make the hotel a natural choice for discerning business and leisure travellers, celebrities and dignitaries. The hotel was featured in the Hot List of Conde Nast Traveller (UK Edition) and in the 'It List 2013' of Travel + Leisure (US Edition) - premium lifestyle and travel magazines.

Change in Brand Identity

The year 2012 marked a milestone for the company as we celebrated not only our 25th anniversary but also unveiled a brand new identity for the brand including a revamped website and a new logo. Like every property we have designed, the new symbol in the form of an elegant monogram, is the work of a master Indian artist and is a clear reflection of who we are and what we offer our guests. Our universe is India and this is clearly reflected in our new signature. As we tread on the next chapter of our journey we hope to set a new global standard of service and believe that this symbol will become synonymous with the finest hospitality experience in India – experiences in settings that are the essence of India.

Outlook

The Indian hospitality sector has been going through a difficult time owing to the economic downturn in Europe and US which has resulted in only a marginal increase of 2.8% in business and leisure travel to India. In addition, an oversupply of rooms across the country outpacing demand has impacted hotel occupancies placing pressure on average room rates. Weak business sentiment and global economic uncertainty may continue to be obstacles but I am convinced that it is a matter of time when the world economy rebounds and we must be prepared for the same. At the same time our resorts in Goa and Kerala catering to up market beach tourism continues to be buoyant. The India growth story too is not over. It still continues to be one of the fastest growing countries in the world and we expect that demand will come from a burgeoning domestic market.

As we go about consolidating our position as a major luxury player in the hospitality business, we have begun charting out a new business strategy to exploit the full growth potential of our business. We will grow in an asset-light manner and plan to double our portfolio of hotels to sixteen hotels in the next five years through the management contract route. Our aim is to cover the entire country by spreading our presence in the major metro areas before expanding our foot prints in the overseas markets. This will also enable us to offer our employees and business associates rewarding growth opportunities.

Acknowledgements

On behalf of the Board, I would like to acknowledge all my associates and colleagues in the company for their dedication and unstinting hard work in a difficult year and look forward to their continued support and their commitment to the future success of our business. I anticipate that the hospitality sector will continue to be difficult in 2013 but am confident that our new asset light business model, award winning service standards and excellent teamwork will indeed give us better opportunities when the upturn in the economy takes place.

I also take this opportunity to thank our valued shareholders, clients, bankers, financial institutions and government authorities for their confidence and support and look forward to their continued support.

Thank You

Vivek Nair
Chairman and Managing Director



Captain C. P. Krishnan Nair
Chairman Emeritus and Founder Chairman



Vivek Nair

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BOARD OF DIRECTORS

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Dinesh Nair



Venu Krishnan



Krishna Deshika



Madhu Nair



Anna Malhotra



M. Narasimham



Vijay Amritraj



Anil Harish



Dr. K. U. Mada



Indur Kripalani



A. K. Dasgupta



M. Madhavan Nambiar



Anil Kumar Sharma



Uttara Dasgupta



T. Ravindranath

CORPORATE INFORMATION (As on 13th August, 2013)

Chairman Emeritus & Founder Chairman

Capt. C. P. Krishnan Nair ¹

Board of Directors

Mr. Vivek Nair ²	Chairman & Managing Director
Mr. Dinesh Nair ²	Co-Chairman & Managing Director
Mr. Venu Krishnan	Deputy Managing Director
Mr. Krishna Deshika	Director – Finance & CFO
Mrs. Madhu Nair	Director
Mrs. Anna Malhotra	Director
Mr. M. Narasimham	Director
Mr. Vijay Amritraj	Director
Mr. Anil Harish	Director
Dr. K. U. Mada	Director
Mr. Indur Kirpalani	Director
Mr. A. K. Dasgupta	Director
Mr. M. Madhavan Nambiar	Director
Mr. Anil Kumar Sharma ³	Director- Nominee of Airport Authority of India
Mrs. Uttara Dasgupta ⁴	Director- Nominee of State Bank of India
Mr. T. Ravindranath ⁵	Director- Nominee of Syndicate Bank

¹ Resigned from the Board with effect from 7th February, 2013 and was appointed as Chairman Emeritus & Founder Chairman.

² Designated as Chairman & Managing Director / Co-Chairman & Managing Director with effect from 7th February, 2013

³ Joined the Board with effect from 21st September, 2012 (As a nominee of Airports Authority of India)

⁴ Joined the Board with effect from 20th May, 2013 (As a nominee of State Bank of India)

⁵ Joined the Board with effect from 13th August, 2013 (As a nominee of Syndicate Bank)

Company Secretary

Dinesh Kalani

Statutory Auditors

Picardo & Co.

Chartered Accountants

Solicitors & Advocates

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Registered & Corporate Office

The Leela, Mumbai

Sahar

Mumbai - 400 059

Website: www.theleela.com

E-mail: investor.service@theleela.com

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

Registrar & 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

Tel : + 91 22 6772 0300 / 6772 0400

Fax : + 91 22 2859 1568

Investor relations centre of the Registrar & Share Transfer Agents

912, Raheja Centre

Free Press Journal Road

Nariman Point

Mumbai – 400 021

Tel : + 91 22 6613 4700

Fax : + 91 22 2282 5484

Important Communication to Members

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be made by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to write to the Company / Registrar or avail the option provided on the web-site of the Registrar of the Company at www.shareproservices.com for registration of e-mail address directly.

**32nd Annual General Meeting on Friday, the 20th September, 2013 at 11.00 A.M.
at Grand Ball Room, The Leela, Sahar, Mumbai - 400 059**

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the Thirty Second Annual Report of the Company together with its Audited Statement of Accounts for the financial year ended 31st March, 2013.

1. Financial Results

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

₹ Lakhs

	Financial Year 2012-13	Financial Year 2011-12
Revenue from operations and other income	66,054.75	58,843.97
Operating and other Expenses	53,790.07	55,326.51
Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA)	12,264.68	3,517.46
Interest	40,534.25	32,125.06
Depreciation	13,867.33	10,223.54
Profit from discontinuing operations & gain on disposal of assets relating to discontinuing operations	-	41,766.36
Profit/(Loss) before Tax	(42,136.90)	2,935.22
Provision for Taxes / Deferred Tax	1,208.91	1,072.05
Profit/(Loss) after Tax for the year	(43,345.81)	1,863.17
Balance brought forward	32,651.35	32,588.18
Amount available for appropriation	(10,694.46)	34,451.35
Appropriations:		
Transfer to Debenture Redemption Reserve	-	1,800.00
Balance carried to Balance Sheet	(10,694.46)	32,651.35
EPS Basic (in ₹)	(10.82)	0.48
EPS diluted (in ₹)	(10.82)	0.48

2. Dividend and Transfer of amounts to Investor Education and Protection Fund

In view of losses, the directors do not recommend any dividend for the financial year ended 31st March, 2013.

During the year under review, the Company has credited ₹ 2.17 lakhs, lying in the unpaid / unclaimed 2nd interim dividend for the financial year 2004-05, 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.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20th September, 2012 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs.

3. Corporate Debt Restructuring

The Company has restructured its debts under the Corporate Debt Restructuring (CDR) mechanism. Please refer to the relevant section in the Management's Discussions and Analysis Report for further details.

4. Rating

The last Credit Rating issued to the Company by CARE Limited was on 25th April, 2012. However, the credit rating is under suspension at present as the Company is under Corporate Debt Restructuring.

5. Change in Paid up Capital

In terms of the approval accorded by the Shareholders of the Company at the last Annual General Meeting held on 20th September, 2012, the Company has allotted 308,26,140 fully paid up Equity Shares of ₹ 2 each, at a price of ₹ 32.44 per Equity Share (including premium of ₹ 30.44 per Equity Share) aggregating to ₹ 100 Crores to a promoter group company during the year under review and the same has been listed on the stock Exchanges.

6. 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 in full.

7. Opening of The Leela Palace Chennai

The Company's prestigious hotel "The Leela Palace Chennai" was formally opened to guests on 11th January, 2013. The Hotel is developed on a 4.8 acre plot, which faces the Bay of Bengal and Adyar River. Drawn from the inspiration of Chettinad Dynasty, the architecture of the Palace Hotel exudes the regal and opulent style, the 11-storeyed hotel features 326 rooms and suites and is equipped with world-class amenities.

8. Expansion / Up-gradation Plans

Your Company owns and operates six hotels at New Delhi, Mumbai, Bangalore, Goa, Udaipur and Chennai, besides operating two hotels at Gurgaon and Kovalam under Management Contracts. With the opening of the Chennai hotel, the total room inventory stands at 2,211 guest rooms including those under Management.

The Company is adopting an "Asset Light Strategy" for future growth. Pursuant to this strategy, the Company plans to operate hotels through Management Contracts, instead of owning the hotels. The Company has executed a Memorandum of Understanding with Bhartiya City Developers Private Limited, which is constructing a luxury hotel with 250 guest rooms, Residences and a Convention Centre in Bangalore. The Company has also executed a Memorandum of Understanding with Supertech Realtors Private Limited, to manage a Palace Hotel in Noida with 250 guest rooms and Residences. These hotels are expected to be operational within next 3 to 4 years.

The Company, through its subsidiary / associates, had earlier acquired land in Agra for constructing a hotel facing the Taj Mahal and also land near Lake Ashtamudi, Kerala for construction of a backwater resort. The Company is planning to enter into joint venture with investors who can build hotels without further investment by the Company so that the Company can manage and operate these hotels under long term management contracts.

9. Monetisation of Non-core Assets

The Company is taking steps to monetise certain non-core assets in terms of the Corporate Debt Restructuring package being implemented by the Company.

The Company's joint development project on 4.21 acres of land in Pune for construction of high end residential flats has received the requisite approvals and the work has commenced.

The Company's joint development project on 2 acres of land next to The Leela Palace, Bangalore for developing high-end Residences is in the process of getting the requisite approvals.

The Company has entered into an agreement for sale of Chennai I. T. Park for ₹ 170.17 Crores and has received advance of ₹ 120.17 Crores. The sale is expected to be completed by September 2013.

The Company plans to sell its 3.84 acres land in Hyderabad during the current year.

10. Management's Discussion and Analysis (MDA)

As required by Clause 49 of the Listing Agreements with the Stock Exchanges, Management's Discussion and Analysis Report for the year under review is appended herewith and forms part of this report.

11. Report on 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 form part of this Annual Report.

As part of good Corporate Governance practice, the Company has voluntarily obtained Secretarial Audit Report 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 report is appended to in this report.

12. Changes in Directorate

Capt. C. P. Krishnan Nair, Founder Chairman, resigned from the Board with effect from 7th February, 2013. The Board of Directors appointed Capt. Nair as the "Chairman Emeritus and Founder Chairman" in recognition of his founding the Company, nurturing the organization and providing invaluable services for over three decades. We place on record our deep appreciation for the invaluable contributions made by Capt. C. P. Krishnan Nair to the Company during the tenure as Chairman of the Company.

Consequent to the resignation of Capt. Nair, Mr. Vivek Nair, earlier Vice Chairman & Managing Director, has been elevated to the position of Chairman and Managing Director (CMD) and Mr. Dinesh Nair, earlier Joint Managing Director, has been elevated to the position of Co-Chairman & Managing Director (CCMD) with effect from 7th February, 2013.

Mr. R. Venkatachalam and Mr. C. K. Kutty decided not to opt for reappointment when they retired by rotation at the previous annual general meeting held on 20th September, 2012. Mr. Pawan Kumar Nagpal, the earlier nominee of Airports Authority of India (AAI), was replaced with Mr. Anil Kumar Sharma by AAI and the appointment became effective from 21st September, 2012. We place on record our appreciation for the valuable contributions made by Mr. R. Venkatachalam, Mr. C. K. Kutty and Mr. Pawan Kumar Nagpal to the Company during their tenure as Board members.

Mr. Anil Kumar Sharma holds office up to the date of the forthcoming Annual General Meeting. The Company has received notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director. A brief resume of Mr. Sharma is given in the explanatory statement to the Notice convening the Annual General Meeting.

State Bank of India has nominated Mrs. Uttara Dasgupta as its nominee Director on the Board of the Company and the same has been taken on record by the Board w. e. f. 20th May, 2013 by appointing her as a director, not liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956 and the Articles of association of the Company, Mr. A. K. Dasgupta, Mr. Vijay Amritraj and Mrs. Anna Malhotra retire by rotation at the forthcoming Annual General Meeting.

Mr. A. K. Dasgupta, retiring by rotation, has conveyed that he is not seeking re-appointment at the ensuing Annual General Meeting. The Board wish to place on record their appreciation of the valuable contribution made by Mr. A. K. Dasgupta.

Mr. Vijay Amritraj and Mrs. Anna Malhotra, retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

The Board commends the appointment/ reappointments by the members at the forthcoming Annual General Meeting.

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.

13. Auditors and Auditors' Report

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 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board commends their re-appointment as statutory auditors.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

14. Particulars of Employees

The particulars of employees required to be furnished under Section 217 (2A) of the Companies Act, 1956, read with the Rules thereunder, forms part of this Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the Shareholders of the Company excluding the statement of particulars of employees. Any Shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

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

16. Fixed Deposits

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

17. Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have 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 at March 31, 2013 and of the loss of the Company for the year ended on that date;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
 - (d) the Directors have prepared the annual accounts of the Company on a 'going concern basis'.
18. **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 efforts/steps taken towards this are:
- LED Lamps, CFL and energy saving lights have been used across all hotel properties. Dimmers and timers have been provided on various lighting system to control wastage.
 - Extensive retrofitting of HVAC plants and installation of VFD and variable pumping system at all properties has reduced power consumption.
 - Computerized Power Monitoring is being implemented in all properties on 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 plants and steam boilers have been tuned for best efficiency to conserve energy.
 - Building management system monitors and controls energy wastage of engineering equipments.
 - Power distribution systems are equipped with power factor correction panels and automatic voltage regulators.
 - The Delhi hotel is equipped with solar geysers for generating hot water and the rooms are equipped with energy saving devices during non-occupancy.
 - Solar systems are used to provide pre hot water to the hot water system.
 - Rain Water Harvesting has been implemented at four hotels.
 - Sewage Treatment Plants in all properties are being used extensively to treat and recycle all sewage and grey water for reuse within the property.

- The hotels use water efficient dish washers, aerating tap, pressure jet cleaners, etc. to reduce water consumption.
- The Company has installed 23 windmills with a capacity to generate 13.5 MW power (a non-conventional energy source) in the State of Maharashtra (4.5 MW), Karnataka (5MW) and Tamil Nadu (4 MW). Windmills continue to produce renewable energy for use in our 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 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 ₹ 29,371 lakhs (previous year ₹ 19,436 lakhs) and foreign exchange outgo during the year stood at ₹ 5,216 lakhs (previous year ₹ 4,658 lakhs).

19. **Acknowledgements**

The Board wishes to place on record its appreciation for the assistance and support received from all 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

Vivek Nair
Chairman & Managing Director

Mumbai, 20th May, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of Global and Indian Tourism Industry

The Indian economy continued to face the problems of high inflation, slow economic growth and high interest rates. As a result, no significant improvements were noticed either in Occupancy or the 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.

The Ministry of Tourism's 12th Five Year Plan Document demonstrates how tourism as a tool can be used for sustainable development, employment generation and poverty alleviation. The document has set specific goals to be achieved through tourism in the country. A threefold increase in plan allocation (₹ 15,190 crore for 2012-17 period as against ₹ 5,169 crore in the 11th Plan) for the tourism sector for the next five years is touted as a big recognition for this sector.

As per reports of the World Tourism and Travel Council, Travel & Tourism supported 53 million direct and indirect jobs, that is 9.2% of the total employment in India. Over the next five years, Travel & Tourism jobs in India are expected to increase to a total 78 million jobs, when the shortfall of 180,000 guest rooms is bridged.

The Leela - Dynamism in our strides

Your Company now operates eight hotels with 2,211 guest rooms. The details of the hotels are as follows:

(a)	Owned Hotels:	No. of Rooms
(1)	The Leela, Mumbai	390
(2)	The Leela, Goa	206
(3)	The Leela Palace, Bangalore	357
(4)	The Leela Palace, Udaipur	80
(5)	The Leela Palace, New Delhi	258
(6)	The Leela Palace, Chennai	326
	Total	1,617
(b)	Managed Hotels:	
(1)	The Leela Kempinski, Gurgaon	411
(2)	The Leela Kovalam Beach, Kerala	183
	Total	594
	Grand Total	2,211

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 feat in most of the destinations it is operating.

Marketing, Distribution and other Alliances

Marketing:

- The Company engaged the services of Landor Associates - the world's foremost branding experts - to undertake a branding exercise for the group to help strengthen our brand.
- A new logo in the form of a monogram, a singular and distinctive 'L' was launched in a phased manner across various platforms including sales and marketing collaterals and advertising creative.
- The new brand website was unfolded incorporating the new branding guidelines.
- The Leela Palace Chennai was launched supported by an advertising campaign strategically placed in high end business publications, transmits at prime sites in Chennai and Delhi airports as well as bulkheads inside Jet Airways.
- As part of our efforts to reach out to our past and present guests, we initiated CRM activities that included communicating with guests during their special occasions and used the medium extensively to launch various promotional offers such as 2013 Weekends on Sale, etc.

- In addition to Facebook, we extended our Social Media reach by launching the brand on other strategic platforms, viz. Instagram, Tumblr, Pinterest and LinkedIn.
- To monitor our online brand equity, we have launched an online reputation management tool –Revinate, across all hotels.

Distribution:

- Leela Reservations Worldwide, our centralized reservations center has been introduced to offer 24x7 services across the globe. Guests can call the Leela Reservations Worldwide from India, UK, US, Singapore and Hong Kong.
- Seamless integration with GDS and brand website through a two way interface, enabling last room availability (LRA) of rooms and rates on these two channels has been initiated. The two way data flow also enables bookings to directly flow into the hotel PMSs, thereby reducing manual intervention in the booking process.

Alliances:

- The Company has an arrangement with the Preferred Hotel Group ("PHG") since June, 2008. PHG provides sales, marketing, reservation and technological support to hotels and resorts across the world. It also provides preferred partnerships with some of the leading travel management companies in the world as well as preferred terms on American Express Card billings.
- The Company is a member of the Global Hotel Alliance ("GHA") that comprises of 18 leading luxury hotel and resort groups across 57 countries. GHA offers airline frequent flyer program partnerships and a guest loyalty program called "GHA Discovery" that has a total membership of over 3 million members across the globe. GHA offers various solus and combined event driven marketing opportunities to this database. GHA provides sales support for 23 key accounts, represents all brands on tradeshow and corporate roadshows and negotiates preferential deals with travel management companies and segment specialist organizations. It also provides full additional services such as CRS through private label, central database management and hotel training programs.
- The Company has a marketing alliance with Kempinski Group of Hotels. Under the alliance with Kempinski, the Company has been receiving international marketing services for its hotels.
- 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 attracted internationally acclaimed restaurants, spas and salons as partners. The Leela Palace, New Delhi houses the world's foremost fine-dining establishments such as Le Cirque and Megu. The company has also collaborated with the renowned Spas by ESPA of London. ESPA are currently available at The Leela Palace New Delhi, The Leela Palace Udaipur and The Leela Mumbai. Similarly, the company has partnered with Warren Tricomi, the world's foremost salon brand. The salons are located at The Leela Mumbai and The Leela Goa. It will soon be launched in other hotels as well.

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.

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 any untoward 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.

Efficient Internal Control Systems

The Company has a well-structured internal control system. Various policies and standard operating procedures are issued by the Management covering all critical and important activities viz. revenue assurance, hotel operations, purchase, finance, human resources, etc. These policies & procedures are updated from time to time.

Under the guidance and supervision of an independent Audit Committee, the internal audit department gets regular audits conducted, to ensure that control systems and procedures are adhered to.

The focus of internal Audit team is:

- Identifying weaknesses and areas of improvement
- Checking of 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 internal control environment through regular reviews of the audit findings and monitoring the implementation of preventive/ corrective steps.

Human Resources and Industrial Relations - The Intangible Imperatives

Your Company attaches highest importance to human resources and focuses on high degree of professional learning and development, concern and care towards its employees.

Your company continued to sustain and grow on the performance culture developed over a period, throughout the organisation.

Some of the key initiatives rolled out during the year are as follows:

- Processes have been reviewed and modifications introduced to make the web-based reward system “GEMS” (Guest Expectations: Manage and Serve) more transparent. The objective of identifying high performers in guest services and to reward innovative suggestions to improve guest services got a further boost with the employees embracing the reward system warmly. Your company last year felicitated 40 such stars at glittering ceremonies across our hotels.
- To ensure that there is transparency and higher level of integrity with the feedback system, Employee Satisfaction Surveys are rolled out online, with very little human interface. All feedbacks received are analysed and worked upon to enhance work place efficiencies and make the Company an ‘Employer of Choice’.
- The “**Leela Management Training Program**” backed by a strong “**Leela Academy of Learning**”, have continued to provide the cutting edge difference ensuring that there is a pipeline of nurtured and developed talent in all the areas of Hotel Operations viz: Front Office, Food & Beverage Service, Kitchen, Housekeeping and Sales & Marketing. This holds immense value in the context that there is a serious dearth of trained talent in the market. This is another key facet which helps us work towards our objective of being ‘**Employer of Choice**’. We are also pleased to share that several of our Executives are talent from our in house academy, with our General Manager at Goa being a product of the Management Training program.
- Industrial relations throughout the year were cordial in all Units of the Company. Periodic wage settlements have been arrived at in the units of the Company with the staff representatives / unions.

- As on 31st March, 2013 the Company had 4,275 employees on its rolls.

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 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 / Highlights of Operating performance and Financial Results:

The financial statement of your Company forms part of the annual report for 2012-13, the analysis / highlights of which are given below:

(i) Operational Revenue:

The total operating revenue increased by 14%, from ₹ 57,184 lakhs in F.Y. 2011-12 to ₹ 65,385 lakhs in 2012-13.

(ii) Earnings before Interest, Depreciation, Taxes and Amortisation (EBIDTA)

During the year, the total revenue has gone up by 12% and EBIDTA by 3.48 times.

(iii) Interest and Depreciation:

Interest Cost increased from ₹ 32,125 lakhs in F.Y. 2011-12 to ₹ 40,534 lakhs in F.Y. 2012-13.

Depreciation for the year was ₹ 13,867 lakhs against ₹ 10,223 lakhs in previous year. The increase in interest and depreciation is mainly because of addition of the Chennai Hotel.

(iv) Profit after Tax:

The Company incurred a loss of ₹ 43,346 lakhs during the year 2012-13 against profit of ₹ 1,863 lakhs in 2011-12. The profit in 2011-12 was after considering gain of ₹ 41,476 lakhs on disposal of the hotel in Kovalam.

(v) Fixed Assets:

The gross fixed assets (including projects in progress) as on 31st March, 2013 was ₹ 6,44,864 lakhs and net was ₹ 5,76,539 lakhs.

(vi) **Share Capital:**

During the year 2012-13, the Company issued and allotted to Leela Lace Software Solutions Private Limited, a promoter group company, 308,26,140 fully paid up Equity Shares of ₹ 2 each, at a price of ₹ 32.44 per Equity Share (including premium of ₹ 30.44 per Equity Share) aggregating to ₹ 99,99,99,982.

With the aforesaid allotment, the paid up share capital of the Company stands increased from ₹ 77,56,49,984 divided into 38,78,24,992 Equity Shares of the face value of ₹ 2 each to ₹ 83,73,02,264 divided into 41,86,51,132 Equity Shares of the face value of ₹ 2 each.

(vii) **Secured and Unsecured Loans:**

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

	₹ Lakhs	
	31.3.2013	31.3.2012
Long-term borrowings		
Secured Loans (Refer Note No. 4 of accounts)	271,432	355,569
Current Maturities of Long Term Debt (Refer Note No. 10 of accounts)	161,125	53,168
Short-term Debts (Refer Note No. 8 of accounts)	33,372	8,824
Redemption Premium accrued on FCCBs	-	9,800
Total	465,929	427,361

Corporate Debt Restructuring

The Company had applied for restructuring of its debts under Corporate Debt Restructuring (CDR) mechanism, through SBI in February, 2012 with 1st January,

2012 as the cut-off date. The Company has received the approval of CDR-EG vide letter of approval dated 25th September, 2012. The scheme *inter-alia* includes restructuring of re-payment schedule, reduction / adjustment in interest rates, pooling of securities, pledge of shares by promoters and corporate guarantee of a Promoter Group Company. The Company has executed the Master Restructuring Agreement (MRA) on 28th September, 2012 with the CDR Lenders. The Company has operationalized the Trust and Retention Account with State Bank of India, the Monitoring Institution.

The members of the Company have approved implementation of CDR package through a postal ballot and the result of the said postal ballot was declared on 28th March, 2013.

In terms of the CDR package, the Company has mortgaged / hypothecated its assets in favour of SBICAP Trustee Company Limited acting as Trustee for the CDR lenders. A promoter group company has executed Corporate Guarantee. The promoters have pledged their unencumbered shareholding in the Company in favour of CDR Lenders and have also furnished their personal guarantees.

The Company has met its debt service obligations during the year, in line with the CDR package.

Cautionary Statement

Statements made in the Management's Discussions and Analysis Report 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'.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Leela Palaces, Hotels and Resorts has continued to build on its 25-year old tradition of CSR programs designed to protect the environment and benefit local communities.

Our CSR approach is inspired by a duty to our stakeholders to be a socially responsible partner with the highest integrity and ethics. We believe that our commitment towards socially sustainable practices generates real value for our shareholders, clients, employees, and society at large. We apply high environmental and social standards to our business to support a sustainable future. We seek to keep improving the environmental performance through the efficient use of resources and by applying world-class green practices across the board from hotel design and construction to procurement and operational policies.

Since its inception, The Leela group has focused on converting barren land on which the hotels are built into green zones to benefit all surrounding communities. Towards this goal, as an internal policy, nearly thirty percent of space has been marked as 'green haven' where instead of utilising space for extra rooms or additional business inventories, it has been populated with thousands of rare trees, plants, foliage and landscaped gardens that extend beyond the property premises to benefit entire neighborhoods. This reflects not only our larger commitment to supporting the United Nations Environment Programme's (UNEP) Billion Tree Campaign, a global initiative to encourage tree planting but also our promise to make a difference in every local community one tree at a time. This is a promise that is renewed every year. This year, once again, we celebrated The World Environment Day by planting myriad tree saplings across The Leela properties to promote greening through plantation, and continued to achieve reduction in energy and water consumption, waste management while limiting carbon emission.

These eco-friendly initiatives have complemented the structures of the hotels which are built around the principles of sustainable design and operations with accountable green practices focused on reducing our carbon footprint day-to-day. The Leela Palace New Delhi has been accorded the highest rating – Platinum LEED certification - for excellence in sustainable design and integrating best green practices and the Honourable President of India has conferred the National Energy Conservation Award 2012 to The Leela Palace Bangalore for its notable contribution towards energy savings. The recently opened The Leela Palace Chennai is designed to achieve similar goals.

On the social sustainability front, The Leela continued its involvement with nurturing underprivileged communities, community development through skill-based training, support of local artisans and promotion of traditional craftsmanship.

This year, each of the The Leela property further strengthened partnerships with local NGOs in each destination to ensure charitable donations where uniforms, books and magazines, kitchen utensils are donated to underprivileged groups and individuals. Each property also launched a Training Programme, named **"Hunar Se Rozgar Tak"**, to create employable skills in the local youth from 18-25 years and who are minimum 8th standard pass. The courses cover diverse skill sets from Food & Beverage Service to housekeeping to improve the trainees in behavior and attitudes in order to enhance their market acceptability.

AWARDS AND ACCOLADES

RECOGNITION TO THE CHAIRMAN EMERITUS AND FOUNDER CHAIRMAN

- Hall of Fame award by The Indian Association of Tour Operators (IATO), conferred upon Capt. C. P. Krishnan Nair, in September 2012.

THE LEELA PALACE NEW DELHI

- Best Business Hotel in India award by CNBC Awaaz Travel Awards 2013, conferred upon The Leela Palace New Delhi, in June 2013
- Best International Cuisine Restaurant in India award by CNBC Awaaz Travel Awards 2013 conferred upon Le Cirque at The Leela Palace New Delhi, in June 2013
- Best Spa Therapist of the Year award by AsiaSpa India Awards 2013, conferred upon Anil Mandal, Spa Therapist, The Leela Palace New Delhi, in April 2013
- Best of the Best Restaurant 2013 by Mail Today, conferred upon MEGU, in March 2013
- Best Restro-Bar in Delhi & NCR by Times Food Awards, conferred upon MEGU, in February 2013
- Best Multi Cuisine Restaurant in Delhi & NCR by Times Food Awards, conferred upon The Qube, in February 2013
- Best European Restaurant in Delhi & NCR by Times Food Awards, conferred upon Le Cirque, in February 2013
- 2013 TripAdvisor Travellers' Choice Awards named The Leela Palace New Delhi amongst the Top Big & Luxury Hotels in Asia, in January 2013
- 2013 TripAdvisor Travellers' Choice Awards named The Leela Palace New Delhi amongst the Top Big, Luxury & Service Hotels in India, in January 2013
- Outstanding Training Manager of the year by Indian Hotel Academy conferred upon Nawab Dilaweez Hasan, Senior Training Manager, The Leela Palace New Delhi, in December 2012
- Chef of the year by Hotelier India, conferred upon Glenn B. Eastman, Executive Chef, The Leela Palace New Delhi, in December 2012
- Laundry Manager of the year by Hotelier India, conferred upon Rakesh Dureja, Laundry Manager, The Leela Palace New Delhi, in December 2012
- F&B professional of the year by Vir Sanghvi's HT City Crystal's Awards, conferred upon Rajesh Namby, EAM- Food & Beverage, The Leela Palace New Delhi, in December 2012
- Best Brunch by Vir Sanghvi's HT City Crystal's Awards, conferred upon The Qube, in December 2012
- Best European (Hotel Restaurants) by Vir Sanghvi's HT City Crystal's Awards, conferred upon Le Cirque, in December 2012
- Best F&B Hotel by Vir Sanghvi's HT City Crystal's Awards, conferred upon The Leela Palace New Delhi, in December 2012
- Best Business Hotel by CNBC AWAAZ Travel Awards, conferred upon The Leela Palace New Delhi, in November 2012
- Best Restaurant International Cuisine by CNBC AWAAZ Travel Awards, conferred upon MEGU, in November 2012
- Conde Nast Traveller, India, named The Leela Palace New Delhi amongst the 100 top business hotels, in October 2012
- "Best of the Best" Hotel in the World by Robb Report USA, conferred upon The Leela Palace New Delhi, in June 2012
- Best Food Styling Chef by Food and Nightlife, conferred upon Yutaka Saito, Chef de cuisine, MEGU, in May 2012.
- Best Fusion Chef by Food and Nightlife, conferred upon Mickey Bhoite, Chef de cuisine, Le Cirque, in May 2012.
- Best Indian Chef by Food and Nightlife, conferred upon Vinod Saini, Chef de Cuisine, Jamavar, in May 2012.

- Best New Restaurant by Food and Nightlife, conferred upon MEGU, in May 2012.
- Best Restaurant in the 5 Star Category by Food and Nightlife, conferred upon Le Cirque, in May 2012.
- Conde Nast Traveler, USA, named The Leela Palace New Delhi as one of the Best New Hotels in the World, in May 2012.
- Conde Nast Traveler, USA, named the ESPA at The Leela Palace New Delhi amongst the 35 Sybaritic Spas, in May 2012.
- Six- Star Diamond Award by American Academy of Hospitality Sciences, conferred upon MEGU, in April 2012.

THE LEELA PALACE BANGALORE

- Conde Nast Traveller USA, Gold List Readers Choice Survey 2013 voted The Leela Palace Bangalore as one of the very best hotels on the planet and fourth in the Indian Sub-Continent.
- National Energy Conservation Award by the Ministry of Power, The Leela Palace Bangalore the only hotel in India to win "The National Energy Conservation Award 2012".
- Times Food and Night Life Awards, Zen at The Leela Palace Bangalore voted Best Pan Asian Restaurant by The Times Food Guide, in January 2013.
- Times Food and Night Life Awards, Library Bar at The Leela Palace Bangalore voted Best Bar by The Times Food Guide, in January 2013.
- Runner up – "HR Manager of the Year", conferred upon P.M. Sriraj, Head-Human Resources, The Leela Palace Bangalore, in December 2012.
- Today's Traveler Awards 2012, The Leela Palace Bangalore won the Best Business Hotel in Bangalore award, in August 2012.

THE LEELA PALACE CHENNAI

- Best Dining Experience in India award by CNBC Awaaz Travel Awards 2013 conferred upon China XO at The Leela Palace Chennai, in June 2013.
- Travel + Leisure, US, 'It List 2013' The Leela Palace Chennai selected one of the Best New Hotels in June 2013.
- Conde Nast Traveller UK, 'Hot List 2013' The Leela Palace Chennai named one of the World's Best New Hotels in May 2013.

THE LEELA PALACE UDAIPUR

- 2013 World Luxury Spa Awards, ESPA at The Leela Palace Udaipur was awarded the 'Best Luxury Spa' award; in April 2013.
- Condé Nast Traveller Readers' Travel Awards 2012, The Leela Palace Udaipur is voted runner-up in the Best Leisure Hotel and Best Hotel Spa category, in December 2012.
- Today's Traveler Awards 2012, The Leela Palace Udaipur won the Best 5 Star Hotel Resort in Udaipur award, in August 2012.
- Robb Report USA, The Leela Palace Udaipur named one of the World's Top Resorts and The Most Exclusive Retreat on Earth, in May 2012.

THE LEELA GOA

- The Leela Goa was adjudged Winner - Best Environmental Practice Competition by Goa Environment Ministry, in June 2013.

THE LEELA KOVALAM

- Best Ayurvedic Spa and Wellness Center by AsiaSpa India Awards 2013, accorded to Divya Spa at The Leela Kovalam, in April 2013.
- Lonely Planet India Travel Awards, Best Resort Hotel in India conferred upon The Leela Kovalam, in May 2012.

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, the 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. The Company considers Corporate Governance as a continuous journey to provide a congenial environment to harmonise the goals of maximizing the stakeholders' value and maintaining a customer-centric focus in all its dealings with the outside world, besides keeping important segments of the society adequately informed.

It has been the endeavour of the 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

As on 31st March, 2013, the Board comprised of 14 Directors, out of which 8 were Independent Directors, 2 Non-Executive Non-Independent Directors and 4 Executive Directors. The Chairman is an Executive Promoter Director.

At present, the Board comprises of 15 Directors, out of which 9 are Independent Directors, 2 Non-Executive Non-Independent Directors and 4 Executive Directors. The Chairman is an 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, 2013, Capt C. P Krishnan Nair, Chairman, resigned from the Board of Directors with effect from 7th February, 2013. Mr. R. Venkatachalam and Mr. C. K. Kutty retired by rotation at the last Annual General Meeting held on 20th September, 2012. Mr. Anil Kumar Sharma has replaced Mr. Pawan Kumar Nagpal, the earlier nominee of Airports Authority of India (AAI) on the Board with effect from 21st September, 2012. AAI is one of the lessors of the land on which the Mumbai hotel is built. Mrs. Uttara Dasgupta joined the Board effective from 20th May, 2013 as a nominee of State Bank of India. 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 as on 31.3.2013
Promoter Directors	Capt. C. P. Krishnan Nair ¹	Non-Executive Chairman	231,000
	Mr. Vivek Nair ²	Chairman & Managing Director	246,460
	Mr. Dinesh Nair ²	Co-Chairman & Managing Director	374,050
Executive Directors	Mr. Venu Krishnan	Deputy Managing Director	Nil
	Mr. Krishna Deshika	Director –Finance & CFO	Nil
Non- Executive	Mrs. Madhu Nair	Director	360
Non- Independent Directors	Mr. Pawan Kumar Nagpal ³	Director- Nominee of AAI	Nil
	Mr. Anil Kumar Sharma ⁴	Director- Nominee of AAI	NIL
Independent Directors	Mrs. Anna Malhotra	Director	2,500
	Mr. P. C. D. Nambiar ⁵	Director	15,000
	Mr. M. Narasimham	Director	NIL
	Mr. Vijay Amritraj	Director	60,105
	Mr. Anil Harish	Director	NIL
	Mr. R. Venkatachalam ⁶	Director	500
	Mr. C. K. Kutty ⁶	Director	1,774,600
	Dr. K. U. Mada	Director	11,000
	Mr. Indur Kirpalani	Director	530,740
	Mr. A. K. Dasgupta	Director	NIL
	Mr. M. Madhavan Nambiar	Director	NIL
	Mrs. Uttara Dasgupta ⁷	Director- Nominee of SBI	NIL

¹ Resigned as Chairman with effect from 7th February, 2013 and has been appointed as the Chairman Emeritus & Founder Chairman (CE & FC) with effect from 7th February, 2013.

² Re-designated as Chairman & Managing Director and Co-Chairman & Managing Director with effect from 7th February, 2013.

³ Nomination withdrawn by Airports Authority of India and effected by the Board with effect from 20th September, 2012 (nominee of Airports Authority of India).

⁴ Joined the Board with effect from 21st September, 2012 (As a new nominee of Airports Authority of India).

⁵ Passed away on 27th May, 2012.

⁶ Retired by rotation at the last Annual General Meeting held on 20th September, 2013.

⁷ Joined the Board with effect from 20th May, 2013 (As a nominee / Independent Director nominated by State Bank of India).

2.2. Meetings of the Board of Directors

The Board of Directors met 5 times during the year - on 29th May, 2012, 2nd August, 2012, 20th September, 2012, 2nd November, 2012 and 7th February, 2013 and the gap between two Board meetings did not exceed four calendar months. The meetings of the Board of Directors are normally held at the Registered Office of the Company. Meetings are generally scheduled well in advance and the Notice, detailed Board agenda, management reports and other explanatory Board notes are circulated well in advance to all the Board members to enable the Board to take informed decisions. Senior management is also invited to the Board meetings to provide additional input to the Agenda items being discussed by the Board.

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 at the last Annual General Meeting (AGM) and the number of other public limited Companies and Committees where they are Directors / Members are tabulated below:

Name	Category*	Attendance Particulars		No. of Directorships in other public limited companies as on 31st March, 2013	No. of Committee positions held in other public limited companies	
		No. of Board Meetings attended during the financial year 2012-13	AGM held on 20th September, 2012		Chairman of the Committee	Member of Committees
Capt. C.P. Krishnan Nair ¹	CE&FC	4	Yes	N.A.	N.A.	N.A.
Mr. Vivek Nair ²	CMD	4	No	6	-	1
Mr. Dinesh Nair ²	CCMD	5	Yes	4	-	1
Mr. Venu Krishnan	DMD	4	Yes	3	-	-
Mr. Krishna Deshika	DF	5	Yes	-	-	-
Mrs. Madhu Nair	NED	5	Yes	-	-	-
Mrs. Anna Malhotra	NEID	5	Yes	1	-	1
Mr. P. C. D. Nambiar ³	NEID	0	N.A.	N.A.	N.A.	N.A.
Mr. M. Narasimham	NEID	0	No	-	-	-
Mr. Vijay Amritraj	NEID	3	Yes	-	-	-
Mr. Anil Harish	NEID	5	Yes	13	4	5
Dr. K.U. Mada	NEID	5	Yes	3	2	3
Mr. R. Venkatachalam ⁴	NEID	2	No	N.A.	N.A.	N.A.
Mr. C. K. Kutty ⁴	NEID	1	No	N.A.	N.A.	N.A.
Mr. Indur Kirpalani	NEID	1	Yes	-	-	-
Mr. A. K. Dasgupta	NEID	5	Yes	2	-	3
Mr. M. Madhavan Nambiar	NEID	4	Yes	3	-	-
Mr. Pawan Kumar Nagpal ⁵	NED	0	No	N.A.	N.A.	N.A.
Mr. Anil Kumar Sharma ⁶	NED	3	N.A.	-	-	-

¹ Resigned as Chairman & Director with effect from 7th February, 2013 and has been appointed as the Chairman Emeritus & Founder Chairman (CE & FC) with effect from 7th February, 2013.

² Re-designated as Chairman & Managing Director and Co-Chairman & Managing Director with effect from 7th February, 2013.

³ Passed away on 27th May, 2012.

⁴ Retired by rotation with effect from 20th September, 2012.

⁵ Nomination withdrawn by Airports Authority of India and effected by the Board with effect from 20th September, 2012 (nominee of Airports Authority of India).

⁶ Joined the Board with effect from 21st September, 2012 (As a new nominee of Airports Authority of India).

* CE&FC: Chairman Emeritus & Founder Chairman, CMD: Chairman and Managing Director, CCMD: Co-Chairman & Managing Director, DMD: Deputy Managing Director, DF: Director- Finance & CFO, 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 ₹ 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

At present, the Audit Committee of the Company comprises of four Directors of which, three are Non-Executive Independent Directors. Members have varied expertise in banking, finance, project management, accounting and legal matters. The Chairperson of the Audit Committee was present at the last Annual General Meeting held on 20th September, 2012. 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 29th May, 2nd August, 2nd November, 2012 and 7th February, 2013. The Committee generally meets on the day of the Board meeting, except when otherwise considered expedient.

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

Name of the Director	Designation	Category of Directorship	No. of Meetings during the year	
			Held	Attended
Mrs. Anna Malhotra	Chairperson	NEID	4	4
Mr. Vivek Nair	Member	ED	4	4
Mr. Anil Harish	Member	NEID	4	4
Dr. K.U. Mada	Member	NEID	4	4
Mr. R. Venkatachalam ¹	Member	NEID	4	2

¹ Retired with effect from 20th September, 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;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board; and
- 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 20th September, 2012 and 25th March, 2013 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	1

Mr. Dinesh Kalani, 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 60 share transfers comprising 2,81,445 shares and processed 215 requests for dematerialization of 451,540 shares and 2 requests for rematerialization of 2,050 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 31-03-2013
(1)	Stock Exchanges, MCA, ROC and SEBI through SCORES*	8	8	Nil
(2)	Directly from investors:			
(a)	Non-receipt of Share Certificates after Transfer / sub- division / Transmission / name change, etc.	5	5	Nil
(b)	Non-receipt of Dividend	4	4	Nil
(c)	Loss of Share Certificates	12	12	Nil
(d)	Change of address / Specimen Signature / Mandate instruction, non-receipt of annual report, etc.	8	8	Nil
(e)	Warrant Conversion / Redemption of Debentures, etc.	20	20	Nil
	Total	57	57	Nil

* 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 Mumbai, 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 financial year as there was no need for such meeting.

The particulars of members are given below:

Name of the Member	Designation	Category of Directorship
Mrs. Anna Malhotra	Chairperson	NEID
Dr. K.U. Mada	Member	NEID
Mr. M. Madhavan Nambiar ¹	Member	NEID

¹ Joined with effect from 29th May, 2012 in place of Mr. P. C. D. Nambiar, who passed away on 27th May, 2012

The Committee met once after the close of the financial year 2012-13 to consider re-appointment of three relatives of the Directors in the employment of the Company. The particulars of their appointment have been included in the Notice of the Annual General Meeting for consideration of the Members.

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) and the relatives of the directors. 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. The Non-Executive Directors are also eligible for commission upto 1% of the net-profit of the Company. However, in view of losses incurred by the Company, no commission is payable for the financial year 2012-13. The details of sitting fees paid during the financial year 2012-13 are given below:

Name of the Non-Executive Directors	Sitting Fees Paid 2012-13 (₹)
Capt. C.P. Krishnan Nair ¹	80,000
Mrs. Madhu Nair	1,00,000
Mrs. Anna Malhotra	2,20,000
Mr. M. Narasimham	0
Mr. Vijay Amritraj	60,000
Mr. Anil Harish	1,80,000
Dr. K.U. Mada	2,20,000
Mr. R. Venkatachalam ²	80,000
Mr. C.K. Kutty ²	20,000
Mr. Indur Kirpalani	20,000
Mr. A.K.Dasgupta	1,00,000
Mr. M. Madhavan Nambiar	80,000
Mr. Pawan Kumar Nagpal ³	0
Mr. Anil Kumar Sharma ³	60,000

¹ Resigned with effect from 7th February, 2013.

² Retired by rotation with effect from 20th September, 2012.

³ Mr. Pawan Kumar Nagpal, Nominee of Airports Authority of India was replaced by Mr. Anil Kumar Sharma effective from 21st September, 2012.

6.2 The Remuneration paid to Executive Directors of the Company

The remuneration of Whole-Time Directors are decided on the recommendation of the Remuneration Committee and approved by the Board of Directors and shareholders. 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 and allowances, contribution to provident funds and/or commission as per the details given below:

(₹ in Lakhs)

Name of the Executive Directors	Designation	Salary and Allowances	Company's contribution to Provident Fund	Sitting Fees	Commission
Mr. Vivek Nair	Chairman & Managing Director	216.00	25.92	NIL	NIL
Mr. Dinesh Nair	Co-Chairman & Managing Director	216.00	25.92	NIL	NIL
Mr. Venu Krishnan	Deputy Managing Director	150.00	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	31st AGM	20.09.2012	11.00 a.m.	Grand Ball Room The Leela, Sahar, Mumbai – 400 059
2011-12	Court Convened Meeting	21.12.2011	11.00 a.m.	Rangsharda Natya Mandir 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.

All the resolutions as set out in the notices were passed unanimously / by requisite 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 Resolutions
31st AGM 20.09.2012	Resolution No. 9 – Approval of the Members for issue of Securities u/s 81(1A) upto ₹ 1000 crores
	Resolution No. 10 – Approval of the Members for issue of equity shares on preferential basis to a promoter group entity of the Company u/s 81(1A).
30th AGM 28.06.2011	Resolution No. 9 – Approval of the Members for issue of Securities u/s 81(1A) upto ₹ 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 ₹ 750 crores

7.3 Postal Ballot

The Company sought approval of the members through postal ballot on various matters during the financial year 2011-12 and 2012-13. Mr. V. Sundaram, Practicing Company Secretary, was appointed by the Board of Directors as the Scrutinizer for the voting process. The brief particulars of resolutions passed by the members with requisite majority through postal ballots are as follows:

Financial Year	Brief Particulars of resolution	Votes cast in favour	Votes cast against	Date of declaration of results
2010-11	Re-appointment of Mr. Vivek Nair as Vice Chairman & Managing Director (Special Resolution)	22,51,57,705	1,91,169	7th April, 2011
2011-12	Re-appointment of Mr. Dinesh Nair as Joint Managing Director (Special Resolution)	22,51,17,847	1,95,012	
	Re-appointment of Mr. Venu Krishnan as Deputy Managing Director (Special Resolution)	22,51,31,107	1,79,062	
	Appointment of Mr. Krishna Deshika as Director – Finance & CFO (Special Resolution)	22,51,71,050	1,31,789	
	Increase in Borrowing Powers from ₹ 4,000 Crores to ₹ 5,000 Crores and Creation of Charges (Ordinary Resolution)	22,14,61,924	1,82,985	19th April, 2011
2012-13	To authorize / approve, ratify and confirm the corporate debt restructuring scheme in relation to the Company's debts (Special Resolution)	27,77,48,654	44,26,594	28th March, 2013
	To approve the issuance of equity shares to CDR Lenders / Security Trustee / Monitoring Institution upon exercising their right to convert loans into equity shares in future (Special Resolution)	27,75,77,569	44,61,515	

8. Disclosures

There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with related parties are disclosed in the notes to financial statements in the Annual Report.

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

9. Means of Communication

The Company communicates with its shareholders through its Annual Report, General Meeting, Newspapers and disclosure through web-site. Information and latest updates and announcements made by the Company can be accessed at Company's website: www.theleela.com, including the following:

- Quarterly /Half-Yearly /Annual Financial Results
- Quarterly Shareholding Pattern
- Annual Reports
- Quarterly Corporate Governance Report
- Investor Presentation made to analysts

The Company regularly publishes its quarterly and annual financial results in newspapers like Financial Express, Free Press Journal and Navashakti.

10. Outstanding Foreign Currency Convertible Bonds (FCCBs)

The Company has redeemed all outstanding FCCBs on 25th May 2012 and as of date, no FCCBs are outstanding. The FCCBs were due for redemption on 25th April, 2012.

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. Declaration on Compliance with the Code of Conduct under Clause 49 of the Listing Agreement(s)

The Codes of Conduct applicable to all Directors and employees of the Company have been posted on the Company's website.

I hereby confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the provisions of the code of conduct for the financial year ended 31st March, 2013.

14. Status of Compliance with Non- Mandatory Requirements

(a) The Board:

The Board is headed by an executive Chairman. 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) Shareholders Rights:

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

(d) Audit Qualifications:

The financial statement for the year 2012-13 has no audit qualifications.

(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.

Mumbai, 20th May, 2013

Vivek Nair
Chairman & Managing Director

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, 2013 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.

Mumbai, 20th May, 2013

Krishna Deshika
Director - Finance & CFO

Vivek Nair
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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

Mumbai, 20th May, 2013

V. Sundaram
C. P. No.3373

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 32nd Annual General Meeting

Day / Date	Time	Venue
Friday, the 20th September, 2013	11.00 A.M.	Grand Ball Room, The Leela, Sahar, Mumbai – 400 059

1.2 Financial Calendar for the Year

Financial Year	1st April to 31st March
Dividend Payment	The Company has not proposed any dividend for the financial year ended 31st March, 2013.
Book Closure Dates	Monday, the 16th September, 2013 to Friday, the 20th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
Listing on Stock Exchanges	Equity Shares :
	I) BSE Limited
	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
	II) National Stock Exchange of India Limited
	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
	Non-convertible Debentures
	Whole-sale Debt Market Segment
	BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
Unaudited Financial reporting for the quarter ending (tentative)	
30th June, 2013	13th August, 2013
30th September, 2013	On or before 14th November, 2013
31st December, 2013	On or before 14th February, 2014
31st March, 2014	On or before 30th May, 2014
Annual General Meeting for the year ending 31st March, 2014	On or before 30th September, 2014

The Company has paid the annual listing fees to the Stock Exchanges as well as custodial fees to the depositories as applicable for the financial year 2013-14.

1.3 Stock Market Data

The monthly high/ low prices of the equity shares of the Company from 1st April, 2012 to 31st March, 2013 are given below:

Month	BSE Limited				National Stock Exchange			
	High (₹)	Low (₹)	Volume (Nos.)	SENSEX (Closing)	High (₹)	Low (₹)	Volume (Nos.)	S&P CNX NIFTY (Closing)
April – 2012	34.25	31.40	5,75,366	17,318.81	34.40	31.05	19,88,591	5248.15
May – 2012	34.40	30.00	15,06,749	16,218.53	34.40	29.55	37,53,551	4924.25
June – 2012	34.90	30.40	13,22,703	17,429.98	35.75	30.10	33,63,237	5278.90
July – 2012	33.85	29.85	9,83,839	17,236.18	34.00	29.80	35,21,593	5229.00
August – 2012	32.70	27.60	11,06,069	17,429.56	31.80	27.50	32,14,181	5258.50
September – 2012	31.30	27.05	9,29,455	18,762.74	31.30	27.35	38,53,488	5703.30
October – 2012	35.30	29.15	24,70,022	18,505.38	35.30	29.05	73,76,183	5619.70
November – 2012	32.50	28.45	20,19,658	19,339.90	32.40	28.50	63,43,980	5879.85
December – 2012	32.50	29.00	12,73,741	19,426.71	32.50	29.00	47,20,956	5905.10
January – 2013	30.45	26.70	10,33,160	19,894.98	30.35	27.10	39,97,684	6034.75
February – 2013	28.25	23.10	13,32,404	18,861.54	28.20	23.05	49,45,322	5693.05
March – 2013	24.15	20.00	8,11,685	18,835.77	24.15	19.50	21,30,694	5682.55

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

1.4 Distribution of Shareholding as on 31st March, 2013

Slab of Shareholding (No. of Shares)	No. of Shareholders	% of Total	No. of shares held	% of Total
Upto 5000	1,23,038	98.664	4,92,36,849	11.761
5001 to 10000	929	0.745	69,36,240	1.657
10001 to 20000	340	0.273	48,35,280	1.155
20001 to 30000	157	0.126	39,12,806	0.935
30001 to 40000	60	0.048	21,68,820	0.518
40001 to 50000	35	0.028	16,45,528	0.393
50001 to 100000	67	0.054	48,04,078	1.148
Above 100000	78	0.063	34,51,11,531	82.434
TOTAL	1,24,704	100	41,86,51,132	100

1.5 No. of Shares held in dematerialized and physical mode as on 31st March, 2013

Sr. No.	Particulars	No. of Shareholders	No. of Shares	% of total capital issued
1	Held in dematerialized form in NSDL	82,447	36,24,94,543	86.59
2	Held in dematerialized form in CDSL	34,279	4,64,65,738	11.10
3	Held in Physical form	7,978	96,90,851	2.31
	Total	1,24,704	41,86,51,132	100.00

1.6 Shareholding Pattern as on 31st March, 2013

Sr. No.	Category	No. of Shares held	% of Holding
1	Promoters (including persons acting in concert)	250,223,007	59.77
2	Banks and Public Financial Institutions	25,195,946	6.02
3	Bodies Corporate	64,385,567	15.38
4	FII's	4,781,214	1.14
5	NRIs / OCBs	11,180,337	2.67
6	Resident Individuals	62,885,061	15.02
	Total	418,651,132	100.00

The Promoters have pledged 22,61,03,705 shares representing 54% of the outstanding shares of the Company as on 31st March, 2013, which includes 12,76,13,734 shares representing 30.48% pledged by the promoter group companies in terms of Corporate Debt Restructuring (CDR) package in favour of the Security Trustee of CDR Lenders.

As on date, pledged shares of the promoters stands at 23,09,73,519 shares constituting 55.17 % of the outstanding shares of the Company.

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.

1.7 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 weekly and returned within 15 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.

1.8 Dematerialisation of shares and liquidity

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.

1.9 Registrar & Share Transfer Agent for Equity Shares

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

M/s. Sharepro Services (India) Pvt. Limited

Unit: Hotel Leelaventure Limited
13 A/B Samhita Warehousing Complex,
2nd Floor,
Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri (East)
Mumbai - 400 072
Tel : + 91 22 6772 0300 / 6772 0400 / 6772 0344
Fax : + 91 22 2859 1568

E-mail: hotelleela@shareproservices.com

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

Investor relations centre of Registrar:

M/s.Sharepro Services (India) Pvt. Limited
912, Raheja Centre
Free Press Journal Road
Nariman Point
Mumbai – 400 021
Tel : + 91 22 6613 4700
Fax : + 91 22 2282 5484

1.10 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	₹ 2 each

1.11 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

1.12 Debenture Trustee for Privately placed Non-convertible Debentures / Scrip information

Trustee	Scrip Particulars	Scrip Code
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	BSE Limited	HLVL19DEC08
	Demat ISIN allotted by NSDL/CDSL	INE102A07013
	Face Value	₹ 10,00,000 each

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

During the year under review, the Company has credited ₹ 2.17 Lacs, lying in the unpaid / unclaimed 2nd interim dividend for the financial year 2004-05, 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.

Pursuant to the provisions of IEPF Rules, 2012, (Uploading of information regarding unpaid and unclaimed amounts lying with companies) the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20th September, 2012 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs.

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 ₹ 10 each with the new share certificates for the sub-divided shares of the face value of ₹ 2 each and their new share certificates are lying with the Company since September, 2006.

In terms of Clause 5A(II) of the Listing Agreement, the Company has sent 2 reminders to the concerned shareholders asking them to claim their shares by submitting old certificates with certain prescribed documents for the same.

1.15 Dispatch of documents in electronic form (GREEN INITIATIVE)

The MCA vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 respectively (the said Circulars), has provided that a company would be deemed to have complied with the provisions of Sections 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report, etc., are sent in electronic form to its shareholders, subject to compliance with the conditions stated therein.

Further, in terms of Clause 32 of the listing agreement, which was amended vide Circular No. CIR/CFD/DIL/2011 dated October 5, 2011 issued by SEBI, listed companies are required to supply soft copies of the said documents to all shareholders who have registered their email address(es) for the purpose.

Accordingly, the said documents has been sent by e-mail to those members who have registered their e-mail address(es) with their DP/the Company, in terms of the said Clause.

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, Old 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 Annamalaipuram, Chennai- 600 028

(B) Managed hotels and Residences:

- (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 AUDIT REPORT

CIN: L55101MH1981PLC024097

Nominal Capital: ₹ 18,000 Lakhs

The Board of Directors

Hotel Leelaventure Limited

Mumbai

We have examined the registers, records and documents of Hotel Leelaventure Limited ("the Company") for the financial year ended on March 31, 2013 according to the provisions of:

- The Companies Act, 1956 and the Rules made under that Act;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- The Securities and Exchange Board of India (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.
- 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);

Based on our examination and verification of the registers, records and documents produced before us and according to the information and explanations given to us by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, 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 15 members and it met 5 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 under review and the minutes are properly recorded.
 - Remuneration committee: The committee did not meet during the year under review.
5. a. The Annual General Meeting for the year financial 2011-12 was held on 20th September, 2012. The minutes of the said meetings have been properly recorded in the minutes book maintained for the purpose.
b. The Company also conducted a meeting thru postal ballot route during the financial year 2012-13. All due procedures required were followed and the minutes are also properly recorded.
6. The re-appointment of Directors, who retire by rotation, has been made in accordance with the Act. Mr. R. Venkatachalam and Mr. C. K. Kutty did not opt for re-appointment at the last Annual General Meeting held on 20th September, 2012. Mr. Anil Kumar Sharma was nominated in place of Mr. Pawan Kumar Nagpal, the earlier nominee of Airports Authority

of India (AAI) on the Board with effect from 21st September, 2012. Capt C. P Krishnan Nair, Chairman, resigned from the Board of Directors with effect from 7th February, 2013. Mrs. Uttara Dasgupta joined the Board effective from 20th May, 2013 as a nominee of State Bank of India.

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 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, 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 Takeover 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 in respect of the sub-divided shares of ₹ 2 each were exchanged for those shareholders who submitted their old share certificates in physical mode.
10. 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. The Foreign Currency Convertible Bonds which were due for redemption on 25th April, 2012 were redeemed on 25th May, 2012.
13. Charges created / modified / satisfied by the Company were notified to the ROC and were entered in the Register maintained for the purpose.
14. The Company has, wherever required, obtained the necessary approvals of the Board, Committee thereof, shareholders, the Central Government or other authority(ies) as per the requirements of the Act.
15. The Company has not accepted any Fixed Deposits during the year under review. The 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 Directors of any other Company.
16. The Company has complied with the relevant clauses of the Listing Agreement with the Stock Exchanges pertaining to submissions of the statements, documents, disclosure requirements, publication in newspapers, press releases, and conditions of Corporate Governance as required under clause 49 within the prescribed time limit.
17. The Company has complied with the relevant provisions of SEBI (Prohibition of Insider Trading) Regulations 1992 as amended, from time to time. The Company has within the time limit specified in the Regulations, submitted the information received from the employees / Directors / stakeholders as shareholders with regard to any purchase or sale in excess of requisite percentage of the paid up share capital to the Stock Exchanges.
18. The Company has also instituted the Code of Conduct for Directors and 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.

Company Secretaries
V. Sundaram
C. P. No.3373

Place: Mumbai
Date: 20th May, 2013

INDEPENDENT AUDITORS' REPORT

To

The Members of Hotel Leelaventure Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hotel Leelaventure Limited ("the Company") which comprises the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedure selected depends on auditor's judgement, including the assessment of the risks of the material misstatements of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b. In the case of Profit and Loss Account, of the loss for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("The Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 Statement of Profit and Loss, 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 Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards, to the extent applicable, referred to in Section 211 (3C) of the Act;
 - e. On the basis of written representations received from the directors as on March 31st, 2013, taken on record by the Board of Directors, none of the directors is disqualified as at March 31st, 2013 from being appointed as a director in terms of Section 274 (i) (g) of the Act.

For **PICARDO & CO.**

Chartered Accountants

Registration No: 107917W

K.V. Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 20th May, 2013

ANNEXURE TO THE AUDITORS' REPORT [referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

i In respect of its Fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
- As explained to us, all the fixed assets were physically verified 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.
- 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 In respect of its Inventories:

- As explained to us, inventories were physically verified during the year by the Management at reasonable intervals.
- 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.
- 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 Loans from/to related parties:

- According to the information and explanations given to us, the Company has not granted secured or unsecured loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Act.
- The Company has taken unsecured loans from four private limited Companies listed in the register maintained under Section 301 of the Act. The maximum balance outstanding during the year was ₹ 3,770 lakhs and the outstanding as at the end of the year is ₹1501.81 Lakhs.
- The rate of interest and other terms and conditions of these unsecured loans are in our opinion prima facie not prejudicial to the interest of the Company.
- In respect of the said loans and the interest thereon, there are no overdue amounts.

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 fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- 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 Act, have been entered in the register.
- 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 Act, exceeding the value of ₹ 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 Act.

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 Act in respect of any of the activities of the Company.

- Based on information and explanation furnished to us there are delays in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-Tax, Wealth Tax, Sales Tax, Service Tax, Cess and other material statutory dues with the appropriate authorities during the year under review. As at the end of the financial year there are no undisputed amounts payable in respect of the aforesaid dues which were outstanding as on 31st March 2013 for a period of more than six months from the date they became payable except wealth tax dues of ₹ 2.37 lakhs.
- 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, 2013 on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Karnataka VAT Act, 2003	VAT with interest and penalty	145.25	Financial Year 2005-06 to 2009-10	Commissioner Of Appeals III, Bangalore
Customs Act	Customs Duty and Penalty	75.09	1989 -90 and 2000-2001	Customs ,Excise &Service Tax Appellate Tribunal ,Mumbai
Customs Act	Customs Duty and Penalty	2.00	1990-1991	Commissioner of Customs, Mumbai
Goa Tax on Luxuries Act	Luxury Tax	33.93	2007-08	Appellate Authority, The Assistant Commissioner of Commercial Taxes,Margao
Maharashtra VAT, 2002	VAT with interest and penalty	39.72	2008-09	Joint Commissioner of Sales Tax Appeals II ,Mumbai

ANNEXURE TO THE AUDITORS' REPORT [referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

- x The accumulated losses of the Company do not exceed 50% of its net worth. The Company has incurred cash losses during the financial year covered by our audit and has not incurred cash losses in the immediately preceding financial year.
- xi. In our opinion, on the basis of audit procedures and according to the explanation and information given to us, the Company has not defaulted in repayment of dues to banks/financial institutions/debenture holders in view of the debt restructuring approved under CDR mechanism. The Foreign Currency Convertible Bonds including redemption premium amounting to ₹34,063.26 lakhs which were due for redemption on 25th April 2012 were redeemed on 25th May 2012.
- 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 Order 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 have not been used during the year for long term investment.
- xviii. The company has made preferential allotment of shares to companies covered in the Register maintained under section 301 of the Act and the price at which shares have been issued is prima facie not prejudicial to the interest of the Company.
- xix. The Company has created securities / charges in respect of secured debentures issued.
- xx. The Company has not raised any monies by way of public issue during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no 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, 20th May, 2013

BALANCE SHEET as at 31 March, 2013

		₹ lakhs	
Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	8,373.02	7,756.50
(b) Reserves and surplus	3	113,887.62	151,306.97
		122,260.64	159,063.47
Non-current liabilities			
(a) Long term borrowings	4	271,431.88	355,569.57
(b) Deferred tax liabilities (net)	5	12,252.92	14,563.10
(c) Other long term liabilities	6	2,111.83	1,624.40
(d) Long term provisions	7	2,017.39	1,537.82
		287,814.02	373,294.89
Current liabilities			
(a) Short term borrowings	8	33,372.14	8,824.17
(b) Trade payables	9	4,488.75	3,283.58
(c) Other current liabilities	10	186,709.84	70,268.20
(d) Short term provisions	11	513.54	10,270.96
		225,084.27	92,646.91
TOTAL		635,158.93	625,005.27
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	543,397.46	446,472.99
(ii) Intangible assets	13	947.28	830.34
(iii) Capital work-in-progress	32.1	16,603.30	110,397.43
(iv) Fixed assets held for sale	32.14	15,591.13	-
		576,539.17	557,700.76
(b) Non current investments	14	4,624.38	4,624.38
(c) Foreign currency monetary translation difference	15	8,762.94	6,424.22
(d) Long term loans and advances	16	19,879.27	23,765.00
(e) Other non current assets	17	3,575.42	3,575.42
		613,381.18	596,089.78
Current Assets			
(a) Current investments	18	-	10,009.20
(b) Inventories	19	7,133.70	5,984.67
(c) Trade receivables	20	5,884.49	5,377.90
(d) Cash and cash equivalents	21	3,542.62	1,641.50
(e) Short term loans and advances	22	4,702.01	5,282.52
(f) Other current assets	23	514.93	619.70
		21,777.75	28,915.49
TOTAL		635,158.93	625,005.27
Notes forming part of the financial statements	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, 20th May, 2013

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2013

		₹lakhs	
Particulars	Note No.	Year ended 31 March 2013	Year ended 31 March 2012
INCOME			
CONTINUING OPERATIONS			
Revenue from operations	24	65,385.72	57,184.40
Other income	25	669.03	1,659.57
Total income		66,054.75	58,843.97
EXPENSES			
(a) Cost of materials consumed	26	5,102.42	4,298.65
(b) Employee benefit expenses	27	18,663.61	17,486.00
(c) Finance costs	28	40,534.25	32,125.06
(d) Depreciation and amortisation	29	13,867.33	10,223.54
(e) Other expenses	30	30,353.39	33,541.86
Total expenses		108,521.00	97,675.11
Profit / (Loss) before exceptional items and tax		(42,466.25)	(38,831.14)
Exceptional items	32.4	(329.35)	-
Profit / (Loss) after exceptional items		(42,136.90)	(38,831.14)
Tax Expense:			
(a) MAT credit asset written down		3,301.81	-
(b) Net current tax expense relating to prior years		217.28	704.63
(c) Deferred tax		(2,310.18)	(232.58)
		1,208.91	472.05
Profit / (Loss) from continuing operations		(43,345.81)	(39,303.19)
DISCONTINUING OPERATIONS	31		
Profit from discontinuing operations (before tax)		-	289.39
Gain on disposal of assets attributable to the discontinuing operations		-	41,476.97
		(43,345.81)	41,766.36
Less: income tax on disposal of assets		-	600.00
Profit / (Loss) from discontinuing operations		(43,345.81)	41,166.36
TOTAL OPERATIONS :			
Profit / (Loss) for the year		(43,345.81)	1,863.17
Earnings per share (of ₹ 2 each):			
Basic and diluted			
(i) Continuing operations		(10.82)	(10.13)
(ii) Total operations		(10.82)	0.48
Notes forming part of the Financial Statements	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, 20th May, 2013

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

CASH FLOW STATEMENT for the year ended 31 March, 2013

		₹ lakhs	
Particulars		2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items			
From continuing operations	(42,136.90)		(38,831.14)
From discontinuing operations	-	(42,136.90)	289.39
Adjustments for :			(38,541.75)
Depreciation & amortisation	13,867.34		10,435.66
Interest charged	40,534.25		32,125.06
Loss / (Profit) on sale of assets	185.86		4,487.53
Loss / (Profit) on sale of investments	(167.06)		(303.90)
Dividend on current investments	-		(8.18)
Provision for doubtful debts	94.02		47.57
Bad debts written off	22.56		729.88
Provision for employee benefits	522.36		385.71
Interest income	(112.19)		(898.42)
		54,947.14	47,000.91
Operating profit before working capital changes		12,810.24	8,459.16
Changes in :			
Trade and other receivables	538.34		16,458.65
Inventories	(1,149.03)		(546.57)
Trade and other payables	3,823.43		1,765.08
		3,212.74	17,677.16
Cash generated from operations		16,022.98	26,136.32
Direct taxes		(689.28)	(1,117.70)
Net cash flow from operating activities		15,333.70	25,018.62
B CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		199.28	50,116.51
Investment in fixed assets / projects		(27,501.19)	(70,547.41)
Proceeds from sale of investments		10,176.26	307.44
Advance received against assets held for sale		12,017.00	-
Other investments		-	(10,023.04)
Dividend received		-	8.18
Interest received		91.21	893.73
Net cash flow from investing activities		(5,017.44)	(29,244.59)
C CASH FLOW FROM FINANCIAL ACTIVITIES			
Increase / (decrease) in long term loans		40,402.81	21,572.69
Increase / (decrease) in cash credit		381.05	1,641.60
Increase / (decrease) in short term funds		24,166.92	4,000.00
Issue of shares		616.52	-
Loan advanced to subsidiary		(124.39)	(1,420.21)
Debenture issue expenses relating to prior years		(132.51)	-
Securities premium received		9,383.48	-
Issue / (redemption) of foreign currency convertible bonds		(35,248.19)	-
Dividend paid (including dividend distribution tax)		(2.44)	(675.82)
Interest paid		(47,858.37)	(24,876.86)
Net cash flow from financing activities		(8,415.14)	241.40
NET CHANGES IN CASH AND CASH EQUIVALENTS		1,901.12	(3,984.57)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		1,641.50	5,626.07
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,542.62	1,641.50

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, 20th May, 2013

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

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, insofar as they relate to acquisition of a depreciable capital asset.

Valuation of freehold land and leasehold rights on properties situated at Mumbai, Bangalore, Goa and Kovalam was carried out during March 2009. All the fixed assets of Goa were initially revalued in the year 2001 and that of Mumbai in the year 2004. Valuation was carried out in all the cases by professional valuers, the basis of valuation being 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 ₹ 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 amortized on straight-line basis over the average period until the benefits become eligible for being vested.

ii) Short-term employee benefits

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

iii) Long-term employee benefits

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

h) 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.

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

(iv) Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable to pay normal income tax during the specified period.

k) Impairment of assets

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

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

l) Foreign Currency Transaction

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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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' and amortized over the balance period of such long-term asset/liability but not beyond 31st March 2020, by recognising income or expense in each of the periods except the exchange differences which are regarded as 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 recognized as income or expense in the year in which they arise.

m) Assets taken on lease

Assets taken on operating lease 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 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 recognized in the financial statements.

o) Government Grants

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

Note 2 Share Capital

Particulars	As at 31 March 2013		As at 31 March 2012	
	No of Shares	Amount	No of Shares	Amount
(a) Authorised				
Equity shares of ₹2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) Issued				
Equity shares of ₹ 2 each with voting rights	418,651,132	8,373.02	387,824,992	7,756.50
(c) Subscribed and fully paid up				
Equity shares of ₹ 2 each with voting rights	418,651,132	8,373.02	387,824,992	7,756.50
Total	418,651,132	8,373.02	387,824,992	7,756.50
	No of Shares		No of Shares	
(d) Equity Shares at the beginning of the year	387,824,992		387,824,992	
Add: Preferential allotment	30,826,140		-	
Equity shares at the end of the year	418,651,132		387,824,992	
	No of Shares	% of Shares held	No of Shares	% of Shares held
(e) The details of shareholders holding more than 5% shares				
(i) Leela Lace Holdings Private Limited	188,649,985	45.06	188,649,985	48.64
(ii) ITC Limited	49,953,055	11.93	49,953,055	12.88
(iii) Leela Lace Software Solutions Private Limited	55,285,467	13.21	24,459,327	6.31

Note 3 Reserves and surplus

Particulars	₹ lakhs	
	As at 31 March 2013	As at 31 March 2012
(a) Capital reserve		
As per last balance sheet	-	710.11
Less : Transferred to general reserve	-	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	25,037.95	28,021.26
Add : Premium on shares issued during the year	9,383.48	-
Less : Premium on redemption of FCCBs	2,346.88	2,983.31
Closing balance	32,074.55	25,037.95
(d) Debenture redemption reserve		
As per last balance sheet	7,200.00	5,400.00
Add: Additions during the year	-	1,800.00
Closing balance	7,200.00	7,200.00
(e) Revaluation reserve		
As per last balance sheet	71,222.28	121,326.38
Less: Withdrawal on account of sale/discard	-	48,995.78
Less: Utilized for set off against depreciation	1,110.14	1,108.32
Closing balance	70,112.14	71,222.28
(f) General reserve		
As per last balance sheet	6,445.39	5,735.28
Add : Transferred from capital reserve	-	710.11
Closing balance	6,445.39	6,445.39
(g) Surplus / (deficit) in statement of profit and loss		
As per last balance sheet	32,651.35	32,588.18
Add: profit/(loss) for the year	(43,345.81)	1,863.17
Amounts transferred to:		
Debenture redemption reserve	-	1,800.00
Closing balance	(10,694.46)	32,651.35
Total	113,887.62	151,306.97

Note 4 Long term borrowings

Particulars	₹ lakhs			
	As at 31 March 2013 Non - Current	Current Maturities	As at 31 March 2012 Non - Current	Current Maturities
A. Secured				
(a) Debentures	6,750.00	2,250.00	9,000.00	-
(b) Rupee term loan from banks	166,055.27	135,597.70	199,048.34	9,095.91
(c) FCNRB loan from banks	-	-	36,380.46	2,613.55
(d) Foreign currency loan from banks	15,637.13	3,943.27	13,300.69	-
(e) Rupee term loan from financial institutions	23,490.10	10,263.64	30,185.91	4,321.14
(f) Foreign currency term loan from financial institutions	58,702.15	8,705.66	58,153.64	3,861.40
(g) Others	797.23	365.47	1,162.53	332.22
B. Unsecured				
(a) Foreign currency convertible bonds (FCCBs)	-	-	-	21,282.56
(b) Rupee term loan from banks	-	-	8,338.00	11,662.00
Total	271,431.88	161,125.74	355,569.57	53,168.78
Less : Amount disclosed under other current liabilities (refer note 10)	-	161,125.74	-	53,168.78
Net Long term borrowings	271,431.88	-	355,569.57	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs

Name of the Bank / Financial Institution	Amount Outstanding as at 31 March, 2013	Amount Outstanding as at 31 March, 2012	Details of Security	Repayment Terms
Secured				
12.5% Non Convertible Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	9,000.00	9,000.00	Refer Note A (a) to (g)	Equal annual instalments of ₹2,250 lakhs from 31st March 2014
Total	9,000.00	9,000.00		
Rupee Term Loan from Banks				
Bank of Baroda	15,000.00	15,000.00	Refer Note A (b) to (h)	Refer Note B (a)
Bank of India	46,700.25	44,035.57	Refer Note A (a) to (g)	
IDBI Bank Ltd	6.00	-	Refer Note A (a) to (g)	
Indian Overseas Bank	37,118.00	35,000.00	Refer Note A (a) to (g)	
Oriental Bank of Commerce	1,129.65	1,016.71	Refer Note A (a) to (g)	
State Bank of Bikaner & Jaipur	4,938.37	4,656.37	Refer Note A (a) to (g)	
State Bank of Hyderabad	3,954.59	3,728.55	Refer Note A (a) to (g)	
State Bank of India	45,103.00	5,093.78	Refer Note A (a) to (g)	
State Bank of Mysore	15,324.57	4,217.59	Refer Note A (a) to (g)	
State Bank of Patiala	3,650.78	3,442.11	Refer Note A (a) to (g)	
State Bank of Travancore	10,487.68	312.86	Refer Note A (a) to (g)	
Syndicate Bank	4,230.00	-	Refer Note A (a) to (g)	
The Federal Bank Limited	3,162.31	2,982.22	Refer Note A (a) to (g)	
Union Bank of India	24,392.03	22,998.64	Refer Note A (a) to (g)	
Vijaya Bank	15,931.99	15,000.00	Refer Note A (a) to (g)	
Vehicle Loan :				
HDFC Bank Limited	364.54	447.34	Refer Note A (k)	EMI
ICICI Bank Limited	278.21	331.41	Refer Note A (k)	EMI
Total	301,652.97	208,144.25		
FCNRB Loan from Banks				
State Bank of India	-	22,508.86	-	-
State Bank of Mysore	-	10,231.30	-	-
State Bank of Travancore	-	6,253.85	-	-
Total	-	38,994.01		
Foreign Currency Loan from Banks				
Bank of Baroda (London)	5,439.00	-	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India (Singapore)	14,141.40	13,300.69	Refer Note A (i)	8 equal half yearly instalments from June 2013
Total	19,580.40	13,300.69		
Rupee Term Loan from Financial Institutions				
Export Import Bank of India	20,953.74	6,871.34	Refer Note A (a) to (g)	Refer Note B (a)
HDFC Limited	1,500.00	2,035.71	Refer Note A (i)	28 equal quarterly instalments from January 2010
HDFC Limited	10,000.00	10,000.00	Refer Note A (j)	Repayable in March 2016
HDFC Limited	1,300.00	-	Refer Note A (i)	48 EMI from April, 2013
HDFC Limited	-	15,600.00	-	-
Total	33,753.74	34,507.05		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Name of the Bank / Financial Institution	Amount Outstanding as at 31 March, 2013	Amount Outstanding as at 31 March, 2012	Details of Security	Repayment Terms
Foreign Currency Loans from Financial Institutions				
Export Import Bank of India	-	12,886.40	-	-
HDFC Limited	15,173.85	-	Refer Note A (i)	Refer Note B (b)
HDFC Limited	52,233.96	49,128.64	Refer Note A (i)	6 equal half yearly instalments from February 2014
Total	67,407.81	62,015.04		
Loan from Others				
BMW Financial Services (I) Ltd	646.12	784.86	Refer Note A (k)	EMI
Kotak Mahindra Prime Limited	516.58	709.89	Refer Note A (k)	EMI
Total	1,162.70	1,494.75		
Unsecured				
Syndicate Bank	-	20,000.00		
Foreign Currency Convertible Bonds	-	21,282.56		
Total	-	41,282.56		
Grand Total	432,557.62	408,738.35		
Interest and instalment overdue as on 31st March 2013 is Nil (Previous year ₹15,445.52 Lakhs)				

Note A : The Loans are secured by :

- First ranking pari passu charge on all of the fixed assets (both movable and immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and Windmills.
- Second ranking pari passu charge on the Current Assets of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- Revenue from Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development at Bangalore.
- Pledge of 51% of Promoter's shareholding, in the Company.
- Personal Guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- Corporate Guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the Non-Core Assets which are proposed to be sold under CDR package.
- Second ranking pari passu charge on the fixed assets (both movable & immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and windmills.
- First pari passu charge on the immovable properties of the Leela Palace, Bangalore.
- First pari passu charge on the immovable properties of the Leela Palace, Bangalore and receivables from Pune Joint Development.
- Hypothecation of Vehicles.

Note B :

- 45% on 31st December, 2013, Balance 55% in 31 quarterly structured instalments commencing 30th June, 2014, last instalment payable on 31st December 2021.
- The loan will be converted in to RTL on 1st August, 2018 and repayable in 5 annual instalments thereafter.

Note 5 Deferred tax (liabilities/assets)

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
a. Deferred tax liabilities on account of		
Depreciation differences	22,284.40	18,050.62
Total	22,284.40	18,050.62
b. Deferred tax assets on account of		
(i) Employee benefits	-	553.57
(ii) Other temporary disallowance under income tax act	-	176.29
(iii) Unabsorbed depreciation	10,031.48	2,757.66
Total	10,031.48	3,487.52
Net Deferred Tax Liability	12,252.92	14,563.10

Note 6 Other long term liabilities

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
Trade / Security deposits received	1,853.54	1,328.62
Deferred payables	258.29	295.78
Total	2,111.83	1,624.40

Note 7 Long term provisions

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits		
(i) Provision for compensated absences	910.38	746.30
(ii) Provision for gratuity (net)	1,107.01	791.52
Total	2,017.39	1,537.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 8 Short term borrowings

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
(a) Working capital facilities from banks -secured	4,205.22	3,824.17
(b) Short term loan from a bank- secured	-	5,000.00
(c) Short term loan from HDFC Ltd - unsecured	4,000.00	-
(d) Funded interest term loan from banks - secured	23,666.92	-
(e) Inter corporate deposit-unsecured	1,500.00	-
Total	33,372.14	8,824.17

- (i) Working capital facilities from consortium of Banks are secured by:
- First ranking pari passu charge on inventory, receivables and other current assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
 - Second ranking pari passu charge on the fixed assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and windmills.
 - Assets listed in note 4 (A) (d) to (g).
- (ii) Refer Note 4 A (a) to (g) for security on funded interest term loan.

Note 9 Trade payables

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
Trade payables		
Acceptances	-	712.11
Others	4,488.75	2,571.47
Total	4,488.75	3,283.58

Note 10 Other current liabilities

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
(a) Current maturities of long term debt (Refer Note 4)	161,125.74	53,168.78
(b) Interest accrued but not due on borrowings	418.40	862.73
(c) Interest accrued and due on borrowings	97.66	6,977.45
(d) Unpaid dividends	66.87	69.31
(e) Advance received for sale of property	12,017.00	-
(f) Other payables		
(i) Statutory liabilities	1,268.59	1,082.92
(ii) Payables on purchase of fixed assets	5,984.10	4,320.64
(iii) Liability for expenses	4,223.05	2,706.80
(iv) Advance from customers	1,508.43	1,079.57
Total	186,709.84	70,268.20

Note 11 Short term provisions

₹ lakhs		
Particulars	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits		
(i) Provision for bonus	288.58	302.38
(ii) Provision for compensated absences	224.96	168.36
(b) Provision - others		
(i) Provision for premium payable on redemption of FCCBs	-	9,800.22
Total	513.54	10,270.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 12 Tangible Assets

₹ lakhs

Assets	Gross block						Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2012	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Sale of Business Undertaking	Balance as at 31 March, 2013	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
(a) Land												
Freehold	174,381.23	813.68	-	258.76	1,264.63	(4,368.74)	-	172,349.56	-	-	172,349.56	174,381.23
Leasehold	36,985.74	-	-	-	-	-	-	36,985.74	722.45	-	34,096.17	34,818.62
(b) Buildings	179,445.11	50,023.55	432.40	4,474.10	19,866.19	(861.04)	-	252,515.51	3,564.19	432.46	233,867.92	163,929.25
(c) Plant and Equipment	77,093.50	16,788.76	122.80	1,490.60	6,495.21	(113.32)	-	101,631.95	4,568.28	58.51	72,681.32	52,652.64
(d) Furniture and Fixtures	28,278.31	8,478.71	149.44	748.74	3,368.45	340.68	-	41,065.45	3,023.01	138.91	25,888.42	15,985.38
(e) Vehicles	5,773.19	406.41	576.51	63.21	193.66	-	-	5,859.96	507.52	266.62	4,401.83	4,555.96
(f) Office equipment	974.91	17.22	0.61	3.73	3.02	(33.29)	-	964.98	27.85	0.11	112.24	149.91
Total	502,931.99	76,528.33	1,281.76	7,039.14	31,191.16	(5,035.71)	-	611,373.15	12,413.30	896.61	543,397.46	446,472.99
Previous year	458,653.62	88,537.81	5,928.69	8,148.66	23,019.33	9,571.15	59,927.59	502,931.99	51,885.52	2,511.74	446,472.99	406,768.10

- 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 ₹ 10 each in a Co-Operative Housing Society.
- 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

₹ lakhs

Assets	Gross block					Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2012	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
(a) Computer software	741.31	104.33	-	5.48	29.03	880.15	127.03	130.85	-	257.88	614.28
(b) License/Franchise Fee	234.51	24.26	-	-	-	258.77	18.45	51.75	-	70.20	216.06
(c) Website	-	157.75	-	-	-	157.75	-	21.31	-	21.31	-
Total	975.82	286.34		5.48	29.03	1,296.67	145.48	203.91	-	349.39	830.34
Previous year	208.29	767.53	-	-	-	975.82	72.76	72.72	-	145.48	830.34
											135.53

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 14 Non-current investments

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Investments (At cost):		
A. Trade, Unquoted		
(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 ₹10 each	4,604.17	4,604.17
(ii) Leela Realty Limited 19,960 (Previous year 19,960) fully paid up Equity Shares of ₹100 each	19.96	19.96
Sub Total	4,624.13	4,624.13
(b) Investment in government securities	0.25	0.25
Total	4,624.38	4,624.38

Note 15 Foreign currency monetary translation difference account

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Opening balance	6,424.22	-
Additions during the year	4,699.02	7,325.91
Less : amortised during the year	2,360.30	901.69
Closing balance	8,762.94	6,424.22

- (a) ₹ 1,205.59 lakhs increase (Previous Year ₹ 5,034.48 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited to respective fixed assets/ capital work-in-progress account.
- (b) ₹ 4,699.02 lakhs increase (Previous Year ₹ 7,325.91 lakhs) on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets are debited to foreign currency monetary translation difference account.
- (c) 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)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Advance for fixed Assets	927.71	1,652.78
(b) Advance to subsidiaries	5,560.34	5,435.94
(c) Security deposits	10,640.32	10,880.53
(d) Prepaid expenses	148.05	248.74
(e) MAT credit entitlement	-	2,938.73
(f) Others	2,602.85	2,608.28
Total	19,879.27	23,765.00

Note 17 Other non current assets

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Receivable on sale of fixed assets	3,575.42	3,575.42
Total	3,575.42	3,575.42

Note 18 Current investments

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Investment in mutual funds		
SBI Premier Liquid - Growth	-	2,000.00
₹ NIL ((Previous year 1,18,690.7666 units ₹1000 each)		
NAV NIL (Previous year NAV ₹1,685.0510)		
SBI Ultra Short Term - Growth	-	2,008.38
₹ NIL (Previous year 1,44,676.6920 units ₹1000 each)		
NAV NIL (Previous Year NAV ₹1,388.1854)		
ICICI PRUDENTIAL Money Market Fund - Growth	-	2,000.00
₹ NIL (Previous year 13,49,229.0510 units ₹100 each)		
NAV NIL (Previous year NAV ₹148.2328)		
HDFC Cash Management Fund - Growth	-	2,000.00
₹ NIL (Previous year 89,33,831.5440 units ₹10 each)		
NAV NIL (Previous year NAV ₹22.3868)		
HDFC Treasury Advantage Fund - Growth	-	2,000.82
₹ NIL (Previous year 85,81,049.1410 units ₹10 each)		
NAV NIL (Previous year NAV ₹ 23.3167)		
Total	-	10,009.20

Note 19 Inventories (At lower of cost and net realisable value)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Raw materials	1,574.37	1,572.32
(b) Stores and operating supplies	5,559.33	4,412.35
Total	7,133.70	5,984.67

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 20 Trade receivables

Particulars	₹ lakhs	
	As at 31 March 2013	As at 31 March 2012
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	1,783.33	1,378.14
Considered doubtful	162.30	69.83
	1,945.63	1,447.97
Less: Provision for doubtful trade receivables	162.30	69.83
	1,783.33	1,378.14
Other trade receivables (unsecured, considered good)	4,101.16	3,999.76
Total	5,884.49	5,377.90

Note 21 Cash and cash equivalents

Particulars	₹ lakhs	
	As at 31 March 2013	As at 31 March 2012
(a) Cash on hand	119.47	92.32
(b) Balances with banks		
(i) In Current accounts	1,938.44	759.59
(ii) In EEFC accounts	-	1.49
(iii) In deposit accounts	607.18	264.11
(iv) In earmarked accounts		
- Unpaid dividend accounts	66.87	69.31
- Balances held as margin money or security against borrowings, guarantees and other commitments	810.66	454.68
Total	3,542.62	1,641.50

Note 22 Short term loans and advances (unsecured, considered good)

Particulars	₹ lakhs	
	As at 31 March 2013	As at 31 March 2012
(a) Trade advances	519.65	227.54
(b) Security deposits	3.41	231.69
(c) Loans and advances to employees	66.00	85.62
(d) Prepaid expenses	986.93	600.25
(e) Balances with government authorities		
(i) VAT credit receivable	0.96	1.45
(ii) Service tax credit receivable	462.94	1,915.72
(iii) Advance income tax (net of provisions)	2,005.43	1,896.51
(iv) Others	190.02	190.02
(f) Other advances	466.67	133.72
Total	4,702.01	5,282.52

Note 23 Other current assets

Particulars	₹ lakhs	
	As at 31 March 2013	As at 31 March 2012
(a) Unbilled revenue	469.55	583.05
(b) Interest accrued on deposits	43.88	22.90
(c) Insurance claims	1.50	13.75
Total	514.93	619.70

Note 24 Revenue from operations

Particulars	₹ lakhs	
	Year ended 31 March 2013	Year ended 31 March 2012
Sale of products (Refer Note (i) below)	21,968.37	18,457.90
Sale of services (Refer Note (ii) below)	43,417.35	38,726.50
Total	65,385.72	57,184.40
Note (i) Sale of products comprises;		
Food and beverages	20,379.65	17,144.73
Sale of power	1,242.47	1,173.51
Other sale	346.25	139.66
Total	21,968.37	18,457.90
Note (ii) Sale of services comprises;		
Room revenue	35,585.56	30,884.78
Revenue from managed hotels	1,555.78	1,865.95
Income from rental & related services	1,850.89	1,725.21
Other services	4,425.12	4,250.56
Total	43,417.35	38,726.50

Note 25 Other income

Particulars	₹ lakhs	
	Year ended 31 March 2013	Year ended 31 March 2012
Interest income (Refer Note below)	112.19	898.54
Dividend from current investments	-	8.18
Net gain on sale of current investments	167.06	303.90
Net gain on foreign currency transactions and translation (other than considered as finance cost)	102.90	88.87
Subsidy	62.06	50.31
Liabilities /provisions no longer required written back	122.22	233.22
Other non operating income	102.60	76.55
Total	669.03	1,659.57
Note: Interest income comprises:		
from bank deposits	79.52	15.16
on loans and advances	32.67	310.74
from long term investments in a subsidiary	-	572.63
Total	112.19	898.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 26 Cost of materials consumed

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening stock	1,572.32	517.48
Add: Purchases	<u>5,104.47</u>	<u>5,353.49</u>
	6,676.79	5,870.97
Less: Closing stock	<u>1,574.37</u>	<u>1,572.32</u>
Cost of Materials Consumed	<u><u>5,102.42</u></u>	<u><u>4,298.65</u></u>

Note 27 Employee benefit expenses

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Salaries and wages	16,395.95	15,267.23
Contributions to provident and other funds	945.86	780.12
Staff welfare expenses	1,321.80	1,438.65
Total	<u><u>18,663.61</u></u>	<u><u>17,486.00</u></u>

Note 28 Finance costs

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
(a) Interest expense on:		
(i) Term loans	38,826.77	31,583.52
(ii) Working capital borrowings	548.20	231.45
(b) Other borrowing costs	1,159.28	310.09
Total	<u><u>40,534.25</u></u>	<u><u>32,125.06</u></u>

Borrowing costs capitalised during the year ₹ 6,576.66 lakhs (Previous year ₹ 20,079.87 Lakhs).

Note 29 Depreciation and amortisation

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation on tangible assets (Refer note 12)	12,413.26	10,357.45
Less : Withdrawal from revaluation reserve	<u>1,110.14</u>	<u>1,108.32</u>
	11,303.12	9,249.13
Amortisation of intangible assets (Refer note 13)	203.91	72.72
Amortisation of foreign exchange translation difference (Refer note 15)	2,360.30	901.69
Total	<u><u>13,867.33</u></u>	<u><u>10,223.54</u></u>

Note 30 Other expenses

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Consumption of stores and supplies including linen	3,487.13	3,480.58
Power and fuel	6,509.41	5,126.82
Rent	3,435.17	3,220.04
Repairs and maintenance - buildings	582.30	609.48

₹ lakhs		
Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Repairs and maintenance - machinery	1,221.82	1,138.13
Repairs and maintenance - others	1,933.96	1,770.21
Insurance	270.01	236.61
Rates and taxes	2,167.03	1,802.54
Communication	399.05	475.36
Travelling and conveyance	1,089.11	1,107.50
Guest transport	411.50	492.86
Printing and stationery	315.50	340.39
Royalty and reservation fee	942.78	749.64
Sales commission	1,977.19	1,652.51
Business promotion	2,705.46	3,608.16
Donations and contributions (Refer Note (i) below)	5.88	53.83
Legal and professional	969.27	1,186.51
Auditors' remuneration (Refer Note (ii) below)	35.14	35.54
Membership and subscription	440.81	293.70
Directors' remuneration	799.92	719.28
Directors' sitting fees	12.02	18.40
Bad trade and other receivables, loans and advances written off (Refer Note (iii) below)	116.58	730.66
Loss on fixed assets sold / scrapped / written off	185.86	4,487.53
Prior period items (net)	188.19	47.50
Miscellaneous expenses	152.30	158.08
Total	<u><u>30,353.39</u></u>	<u><u>33,541.86</u></u>
(i) Donations and contributions includes donations to political parties as under		
Goa Pradesh Congress Committee	-	20.00
Bharatiya Janata Party	-	15.00
Total	<u><u>-</u></u>	<u><u>35.00</u></u>
(ii) Auditors remuneration comprises (net of service tax)		
Statutory audit	28.00	28.00
For Taxation matters	4.00	4.00
Reimbursement of expenses	3.14	3.54
Total	<u><u>35.14</u></u>	<u><u>35.54</u></u>
(iii) Details of Bad trade and other receivables, loans and advances written off		
Bad receivable /advance written off	24.12	789.94
Less : Written off against provision for bad receivable	-	106.85
Less : Provision for bad receivable withdrawn	1.56	0.78
Add : Additional provision for bad receivable	94.02	48.35
Total	<u><u>116.58</u></u>	<u><u>730.66</u></u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Note 31 Discontinuing Operations

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

Profit / (Loss) from ordinary activities	Year ended 31 March 2013	Year ended 31 March 2012
Sale of products	-	791.08
Sale of services	-	1,050.44
Other operating revenue	-	135.42
Other income	-	85.88
Total revenue	-	2,062.82
Cost of materials consumed	-	199.25
Employee benefits expense	-	448.59
Finance costs	-	37.96
Depreciation and amortisation expense	-	212.13
Other expenses	-	875.50
Total expenses	-	1,773.43
Profit / (Loss) before tax from ordinary activities	-	289.39
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
Note : Unallocated expenses are not considered for computing the profit or loss from ordinary activities		

Note 32 Additional information to the Financial Statements

32.1 Capital work-in-progress includes ₹13,805.08 lakhs, (previous year ₹13,805.08 lakhs) for an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI). The amount includes royalty and interest paid till 30th June 2007 in terms of Award passed by the Sole Arbitrator on 17th May 2008. The Minimum Guaranteed Royalty for the period beyond 30th June 2007 is not provided for as the same is under dispute. The company intends to resume the project after the dispute is settled.

32.2 The Lease agreement with Airport Authority of India (AAI) relating to Mumbai property was valid till 11th July 2012. AAI has temporarily extended the lease till 11th July 2013, pending approval by their competent authority for the Company's proposal for extension by 30 years. However depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.

32.3 "Corporate Debt Restructuring (CDR)"

- The Company had applied for restructuring of its debts, under the Corporate Debt Restructuring (CDR) mechanism. The proposal was to restructure all the debts other than the debt from HDFC Limited, ECB from SBI Singapore and the Vehicle Loans. The CDR Empowered Group

approved the restructuring on 12th September 2012 and the CDR Cell issued the Letter of Approval (LOA) 25th September 2012. The Master Restructuring Agreement (MRA) incorporating the terms of the LOA was signed with the lenders on 28th September 2012. The Company has also created security in favour of the Security Trustee for CDR lenders, on its pooled assets in place of the security earlier created on specific assets separately in favour of individual lenders.

- In terms of the LOA and MRA, the Company's debts have been restructured with longer repayment schedule stretching upto FY 2021-22 and lower interest rates. A part of the interest for the period from February 2012 to December 2013 is being funded by the lenders, by way of Funded Interest Term Loans (FITL). However, the CDR lenders would have a right of recompense, for their sacrifices, at the time of Company's exit from CDR. The sacrifice amount for which the lenders have a right of recompense works out to ₹ 26,652 lakhs during the tenure of the CDR, of which the amount for the period upto 31st March 2013 is ₹ 6,648 lakhs.
- In terms of the CDR package, the Company is required to reduce its debts by selling a Hotel in FY 2013-14, and also by selling / monetising its non-core assets like the land in Hyderabad, land in Bangalore and IT Park in Chennai. The total amount to be repaid during FY 2013-14 is ₹1,44,883.83 lakhs, which is included under the head Other current liabilities (Note 10). Further, the FITL has been partly repaid in the current year and the balance will have to be repaid in FY 2013-14.

32.4 Exceptional item represents interest benefit relating to the previous year, net of expenses, under the CDR mechanism.

32.5 Contingent liabilities and commitments (to the extent not provided for)

₹ lakhs

Particulars	2012-13	2011-12
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts	7,594.63	7,478.12
(b) Letters of credit open and outstanding	653.07	521.65
(c) Disputed statutory liabilities	2,859.51	2,469.15
Other Commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for	5,715.74	11,255.87

32.6 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.

₹ lakhs

Particulars	2012-13	2011-12
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	29.44	47.45
(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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	2012-13	2011-12
(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

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

₹ lakhs

Name of the party	Relationship	Amount outstanding as at 31 March 2013	Maximum Balance outstanding during the year
(i) Loans and advances Given			
Leela Palaces and Resorts Limited	Subsidiary	5,560.04 (5,435.94)	5,890.79 (5,435.94)
Leela Realty Limited	Subsidiary	0.29 (0.01)	0.29 (20.16)
Leela Capital & Finance Ltd.	Associate	- (0.21)	0.45 (0.21)
Mumbai International convention and Exhibition Centre Ltd.	Associate	1.06 (0.53)	1.06 (0.53)
(ii) Investments in Shares of the Company		No of Shares	
Leela Lace Holdings Pvt. Ltd.	Associate	188,649,985 (188,649,985)	
Leela Lace Software Solutions Pvt. Ltd.	Associate	55,285,467 (24,459,327)	
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)	

₹ lakhs

Particulars	2012-13	2011-12
(i) Value of imports calculated on CIF basis:		
Raw materials	638.65	647.43
Stores and supplies including linen	2,589.29	2,390.92
Capital goods	1,393.83	6,585.07
Total	4,621.76	9,623.42
(ii) Expenditure in Foreign Currency:		
Royalty	677.46	484.26
Advertisement & publicity	984.81	991.63
Professional and consultation fees	542.40	567.45
Interest	1,696.17	869.93
Others	1,315.84	1,744.81
Total	5,216.68	4,658.08

(iii) Details of consumption of imported and indigenous items	2012-13		2011-12	
	Rs. lakhs	% of Consumption	₹ lakhs	% of Consumption
Raw materials				
Imported	1,887.83	37%	1,524.89	34%
Indigenous	3,214.57	63%	2,973.01	66%
Total	5,102.40	100%	4,497.90	100%
Stores and supplies including linen				
Imported	908.10	26%	931.77	26%
Indigenous	2,579.03	74%	2,673.46	74%
Total	3,487.13	100%	3,605.23	100%

₹ lakhs

Particulars	2012-13	2011-12
(iv) Earnings in Foreign Exchange:		
Sale of products & services	29,370.54	19,436.12
(v) Amounts remitted in foreign currency during the year on account of dividend		
Amount of dividend remitted in foreign currency	-	4.59
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	-	158
Total number of shares held by them on which dividend was due	-	3,056,755
Year to which the dividend relates	-	2010-11

32.9 Employee benefit plans

(a) 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 ₹ 512.06 lakhs (Previous year ₹ 447.53 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.

(b) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ lakhs

Particulars	2012-13	2011-12
Components of employer expense		
Current service cost	151.98	133.21
Interest cost	116.27	100.21
Expected return on plan assets	(33.80)	(36.01)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	81.05	(28.86)
Total expense recognised in the Statement of Profit and Loss	315.50	168.54
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,546.75	1,253.23
Fair value of plan assets	(439.74)	(461.70)
Funded status [surplus / (deficit)]	(1,107.01)	(791.53)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(1,107.01)	(791.53)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	1,253.23	1,150.78
Current service cost	151.98	133.21
Interest cost	116.27	100.21
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	-	(39.72)
Actuarial (gains) / losses	104.98	(21.87)
Past service cost	-	-
Benefits paid	(79.70)	(69.38)
Present value of DBO at the end of the year	1,546.75	1,253.23
Change in fair value of assets during the year		
Plan assets at beginning of the year	461.70	496.45
Acquisition adjustment (distributed on divestiture)	-	(16.12)
Expected return on plan assets	33.80	36.01
Actual company contributions	0.02	7.77
Actuarial gain / (loss)	23.93	6.99
Benefits paid	(79.70)	(69.38)
Plan assets at the end of the year	439.74	461.70
Actual return on plan assets	57.72	43.00
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	8.10%	8.65%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% For first 4 years & 7% thereafter	10% For first 4 years & 7% thereafter

Experience adjustments	2012-13	2011-12	2010-11	2009-10	2008-09
Gratuity					
Present value of DBO	1,546.75	1,253.23	1,150.78	958.23	942.03
Fair value of plan assets	439.74	461.70	496.45	498.77	500.62
Funded status [surplus / (deficit)]	(1,107.01)	(791.52)	(654.33)	(459.46)	(441.41)
Experience gain / (loss) adjustments on plan liabilities	(7.98)	16.44	(52.68)	(70.58)	(77.85)
Experience gain / (loss) adjustments on plan assets	23.93	6.99	6.07	5.99	1.88

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.

ii. Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹1,135.34 lakhs (Previous year ₹914.66 lakhs).

32.10 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.

32.11 Related party transactions

(i) Details of related parties:

Description of relationship	Name of related parties
Subsidiaries	(a) Leela Realty Ltd.
	(b) Leela Palaces and Resorts Ltd.
Associates	1) Leela Lace Software Solutions Pvt. Ltd.
	2) Leela Lace Holdings Pvt. Ltd.
	3) Leela Fashions Pvt. Ltd.
	4) Rockfort Estate Developers Pvt. Ltd.
	5) Season Apparels Pvt. Ltd.
	6) Leela Innovation Centre Pvt. Ltd.
	7) Elegant Eateries Pvt. Ltd.
	8) Leela Housing 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 Realtors and Developers Pvt. Ltd.
	15) Leela Villas Pvt. Ltd.
	16) Leela Lace Info Park Pvt. Ltd.
	17) Leela Constates Pvt. Ltd.
	18) Buenavista Travels Pvt. Ltd.
	19) Leela Realcon Pvt. Ltd.
	20) Leela IT Projects Pvt. 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
	27) Leela Techno Parks Pvt. Ltd.
	28) Fransisco Hospitality Pvt. Ltd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Key Management Personnel (KMP) : (Whole Time Directors)	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
Relatives of KMP	Capt. C.P. Krishnan Nair (Father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (Wife of Mr. Dinesh Nair) Mrs. Lakshmi Mair Mrs. P V Leela Amma Nair Ms. Amruda Nair (Daughter of Mr. Vivek Nair) Ms. Aishwarya Nair (Daughter of Mr. Vivek Nair) Ms. Samyukta Nair (Daughter of Mr. Dinesh Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

(ii) Transactions carried out with Related Parties:

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Sale of room, food and other services Leela Lace Holdings Pvt. Ltd.		1.29 (0.04)		
Lease rent Leela Lace Holdings Pvt. Ltd.		1,315.72 (1,254.26)		
Leela Lace Software Solutions Pvt. Ltd.		3.73 (-)		
Investments Leela Palces & Resorts Ltd.	4,604.17 (4,604.17)			
Leela Realty Ltd.	19.96 (19.96)			
Remuneration paid Mr. Vivek Nair			241.92 (260.60)	
Mr. Dinesh Nair			241.92 (260.60)	
Mr. Venu Krishnan			167.28 (161.36)	
Mr. Krishna Deshika			148.80 (148.80)	
Ms. Amruda Nair				39.47 (34.52)
Ms. Aishwarya Nair				39.47 (34.52)
Ms. Samyukta Nair				39.47 (34.52)
Sitting fees Capt. C. P. Krishnan Nair				0.80 (1.80)
Mrs. Madhu Nair				1.00 (0.80)
Debit balance outstanding Leela Palaces & Resorts Ltd.	5,560.04 (5,435.93)			

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Leela Realty Ltd.	0.29 (0.01)			
Leela Lace Holdings Pvt. Ltd.		- (294.16)		
Leela Fashions Ltd.		39.61 (-)		
Leela Capital & Finance Ltd.		- (0.21)		
Mumbai International Convention and Exhibition Centre Ltd.		1.06 (0.53)		
Credit balance outstanding Leela Lace Software Solutions Pvt. Ltd.		3.36 (-)		
Leela Lace Holdings Pvt. Ltd.		262.53 (-)		
Rockfort Estate Developers Pvt. Ltd.		1,501.81		
Interest paid Leela Lace Holding Pvt. Ltd.		52.45 (-)		
Leela Fashions Pvt. Ltd.		16.03 (-)		
Leela Lace Software Solutions Pvt. Ltd.		1.54 (-)		
Rockfort Estate Developers Pvt. Ltd.		9.31 (-)		
Dividend paid Leela Lace Holdings Pvt. Ltd.		- (282.97)		
Leela Lace Software Solutions Pvt. Ltd.		- (27.50)		
Leela Fashions Limited		- (6.38)		
Mr. Vivek Nair			- (1.56)	
Mr. Dinesh Nair			- (0.56)	
Capt. C. P. Krishnan Nair				- (0.35)
Mrs. Madhu Nair				- (0.00)
Mrs. Lakshmi Mair				- (0.03)
Mrs. P V Leela Amma Nair				- (0.11)
Ms. Amruda Nair				- (0.45)
Deposits given Leela Lace Holdings Pvt. Ltd.		7,173.51 (7,173.51)		
Leela Fashions Pvt. Ltd.		100.00 (100.00)		

Figures in brackets relate to previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

32.12 Details of leasing arrangements

		₹ lakhs	
	Particulars	2012-13	2011-12
(i)	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	690.61	1,122.45
	later than one year and not later than five years	1,852.12	2,879.43
	later than five years	642.08	987.41
(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	1,406.59	1,260.80
	later than one year and not later than five years	5,121.94	4,710.48
	later than five years	28,208.33	29,111.76

32.13 Earnings per share

		₹ lakhs	
	Particulars	2012-13	2011-12
(i)	Basic & Diluted Continuing operations		
	Net profit / (loss) for the year from continuing operations	(43,345.81)	(39,303.19)
	Weighted average number of equity shares	400,493,269	387,824,992
	Par value per share	2.00	2.00
	Earnings per share from continuing operations	(10.82)	(10.13)
(ii)	Total operations		
	Net profit / (loss) for the year	(43,345.81)	1,863.17
	Weighted average number of equity shares	400,493,269	387,824,992
	Par value per share	2.00	2.00
	Earnings per share	(10.82)	0.48

Note : Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same.

32.14 Cost of IT Park at Chennai for which the Company has entered into an agreement to sell is considered as asset held for sale.

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

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

For and on behalf of the Board of Directors

K.V. Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 20th May, 2013

Dinesh Kalani

Company Secretary

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

AUDITORS' REPORT On Consolidated Financial Statements

To

The Board of Directors of
Hotel Leelaventure Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hotel Leelaventure Limited (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

Financial statements of two subsidiaries, audited by us, which have not commenced commercial operations, reflect a net worth of ₹ 45.73 Lakhs as at March 31, 2013. Our opinion is not qualified in respect of other matters.

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

K.V. Gopalakrishnayya
Partner
Membership No.21748
Mumbai, 20th May, 2013

CONSOLIDATED BALANCE SHEET as at 31 March, 2013

		₹ lakhs	
Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share capital	2	8,373.02	7,756.50
(b) Reserves and surplus	3	113,870.42	151,292.73
		122,243.44	159,049.23
Non-current liabilities			
(a) Long term borrowings	4	271,431.88	355,569.57
(b) Deferred tax liabilities (net)	5	12,252.92	14,563.10
(c) Other long term liabilities	6	2,111.83	1,624.40
(d) Long term provisions	7	2,017.39	1,537.82
		287,814.02	373,294.89
Current liabilities			
(a) Short term borrowings	8	33,372.14	8,824.17
(b) Trade payables	9	4,488.75	3,283.58
(c) Other current liabilities	10	186,710.17	70,285.70
(d) Short term provisions	11	513.54	10,270.96
		225,084.60	92,664.41
TOTAL		635,142.06	625,008.53
ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	548,946.97	451,795.32
(ii) Intangible assets	13	947.28	830.34
(iii) Goodwill	32.1	4,561.14	4,561.14
(iv) Capital work-in-progress	32.2	16,645.00	110,439.14
(v) Fixed assets held for sale	32.12	15,591.13	-
		586,691.52	567,625.94
(b) Non current investments	14	1.08	1.08
(c) Foreign currency monetary translation difference	15	8,762.94	6,424.22
(d) Long term loans and advances	16	14,318.94	18,329.05
(e) Other non current assets	17	3,575.42	3,575.42
		613,349.90	595,955.71
Current Assets			
(a) Current investments	18	-	10,009.20
(b) Inventories	19	7,133.70	5,984.67
(c) Trade receivables	20	5,884.49	5,377.90
(d) Cash and cash equivalents	21	3,557.03	1,778.84
(e) Short term loans and advances	22	4,702.01	5,282.51
(f) Other current assets	23	514.93	619.70
		21,792.16	29,052.82
TOTAL		635,142.06	625,008.53
Notes forming part of the consolidated financial statements	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, 20th May, 2013

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31 March, 2013

₹ lakhs			
Particulars	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
INCOME			
CONTINUING OPERATIONS			
Revenue from operations	24	65,385.72	57,184.40
Other income	25	669.03	1,659.62
Total income		<u>66,054.75</u>	<u>58,844.02</u>
Expenses			
(a) Cost of materials consumed	26	5,102.42	4,298.65
(b) Employee benefit expenses	27	18,663.61	17,486.00
(c) Finance costs	28	40,534.79	32,125.09
(d) Depreciation and amortisation	29	13,867.33	10,223.54
(e) Other expenses	30	30,355.83	33,542.90
Total Expenses		<u>108,523.98</u>	<u>97,676.18</u>
Profit / (Loss) before exceptional items and tax		<u>(42,469.23)</u>	<u>(38,832.16)</u>
Exceptional items	32.5	<u>(329.35)</u>	<u>-</u>
Profit / (Loss) after exceptional items		<u>(42,139.88)</u>	<u>(38,832.16)</u>
Tax Expense:			
(a) MAT credit asset written down		3,301.81	-
(b) Net current tax expense relating to prior years		217.28	704.63
(c) Deferred tax		<u>(2,310.18)</u>	<u>(232.58)</u>
		<u>1,208.91</u>	<u>472.05</u>
Profit / (Loss) from Continuing Operations		<u>(43,348.79)</u>	<u>(39,304.21)</u>
DISCONTINUING OPERATIONS	31		
Profit from discontinuing operations (before tax)		-	289.39
Gain on disposal of assets attributable to the discontinuing operations		-	41,476.97
		<u>(43,348.79)</u>	<u>41,766.36</u>
Less: income tax on disposal of assets		-	600.00
Profit / (Loss) from discontinuing operations		<u>(43,348.79)</u>	<u>41,166.36</u>
TOTAL OPERATIONS :			
Profit / (Loss) for the year		<u><u>(43,348.79)</u></u>	<u><u>1,862.15</u></u>
Earnings per share (of Rs 2 each):			
(a) Basic and diluted			
(i) Continuing operations		(10.82)	(10.13)
(ii) Total operations		(10.82)	0.48
Notes forming part of the consolidated financial statements	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, 20th May, 2013

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March, 2013

		₹ lakhs	
Particulars		2012-13	2011-12
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax and extraordinary items			
From continuing operations	(42,139.88)		(38,832.16)
From discontinuing operations	-	(42,139.88)	289.39
Adjustments for:			(38,542.77)
Depreciation & amortisation	13,867.34		10,435.65
Interest charged	40,534.76		32,125.06
Loss / (Profit) on sale of assets	185.86		4,487.53
Loss / (Profit) on sale of investments	(167.06)		(303.90)
Dividend on current investments	-		(8.18)
Provision for doubtful debts	94.02		47.57
Bad debts written off	22.56		729.88
Provision for employee benefits	522.36		385.71
Interest Income	(112.19)		(898.42)
		54,947.65	47,000.90
Operating profit before working capital changes		12,807.77	8,458.13
Changes in :			
Trade and other receivables	538.34		16,484.65
Inventories	(1,149.03)		(546.57)
Trade and other payables	3,806.25		1,760.40
		3,195.56	17,698.48
Cash generated from operations		16,003.33	26,156.61
Direct Taxes		(689.28)	(1,117.70)
Net Cash flow before extraordinary items		15,314.05	25,038.91
Net Cash Flow from operating activities		15,314.05	25,038.91
B CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		199.28	50,116.52
Investment in fixed assets / projects		(27,728.37)	(71,977.51)
Proceeds from sale of investments		10,176.26	307.44
Advance received against assets held for sale		12,017.00	-
Other investments		-	(10,009.20)
Dividend received		-	8.18
Interest received		91.21	893.73
Net cash flow from investing activities		(5,244.62)	(30,660.84)
C CASH FLOW FROM FINANCIAL ACTIVITIES			
Increase / (Decrease) in long term loans		40,402.81	21,572.69
Increase / (Decrease) in cash credit		381.05	1,641.60
Increase / (Decrease) in short term funds		24,166.92	4,000.00
Issue of shares		616.52	-
Debenture issue expenses relating to prior years		(132.51)	-
Securities premium received		9,383.48	-
Issue / (redemption) of foreign currency convertible bonds		(35,248.19)	-
Dividend paid (including dividend distribution tax)		(2.44)	(675.82)
Interest paid		(47,858.88)	(24,876.86)
Net cash flow from financing activities		(8,291.24)	1,661.61
NET CHANGES IN CASH AND CASH EQUIVALENTS		1,778.19	(3,960.32)
CASH AND CASH EQUIVALENTS AT THE START OF THE YEAR		1,778.84	5,739.16
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,557.03	1,778.84

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

K.V. Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 20th May, 2013

Dinesh Kalani

Company Secretary

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

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 31st March, 2013 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. 31st March, 2013
- 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%	99.80%
Leela Palaces and Resorts Limited	99.99%	99.99%

d) Minority interest

The minority interest as on 31st March 2013 is not material (Previous year not material) 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 ₹ 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 realizable value.

j) Employee benefit

i) Post-employment benefit plans

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

For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are 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 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

(iii) 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 realization of such assets.

(iv) Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount is written down to the extent there is no longer a convincing evidence that the Company will be liable pay normal income tax during the specified period.

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 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.

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

Contingent Assets are not 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.

2 Share Capital

₹ lakhs

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	No of Shares	Amount	No of Shares	Amount
(a) Authorised				
Equity shares of ₹2 each with voting rights	600,000,000	12,000.00	600,000,000	12,000.00
Redeemable preference shares of ₹ 100 each	6,000,000	6,000.00	6,000,000	6,000.00
(b) Issued				
Equity shares of ₹ 2 each with voting rights	418,651,132	8,373.02	387,824,992	7,756.50
(c) Subscribed and fully paid up				
Equity shares of ₹ 2 each with voting rights	418,651,132	8,373.02	387,824,992	7,756.50
Total	418,651,132	8,373.02	387,824,992	7,756.50
(d) Equity Shares at the beginning of the year	No of Shares		No of Shares	
	387,824,992		387,824,992	
Add: Preferential allotment	30,826,140		-	
Equity shares at the end of the year	418,651,132		387,824,992	
	No of Shares	% of Shares held	No of Shares	% of Shares held
(e) The details of Shareholders holding more than 5% shares				
(i) Leela Lace Holding Private Limited	188,649,985	45.06	188,649,985	48.64
(ii) ITC Limited	49,953,055	11.93	49,953,055	12.88
(iii) Leela Lace Software Solutions Private Limited	55,285,467	13.21	24,459,327	6.31

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

3 Reserves and Surplus

₹ lakhs		
Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Capital Reserve		
As per last balance sheet	-	710.15
Less : Transferred to general reserve	-	710.15
	-	-
(b) Capital Redemption Reserve		
As per last balance sheet	8,750.00	8,750.00
(c) Securities Premium Account		
As per last balance sheet	25,037.95	28,021.26
Add: Premium on shares issued during the Year	9,383.48	-
Less: Utilized during the year for:	2,346.88	2,983.31
Closing balance	32,074.55	25,037.95
(d) Debenture Redemption Reserve		
As per last balance sheet	7,200.00	5,400.00
Add: Additions during the year	-	1,800.00
Closing balance	7,200.00	7,200.00
(e) Revaluation Reserve		
As per last balance sheet	71,222.29	121,326.39
Less: Withdrawal on account of sale/discard	-	48,995.78
Less: Utilized for set off against depreciation	1,110.14	1,108.32
Closing balance	70,112.15	71,222.29
(f) General Reserve		
As per last balance sheet	6,446.48	5,736.33
Add: Transferred from capital reserve	-	710.15
Closing Balance	6,446.48	6,446.48
(g) Surplus / (Deficit) in Statement of Profit and Loss		
As per last balance sheet	32,636.03	32,573.86
Add: Profit/ (loss) for the year	(43,348.79)	1,862.15
Amounts transferred to:		
Debenture redemption reserve	-	1,800.00
Closing balance	(10,712.76)	32,636.01
Total	113,870.42	151,292.73

4 Long Term Borrowings

₹ lakhs				
Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Non -Current	Current Maturities	Non -Current	Current Maturities
A. Secured				
(a) Debentures	6,750.00	2,250.00	9,000.00	-
(b) Rupee Term Loans from Banks	166,055.27	135,597.70	199,048.34	9,095.91
(c) FCNRR Loans from Banks	-	-	36,380.46	2,613.55
(d) Foreign Currency Loans from Banks	15,637.13	3,943.27	13,300.69	-
(e) Rupee Term Loans from Financial Institutions	23,490.10	10,263.64	30,185.91	4,321.14
(f) Foreign Currency Term Loans from Financial Institutions	58,702.15	8,705.66	58,153.64	3,861.40
(g) Others	797.23	365.47	1,162.53	332.22
B. Unsecured				
(a) Foreign Currency Convertible Bonds (FCCB)	-	-	-	21,282.56
(b) Rupee Term Loan from Banks	-	-	8,338.00	11,662.00
Sub Total	271,431.88	161,125.74	355,569.57	53,168.78
Less : Amount disclosed under other current liabilities (refer note 10)	-	161,125.74	-	53,168.78
Net Long Term Borrowings	271,431.88	-	355,569.57	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

₹ lakhs

Name of the Bank/ Financial Institution	Amount Outstanding as at 31 March, 2013	Amount Outstanding as at 31 March, 2012	Details of Security	Repayment Terms
Secured				
12.5% Non Convertible Debentures				
Life Insurance Corp. of India (Issued on 19th December 2008)	9,000.00	9,000.00	Refer Note A (a) to (g)	Equal annual instalments of ₹2250 lakhs from 31st March 2014
Total	9,000.00	9,000.00		
Rupee Term Loan from Banks				
Bank of Baroda	15,000.00	15,000.00	Refer Note A (b) to (h)	Refer Note B (a)
Bank of India	46,700.25	44,035.57	Refer Note A (a) to (g)	
IDBI Bank Ltd.	6.00	-	Refer Note A (a) to (g)	
Indian Overseas Bank	37,118.00	35,000.00	Refer Note A (a) to (g)	
Oriental Bank of Commerce	1,129.65	1,016.71	Refer Note A (a) to (g)	
State Bank of Bikaner & Jaipur	4,938.37	4,656.37	Refer Note A (a) to (g)	
State Bank of Hyderabad	3,954.59	3,728.55	Refer Note A (a) to (g)	
State Bank of India	45,103.00	5,093.78	Refer Note A (a) to (g)	
State Bank of Mysore	15,324.57	4,217.59	Refer Note A (a) to (g)	
State Bank of Patiala	3,650.78	3,442.11	Refer Note A (a) to (g)	
State Bank of Travancore	10,487.68	312.86	Refer Note A (a) to (g)	
Syndicate Bank	4,230.00	-	Refer Note A (a) to (g)	
Syndicate Bank	69,881.00	49,881.10	Refer Note A (b) to (h)	
The Federal Bank Limited	3,162.31	2,982.22	Refer Note A (a) to (g)	
Union Bank of India	24,392.03	22,998.64	Refer Note A (a) to (g)	
Vijaya Bank	15,931.99	15,000.00	Refer Note A (a) to (g)	
Vehicle Loan :				
HDFC Bank Limited	364.54	447.34	Refer Note A (k)	EMI
ICICI Bank Limited	278.21	331.41	Refer Note A (k)	EMI
Total	301,652.97	208,144.25		
FCNRB Loan from Banks				
State Bank of India	-	22,508.86	-	-
State Bank of Mysore	-	10,231.30	-	-
State Bank of Travancore	-	6,253.85	-	-
Total	-	38,994.01		
Foreign Currency Loan from Banks				
Bank of Baroda (London)	5,439.00	-	Refer Note A (a) to (g)	Quarterly structured instalments from August 2013
State Bank of India (Singapore)	14,141.40	13,300.69	Refer Note A (i)	8 equal half yearly instalments from June 2013
Total	19,580.40	13,300.69		
Rupee Term Loan from Financial Institutions				
Export Import Bank of India	20,953.74	6,871.34	Refer Note A (a) to (g)	Refer Note B (a)
HDFC Limited	1,500.00	2,035.71	Refer Note A (i)	28 equal quarterly instalments from 'January 2010
HDFC Limited	10,000.00	10,000.00	Refer Note A (j)	Repayable in March 2016
HDFC Limited	1,300.00	-	Refer Note A (i)	48 EMI from April, 2013
HDFC Limited	-	15,600.00	-	-
Total	33,753.74	34,507.05		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

Name of the Bank/ Financial Institution	Amount Outstanding as at 31 March, 2013	Amount Outstanding as at 31 March, 2012	Details of Security	Repayment Terms
Foreign Currency Loans from Financial Institutions				
Export Import Bank of India	-	12,886.40	-	-
HDFC Limited	15,173.85	-	Refer Note A (i)	Refer Note B (b)
HDFC Limited	52,233.96	49,128.64	Refer Note A (i)	6 equal half yearly instalments from February 2014
Total	67,407.81	62,015.04		
Loan from Others				
BMW Financial Services (I) Ltd.	646.12	784.86	Refer Note A (k)	EMI
Kotak Mahindra Prime Limited	516.58	709.89	Refer Note A (k)	EMI
Total	1,162.70	1,494.75		
Unsecured				
Syndicate Bank	-	20,000.00		
Foreign Currency Convertible Bonds	-	21,282.56		
Total	-	41,282.56		
Grand Total	432,557.62	408,738.35		

Interest and instalment overdue as on 31st March 2013 is Nil (Previous year ₹15,445.52 Lakhs)

Note A : The Loans are secured by :

- First ranking pari passu charge on all of the fixed assets (both movable and immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and Windmills.
- Second ranking pari passu charge on the Current Assets of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
- Revenue from Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai and receivables from Sale of Hyderabad Land and Joint Development at Bangalore.
- Pledge of 51% of Promoter's shareholding, in the Company.
- Personal Guarantee of Promoters - Mr. Vivek Nair and Mr Dinesh Nair.
- Corporate Guarantee of Leela Lace Holdings Private Limited.
- Negative lien on the Non-Core Assets which are proposed to be sold under CDR package.
- Second ranking pari passu charge on the fixed assets (both movable & immovable) of Hotel Properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and windmills.
- First pari passu charge on the immovable properties of the Leela Palace, Bangalore.
- First pari passu charge on the immovable properties of the Leela Palace, Bangalore and receivables from Pune Joint Development.
- Hypothecation of Vehicles.

Note B :

- 45% on 31st December, 2013, Balance 55% in 31 quarterly structured instalments commencing 30th June, 2014, last instalment payable on 31st December 2021.
- The loan will be converted in to RTL on 1st August, 2018 and repayable in 5 annual instalments thereafter.

Note 5 Deferred tax (liabilities/assets)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
a. Deferred tax liabilities on account of		
Depreciation differences	22,284.40	18,050.62
Total	22,284.40	18,050.62
b. Deferred tax assets on account of		
(i) Employee benefits	-	553.57
(ii) Other temporary disallowance under income tax act	-	176.29
(iii) Unabsorbed depreciation	10,031.48	2,757.66
Total	10,031.48	3,487.52
Net Deferred Tax Liability	12,252.92	14,563.10

Note 6 Other long term liabilities

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Trade / Security deposits received	1,853.54	1,328.62
Deferred payables	258.29	295.78
Total	2,111.83	1,624.40

Note 7 Long term provisions

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits		
(i) Provision for compensated absences	910.38	746.30
(ii) Provision for gratuity (net)	1,107.01	791.52
Total	2,017.39	1,537.82

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

Note 8 Short term borrowings

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Working capital facilities from banks -secured	4,205.22	3,824.17
(b) Short term loan from a bank-secured	-	5,000.00
(c) Short term loan from HDFC Ltd. - unsecured	4,000.00	-
(d) Funded interest term loan from banks - secured	23,666.92	-
(e) Inter corporate deposit- unsecured	1,500.00	-
Total	33,372.14	8,824.17

- (i) Working capital facilities from consortium of Banks are secured by:
- First ranking pari passu charge on inventory, receivables and other current assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai.
 - Second ranking pari passu charge on the fixed assets of the Hotel properties at Mumbai, Goa, Udaipur, New Delhi and Chennai, residential flats and windmills.
 - Assets listed in note 4 (A) (d) to (g).
- (ii) Refer Note 4 A (a) to (g) for security on funded interest term loan.

Note 9 Trade payables

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Trade payables		
Acceptances	-	712.11
Others	4,488.75	2,571.47
Total	4,488.75	3,283.58

Note 10 Other current liabilities

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Current maturities of long term debt (Refer Note 4)	161,125.74	53,168.78
(b) Interest accrued but not due on borrowings	418.40	862.73
(c) Interest accrued and due on borrowings	97.66	6,977.45
(d) Unpaid dividends	66.87	69.31
(e) Advance received for sale of property	12,017.00	-
(f) Other payables		
(i) Statutory liabilities	1,268.59	1,099.98
(ii) Payables on purchase of fixed assets	5,984.10	4,320.64
(iii) Liability for expenses	4,223.39	2,707.25
(iv) Advance from customers	1,508.42	1,079.56
Total	186,710.17	70,285.70

Note 11 Short term provisions

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Provision for employee benefits		
(i) Provision for bonus	288.58	302.38
(ii) Provision for compensated absences	224.96	168.36
(b) Provision - others		
(i) Provision for premium payable on redemption of FCCBs	-	9,800.22
Total	513.54	10,270.96

Note 12 Tangible Assets

₹ lakhs

Assets	Gross block						Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2012	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Sale of Business Undertaking	Balance as at 31 March, 2013	Eliminated on disposal of assets	Sale of Kovalam Undertaking	Balance as at 31 March, 2013	Balance as at 31 March, 2012
(a) Land												
Freehold	179,703.56	1,040.86	-	258.76	1,264.63	(4,368.74)	-	177,899.07	-	-	177,899.07	179,703.56
Leasehold	36,985.74	-	-	-	-	-	-	36,985.74	-	-	34,096.17	34,818.62
(b) Buildings	179,445.11	50,023.55	432.41	4,474.11	19,866.19	(861.04)	-	252,515.51	432.43	-	233,867.90	163,929.25
(c) Plant and Equipment	77,093.50	16,788.76	122.80	1,490.60	6,495.21	(113.32)	-	101,631.95	58.53	-	72,681.35	52,652.64
(d) Furniture and Fixtures	28,278.31	8,478.71	149.44	748.74	3,368.45	340.68	-	41,065.45	138.85	-	25,888.43	15,985.38
(e) Vehicles	5,773.20	406.40	576.51	63.21	193.66	-	-	5,859.96	266.62	-	4,401.84	4,555.98
(f) Office equipment	974.90	17.22	0.61	3.73	3.02	(33.29)	-	964.96	0.08	-	112.21	149.90
Total	508,254.32	76,755.50	1,281.77	7,039.15	31,191.16	(5,035.71)	-	616,922.65	896.51	-	67,975.65	451,795.32
Previous year	462,545.87	89,395.26	5,928.69	8,148.66	23,591.96	9,571.15	59,927.59	51,885.52	2,511.74	3,484.36	451,795.32	410,660.36

- 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 ₹ 10 each in a Co-Operative Housing Society.
- The values have been regrouped wherever necessary.
- 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

₹ lakhs

Assets	Gross block					Accumulated depreciation and impairment				Net block	
	Balance as at 1 April, 2012	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing Cost	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
(a) Computer software	741.31	104.33	-	5.48	29.03	880.15	127.03	130.85	-	257.88	614.28
(b) License /Franchise Fee	234.51	24.26	-	-	-	258.77	18.45	51.75	-	70.20	216.06
(c) Website	-	157.75	-	-	-	157.75	-	21.32	-	21.32	136.44
Total	975.82	286.35	-	5.48	29.03	1,296.68	145.48	203.92	-	349.40	830.34
Previous year	208.29	767.53	-	-	-	975.82	72.76	72.72	-	145.48	830.34
											135.53

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

Note 14 Non-current investments

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Investments (At cost):		
a. Land	0.83	0.83
b. Trade, Unquoted		
Investment in government securities	0.25	0.25
Total	1.08	1.08

Note 15 Foreign currency monetary translation difference account

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Opening balance	6,424.22	-
Additions during the year	4,699.02	7,325.91
Less : amortised during the year	2,360.30	901.69
Closing balance	8,762.94	6,424.22

- (a) ₹ 1,205.59 lakhs increase (Previous Year ₹5,034.48 lakhs increase) on account of exchange variations in the long term foreign currency monetary items relating to depreciable assets are debited to respective fixed assets/capital work-in-progress account.
- (b) ₹4,699.02 lakhs increase(Previous Year ₹ 7,325.91 lakhs) on account of exchange variations in the long term foreign currency monetary items relating to non depreciable assets are debited to foreign currency monetary translation difference account.
- (c) 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)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Advance for fixed Assets	927.71	1,652.78
(b) Advance to subsidiaries	-	-
(c) Security deposits	10,640.32	10,880.53
(d) Prepaid expenses	148.05	248.74
(e) MAT credit entitlement	-	2,938.73
(f) Others	2,602.86	2,608.27
Total	14,318.94	18,329.05

Note 17 Other non current assets

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Receivable on sale of fixed assets	3,575.42	3,575.42
Total	3,575.42	3,575.42

Note 18 Current investments

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Investment in mutual funds		
SBI Premier Liquid - Growth	-	2,000.00
₹ NIL ((Previous year 1,18,690.7666 units ₹1000 each)		
NAV NIL (Previous year NAV ₹1,685.0510)		

Particulars	As at 31 March 2013	As at 31 March 2012
SBI Ultra Short Term - Growth	-	2,008.38
₹ NIL (Previous year 1,44,676.6920 units ₹1000 each)		
NAV NIL (Previous Year NAV ₹1,388.1854)		
ICICI PRUDENTIAL Money Market Fund - Growth	-	2,000.00
₹ NIL (Previous year 13,49,229.0510 units ₹100 each)		
NAV NIL (Previous year NAV ₹148.2328)		
HDFC Cash Management Fund - Growth	-	2,000.00
₹ NIL (Previous year 89,33,831.5440 units ₹10 each)		
NAV NIL (Previous year NAV ₹22.3868)		
HDFC Treasury Advantage Fund - Growth	-	2,000.82
₹ NIL (Previous year 85,81,049.1410 units ₹10 each)		
NAV NIL (Previous year NAV ₹ 23.3167)		
Total	-	10,009.20

Note 19 Inventories (At lower of cost and net realisable value)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Raw materials	1,574.37	1,572.32
(b) Stores and operating supplies	5,559.33	4,412.35
Total	7,133.70	5,984.67

Note 20 Trade receivables

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
Outstanding for a period exceeding six months from the date they were due for payment (unsecured)		
Considered good	1,783.33	1,378.14
Considerd doubtful	162.30	69.83
	1,945.63	1,447.97
Less: Provision for doubtful trade receivables	162.30	69.83
	1,783.33	1,378.14
Other trade receivables (unsecured, considered good)	4,101.16	3,999.76
Total	5,884.49	5,377.90

Note 21 Cash and cash equivalents

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Cash on hand	120.37	93.22
(b) Balances with banks		
(i) In Current accounts	1,951.95	896.02
(ii) In EEFC accounts	-	1.49
(iii) In deposit accounts	607.18	264.11
(iv) In earmarked accounts		
- Unpaid dividend accounts	66.87	69.31
- Balances held as margin money or security against borrowings, guarantees and other commitments	810.66	454.69
Total	3,557.03	1,778.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

Note 22 Short term loans and advances (unsecured, considered good)

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Trade advances	519.65	227.52
(b) Security deposits	3.41	231.69
(c) Loans and advances to employees	66.00	85.62
(d) Prepaid expenses	986.93	600.25
(e) Balances with government authorities		
(i) VAT credit receivable	0.96	1.45
(ii) Service tax credit receivable	462.94	1,915.72
(iii) Advance income tax (net of provisions)	2,005.43	1,896.51
(iv) Others	190.02	190.02
(f) Other advances	466.67	133.73
Total	4,702.01	5,282.51

Note 23 Other current assets

₹ lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
(a) Unbilled revenue	469.55	583.05
(b) Interest accrued on deposits	43.88	22.90
(c) Insurance claims	1.50	13.75
Total	514.93	619.70

Note 24 Revenue from operations

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Sale of products (Refer Note (i) below)	21,968.37	18,457.90
Sale of services (Refer Note (ii) below)	43,417.35	38,726.50
Total	65,385.72	57,184.40
Note (i) Sale of products comprises;		
Food and beverages	20,379.65	17,144.73
Sale of power	1,242.47	1,173.51
Other sale	346.25	139.66
Total	21,968.37	18,457.90
Note (ii) Sale of services comprises;		
Room revenue	35,585.56	30,884.78
Revenue from managed hotels	1,555.78	1,865.95
Income from rental & related services	1,850.89	1,725.21
Other services	4,425.12	4,250.56
Total	43,417.35	38,726.50

Note 25 Other income

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Interest income (Refer Note below)	112.19	898.54
Dividend from current investments	-	8.18
Net gain on sale of current investments	167.06	303.95
Net gain on foreign currency transactions and translation	102.90	88.87
(other than considered as finance cost)		
Subsidy	62.06	50.31
Liabilities /provisions no longer required written back	122.22	233.22
Other non operating income	102.60	76.55
Total	669.03	1,659.62

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note: Interest income comprises:		
from bank deposits	79.52	15.16
on loans and advances	32.67	310.75
from long term investments in a subsidiary	-	572.63
Total	112.19	898.54

Note 26 Cost of materials consumed

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Opening stock	1,572.32	517.48
Add: Purchases	5,104.47	5,353.49
	6,676.79	5,870.97
Less: Closing stock	1,574.37	1,572.32
Cost of Materials Consumed	5,102.42	4,298.65

Note 27 Employee benefit expenses

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Salaries and wages	16,395.95	15,267.23
Contributions to provident and other funds	945.86	780.12
Staff welfare expenses	1,321.80	1,438.65
Total	18,663.61	17,486.00

Note 28 Finance costs

₹ lakhs

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
(a) Interest expense on:		
(i) Term loans	38,826.77	31,583.52
(ii) Working capital borrowings	548.20	231.45
(b) Other borrowing costs	1,159.82	310.12
Total	40,534.79	32,125.09

Borrowing costs capitalised during the year ₹ 6,576.66 lakhs (Previous year ₹ 20,079.87 Lakhs)

Note 29 Depreciation and amortisation

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Depreciation on tangible assets (Refer note 12)	12,413.26	10,357.45
Less : Withdrawal from revaluation reserve	1,110.14	1,108.32
	11,303.12	9,249.13
Amortisation of intangible assets (Refer note 13)	203.91	72.72
Amortisation of foreign exchange translation difference (Refer note 15)	2,360.30	901.69
Total	13,867.33	10,223.54

Note 30 Other expenses

₹ lakhs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Consumption of stores and supplies including linen	3,487.13	3,480.58
Power and fuel	6,509.41	5,126.82
Rent	3,435.17	3,220.04
Repairs and maintenance - buildings	582.30	609.48
Repairs and maintenance - machinery	1,221.82	1,138.13

NOTES FORMING PART OF CONSOLIDATED THE FINANCIAL STATEMENTS (contd.)

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Repairs and maintenance - others	1,933.96	1,770.21
Insurance	270.01	236.61
Rates and taxes	2,167.84	1,802.82
Communication	399.05	475.36
Travelling and conveyance	1,089.11	1,107.50
Guest transport	411.50	492.86
Printing and stationery	315.50	340.47
Royalty and reservation fee	942.78	749.64
Sales commission	1,977.19	1,652.51
Business promotion	2,705.46	3,608.16
Donations and contributions (Refer Note (i) below)	5.88	53.83
Legal and professional	970.56	1,186.85
Auditors remuneration (Refer Note (ii) below)	35.48	35.88
Membership and subscription	440.81	293.70
Director's remuneration	799.92	719.28
Directors' sitting fees	12.02	18.40
Bad trade and other receivables, loans and advances written off (Refer Note (iii) below)	116.58	730.66
Loss on fixed assets sold / scrapped / written off	185.86	4,487.53
Prior period items (net)	188.19	47.50
Miscellaneous expenses	152.30	158.08
Total	30,355.83	33,542.90
(i) Donations and contributions includes donations to political parties as under:		
Goa Pradesh Congress Committee	-	20.00
Bharatiya Janata Party	-	15.00
Total	-	35.00
(ii) Auditors remuneration comprises (net of service tax)		
Statutory audit	28.00	28.34
For Taxation matters	4.00	4.00
Reimbursement of expenses	3.48	3.54
Total	35.48	35.88
(iii) Details of Bad trade and other receivables, loans and advances written off		
Bad receivable /advance written off	24.12	789.94
Less : Written off against provision for bad receivable	-	106.85
Less : Provision for bad receivable withdrawn	1.56	0.78
Add : Additional provision for bad receivable	94.02	48.35
Total	116.58	730.66

Note 31 Discontinuing Operations

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

Profit / (Loss) from ordinary activities	Year ended 31 March 2013	Year ended 31 March 2012
Sale of products	-	791.08
Sale of services	-	1,050.44
Other operating revenue	-	135.42
Other income	-	85.88
Total revenue	-	2,062.82
Cost of materials consumed	-	199.25
Employee benefits expense	-	448.59
Finance costs	-	37.96
Depreciation and amortisation expense	-	212.13
Other expenses	-	875.50
Total expenses	-	1,773.43
Profit / (Loss) before tax from ordinary activities	-	289.39
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

Note : Unallocated expenses are not considered for computing the profit or loss from ordinary activities

Note 32 Additional information to the Consolidated Financial Statements

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

32.2 Capital work-in-progress includes ₹13,805.08 lakhs, (previous year ₹13,805.08 lakhs) for an independent tower at Mumbai adjacent to the existing hotel, held up on account of disputes with the Airports Authority of India (AAI). The amount includes royalty and interest paid till 30th June 2007 in terms of Award passed by the Sole Arbitrator on 17th May 2008. The Minimum Guaranteed Royalty for the period beyond 30th June 2007 is not provided for as the same is under dispute. The company intends to resume the project after the dispute is settled.

32.3 The Lease agreement with Airport Authority of India (AAI) relating to Mumbai property was valid till 11th July 2012. AAI has temporarily extended the lease till 11th July 2013, pending approval by their competent authority for the Company's proposal for extension by 30 years. However depreciation on building constructed thereon is provided at the applicable rate on the assumption that the lease will be renewed.

32.4 Corporate Debt Restructuring (CDR)

- The Company had applied for restructuring of its debts, under the Corporate Debt Restructuring (CDR) mechanism. The proposal was to restructure all the debts other than the debt from HDFC Limited, ECB from SBI Singapore and the Vehicle Loans. The CDR Empowered Group approved the restructuring on 12th September 2012 and the CDR Cell issued the Letter of Approval (LOA) 25th September 2012. The Master Restructuring Agreement (MRA) incorporating the terms of the LOA was signed with the lenders on 28th September 2012. The Company has also created security in favour of the Security Trustee for CDR lenders, on its pooled assets in place of the security earlier created on specific assets separately in favour of individual lenders.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

₹ lakhs

2. In terms of the LOA and MRA, the Company's debts have been restructured with longer repayment schedule stretching upto FY 2021-22 and lower interest rates. A part of the interest for the period from February 2012 to December 2013 is being funded by the lenders, by way of Funded Interest Term Loans (FITL). However, the CDR lenders would have a right of recompense, for their sacrifices, at the time of Company's exit from CDR. The sacrifice amount for which the lenders have a right of recompense works out to ₹ 26,652 lakhs during the tenure of the CDR, of which the amount for the period upto 31st March 2013 is ₹ 6,648 lakhs.

3. In terms of the CDR package, the Company is required to reduce its debts by selling a Hotel in FY 2013-14, and also by selling / monetising its non-core assets like the land in Hyderabad, land in Bangalore and IT Park in Chennai. The total amount to be repaid during FY 2013-14 is ₹ 1,44,883.83 lakhs, which is included under the head Other current liabilities (Note 10). Further, the FITL has been partly repaid in the current year and the balance will have to be repaid in FY 2013-14.

32.5 Exceptional item represents interest benefit relating to the previous year, net of expenses, under the CDR mechanism.

32.6 Contingent liabilities and commitments (to the extent not provided for)

₹ lakhs

Particulars	2012-13	2011-12
Contingent liabilities		
(a) Claims against the Company not acknowledged as debts	7,594.63	7,478.12
(b) Letters of credit open and outstanding	653.07	521.65
(c) Disputed statutory liabilities	2,859.51	2,469.15
Other Commitments		
Estimated amount of contracts remaining to be executed on capital account not provided for	5,715.74	11,255.87

32.7 Employee benefit plans

(a) 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 ₹512.06 lakhs (Previous year ₹ 447.53 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.

(b) 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.

Particulars	2012-13	2011-12
Components of employer expense		
Current service cost	151.98	133.21
Interest cost	116.27	100.21
Expected return on plan assets	(33.80)	(36.01)
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	81.05	(28.86)
Total expense recognised in the Statement of Profit and Loss	315.50	168.54
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	1,546.75	1,253.23
Fair value of plan assets	(439.74)	(461.70)
Funded status [surplus / (deficit)]	(1,107.01)	(791.53)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(1,107.01)	(791.53)
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	1,253.23	1,150.78
Current service cost	151.98	133.21
Interest cost	116.27	100.21
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions (settled on divestiture)	-	(39.72)
Actuarial (gains) / losses	104.98	(21.87)
Past service cost	-	-
Benefits paid	(79.70)	(69.38)
Present value of DBO at the end of the year	1,546.75	1,253.23
Change in fair value of assets during the year		
Plan assets at beginning of the year	461.70	496.45
Acquisition adjustment (distributed on divestiture)	-	(16.12)
Expected return on plan assets	33.80	36.01
Actual company contributions	0.02	7.77
Actuarial gain / (loss)	23.93	6.99
Benefits paid	(79.70)	(69.38)
Plan assets at the end of the year	439.74	461.70
Actual return on plan assets	57.72	43.00
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Actuarial assumptions		
Discount rate	8.10%	8.65%
Expected return on plan assets	7.50%	7.50%
Salary escalation	10% For first 4 years & 7% thereafter	10% For first 4 years & 7% thereafter

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (contd.)

Experience adjustments	2012-13	2011-12	2010- 11	2009-10	2008-09
Gratuity					
Present value of DBO	1,546.75	1,253.23	1,150.78	958.23	942.03
Fair value of plan assets	439.74	461.70	496.45	498.77	500.62
Funded status [surplus / (deficit)]	(1,107.01)	(791.52)	(654.33)	(459.46)	(441.41)
Experience gain / (loss) adjustments on plan liabilities	(7.98)	16.44	(52.68)	(70.58)	(77.85)
Experience gain / (loss) adjustments on plan assets	23.93	6.99	6.07	5.99	1.88

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.

ii. Compensated absence liabilities

Present value of compensated absence liabilities (unfunded) recognised in Balance Sheet as per actuarial valuation under Projected Unit Credit Method is ₹11,35.34 lakhs (Previous year ₹ 914.66 lakhs).

32.8 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.

32.9 Related party transactions

(i) Details of related parties:

Description of relationship	Name of related parties
Subsidiaries	(a) Leela Realty Ltd.
	(b) Leela Palaces and Resorts Ltd.
Associates	1) Leela Lace Software Solutions Pvt. Ltd.
	2) Leela Lace Holdings Pvt. Ltd.
	3) Leela Fashions Pvt. Ltd.
	4) Rockfort Estate Developers Pvt. Ltd.
	5) Season Apparels Pvt. Ltd.
	6) Leela Innovation Centre Pvt. Ltd.
	7) Elegant Eateries Pvt. Ltd.
	8) Leela Housing 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 Realtors and Developers Pvt. Ltd.
	15) Leela Villas Pvt. Ltd.
	16) Leela Lace Info Park Pvt. Ltd.
	17) Leela Constates Pvt. Ltd.
	18) Buenavista Travels Pvt. Ltd.
	19) Leela realcon Pvt. Ltd.
	20) Leela IT Projects Pvt. 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
	27) Leela Techno Parks Pvt. Ltd.
	28) Fransisco Hospitality Pvt. Ltd.

Key Management Personnel (KMP) : (Whole Time Directors)	Mr. Vivek Nair Mr. Dinesh Nair Mr. Venu Krishnan Mr. Krishna Deshika
Relatives of KMP	Capt. C.P. Krishnan Nair (Father of Mr. Vivek Nair & Mr. Dinesh Nair) Mrs. Madhu Nair (Wife of Mr. Dinesh Nair) Mrs. Lakshmi Mair Mrs. P V Leela Amma Nair Ms. Amruda Nair (Daughter of Mr. Vivek Nair) Ms. Aishwarya Nair (Daughter of Mr. Vivek Nair) Ms. Samyukta Nair (Daughter of Mr. Dinesh Nair)
Company in which KMP / Relatives of KMP can exercise significant influence	None

(ii) Transaction carried out with Related Parties:

₹ lakhs

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Transactions carried out with Related Parties				
Sale of room, food and other services		1.29 (0.04)		
Lease rent				
Leela Lace Holdings Pvt. Ltd.		1,315.72 (1,254.26)		
Leela Lace Software Solutions Pvt. Ltd.		3.73 (-)		
Investments				
Leela Palces & Resorts Ltd.	4,604.17 (4,604.17)			
Leela Realty Ltd.	19.96 (19.96)			
Remuneration paid				
Mr. Vivek Nair			241.92 (260.60)	
Mr. Dinesh Nair			241.92 (260.60)	
Mr. Venu Krishnan			167.28 (161.36)	
Mr. Krishna Deshika			148.80 (148.80)	
Ms. Amruda Nair				39.47 (34.52)
Ms. Aishwarya Nair				39.47 (34.52)
Ms. Samyukta Nair				39.47 (34.52)
Sitting fees				
Capt. C. P. Krishnan Nair				0.80 (1.80)
Mrs. Madhu Nair				1.00 (0.80)
Debit balance outstanding				
Leela Palaces & Resorts Ltd.	5,560.04 (5,435.93)			
Leela Realty Ltd.	0.29 (0.01)			

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Subsidiaries	Associates	Key Management Personnel	Relative of Key Management Personnel
Leela Lace Holdings Pvt Ltd.		-		
Leela Fashions Ltd.		(294.16)		
Leela Capital & Finance Ltd.		39.61		
		(-)		
Mumbai International Convention and Exhibition Centre Ltd.		(0.21)		
		1.06		
Credit balance outstanding Leela Lace Software Solutions Pvt. Ltd.		(0.53)		
Leela Lace Holdings Pvt. Ltd.		3.36		
		(-)		
Rockfort Estate Developers Pvt. Ltd.		262.53		
		(-)		
Interest paid		1,501.81		
Leela Lace Holding Pvt. Ltd.		(-)		
Leela Fashions Pvt. Ltd.		52.45		
		(-)		
Leela Lace Software Solutions Pvt. Ltd.		16.03		
		(-)		
Dividend paid		1.54		
Leela Lace Holdings Pvt. Ltd.		(9.31)		
Leela Lace Software Solutions Pvt. Ltd.		-		
		(282.97)		
Leela Fashions Limited		-		
		(27.50)		
Mr. Vivek Nair		(6.38)	-	
			(1.56)	
Mr. Dinesh Nair			(0.56)	
Capt. C. P. Krishnan Nair			-	(0.35)
Mrs. Madhu Nair			-	(0.00)
Mrs. Lakshmi Mair			-	(0.03)
Mrs. P V Leela Amma Nair			-	(0.11)
Ms. Amruda Nair			-	(0.45)
Deposits given				
Leela Lace Holdings Pvt. Ltd.		7,173.51		
		(7,173.51)		
Leela Fashions Pvt. Ltd.		100.00		
		(100.00)		

Figures in brackets relate to previous year.

32.12 Cost of IT Park at Chennai for which the Company has entered into an agreement to sell is considered as asset held for sale.

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

In terms of our report attached

For PICARDO & CO

Chartered Accountants

Registration No : 107917W

K.V. Gopalakrishnayya

Partner

Membership No.21748

Mumbai, 20th May, 2013

Dinesh Kalani

Company Secretary

32.10 Details of leasing arrangements

₹ lakhs

	Particulars	2012-13	2011-12
(i)	Details of leasing arrangements		
	The Company as a lessor under various operating leases will receive fixed future and minimum rentals, as under:		
	not later than one year	690.61	1,122.45
	later than one year and not later than five years	1,852.12	2,879.43
	later than five years	642.08	987.41
(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	1,406.59	1,260.80
	later than one year and not later than five years	5,121.94	4,710.48
	later than five years	28,208.33	29,111.76

32.11 Earnings per share

₹ lakhs

	Particulars	2012-13	2011-12
(i)	Basic & Diluted Continuing operations		
	Net profit / (loss) for the year from continuing operations	(43,348.79)	(39,304.22)
	Weighted average number of equity shares	400,493,269	387,824,992
	Par value per share	2.00	2.00
	Earnings per share from continuing operations	(10.82)	(10.13)
(ii)	Total operations		
	Net profit / (loss) for the year	(43,348.79)	1,862.15
	Weighted average number of equity shares	400,493,269	387,824,992
	Par value per share	2.00	2.00
	Earnings per share	(10.82)	0.48

Note : Since there are no extraordinary items, the Basic and Diluted value of Earnings Per Share excluding/including extraordinary items is the same.

For and on behalf of the Board of Directors

Vivek Nair

Chairman and Managing Director

Dinesh Nair

Co-Chairman and Managing Director

Venu Krishnan

Deputy Managing Director

Krishna Deshika

Director Finance & CFO

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

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 / ₹	India / ₹
3	Financial year of the subsidiary ended on	31st March, 2013	31st March, 2013
4	Number of shares of the subsidiary company held by the Holding Company on the above date		
	a) Number and Face Value	19,960 Equity Shares of ₹100/- each fully paid-up	9,99,994 Equity Shares of ₹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, 2013	(17,397)	(280,338)
	(b) For the previous financial years since these became subsidiaries of the Company	(1,202,586)	(992,970)
	(ii) not dealt with in the accounts of the Company:		
	(a) For the financial year ended 31st March, 2013	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 (Amount in ₹)		
	Share Capital	2,000,000	10,000,000
	Reserves	-	-
	Total Assets	847,954	559,709,354
	Total Liabilities	46,244	556,020,964
	Investments other than investments in subsidiary	82,932	-
	Turnover	-	-
	Profit / (Loss) before taxation	(17,397)	(280,338)
	Provision for taxation	-	-
	Profit t / (Loss) after taxation	(17,397)	(280,338)
	Proposed dividend	-	-

Notes:

- Your Company has two Indian subsidiary companies as on March 31, 2013.
- 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 the financial year 2012-13 for both the subsidiaries are available at Company's Registered Office. Any investor of the Company can seek any information at any point of time by making a request in writing to the Company Secretary to obtain a copy of the financial statements of the above referred subsidiary companies. The Subsidiaries' Accounts will also be available on the Website of the Company 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

Dinesh Kalani
Company Secretary

Vivek Nair Chairman and Managing Director
Dinesh Nair Co-Chairman and Managing Director
Venu Krishnan Deputy Managing Director
Krishna Deshika Director Finance & CFO

Mumbai, 20th May, 2013

NOTICE

NOTICE is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of the Members of HOTEL LEELA VENTURE LIMITED will be held at Grand Ball Room, The Leela Mumbai, Sahar, Mumbai - 400 059 on Friday, the 20th September, 2013 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, 2013 and the Profit and Loss Account for the year ended on that date together with Report of the Board of 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. A. K. Dasgupta, 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 appoint a Director in place of Mr. Vijay Amritraj, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mrs. Anna Malhotra, who retires by rotation and being eligible, offers herself for re-appointment.
5. 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:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
RESOLVED THAT Mr. Anil Kumar Sharma, who was appointed as an Additional Director by the Board of Directors with effect from 21st September, 2012 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.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
RESOLVED THAT Mr. Tondehal Ravindranath, who was appointed as an Additional Director by the Board of Directors with effect from 13th August, 2013 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 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 Rockfort Estate Developers Private Limited, a promoter group entity, for cash on preferential basis, such number of Equity Shares of ₹ 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 ₹ 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, 2013, which is 30 days prior to 20th September, 2013, 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 Rockfort Estate Developers 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 paripassu 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."

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

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments, 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 ₹ 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 paripassu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practices to provide for the tradability and free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of dividend, issue of additional Equity Shares, variation of the conversion price of the Securities or period of conversion of Securities into Equity Shares during the duration of the Securities and the Board be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose off such of the Securities that are not subscribed.

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 paripassu 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 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 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, utilization 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 modification(s), the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT in supersession of the resolution passed on 19th April, 2011 through Postal Ballot, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed ₹ 6,000 crores or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher.

11. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT in supersession of the resolution passed on 19th April, 2011 through Postal Ballot, consent of the Company be and is hereby accorded pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets and management of the business of the Company in certain events in favour of banks / financial institutions, other investing agencies and trustees for the holders of debentures / bonds / other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/ or securities linked to Ordinary Shares and/or rupee / foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, shall not, at any time exceed ₹ 6,000 crores or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher.

RESOLVED FURTHER that the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

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

RESOLVED THAT pursuant to the approval of the Committee and the Board of Directors of the Company, provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2011 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of the Central Government, approval of the members be and is hereby accorded to the re-appointment of Ms. Amruda Nair, daughter of Mr. Vivek Nair, Chairman & Managing Director of the Company, to hold and continue to hold an Office or Place of Profit as Head - Asset Management (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration, increments and positions and other terms and conditions as set out in the Explanatory Statement attached to this Notice.

RESOLVED FURTHER THAT the re-appointment shall be for a period of five years with effect from 1st January, 2014 with remuneration being paid for such re-appointment effective 1st January, 2014 on terms and conditions as per Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the aforesaid resolution.

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

RESOLVED THAT pursuant to the approval of the Committee and the Board of Directors of the Company, provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2011 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of the Central Government, approval of the members be and is hereby accorded to the re-appointment of Ms. Aishwarya Nair, daughter of Mr. Vivek Nair, Chairman & Managing Director of the Company, to hold and continue to hold an Office or Place of Profit as Head - F & B Merchandise (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration, increments and positions and other terms and conditions as set out in the Explanatory Statement attached to this Notice.

RESOLVED FURTHER THAT the re-appointment shall be for a period of five years with effect from 1st January, 2014 with remuneration being paid for such re-appointment effective 1st January, 2014 on terms and conditions as per Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the aforesaid resolution.

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

RESOLVED THAT pursuant to the approval of the Committee and the Board of Directors of the Company, provisions of Section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2011 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the consent of the Central Government, approval of the members be and is hereby accorded to the re-appointment of Ms. Samyukta Nair, daughter of Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company, to hold and continue to hold an Office or Place of Profit as Head - Design & Operations (or any other designation and roles which the Board / Committee of the Board may decide from time to time) on such remuneration, increments and positions and other terms and conditions as set out in the Explanatory Statement attached to this Notice.

RESOLVED FURTHER THAT the re-appointment shall be for a period of five years with effect from 1st January, 2014 with remuneration being paid for such re-appointment effective 1st January, 2014 on terms and conditions as per Explanatory Statement attached hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the aforesaid resolution.

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

Dinesh Kalani
Company Secretary

Registered Office:
The Leela Mumbai, Sahar, Mumbai - 400 059
Mumbai, 13th August, 2013

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 to be transacted at the meeting is annexed hereto. The statutory registers and the 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 16th September, 2013 to Friday, day, the 20th September, 2013** (both days inclusive) for the purpose of Annual General Meeting.
6. **Members may please note that Equity Share of the face value of ₹ 10 each has been sub-divided into face value of ₹ 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 ₹ 10 each in any manner as the same stands cancelled. The Members still holding old share certificates of the face value of ₹ 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 ₹ 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.**
7. Members are requested to:
 - (i) send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matters and bank account details to Company's Registrars at their office at 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;
 - (ii) consolidate shareholding in multiple folios in the same name or in the same order of names into a single folio;
 - (iii) notify immediately any change of address : (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and (ii) to the Company at its Registered Office or its Registrar & Transfer Agent, Sharepro Services (I) Private Limited in respect of their physical shares, if any, quoting their folio number;
 - (iv) note that in terms of section 109A of the Companies Act, 1956, they 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.
8. 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 thereat 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.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Sharepro.
10. Please note that in terms of applicable SEBI circulars 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. 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.
11. The Company has uploaded on its web-site an "Investor Information Kit" for the general information and guidance to the investors of the Company. Further, the Company has designated an exclusive email ID viz. investor.service@theleela.com to enable the investors to post their grievances, if any, and monitor its redressal. Members are advised to refer to Section titled "General Shareholder Information" provided in the annual report.

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

12. 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.
13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund (IEPF) of the Central Government. After such transfer, there remains no claim of the members whatever on the said amount. The Company has already transferred the unpaid or unclaimed dividends upto the financial year 2005-06 to the IEPF. Members who have not yet encashed the dividend warrant(s) for the financial year 2006-07 or onwards, are requested to send their claim to the Company / Registrar, for issue of pay order / demand draft in lieu thereof, after verification.
- Pursuant to the provisions of IEPF Rules, 2012, (Uploading of information regarding unpaid and unclaimed amounts lying with companies), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 20th September, 2012 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs.
14. SEBI vide its Circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 has issued instructions for usage of electronic payment modes for making payments to the investors. Companies whose securities are listed on Stock Exchanges are directed to use, either directly or through their Registrars to an Issue (RTI) and Share Transfer Agent (STA), any Reserve Bank of India approved electronic mode of payment such as ECS [ECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT, etc. Thus, members are requested to kindly provide their requisite bank account particulars by quoting their reference folio number(s), if shares are held in physical form.
- If shares are held in dematerialized form, Members may kindly update/provide the requisite bank account details to their Depository Participant for updating.

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

No. 6 - Appointment of Mr. Anil Kumar Sharma as a Director

Mr. Anil Kumar Sharma (B.E. (Electrical), M.B.A.) joined the Board of the Company in place of Mr. Pawan Kumar Nagpal, with effect from 21st September, 2012 as a Nominee of Airports Authority of India ("AAI"). AAI is entitled to appoint/replace their 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. Anil Kumar Sharma has nearly three decades of rich and varied experience in the field of airport engineering, management and operations, which includes planning, costing, tendering for various projects. He has held various senior positions at Airports Authority of India (AAI) such as Quality Manager in Quality Assurance Cell, Head of Engineering Department of AAI, Western Region, Airport Director at Jammu and Bhopal, OSD to AAI Chairman, etc. At present, he is the Regional Executive Director of AAI, Western Region.

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

Except Mr. Anil Kumar Sharma, 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. 7 - Appointment of Mr. Tondehal Ravindranath as a Director

Mr. Tondehal Ravindranath (B.Sc. (Ag), JAIIB) joined the Board with effect from 13th August, 2013 as a Nominee of Syndicate Bank. In terms of Clause 37 of the CDR – EG's letter of approval dated 25th September, 2012, Syndicate Bank, as a CDR Lender, is entitled to appoint a nominee director on the Board of the Company. Accordingly, the Board of Directors at their meeting held on 13th August, 2013, has appointed Mr. Tondehal Ravindranath as an Additional Director.

Mr. Tondehal Ravindranath is holding a Bachelor Degree in Agricultural Science, JAIIB and a Post-graduate Diploma in EDP & Computer Management. He is working with Syndicate Bank since 1980 and has rich exposure in various fields like Rural Development, Marketing & Credit. He has worked in Andhra Pradesh, Karnataka and Tamil Nadu States in the capacities of the Branch Manager heading Corporate Finance Branches, Managing Director of Farmers Service Society and also as Regional Head of the Region. Presently, he is heading the Corporate Credit Department of Syndicate Bank at Corporate Office, Bangalore as General Manager (Credit).

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

Except Mr. Tondehal Ravindranath, 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 - 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 ₹ 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 ₹ 100 crores.

Pricing of the issue and Relevant Date:

The pricing of the Equity Shares to be allotted 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:

- a) 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
- b) 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, 2013 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 the web-site of National Stock Exchange, 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 preferential issue:

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

The object of the issue is to meet the debt service obligations.

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

Rockfort Estate Developers Private Limited, which is a promoter group entity, intends to subscribe to the equity shares proposed to be issued under this 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 9th August, 2013*		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
Shareholding of Promoter and Promoter Group				
Group Companies	248,185,452	59.28	298,946,873	63.7
Individuals	2,037,555	0.49	2,037,555	0.43
Total shareholding of Promoters and Promoter Group Entities	250,223,007	59.77	300,984,428	64.12
Public shareholding of Institutions				
Financial Institutions / Banks / Mutual Funds	25,137,880	6.00	25,137,880	5.35
Foreign Institutional Investors	4,305,887	1.03	4,305,887	0.92
Sub Total	29,443,767	7.03	29,443,767	6.27
Non- Institutions				
Bodies Corporate	64,470,698	15.40	64,470,698	13.74
Individuals	63,862,463	15.25	63,862,463	13.60
NRI / Foreign Nationals / OCBs	10,651,197	2.55	10,651,197	2.27
Sub Total	138,984,358	33.20	138,984,358	29.61
Total Shareholding	418,651,132	100.00	469,412,553	100.00

* based on the beneficiary positions in the shares of the Company as on 9th August, 2013, as provided by the depositories.

** (i) The number of shares to be allotted is calculated on the basis of issue price as on 9th August, 2013 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, 2013, 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 ₹ 100,00,00,000 (Rupees One Hundred Crores Only).

(ii) Assuming full allotment of Equity Shares on preferential allotment basis.

(iii) Post-issue shareholding pattern may change due to change in the beneficiary position.

(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*
Rockfort Estate Developers Private Limited	Nil	Nil	50,761,421	50,761,421	10.81

* Assuming full allotment of Equity Shares on preferential allotment basis. The number of shares to be allotted is calculated on the basis of issue price as on 9th August, 2013 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, 2013, may accordingly increase or decrease.

(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' in terms of SEBI ICDR Regulations.
- The entire pre preferential allotment shareholding of the proposed allottee shall be locked in terms of SEBI ICDR Regulations.

(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, Statutory Auditor, certifying that the proposed issue of equity shares is in accordance with the Chapter VII of SEBI ICDR Regulations, will be obtained and made available for inspection at the Registered Office of the Company.

(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 Rockfort Estate Developers Private Limited, a promoter group entity, requires the shareholders' approval. The Board recommends the resolution 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.

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 Rockfort Estate Developers 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.

No. 9 - Raising long term funds through further issue of Securities

The Company has built super luxury hotels in Udaipur, Delhi and Chennai with a total cost of about ₹ 3,500 Crores. Further, the Company has also invested about ₹ 350 Crores in land in Pune, Hyderabad, Bangalore, Agra and Ashtamudi, and about ₹ 150 Crores for a business park in Chennai. These investments were planned to be funded by a combination of equity and debt and accordingly FCCBs of about USD 100 million and Euro 60 million had been issued. However, due to depressed equity market, the FCCBs did not get fully converted to equity and the Company had to redeem the said FCCBs. The Company had a debt of about ₹ 4,768 Crores, as on 30th June, 2013.

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 ₹ 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 this Resolution may result in the issue of shares of the Company to persons other than shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement.

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 & 11 - Increase in borrowing limits from ₹ 5,000 crores to ₹ 6,000 crores and for Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.

Under Section 293(1)(d) of the Companies Act, 1956 (“Act”), the Board of Directors of a company cannot, except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the company’s bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose. The Shareholders of the Company through Postal Ballot held on 19th April, 2011, had accorded their consent to the Board of Directors for borrowing up to ₹ 5,000 crores.

The company is presently restructuring its debts under an approved Corporate Debt restructuring (CDR) package. In terms of the CDR package, the Company is required to reduce its debts by more equity, sale / monetization of non-core assets and sale / stake sale in some of its hotels. Even though the management is making all efforts to reduce the Company’s debts, due to the global slowdown and depressed market, raising of equity and sale / monetization / stake sale of assets may get delayed and consequently the debt could go beyond the approved limit of ₹ 5,000 crores mainly on account of accrual of interest on borrowings.

The consent of the Shareholders is therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow monies, provided that the total amount so borrowed by the Board shall not at any time exceed ₹ 6,000 crores or the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose at the relevant time, whichever is higher.

The proposed borrowings of the Company may, if necessary, be secured by way of charge / mortgage/ hypothecation on the Company’s assets in favour of the lenders / holders of securities / trustees for the holders of the said securities as mentioned in the said Resolution. The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the lenders/ agent(s)/trustees, with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company’s undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956.

The above proposals are in the interest of the Company and the Directors recommend the above Resolutions for approval by the Members.

None of the Directors is interested in these Resolutions.

No. 12 - Re-appointment of Ms. Amruda Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the Company), as Head - Asset Management

The Special Resolution relates to the re-appointment of Ms. Amruda Nair in the employment of the Company as “**Head - Asset Management**”. Ms. Amruda Nair is the daughter of Mr. Vivek Nair, Chairman & Managing Director of the Company and was appointed as Asset Management Executive for a period of five years from 1st January, 2009. Approval of the members of the Company and approval of Central Government under Section 314(1B) of the Companies Act was also obtained for that appointment. The term of appointment ends on 31st December, 2013 and it is proposed to re-appoint Ms. Amruda Nair.

The Remuneration Committee of the Board of Directors had approved the re-appointment of Ms. Amruda Nair on 20th May, 2013 and the Board of Directors approved the re-appointment on 20th May, 2013 for a period of five years with effect from 1st January, 2014 as “**Head - Asset Management**” in CM 3 Grade. Since the appointee is related to Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company, this re-appointment amounts to an Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act read with Director’s Relatives (Office or Place of Profit) Rules, 2011. Consent of the Central Government will also be sought for this re-appointment in terms of the Section and Rules.

The Company owns and operates Five Star Deluxe Hotels located at six locations viz. New Delhi, Mumbai, Goa, Bangalore, Udaipur and Chennai. The Company also operates Hotels at Gurgaon and Kovalam under a management contracts. In order to maintain growth and profitability, it is necessary that the costs and expenses are under control. This requires close monitoring of operating costs and expenses to keep the same to the minimum. The above function in hotel parlance world-wide is the responsibility of the “Asset Manager”. Ms. Amruda Nair has the qualification, expertise and experience to handle this responsibility.

Ms. Amruda Nair, aged 30 years, holds a Masters Degree in Hospitality Management from Cornell-Nanyang Institute of Hospitality Management, USA & Singapore and has adequate qualification and experience to carry out the responsibilities entrusted to her.

The terms of re-appointment of Ms. Amruda Nair are as follows:

(a) Designation:

Head - Asset Management in the CM 3 Grade of the Company (with authority to the Board/ Committee to promote her to higher Grade(s) depending upon her performance).

(b) Term:

5 years with effect from 1st January, 2014.

(c) Salary:

Particulars	Remuneration
(a) Basic Salary and benefits	₹ 500,000 per month.
(b) Annual Increment	With authority to the Board / Committee to sanction annual increment upto 15% over the previous year drawn salary.
(c) Other Perquisites/Benefits	Contribution to Provident Fund, Gratuity and other benefits would be governed as per the rules of the Company

Except Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair, being relatives of the proposed appointee, none of the other directors are concerned or interested in the Resolution.

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

No. 13 - Re-appointment of Ms. Aishwarya Nair, daughter of Mr. Vivek Nair (Chairman & Managing Director of the Company), as Head - F & B Merchandise

The Special Resolution relates to the re-appointment of Ms. Aishwarya Nair in the employment of the Company as “**Head - F & B Merchandise**”. Ms. Aishwarya Nair is the daughter of Mr. Vivek Nair, Chairman & Managing Director of the Company and was appointed as F & B Merchandising Associate for a period of five years from 1st January, 2009. Approval of the members of the Company and approval of Central Government under Section 314(1B) of the Companies Act was also obtained for that appointment. The term of appointment ends on 31st December, 2013 and it is proposed to re-appoint Ms. Aishwarya Nair.

The Remuneration Committee of the Board of Directors had approved the re-appointment of Ms. Aishwarya Nair on 20th May, 2013 and the Board of Directors approved the re-appointment on 20th May, 2013 for a period of five years with effect from 1st January, 2014 “**Head - F & B Merchandise**” in CM 3 Grade. Since the appointee is related to Mr. Vivek Nair, Chairman & Managing Director, Mr. Dinesh Nair, Co-Chairman & Managing Director, Mrs. Madhu Nair, Director of the Company, this re-appointment amounts to an Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act read with Director’s Relatives (Office or Place of Profit) Rules, 2011. Consent of the Central Government will also be sought for this re-appointment in terms of the Section and Rules.

All the hotels and resorts of the Company have top of the line restaurants and lounges and aim to be the best in the various locations they operate in. Ms. Aishwarya Nair has been responsible for Food Production and culinary aspects of various hotels of the Company during her tenure as F & B Merchandising Associate. As the F & B Revenue is about 40-50% of the total income of a typical hotel, it is important that these revenues are maximized and the costs and expenses directly related to the F & B Department are kept to a minimum. It is therefore her responsibility to ensure that the food cost percentages in the various hotels are as per the budget and the gross profit margin from the F & B as budgeted is achieved, apart from achieving the highest culinary standards. Also, the various new trends in culinary presentation as well as the selection of new exotic wines, pairing them with different types of cuisine are her other important responsibilities.

Ms. Aishwarya Nair has the qualification, expertise and experience to handle this responsibility.

Ms. Aishwarya Nair, aged 28 years, is a Graduate from the Culinary Institute America, New York, which is considered to be one of the finest schools for the training of chefs in the world. After her training she was attached to one of the top Michelin star Restaurants in New York “Aquavit” and worked under a renowned Norwegian Chef specializing in American nouvelle cuisine. She had also undergone a Sommelier course which is a certification given after completing a training programme in studying and evaluation of wines from different regions of the world.

The terms of re-appointment of Ms. Aishwarya Nair are as follows:

(a) Designation:

Head - F & B Merchandise in the CM 3 Grade of the Company (with authority to the Board / Committee to promote her to higher Grade(s) depending upon her performance).

(b) Term:

5 years with effect from 1st January, 2014.

(c) Salary:

Particulars	Remuneration
(a) Basic Salary and benefits	₹ 500,000 per month.
(b) Annual Increment	With authority to the Board / Committee to sanction annual increment upto 15% over the previous year drawn salary.
(c) Other Perquisites/Benefits	Contribution to Provident Fund, Gratuity and other benefits would be governed as per the rules of the Company

Except Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair, being relatives of the proposed

appointee, none of the other directors are concerned or interested in the Resolution.

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

No. 14 - Re-appointment of Ms. Samyukta Nair, daughter of Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company as Head - Design & Operations

The Special Resolution relates to the re-appointment of Ms. Samyukta Nair in the employment of the Company as "Head - Design & Operations". Ms. Samyukta Nair is the daughter of daughter of Mr. Dinesh Nair, Co-Chairman & Managing Director and Mrs. Madhu Nair, Director of the Company and was appointed as Interior Design / Operations Associate for a period of five years from 1st January, 2009. Approval of the members of the Company and approval of Central Government under Section 314(1B) of the Companies Act was also obtained for that appointment. The term of appointment ends on 31st December, 2013 and it is proposed to re-appoint Ms. Samyukta Nair.

The Remuneration Committee of the Board of Directors had approved the re-appointment of Ms. Samyukta Nair on 20th May, 2013 and the Board of Directors approved the re-appointment on 20th May, 2013 for a period of five years with effect from 1st January, 2014 as "Head - Design & Operations" in CM 3 Grade. Since the appointee is related to Mr. Dinesh Nair, Co-Chairman & Managing Director, Mrs. Madhu Nair, Director and Mr. Vivek Nair, Chairman & Managing Director of the Company, this re-appointment amounts to an Office or Place of Profit and requires the approval of the members of the Company in terms of Section 314 of the Companies Act read with Director's Relatives (Office or Place of Profit) Rules, 2011. Consent of the Central Government will also be sought for this re-appointment in terms of the Section and Rules.

The ambience of a hotel is reflected directly by the interiors and it is vital that the interiors are in spic and span conditions and always looks fresh and attractive. Ms. Samyukta Nair was actively involved in the implementation of the designs given by various world renowned Interior Designers engaged by the Company for the construction of its hotels at New Delhi, Udaipur and Chennai and the renovation projects undertaken by the Company at the other existing hotels. Ms. Samyukta Nair has ensured that the public areas and guest rooms in various Hotels and Restaurants of the Company are in perfect conditions, apart from ensuring that the interior implementation of the recent projects were in line with what is detailed by the Interior Designers and within the time frame envisaged for commissioning the hotels and within the budgets made in this regard.

Ms. Samyukta Nair has the qualification, expertise and experience to handle this responsibility.

Ms. Samyukta Nair, aged 28 years, has undergone a post graduate degree in International Business from University of Nottingham in UK.

The terms of re-appointment of Ms. Samyukta Nair are as follows:

(a) Designation:

Head - Design & Operations in the CM 3 Grade of the Company (with authority to the Board / Committee to promote her to higher Grade(s) depending upon her performance).

(b) Term:

5 years with effect from 1st January, 2014.

(c) Salary:

Particulars	Remuneration
(a) Basic Salary and benefits	₹ 500,000 per month.
(b) Annual Increment	With authority to the Board / Committee to sanction annual increment upto 15% over the previous year drawn salary.
(c) Other Perquisites/Benefits	Contribution to Provident Fund, Gratuity and other benefits would be governed as per the rules of the Company

Except Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair, being relatives of the proposed appointee, none of the other directors are concerned or interested in the Resolution.

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

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

Dinesh Kalani
Company Secretary

Registered Office:

The Leela Mumbai, Sahar, Mumbai - 400 059

Mumbai, 13th August, 2013

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	Mr. Vijay Amritraj	Mrs. Anna Malhotra	Mr. Anil Kumar Sharma	Mr. Tondehal Ravindranath
Date of Birth	14.12.1953	17.07.1927	31.12.1960	20.04.1958
Date of Appointment	03.08.1983	14.06.1993	21.09.2012	13.08.2013
No of shares held	60,105	2,500	NIL	NIL
Expertise in Specific Functional areas	Sports	Administrative Services	Engineering, management and operations of airports	Banking
Qualifications	B.Com, D. Lit (Hons.)	M.A., I.A.S.	B.E. (Electrical), M.B.A.	B.Sc. (Ag.), JAIIB, Post Graduate Diploma in EDP and Computer Management
List of Companies in which outside Directorships held as on 31.03.2013 (excluding private & foreign companies)	NIL	Simplex Realty Limited	NIL	NIL
Chairman / Member of the Audit Committee and Investor Grievance Committee of other Companies, of which he is a Director as on 31.03.2013	NIL	NIL	NIL	NIL

FINANCIAL HIGHLIGHTS

(₹ lakhs)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUE ACCOUNTS										
Gross Revenue	20,763.23	27,133.93	34,644.50	46,275.63	58,910.43	58,216.46	47,838.01	49,100.13	58,843.97	66,054.75
Expenditure (Including Interest)	17,301.09	19,100.67	20,238.46	23,949.57	32,059.61	32,420.40	34,940.16	39,023.49	87,451.56	94,324.32
Depreciation	2,716.81	2,983.15	3,245.42	3,375.41	4,534.05	6,539.42	6,832.74	6,295.92	10,223.54	13,867.33
Profit/(Loss) before tax	745.33	5,050.12	11,160.63	18,950.65	22,316.76	19,256.64	6,065.11	3,780.72	(38,831.14)	(42,136.90)
Profit from Discontinuing Operations	-	-	-	-	-	-	-	1,854.12	41,766.36	-
Tax Expenses	(42.23)	446.13	3,837.00	6,326.58	7,318.32	4,758.18	1,963.00	1,850.99	1,072.05	1,208.91
Profit/(Loss) after tax	787.56	4,603.98	7,323.63	12,624.07	14,998.45	14,498.46	4,102.11	3,783.85	1,863.17	(43,345.81)
Net Transfer to General Reserves	-	-	731.73	1,400.00	8,900.74	1,100.00	115.00	-	-	-
Earning per share - Basic (In ₹)	1.30	6.80	1.93	3.41	3.97	3.84	1.09	0.99	0.48	(10.82)
Earning per share - Diluted (In ₹)	1.30	6.80	1.69	3.00	3.10	3.13	0.92	0.93	0.48	(10.82)
CAPITAL ACCOUNTS										
Share Capital	15,895.90	14,758.40	11,246.12	7,406.06	7,556.50	7,556.50	7,556.50	7,756.50	7,756.50	8,373.02
Reserves and Surplus	44,141.63	62,014.86	71,158.79	82,712.23	85,460.42	186,446.05	197,858.09	202,531.21	151,306.97	113,887.62
Borrowings	71,254.05	69,764.47	105,637.36	95,279.66	203,565.71	244,055.11	287,865.52	380,314.16	417,562.52	465,929.76
Gross Block	136,300.72	148,518.24	179,005.43	198,957.36	295,889.81	476,798.59	536,671.42	622,072.64	614,305.24	644,863.95
Net Block	118,338.98	127,451.31	154,552.45	171,080.62	262,251.32	436,952.90	493,322.75	562,069.54	557,700.76	576,539.17
Investments	977.88	11.12	5,991.78	5,991.79	28.18	4,623.69	4,613.83	4,614.08	4,624.38	4,624.38

The equity shares of the company were split into face value of ₹ 2 from ₹ 10 per share on 15 September 2006. The EPS and book value per share from the financial year 2006-07 onwards is stated accordingly.



ATTENDANCE SLIP

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

HOTEL LEEAVENTURE LIMITED

Regd Office: The Leela Mumbai, Sahar, Mumbai -400059

32ND ANNUAL GENERAL MEETING – 20TH SEPTEMBER, 2013

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

(Name in Block letters)

I hereby record my presence at the **THIRTY SECOND ANNUAL GENERAL MEETING** of the Company held at Grand Ball Room, The Leela Mumbai, Sahar, Mumbai - 400 059 on Friday, the 20th September, 2013 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

Regd Office: The Leela Mumbai, Sahar, Mumbai -400059

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 SECOND ANNUAL GENERAL MEETING** of the Company to be held on Friday, the 20th September, 2013 at 11.00 A. M. and at any adjournment thereof.

Signed this day of, 2013.

* 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.



HOTEL LEELAVENTURE LIMITED

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

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 ₹ 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, Udaipur and Chennai. 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
 ₹ 500/-
THE LEELA
 PALACES HOTELS RESORTS
Discount 25%
 Valid upto 30.09.2014

The Leela Palaces ~
 Hotels ~ Resorts
 Bill Value upto
 ₹ 500/-
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 ₹ 500/-
THE LEELA
 PALACES HOTELS RESORTS
Discount 25%
 Valid upto 30.09.2014

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 The Leela Reservations Worldwide and Sales offices below:

THE LEELA PALACES, HOTELS AND RESORTS

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