

## Hotel Leelaventure Limited



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# Hotel Leelaventure Limited

## NOTICE

Notice is hereby given that the Twenty-Fifth Annual General Meeting of the Members of Hotel Leelaventure Limited will be held at Shree Bhaidas Maganlal Sabhagriha, U-1 Juhu-Vile Parle Development Scheme, Vile Parle (West), Mumbai – 400 056 on Monday, 31<sup>st</sup> July, 2006 at 11.00 a.m. to transact the following business :

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2006 and the Profit and Loss Account for the year ended on the date and Reports of the Directors and Auditors.
2. To declare dividend on Non-Cumulative Redeemable Preference Shares.
3. To confirm the declaration and payment of Interim Dividend for the year ended 31<sup>st</sup> March, 2006 and to declare a Final Dividend for the year ended 31<sup>st</sup> March, 2006.
4. To appoint a Director in place of Capt. C.P. Krishnan Nair who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mrs. Anna Malhotra who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Dr. K.U. Mada who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### Special Business

8. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :-  
**"RESOLVED THAT** Mr. M. Narasimham, who was appointed as an Additional Director by the Board of Directors with effect from 29<sup>th</sup> April 2006, pursuant to Article 121 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 up to date of this Annual General Meeting, and in respect of whom the Company has received 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".
9. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :-  
**"RESOLVED THAT** Mr. R. Venkatachalam, who was appointed as an Additional Director by the Board of Directors with effect from 29<sup>th</sup> April 2006, pursuant to Article 121 of the Articles of Association of the Company and who holds office under the said Article and section 260 of the Companies Act, 1956 up to date of this Annual General Meeting, and in respect of whom the Company has received 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".
10. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution :-  
**"RESOLVED THAT** Mr. C.K. Kutty, who was appointed as an Additional Director by the Board of Directors with effect from 29<sup>th</sup> April 2006, pursuant to Article 121 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 up to date of this Annual General Meeting, and in respect of whom the Company has received 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".
11. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-  
**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto and of the Articles of Association of the Company and subject to such approvals and sanctions as may be necessary, the Company hereby accords its consent and approval to the appointment of Mr. Venu Krishnan as the Deputy Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> April, 2006 with remuneration, perquisites and benefits as approved by the Remuneration Committee at its meeting held on 25<sup>th</sup> June, 2006 and with the powers and authority as set out in the draft Agreement submitted to this meeting and for identification initiated by the Vice Chairman and Managing Director of the Company which Agreement is hereby specifically approved, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr.Venu Krishnan.  
**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this Resolution) be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such limit or ceiling as may be prescribed under such amendment, modification or relaxation and the agreement between the Company and the Deputy Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting.  
**RESOLVED FURTHER THAT** in case of inadequacy or absence of profit in any financial year of the Company during the term of office of Mr. Venu Krishnan as the Deputy Managing Director, the remuneration and perquisites set out in the draft agreement be paid to Mr. Venu Krishnan as minimum remuneration, provided that the approval of the Central Government be obtained in this regard for the year in which profits are inadequate or if no such application is made then the salary and perquisites shall not exceed the ceiling provided in the applicable slab of Schedule XIII of the Companies Act, 1956 as amended from time to time.  
**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take such steps and do all such acts, deeds and things as may be considered necessary, proper and expedient to give effect to this Resolution."
12. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-  
**"RESOLVED THAT** pursuant to the provisions of Section 163 and other applicable provisions of the Companies Act, 1956 (hereinafter called "the Act"), the Company hereby approves that the Registers of Members, Index of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Act together with copies of Certificates and Documents required to be annexed thereto under Section 161 of the Act or any one or more of them shall be kept at the offices of Sharepro Services (India) Pvt. Ltd., the Registrars and Share Transfer Agents, at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai – 400 099 and/or at Samhita Warehousing Complex, Gala Nos. 52 to 56, Plot No.13AB, Sakinaka, Mumbai – 400 072, instead of at the Registered Office of the Company.  
**RESOLVED FURTHER THAT** the Registers, Indices, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act between the hours of 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company."
13. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-  
**"RESOLVED THAT** subject to the relevant laws, rules and regulations as applicable from time to time and subject to such consents, sanctions and permissions as may be required, consent of the members be and is hereby accorded for acquiring and holding Equity Shares of the Company, by Foreign Institutional Investors (FIIs), upto an aggregate limit of 50% of the paid up Equity Share Capital of the Company. Provided, however, that the equity shareholding of a single FII or a sub-account of an FII in the Company shall not at any time exceed 10 percent of the paid up Equity Share Capital of the Company."

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**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Company."

14. To consider and if thought fit, to pass with or without modifications, as an Ordinary Resolution, the following :-

**"RESOLVED THAT** pursuant to the provisions of Section(s) 13, 16, 94, 95 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum of Association of the Company, the Listing Agreement entered into between the Company and the various stock exchanges, applicable guidelines issued by the Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) and other regulatory / statutory authorities and all other applicable rules and regulations, and subject to such other approvals, consents, sanctions of the said authorities, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall also include any Committee thereof), the consent of the members be and is hereby accorded for consolidating and sub-dividing including the paid up shares such that Equity Shares of face value of Rs. 10/- (Rupees Ten) each be sub-divided into 5 (Five) Equity Shares of the face value of Rs.2/- (Rupees Two) each and the Authorised Share Capital be sub-divided into 60,00,00,000 (Sixty crores) Equity Shares of Rs.2/- (Rupees Two) each and 60,00,000 (Sixty lakhs) Redeemable Preference shares Rs.100/- (Rupees One Hundred) each and consequently Clause V of the Memorandum of Association be altered by deleting the same and substituting in its place and stead the following new Clause V :

The Authorised Share Capital of the Company is Rs.180,00,00,000 (Rupees One Hundred and Eighty Crores only) divided into 60,00,00,000 (Sixty Crores) Equity Shares of Rs.2/- (Rupees Two) each and 60,00,000 (Sixty lakhs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each with the rights, privileges and conditions attached thereto as provided by the regulations of the Company for the time being in force and with power to increase and reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively as such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the regulations of the Company."

**RESOLVED FURTHER THAT** pursuant to sub division of the Equity Shares of the Company, the paid up shares comprising 7,40,60,617 (Seven Crores Forty Lakhs Sixty Thousand Six Hundred Seventeen) Equity Shares of the face value of Rs.10/- (Rupees Ten) each fully paid up be and stand sub-divided into 37,03,03,085 (Thirty Seven crores, Three Lakhs Three Thousand Eighty Five) Equity Shares of Rs.2/- (Rupees Two) each fully paid up.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to call back the existing physical share certificates from the shareholders and to issue in cancellation thereof, new share certificates with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules 1960 and in case of shareholders who hold the Equity Shares opt to receive the sub-divided Equity Shares in dematerialized form, the sub-divided Equity Shares shall be credited to the respective beneficiary account of the shareholders with their respective Depository Participants.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary in the best interest of the Company for giving effect to the aforesaid resolution and is further authorized to delegate all or any of the powers to any Committee of Directors of the Company for implementing the aforesaid resolution."

15. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-

**"RESOLVED THAT** pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment(s) thereto or modification(s) or re-enactment(s) thereof) and subject to the Memorandum and Articles of Association of the Company the guidelines/approvals if any of the Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI"), and/or Government of India (GOI), or such other concerned authorities and also subject to such other approvals or consents as may be necessary, and subject to such conditions and modifications if any imposed by such authorities or as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof formed or to be formed for exercising the powers conferred on the Board by this Resolution) or as may be prescribed or made in granting such consents and approvals and which may be agreed to by the Board, the consent of the members be and is hereby accorded to the Board to sponsor, create, offer, issue and allot in one or more tranches and in one or more public offer and/or on a private placement basis in domestic and / or one or more international markets, such number of equity shares of a nominal value of Rs.2/- each or equity shares underlying securities in the form of Global / American Depository Receipts which may or may not have a sponsored tranche, Foreign Currency Convertible Bonds, equity shares through Depository Receipt Mechanism, debentures convertible into equity shares, either fully or partly paid up and secured or unsecured and/or securities linked to equity shares and/or securities with or without warrants or any other instrument convertible into equity shares or otherwise with or without premium (hereinafter collectively referred to as "Securities"), if so required through a prospectus and/or offer letter and/or offering circular for a total issue amount not exceeding USD 110 Million or its equivalent in any other foreign currency to persons, whether or not an existing shareholder of the Company, and on such terms and conditions as may be decided by the Board from time to time as it may be appropriate in the interest of the Company.

**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 practice and to provide for the tradeability or free transferability thereof as per the prevailing practices and regulations in the capital markets including but not limited to terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price.

**RESOLVED FURTHER THAT** the relevant date for the determination of applicable price for the issue of the securities means the date thirty days prior to the date of the Annual General Meeting or such other relevant date as may be applicable to the said Securities as notified by the relevant authorities from time to time.

**RESOLVED FURTHER THAT** such of the Securities offered from time to time as are not subscribed may be disposed of by the Board in its absolute discretion in such manner as it may deem fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary and/or desirable for such purpose including but not limited to the class of Investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, inclusive of green shoe option if any, issue price, face value, premium, creating mortgages/charges on all or any of the Company's assets present and future, such charge if agreed or given to rank pari-passu / second / subordinate to all mortgages / charges to be created by the Company for all existing and further borrowing and facilities whatsoever under Section 293 (1) (a) of the Companies Act, 1956, in respect of the aforesaid Securities and signing all applications, filings, deeds, documents and writings, entering into underwriting, marketing, depository, custodian arrangements and remunerating such and all other agencies by way of commission, brokerage, fees and settling any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilizing of the issue proceeds of the securities for the Company's projects/other corporate needs as it may deem fit and also seeking the listing of such Securities in one or more Stock Exchanges in India and/or abroad as it may deem fit."

16. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-

**"RESOLVED THAT** pursuant to the provisions of Sections 81 (1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the provisions of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 as amended {SEBI (DIP) Guidelines} as in force and subject to all other applicable rules, regulations and guidelines of SEBI, the applicable provisions of Foreign Exchange Management Act, 1999 (FEMA) and enabling provisions of the Memorandum

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and Articles of Association of the Company and the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and / or sanctions of Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB) and all other authorities as may be required (hereinafter collectively referred to as "the Appropriate Authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be authorized to create, offer, issue and allot, from time to time in one or more tranches, equity shares / fully convertible debentures (FCD) / partly convertible debentures (PCD) or any other securities other than warrants, which are convertible into on exchangeable with equity shares at a later date (hereinafter referred to as Specified Securities) to Qualified Institutional Buyers (hereinafter referred to as QIB) as per the provisions of the {SEBI (DIP) Guidelines} through a placement document and/or such other documents/writings/circulars/memorandum and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the SEBI DIP Guidelines or other provisions of the law as may be prevailing at the time; provided that the price inclusive of premium of the Specified Securities so issued shall not be less than the price arrived in accordance with provisions of SEBI (DIP) Guidelines.

**RESOLVED FURTHER THAT** the aggregate amount of Specified Securities to be issued and allotted pursuant to the authority granted hereby shall not exceed Rs.450 Crores.

**RESOLVED FURTHER THAT** the aforesaid Specified Securities shall not be sold by QIBs for a period of one year from the date of allotment except on a recognized stock exchange.

**RESOLVED FURTHER THAT** the relevant date for the determination of the applicable price shall mean the day which is thirty days prior to the date of the Annual General Meeting or such other relevant date as may be applicable with Specified Securities as notified by the relevant authorities from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Specified 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, offer and allotment of any of the said Specified Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board 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."

17. To consider and if thought fit, to pass with or without modifications, as an Ordinary Resolution, the following :-

**"RESOLVED THAT** in supersession of the Resolution passed at the Extra Ordinary General Meeting of the Company held on 26<sup>th</sup> February, 2005 and pursuant to Section 293 (1) (d) of the Companies Act, 1956 and all other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of money in any manner from time to time, as may be required for the purpose of business of the Company with or without security and upon such terms and conditions as it may think fit, notwithstanding that the monies so borrowed together with the monies, if any, already borrowed by the Company (apart from temporary loans 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 it to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed a sum of Rs.2000 Crores (Rupees Two Thousand Crores only).

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take all such other steps as may be necessary or desirable to give effect to the above Resolution."

18. To consider and if thought fit, to pass with or without modifications, as a Special Resolution, the following :-

**"RESOLVED THAT** pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the requisite approvals, if any, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst all the Non-Executive Directors of the Company other than the Vice Chairman and Managing Director, Joint Managing Director and the Deputy Managing Director as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year over a period of five years from the ensuing financial year with effect from 1<sup>st</sup> April 2006."

By order of the Board of Directors  
For HOTEL LEEAVENTURE LIMITED

Kausik Nath  
Company Secretary

Mumbai  
25th June, 2006  
Registered Office :  
Hotel Leelaventure Limited  
The Leela Kempinski, Sahar,  
Mumbai – 400 059

## NOTES FOR MEMBERS' ATTENTION :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 8 to 18 above, and the relevant details in respect of item nos. 4, 5, 6, 8, 9, 10 and 11 pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, are annexed hereto.
4. The Register of Members, and the Share Transfer Books of the Company will remain closed from 18th July, 2006 to 31<sup>st</sup> July, 2006 (both days inclusive) for the purpose of payment of Final Dividend if declared at the 25<sup>th</sup> Annual General Meeting.
5. During the current Financial Year viz. 2006-07, the Company will be required to transfer to the Investor Education and Protection Fund, the Unpaid / Unclaimed Dividend for the year ended 31st March, 1999. Those shareholders who have not encashed their warrants are requested to immediately return the outdated warrants to the Company or to write to the Company in the matter to enable the Company to issue Demand Draft in lieu thereof.
6. Members holding shares in the physical form are requested to promptly notify any changes in their addresses / bank account details to the Company / Registrar and their Transfer Agents. Members holding shares in the dematerialized form are requested to notify the aforesaid changes to their depository participant(s) where they hold their depository account.
7. Members desiring any information as regards the Accounts are requested to write to the Company 10 days in advance so as to enable the Company to keep the information ready.

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## EXPLANATORY STATEMENT

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

### ITEM NO.8

Mr. M. Narasimham is 79 years of age. Mr. Narasimham graduated from Madras and Cambridge Universities with Master Degrees in Economics. He was the first and so far the only Governor of Reserve Bank of India to be appointed from the Reserve Bank of India cadre, having joined the Bank as a Research Officer in the Economic Department. Mr. Narasimham had held various senior level posts with the Government of India. He had also served as the Executive Director for India at the World Bank and thereafter at the International Monetary Fund. He was an Independent Director on the Board of the Company from 08.11.1988 till 20.09.2000. Mr. Narasimham was awarded the Padma Vibhushan in 2000. Mr. Narasimham is currently the Chairman, Court of Governors Administrative Staff College of India.

At the Board Meeting held on 29<sup>th</sup> April 2006, the Board of Directors approved the appointment of Mr. M. Narasimham subject to the approval of the members. The Board of Directors is of the opinion that the rich and varied experience of Mr. Narasimham will add great value to the Company.

Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. Narasimham as a Director of the Company.

Your directors recommend the resolution for approval of the members.

None of the other Directors of the Company are in any way concerned or interested in the above resolution.

### ITEM NO.9

Mr. R. Venkatachalam is 49 years of age. He holds a bachelor degree in Commerce and is a fellow member of the Institute of Chartered Accountants of India. Mr. R. Venkatachalam was working as the Director - Finance & CFO of the Company. He had resigned as the Director-Finance & CFO and relinquished the office of Director-Finance & CFO on 9th April, 2006. Mr. Venkatachalam is having over 25 years post qualification experience in handling finance, taxation, corporate laws, commercial and project implementation, merger and acquisition and related matters. He has been associated with many corporate revivals, project implementation, mergers and acquisition matters and also corporate restructuring of companies in a variety of industries.

The members are aware of Mr. R. Venkatachalam's immense contribution to the revival and resurrection of the Company, when the hospitality sector in general and the Company was passing through difficult times. In view of his immense contribution to the Company in the past and his expertise in various matters as mentioned above, the Board of Directors at their meeting held on 29th April, 2006 felt that the Company should continue its association with Mr. Venkatachalam as an ordinary member of the Board of Directors. The appointment of Mr. R. Venkatachalam as a Director is subject to the approval of the members.

Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. R. Venkatachalam as a Director of the Company if appointed.

Your directors recommend the resolution for approval of the members.

None of the Directors of the Company are in any way concerned or interested in the above resolution.

### ITEM NO.10

Mr. C.K. Kutty is 66 years of age. Mr. Kutty is a MBA (Civil Engineering).

Mr. C.K. Kutty is based in Dubai, UAE and is well known businessman in Dubai, managing his own construction business. Mr. Kutty is having extensive techno-commercial experience in setting up of various projects.

At the Board Meeting held on 29<sup>th</sup> April 2006, the Board of Directors approved the appointment of Mr. C.K. Kutty as a Director of the Company, subject to the approval of the members. The Board is of the view that the extensive experience and knowledge of Mr. C.K. Kutty in project implementation matters would add value to the Company, especially in view of the fact that the Company is now setting up new hotels at various new destinations like Hyderabad, Chennai, Pune and Gurgaon.

Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying the intention to propose Mr. C.K. Kutty as a Director of the Company.

Your Directors recommend the resolution for approval of the members.

None of the other Directors of the Company are in any way concerned or interested in the above resolution.

### ITEM NO.11

Mr. Venu Krishnan is of 51 years. He holds a Bachelor's degree in Commerce. Mr. Venu Krishnan was appointed as an Executive Director of the Company at the Annual General Meeting held on 13<sup>th</sup> July, 2005 for a period of five years from 29<sup>th</sup> January, 2005 to 28<sup>th</sup> January, 2010. Mr. Venu Krishnan has been associated with the Company since its inception. Mr. Venu Krishnan is responsible for commercial, legal and administrative matters of the Company. He also monitors the various ongoing projects of the Company.

Recognising, Mr. Venu Krishnan's valuable contribution to the Company, in various key aspects, the Board of Directors at its meeting held on 29<sup>th</sup> April, 2006 decided to appoint Mr. Venu Krishnan as the Deputy Managing Director of the Company w.e.f. 1<sup>st</sup> April, 2006 for a period of 5 years i.e. from 1<sup>st</sup> April, 2006 to 31<sup>st</sup> March, 2011. The Board of Directors are of the view that at this juncture, when the Company is contemplating further growth by setting up of new hotels at various new destinations like Hyderabad, Chennai, Pune and Gurgaon, Mr. Venu Krishnan's valuable experience in setting of projects would be of great value to the Company.

The terms and conditions on which Mr. Venu Krishnan has been appointed as the Deputy Managing Director shall contain the following remuneration which was approved by the Remuneration Committee in its meeting held on 25<sup>th</sup> June, 2006.

Sr. No.	Particulars	Proposed Remuneration
1.	(a) Basic Salary (b) Increment	Rs.6,25,000/- per month. Not exceeding 20% of the salary per month
2.	Leased Furnished Accommodation/Lease Rent	Actuals
3.	Free use of Company's car with Driver for use in the Company's business	As per the Rules of the Company
4.	(i) P.F. (ii) Gratuity	12% of Basic salary Half Month's salary of each year of completed service.
5.	Telephones	Actuals
6.	Other benefits (a) Personal Accident Insurance Policy (b) Mediclaim Policy for self and family	As per the Rules of the Company
7.	Leave Encashment	Balance of all leaves subject to a maximum of 30 days per annum as per the Rules of the Company.
8.	Minimum Remuneration	Where in any financial year during the currency of the tenure of the Deputy Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration by way of salary and perquisites and allowances as per the maximum amount permissible under Schedule XIII to the Companies Act, 1956.

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The terms and conditions for the appointment and the remuneration payable to Mr. Venu Krishnan as Deputy Managing Director of the Company as set out in the Notice and Explanatory Statement should be treated as an Abstract of the terms of his appointment and memorandum of interest under Section 302 of the Companies Act, 1956.

A Draft of the Agreement proposed to be entered between the Company and Mr. Venu Krishnan in connection with his appointment as Deputy Managing Director of the Company is available for inspection of the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m.

Mr. Venu Krishnan may be deemed to be concerned or interested in this Resolution and in his appointment.

None of the directors except Mr. Venu Krishnan is interested in the above resolution.

Your Directors recommend the resolution for approval of the members.

### ITEM NO.12

Pursuant to the guidelines issued by the Securities and Exchange Board of India, vide circular number D&CC / FITTC/CIR15/2002 dated 27.12.2002, regarding "Appointing of Common Agency Work" the Board of Directors had appointed Sharepro Services (India) Pvt. Ltd. as the Registrar and Transfer Agents (RTA) of the Company for the physical and demat segments.

It is, therefore, proposed that the registers of members, indexes of members, copies of Annual returns together with the copies of the certificates and documents requiring to be annexed thereto be kept at the office of Sharepro Services (India) Pvt. Ltd., the Registrars and Share Transfer Agents, at Satam Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai – 400 099 and/or at Samhita Warehousing Complex, Gala Nos.52 to 56, Plot No.13AB, Sakinaka, Mumbai – 400 072. The approval of shareholders by special resolution is sought to the proposed arrangement under Section 163 of the Companies Act, 1956.

The special resolution also specifies the time of inspection of the books and documents of the Company by its members and others, namely between the hours 11.00 a.m. and 1.00 p.m. on any working day excluding Saturday and except when the registers and the books are closed under the provisions of the Act or Articles of Association of the Company.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company are in any way concerned or interested in the above resolution.

### ITEM NO.13

As per the existing regulations, FIIs and their sub accounts taken together cannot acquire more than 24% of the paid-up capital of an Indian Company. The said limits can be raised above the 24% ceiling upto the sectoral / statutory ceiling as applicable by passing a resolution by the Board of Directors followed by a special resolution by the members.

With a view to improve the free float available for FIIs the Board of Directors of the Company at their meeting held on 25<sup>th</sup> June, 2006 approved the proposal to increase the FIIs limit of the Company from 24% to 50%.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company are concerned or interested in the said Resolution.

### ITEM NO.14

As the members are aware that the equity shares of the Company are listed on the Bombay Stock Exchange Ltd (BSE) and National Stock Exchange Ltd (NSE) and are being traded in the price range of Rs.209 to Rs.444. In spite of the tremendous interest generated among the investors class about the shares of the Company, the trading volumes on both exchanges are very low. The sub-

division of the shares would thus encourage participation of retail investors, increase the liquidity of the shares, and also increase the trading volume of the shares of the Company. Keeping in view the benefits of sub-division as mentioned above, the Board of the Company has in its meeting held on 25<sup>th</sup> June, 2006 approved the proposal of sub-division of Equity Shares of the Company to Rs.2/- per share from the existing Face Value of Rs.10/- per share.

The company is also consolidating the Authorised Share Capital into 60,00,00,000 Equity Shares of Rs.2/- each and 60,00,00,000 Redeemable Preference Shares of Rs.100 each.

The proposed consolidation of the Authorised Share Capital and sub-division of the face value of the shares of the Company from Rs. 10/- each to Rs. 2/- each requires amendment to the Memorandum of Association of the Company. Accordingly, Class V of the Memorandum of Association is proposed to be amended in the manner set out in the resolution. In terms of the provisions of the Companies Act, 1956 consent of the Members of the Company is necessary for the aforesaid proposal and consequent alteration of the Memorandum of Association of the Company by way of an ordinary resolution.

A copy of the Memorandum of Association with the proposed amendment is open for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m and 1.00 p.m on all working days of the Company excluding holidays.

The Directors of the Company may be deemed to be interested in the aforesaid proposal to the extent of the shares held by them in the Company on their own as well as through their relatives and/or through companies in which they have an interest.

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

### ITEM NO.15

This resolution relates to a proposal of the Company to offer, issue and allot GDR's/ADR's/ (including a sponsored tranche) FCCBs/other securities in domestic or international markets and in one or more public offer and/or on private placement basis upto an amount not exceeding USD 110 million only inclusive of premium. The object of the issue is to fund the growth of the Company by setting up five star deluxe hotels at various destinations in India and outside India and to renovate and upgrade its existing properties, augment its resources for financing the expansion plans, ongoing capital expenditures and for other business needs.

The detailed terms and conditions of the offer will be determined in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevalent market conditions and other relevant conditions.

The pricing of the international offering(s) will be free market pricing and may be at a premium or discount to market price in accordance with international practice, subject to applicable rules, regulations etc. As the pricing of the offering will be decided at a later stage, the exact number of securities or shares to be issued will depend upon the price so decided. For the aforesaid reasons, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. According to the amendment to the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, the pricing of GDR and FCCB issues should be made at a price not less than the higher of the following two averages :

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

The relevant date means the date thirty days prior to the date of the Annual General Meeting or such other relevant date as may be applicable with the said Securities as notified by the relevant authorities from time to time.

# Hotel Leelaventure Limited



Securities issued pursuant to the international offering(s) will be listed on Luxembourg Stock Exchange and/or London Stock Exchange and/or Singapore Stock Exchange and/or other Exchange(s) outside, India.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies, individuals or otherwise as the Board may at its absolute discretion deem fit.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956 and the listing agreement entered with the Stock Exchanges, in the case of any proposal to increase the subscribed capital of the Company by a further issue and allotment of shares, the shares should be first offered to the existing shareholders in the manner laid down in the said section / listing agreement unless the shareholders decide otherwise in a general meeting.

The said Special Resolution if passed shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Securities otherwise than to the existing shareholders.

None of the Directors of the Company are in any way concerned or interested in the above resolution.

## ITEM NO.16

This resolution relates to a proposal of the Company to offer, issue and allot specified securities by way of placement to Qualified Institutional Buyers through a Qualified Institutional Placement ("QIP") in terms of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000. The object of the issue is to fund the growth of the Company by setting up five star deluxe hotels at various destinations in India and outside India and to renovate and upgrade its existing properties, augment its resources for financing the expansion plans, ongoing capital expenditures and for other business needs.

The detailed terms and conditions of the offer will be determined in consultation with a SEBI registered merchant banker and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevalent market conditions and other relevant conditions.

The pricing of specified securities will be free market pricing in accordance with provisions of Chapter XIII-A of the Securities and Exchange Board of India (Disclosure of Investors' Protection) Guidelines, 2000. As per the said Guidelines, the issue of the specified securities should be made at a price not less than the higher of the following two averages :

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

The relevant date means the day which is thirty days prior to the date of the Annual General Meeting or such other relevant date as may be applicable to the Specified Securities notified by the relevant authorities from time to time.

The Special Resolution seeks to give the Board powers to issue the specified securities in one or more tranches, at such time or times, at such price or prices to Qualified Institutional Buyers as defined in Clause 2.2 2B(V) of the SEBI (DIP) Guideline 2000.

In terms of the provisions of Section 81(1A) of the Companies Act, 1956 and the listing agreement entered with the Stock Exchanges, in the case of any

proposal to increase the subscribed capital of the Company by a further issue and allotment of shares, the shares should be first offered to the existing shareholders in the manner laid down in the said section / listing agreement unless the shareholders decide otherwise in a general meeting.

The said Special Resolution if passed shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Specified Securities otherwise than to the existing shareholders.

None of the Directors of the Company are in any way concerned or interested in the above resolution.

## ITEM NO.17

At present the Company can borrow in excess of the aggregate of its paid-up capital and free reserves subject to limit of Rs.1,500 Crores (Rupees One Thousand Five Hundred Crores ). The Company may need to borrow money apart from the funds proposed to be raised under the proposed resolutions no. 16 & 17 here above from other sources which may exceed the borrowing limits stated above. Hence, it is proposed to raise the existing borrowing limits to Rs.2000 Crores (Rupees Two Thousand Crores only) for which the approval of the members is required under Section 293 (1) (d) of the Companies Act, 1956.

Your directors recommend the resolution for approval of the members

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

## ITEM NO.18

Taking into account the responsibilities of the Directors, it is proposed that in terms of Section 309 (4) of the Companies Act, 1956, the Non-Executive Directors of the Company (apart from the Vice Chairman & Managing Director, Joint Managing Director and Deputy Managing Director) be paid commission not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of the Sections 198, 349 and 350 of the Companies Act, 1956.

This remuneration will be paid to and distributed amongst all Non-Executive Directors as per the directions given by the Board of Directors.

Mr. Vivek Nair, Vice Chairman and Managing Director, Mr. Dinesh Nair, Joint Managing Director being relatives of Capt.C.P.Krishnan Nair, Chairman and Mrs. Madhu Nair, are concerned or interested in the Resolution in as much as Capt. C.P. Krishnan Nair and Mrs.Madhu Nair will be entitled to receive remuneration in the form of commission. All the remaining Directors are deemed to be concerned or interested in the Resolution to the extent of the remuneration that may be received by them.

By order of the Board of Directors  
For HOTEL LEEAVENTURE LIMITED

**Kausik Nath**  
Company Secretary

Mumbai  
25th June, 2006

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

## Hotel Leelaventure Limited

**Details of the Directors seeking appointment/ re-appointment  
in the Forthcoming Annual General Meeting.**

(In pursuance of Clause 49 [VI][A] of the Listing Agreement)

<b>Name of the Director</b>	<b>Capt.C.P. Krishnan Nair</b>	<b>Mrs. Anna Malhotra</b>	<b>Dr. K.U. Mada</b>	<b>Mr. M. Narasimham</b>
<b>Date of Birth</b>	01.04.1923	17.07.1926	29.12.1933	03.06.1927
<b>Date of Appointment</b>	29.10.1982	14.06.1993	29.01.2000	29.04.2006
<b>Expertise in specific functional areas</b>	Capt.C.P.Krishnan Nair is the Chairman of The Leela Group of Companies. He is a distinguished hotelier who has won many laurels for his contribution to the development of India's Tourism and Hotel Industry as well for the cause of environment protection. Kerala Chamber of Commerce has conferred the Lifetime achievement award for his contribution to industry and tourism for 2004-05. He is also recipient of the PATA Award of Merit, 2005 for outstanding services and leadership to the industry. He is also a recipient of the Lifetime Achievement Award conferred by The American Academy of Hospitality Services, 2005. He has also received the V.P. Menon Award for his achievement as Industrialist, hotelier and environmentalist. He was the first in the organised sector to set up a unit to produce cotton laces in India with Scottish collaborations and a pioneer in export of garments to USA.	Held important positions in the Government of India, including that of Secretary, Ministry of Education. Ex-Chairperson of Jawaharlal Nehru Port Trust, Mumbai, the hi-tech port of India.	Economics Faculty for 7 years, 27 years in RBI / IDBI; was Executive Director of IDBI. Development Banker, Economist and Company Director. Director of Corporate Bodies for the last 33 years. Participant / Speaker at several national and international conferences on management, corporate and economic affairs. Author: A Journey Through Development Banking (2005) and other Books and Articles.	Mr. M. Narasimham holds a M.A. in Economics from the Madras and Cambridge Universities. He was the former Governor, Reserve Bank of India and Finance Secretary to the Government of India. He was also the Executive Director on the World Bank and the IMF, besides being the Vice President of the Asian Development Bank.
<b>Qualifications</b>	Matriculate	M.A.	M.A. (Econ.), Ph.D., Dip.in Fin.Mgt., FICA	M.A. (Economics)
<b>Directorships held in other Companies</b>	1) Mumbai International Convention and Exhibition Centre Ltd. 2) Leela Capital & Finance Ltd. 3) Amin Group Hotel Ltd. 4) Kovalam Hotels Ltd 5) Millenium India Acquisition Company Inc., New York. 6) Aushim Soft Pvt. Ltd. 7) Leela Soft Pvt. Ltd. 8) Leela Scottish Lace Pvt. Ltd.	1) Simplex Mills Co. Ltd. 2) Kovalam Hotels Ltd.	1) Southern Petrochemical Industries Corporation Ltd. 2) Lupin Ltd. 3) Tamilnadu Petroproducts Ltd. 4) Asian Electronics Ltd. 5) PCI Ltd. 6) Uttar Pradesh Industrial Consultants Ltd.	Nil
<b>Committee positions held in other Companies</b>	Leela Capital and Finance Ltd. Chairman - Audit Committee	Nil	1) Southern Petrochemical Industries Corporation Ltd. Audit Committee - Chairman 2) Lupin Ltd Audit Committee - Chairman Investor Grievances Committee - Member 3) PCI Limited Audit Committee - Member 4) Tamilnadu Petroproducts Ltd - Audit Committee - Member	Nil

## Hotel Leelaventure Limited



**Details of the Directors seeking appointment/ re-appointment  
in the Forthcoming Annual General Meeting.**

(In pursuance of Clause 49 [VI][A] of the Listing Agreement)

Name of the Director	Mr. R. Venkatachalam	Mr. C.K.Kutty	Mr. Venu Krishnan	
Date of Birth	19.06.1957	22.03.1940	18.07.1954	
Date of Appointment	24.03.2001	29.04.2006	29.01.2000	
Expertise in specific functional areas	Mr. R. Venkatachalam is a Chartered Account with over 25 years of Post-Qualification experience in handling finance, taxation, corporate law, account, commercial, and project implementation, cost control and related matters. He has been associated with the Company since 1999. He has also been associated with many corporate revivals, project implementation, M&A matters and corporate restructuring of companies in a variety of industries.	Mr. C.K. Kutty who based in Dubai, UAE, is a well known businessman in Dubai managing his own construction business. Mr. Kutty is having extensive techno-commercial experience in setting up of various projects.	Mr. Venu Krishnan, Deputy Managing Director has been associated with the Company for over 25 years. He has extensive experience in project implementation, commercial and administrative matters. He led the project team that implemented the Leela Goa in 1991. He is also responsible for the commercial operations of Leela Scottish Lace Pvt. Ltd. and also involved in the commercial and legal issues of the Company.	
Qualifications	B.Com, F.C.A	M.B.A. (Civil Engineering)	B.Com	
Directorships held in other Companies	1) SKS Ispat Limited. 2) Redrose Capfin Pvt. Ltd.	Al Ishrak Contracting Company (LLC), Dubai	1) Kovalam Hotels Ltd 2) Amin Group Hotel Ltd. 3) Kinfra International Apparel Parks Ltd. 4) Leela Industries Ltd. (New York) 5) Leela Lace (H.K.) Ltd. 6) Leela Lace Holdings Pvt. Ltd. 7) Armcess Engineers Pvt.Ltd. 8) Zantho Pharmaceuticals (P) Ltd. 9) Season Apparels Pvt. Ltd. 10) Leela Scottish Lace Pvt.Ltd. 11) Standard Precious Alloy Industries Pvt.Ltd.	
Committee positions held in other Companies	SKS Ispat Limited.-Audit Committee - Member	Nil	Nil	

# Hotel Leelaventure Limited

## DIRECTORS' REPORT

### To the Members,

1. Your Directors have pleasure in presenting the Twenty-Fifth Annual Report and audited statement of accounts for the year ended 31<sup>st</sup> March, 2006 together with the Auditors' Report thereon.

2. **Financial Results**

	Year Ended 31.03.2006	(Rupees in crores) Year Ended 31.03.2005
Revenue	346.45	271.34
Add / (Less) : prior period adjustments	(0.06)	1.28
Total Revenue	346.39	272.62
Profit before interest, depreciation and taxes	178.44	131.19
Less: Interest	33.00	51.53
Profit before depreciation and taxes	145.44	79.66
Less : Depreciation (net)	32.45	29.83
Less : Profit / Loss on assets sold	1.45	(0.67)
Less : Miscellaneous expenditure written off	—	—
Add / (Less) : Provision for taxation and Deferred Tax Credit – (net)	(38.37)	(4.46)
Net Profit	73.17	46.04
Add : Profit brought forward	133.62	93.04
Transfer from Debenture Redemption Reserve	—	4.00
Profit available for appropriation	206.74	143.08
Dividend (including tax)	19.10	9.46
Transfer to Reserves	48.57	—
Net Profit carried forward	139.07	133.62

3. **Issue of Shares and Bonds**

During the year, the Company had issued 60,000 Foreign Currency Convertible Bonds (FCCBs) of Euro 1000 each aggregating to Euro 60 Million. Out of Euro 60 Million, Bondholders holding Euro 2.05 Million have converted the bonds into 358123 equity shares of Rs.10/- each at a premium of Rs.301/- per share, upon exercise of option for such conversion. FCCB's amounting to Euro 57.95 million are outstanding.

4. **Redemption of Preference Shares**

The Company had redeemed Non-Cumulative Redeemable Preference Shares aggregating to Rs.38 crores during the year.

5. **Dividend**

#### Non-Cumulative Redeemable Preference Shares.

The Board of Directors have recommended Final Dividend @ 5% aggregating to Rs.2.21 crores (including tax) for the year on the Non-Cumulative Redeemable Preference Shares.

6. **Equity Shares**

The Board of Directors have recommended a Final Dividend of 5% (Rs.0.50 per share) subject to the approval of the Final Dividend by the shareholders. The total dividend for the year amounts to 20% (Rs.2.00 per share). The Interim Dividend and Final Dividend would amount to Rs. 16.89 crores (including tax).

The Final Dividend has been recommended by the Board considering the excellent financial performance and the improved financial condition of the Company.

7. **Operations**

The overall performance of the Company showed considerable improvement as compared to the previous year with revenues growing by 28%.

The total revenue of the Company for the year ended 31<sup>st</sup> March, 2006 was Rs.346.45 crores (previous year Rs. 271.34 crores), with contribution from The Leela Palace Kempinski, Bangalore at Rs.172.97 crores (previous year Rs.138.36 crores), The Leela Goa at Rs. 48.25 crores (previous year Rs.38.66 crores), The Leela Kempinski, Mumbai at Rs.90.43 crores (previous year Rs.71.98 crores), Other Income at Rs.34.80 crores (previous year Rs.22.32 crores).

Indian hotel industry has kept up the growth momentum that started in the second half of 2004. India has fast emerged as one of the popular tourist destinations in the world, thanks to the vibrant economic outlook. Government of India's "Incredible India" campaign, blossoming IT and knowledge based industries and growing popularity of Indian educational and medical institutions. Continuous thrust to the infrastructural growth, open sky policy, liberalization and privatization in various economic activities and increased limits of FDI in various economic sphere are further contributors to this phenomenon.

The Leela Kempinski, Mumbai has performed better as compared to the previous year. Despite the fact that 160 rooms were not available for operations due to refurbishment. The hotel posted higher revenue and profit.

The Leela Goa, has already emerged as a world famous leisure destination for the international leisure tourists with many multinational operations setting up hotels in Goa. Indian Tourists have been thronging to Goa on the back drop of higher disposable income and propensity to spend. The Goa hotel posted