

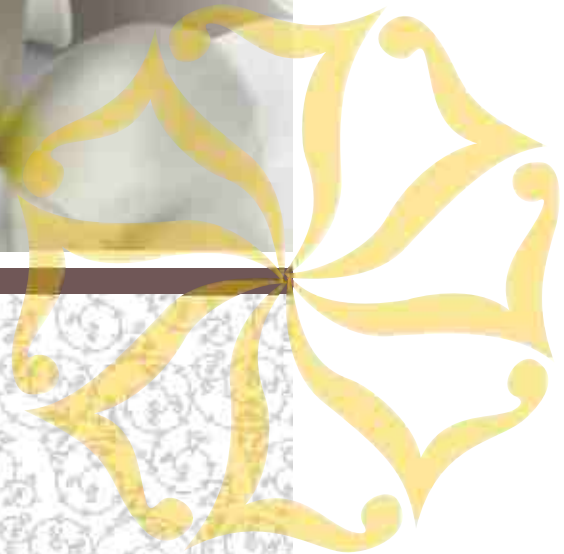


HOTEL LEELAVENTURE LIMITED



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2007 - 08
Annual Report

> MISSION STATEMENT

To delight and satisfy our guests by aiming beyond their expectations and delivering warm, gracious Indian hospitality and extraordinary service.

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The Leela Palace,
Kempinski New Delhi



The Leela,
Kempinski Gurgaon - Delhi NCR



The Leela Palace,
Kempinski Chennai



The Leela Palace,
Kempinski Udaipur



The Leela,
Kempinski Pune

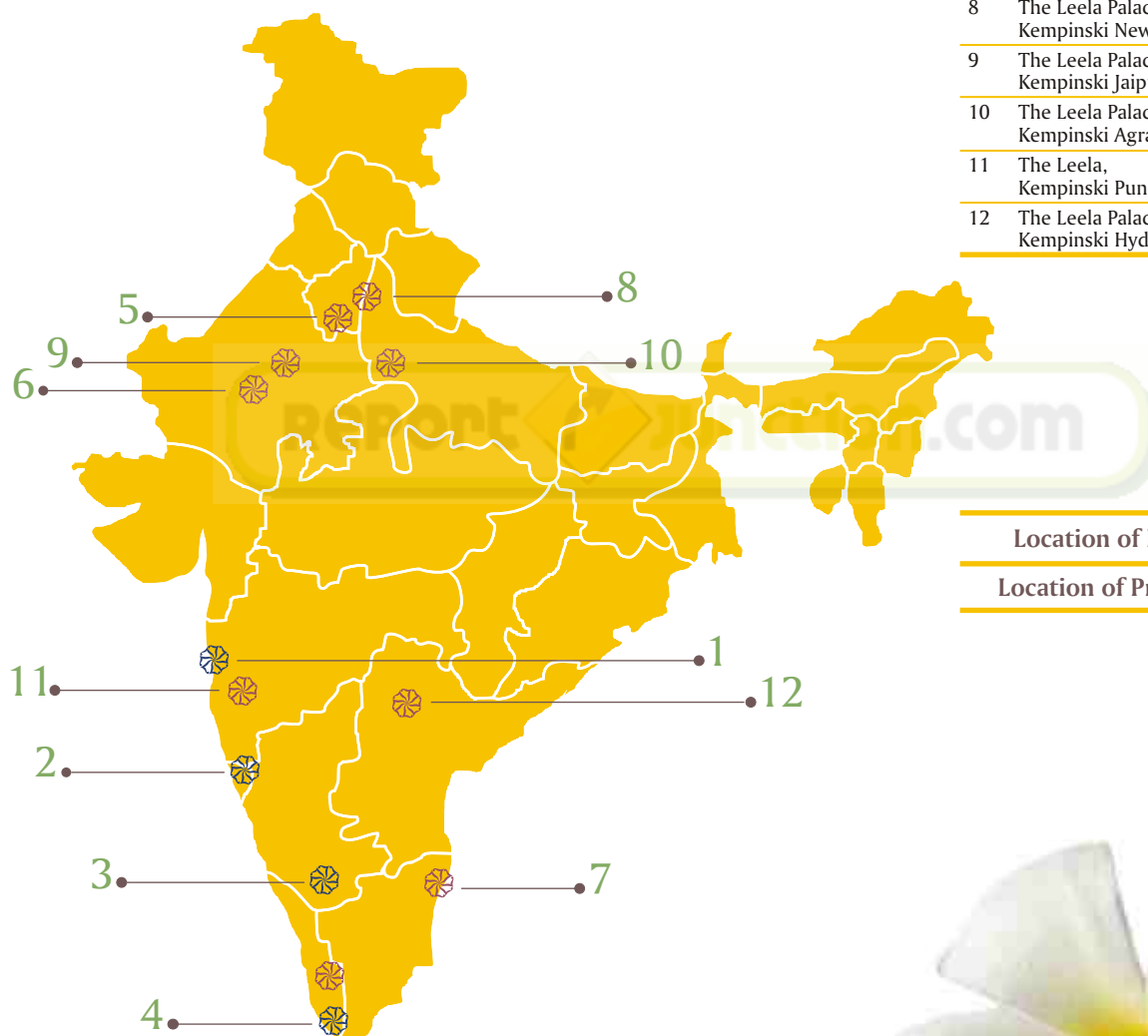


The Leela Palace,
Kempinski Hyderabad

> THE LEELA PALACES ~ HOTELS ~ RESORTS

Our Pervasive Reach

	Locations	Proposed Year of Commencement
1	The Leela, Kempinski Mumbai	
2	The Leela, Kempinski Goa	
3	The Leela Palace, Kempinski Bangalore	
4	The Leela, Kempinski Kovalam Beach, Kerala	
5	The Leela, Kempinski Gurgaon-Delhi NCR	2008
6	The Leela Palace, Kempinski Udaipur	2009
7	The Leela Palace, Kempinski Chennai	2009
8	The Leela Palace, Kempinski New Delhi	2010
9	The Leela Palace, Kempinski Jaipur	2010
10	The Leela Palace, Kempinski Agra	2011
11	The Leela, Kempinski Pune	2012
12	The Leela Palace, Kempinski Hyderabad	2012

Location of Existing Hotels Location of Proposed Hotels 

> A YEAR OF STEADY PROGRESS

Business Highlights

Strong ARRs Maintained



The Leela Palace, Kempinski Bangalore

1. We maintained our leadership position and market dominance in terms of Revenue, Average Room Rate (ARR) and Occupancy in Bangalore, Goa and Kovalam. Despite a correction of an estimated 12% ARR in The Leela Palace, Kempinski Bangalore, our overall ARR increased by 8%.

Capacity well utilised



The Leela, Kempinski Mumbai

2. We increased room-inventory by 25% in our Mumbai and Bangalore properties and managed to retain the occupancy percentage level of the previous year.

Renovation Programmes



The Royal Club, Mumbai

3. The Leela Kempinski in Mumbai, Goa and Kerala underwent extensive renovation programmes.

Healthy Growth



The Leela, Kempinski Gurgaon-Delhi NCR (Nov 2008)

4. Our top-line grew by 27%, whereas the bottom-line witnessed a surge of 19% on YOY basis.

Our New Delhi Foray



Perspective, The Leela Palace, Kempinski New Delhi

5. We purchased prime land in New Delhi's Luten area for our landmark property in south Delhi's diplomatic enclave. Made satisfactory progress towards opening of our first managed property in Gurgaon, NCR, Delhi.

Kempinski Affiliation



The Club, Goa

6. The Leela, Goa property also established affiliation with Kempinski.

As a young, dynamic and confident company, we are eager to grow. Well-defined goals enable us to measure our progress at every stage of our existence. With the key aspects of our business functioning smoothly, we are on track to emerge as the most admired luxury hotel group in the country.

The Leela Residences



The Leela, Kempinski Gurgaon-Delhi NCR

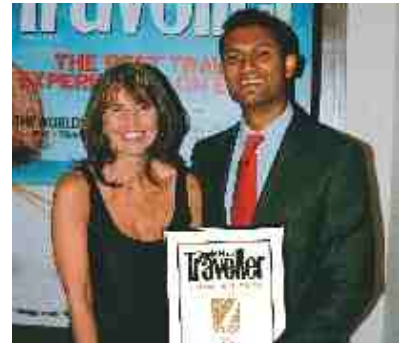
7. The first serviced residences from The Leela Group enters Gurgaon.

Alliance with Preferred Hotels



8. We entered into an alliance with Preferred Hotels, which is expected to enhance our recognition as a premium and luxury brand in the USA.

Recognition



No. 1 Favourite Overseas Business Hotel in the World

9. Conde Nast Traveller voted The Leela Palace, Kempinski Bangalore as the 'No. 1 Favourite Overseas Business Hotel in the World'.

Entering the Pink City



Hawa Mahal, Jaipur

10. We will soon enter Jaipur with a Palace Hotel.

Our Agra Presence



Taj Mahal, Agra

11. We entered into contract to purchase a prime 7 acre plot of land, in close proximity to the Taj Mahal, Agra.

Udaipur Project Nears Completion



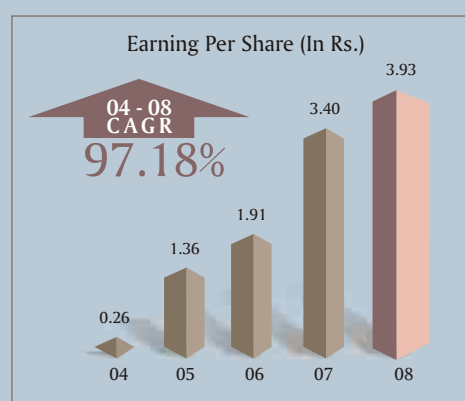
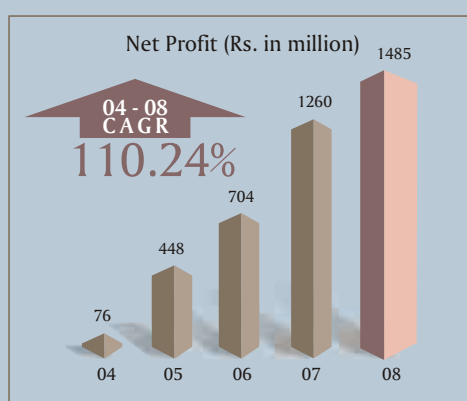
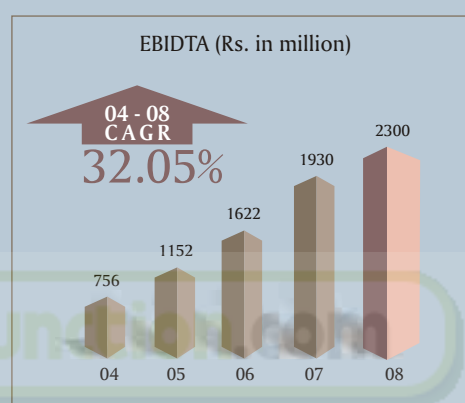
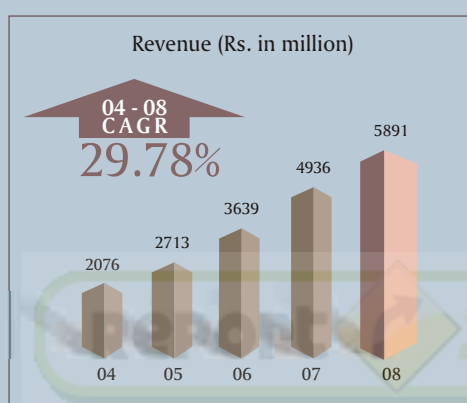
The Leela Palace, Kempinski Udaipur

12. The Leela Palace, Kempinski Udaipur, scheduled to open in January 2009, progressed well and is expected to redefine benchmarks for luxury resorts in India.

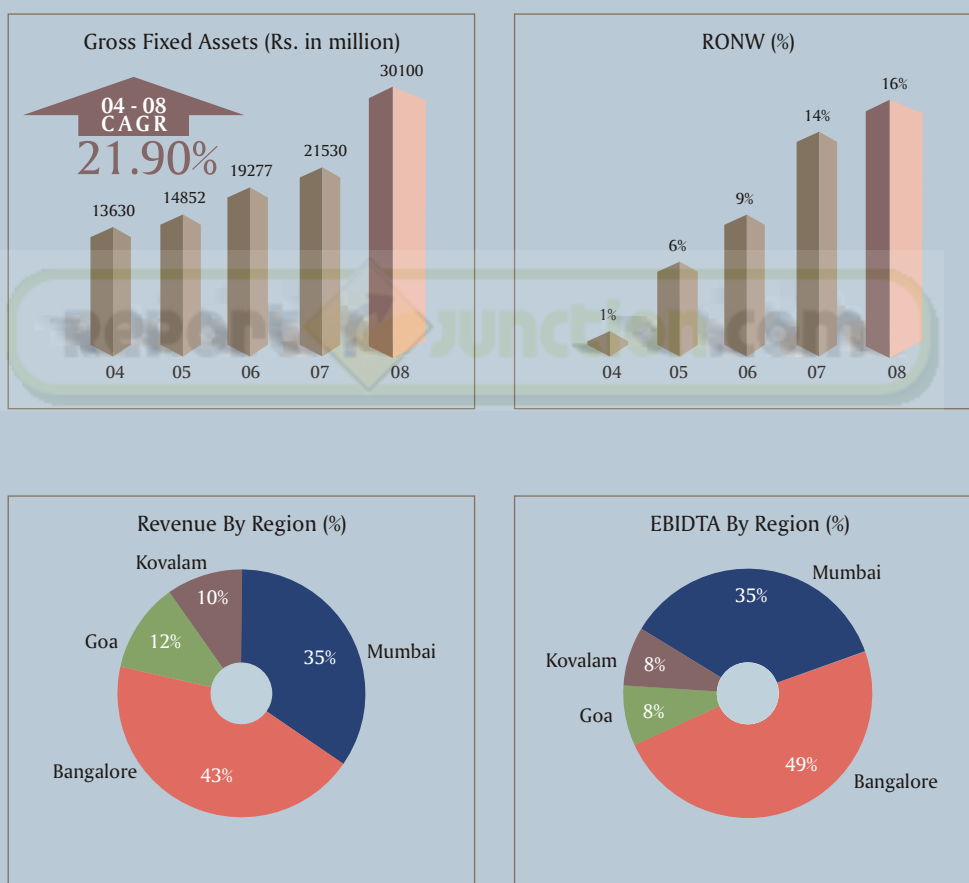


> A SUCCESSFUL FISCAL YEAR

Financial Highlights



Adding depth to shareholder wealth governs every business move of ours. The end of yet another successful fiscal year has infused renewed vigour in our steps towards our objectives.



Chairman's Statement

Dear Colleagues,

Life has taught me that we have in us the ability to shape our own destiny. Most importantly, it is our confident attitude and clarity in vision that ultimately determines our success.

Over the last 12 months, we focused on our dynamic business growth and the expansion plans of our deluxe portfolio of palaces, hotels and resorts into key destinations in India. We also focused on the improvement of our existing facilities and meeting the interests of our shareholders and guests. It is this commitment to provide luxury facilities, accommodation and personal services attuned to the demands of the 21st century guest that will distinguish us and keeps us competitive.

I am pleased to inform you of our outstanding results in the fiscal year 2007-2008.

Gearing Up for the Times Ahead

India's global economic position presented a sustained business opportunity which led to an increase in international business travellers and holiday-makers traffic in 2007.

In 2008, we have to take into account the recent economic slowdown, unabated inflation and the acceleration in oil price which will have global impact on the cost of travel and tourism.

We are **confident** that we are prepared for the turbulent economic phase ahead. We are developing a pan India presence, redefining The Leela brand, reinforcing our global marketing alliances, revitalizing our existing properties to maintain our leadership position and targeting the fast emerging upper middle class of India. We are also developing The Leela Business Park in Chennai adjacent to our

"Destiny is not a matter of chance, it is a matter of choice; it is not a thing to be waited for, it is a thing to be achieved."

William Jennings Bryan

Perspective, The Leela Palace, New Delhi



"We intend to set new standards of luxury for the nation's capital city, New Delhi, by October 2010."

Capt. C. P. Krishnan Nair



Capt. C. P. Krishnan Nair



“Warmest thanks for an exceptional stay. The courtesy of the management and all the staff could not have been greater. The food was world class and the suite a joy to live in. Bravo.”

His Highness The Aga Khan,
Founder and Chairman of The
Aga Khan Development Network.



upcoming hotel property which should provide us with contracted business tenants similar to The Leela Business Park in Mumbai.

Maximizing The Potential

The construction of The Leela Hotel and Residences in Gurgaon (Delhi NCR) and The Leela Palace, Udaipur are being prepared for opening in the next fiscal year. The construction of The Leela Palace, New Delhi will be completed before October 2010, in time for the influx of visitors we expect the Commonwealth Games to bring into the capital. Upcoming projects in Agra and Jaipur will strategically place The Leela in the Agra-Jaipur-Udaipur golden triangle, the popular Indian heritage circuit. Our developments in Chennai, Hyderabad, Pune and as and when we acquire an appropriate plot in Kolkata will complete our pan India presence.

The improvement of our existing assets continue to be a key element in our business strategy. The third phase of The Leela, Mumbai's enhancement programme included the refurbishment of The Lobby Lounge and the launch of The Royal Club. We built a new wing in The

Leela Palace, Bangalore and renovated rooms at The Leela, Goa.

Strategy For Global Access

Over the years, the Leela Kempinski partnership epitomized our business strategy to make inroads in the global distribution system. We have created good visibility for ourselves in the European market through Kempinski (Hoteliers since 1897). To reinforce our international exposure and increase market penetration, we signed new marketing partnerships with Global Hotel Alliance and Preferred Hotel Group.

The Green Value

Today, climate change is the single-most pressing challenge facing the travel and tourism industry and the world.

The Leela has a philosophy of environmental responsibility and sustainability in our operations and future projects. I truly believe that Leela properties can be profitable luxury ventures which assist in protecting the environment and also profit by practicing environment-friendly management

