



The auspicious opening of The Leela Palace Kempinski Udaipur. Seen in the picture are Mr. Vivek Nair, Mr. Deepak Parekh, Executive Chairman, HDFC, Capt. C. P. Krishnan Nair, Shriji Arvind Singhji, The Maharana of Mewar and Mr. Dinesh Nair.

ANNUAL REPORT 2008-2009



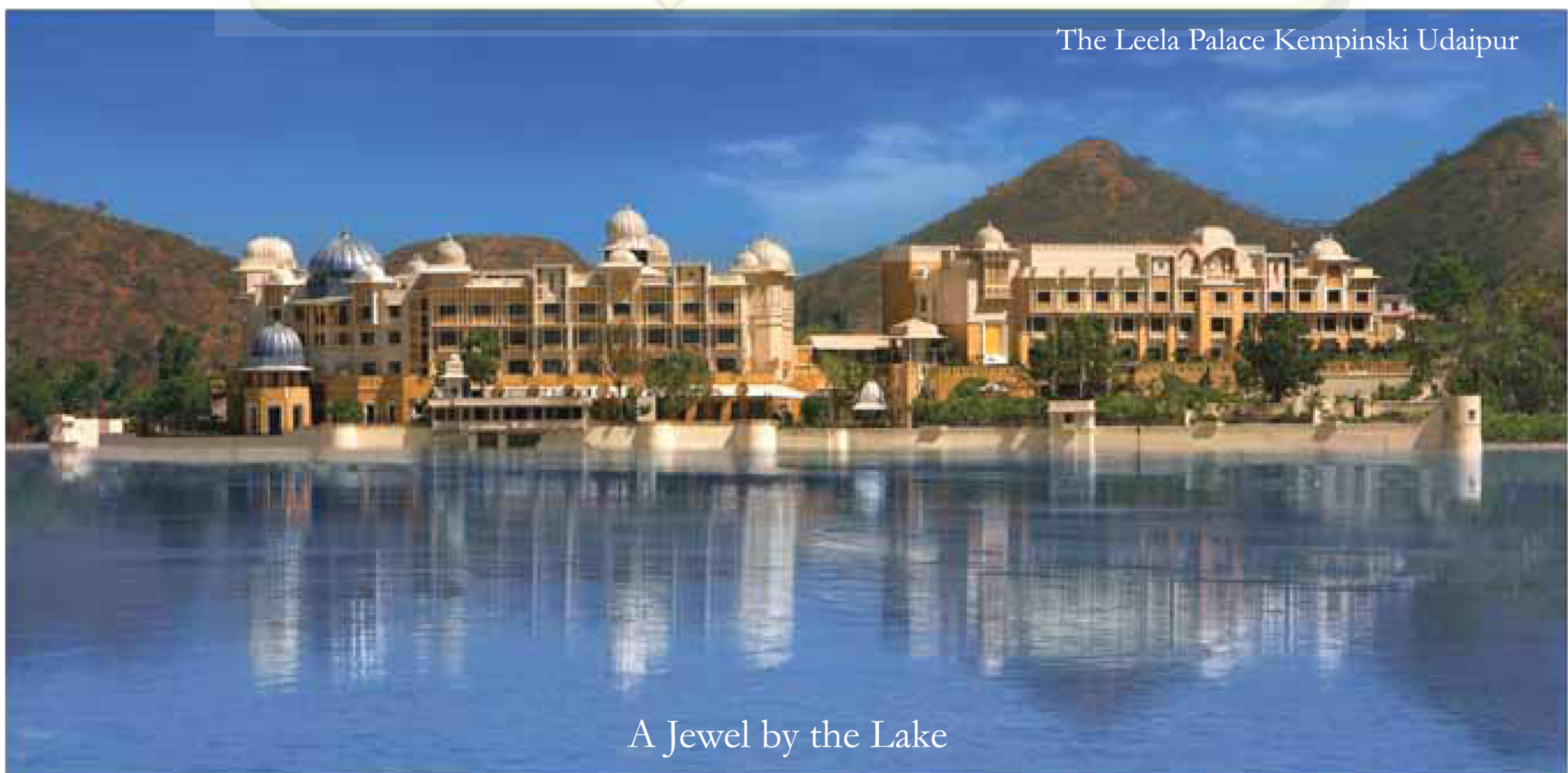
HOTEL LEELAVENTURE LIMITED

THE LEELA IS PROUD TO ANNOUNCE IT'S FORAY INTO NORTH INDIA.



The Leela Kempinski Gurgaon Delhi N.C.R.

Strategically located in the Delhi -Haryana border at the gateway business district of Gurgaon in the National Capital Region (N.C.R.), this 322 rooms hotel and 90 luxuriously appointed Residences is a convenient 15 minutes from the international airport, with the capital city on one side and Gurgaon's established business district on the other. The Leela Kempinski Gurgaon is India's first mixed use lifestyle complex that provides easy access to exclusive Residences, a luxury mall, entertainment and recreational facilities, all under one roof.



The Leela Palace Kempinski Udaipur

A Jewel by the Lake

The land of the Mewar royals now has a new luxurious modern palace, designed by the world renowned architect Bill Bensley, interior designer Jeffrey Wilkes and co - ordinated by Director Operations and Interiors, Mrs. Madhu Nair and team. 'A Jewel by the Lake', this 80 rooms and suites hotel is distinguished by elegance and inspired by the magic and grandeur of Udaipur's romantic past. Located amidst Rajasthan's stone walled city on the banks of Lake Pichola, The Leela Palace Kempinski Udaipur offers a breathtaking view of the heritage city, City Palace and the majestic Aravalli mountains.

> 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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A distinctive alcove setting at
The Leela Kempinski Kovalam
Beach, Kerala.

Chairman's Statement

Dear Colleagues,

Companies across the globe have entered a period of economic uncertainty following the financial crisis in the latter part of 2008, and we have witnessed events that posed real challenges and threats which will have ramifications on the travel patterns of corporations and individuals for years to come.

I believe that India has the fortitude to withstand the turbulence and shall become stronger in the process. India is poised for growth in the long term and the results of the recent elections shall set a new era of hope and change in our country. The much needed airport infrastructure will soon be in place with new airports at Bangalore and Hyderabad, and the commissioning of the new terminals at Mumbai and Delhi expected soon. To alleviate the shortage of an estimated 150,000 guestrooms in India which has limited the foreign tourist arrivals to just 5.30 million in 2008, this grant of "infrastructure status" has been sought for a long time by the hotel industry from the Government. It is expected that a grant of such status would provide the necessary incentives for the increase in guestroom capacity in the country.

I am pleased to inform you of the encouraging results in the fiscal year 2008-2009.

History has proven that for men of resilience, challenging times can be times of opportunity.

Hotel Leelaventure Ltd. has a philosophy of carefully analyzing market challenges and implementing strict fiscal control and smart planning to keep the fluctuations in the short term cycles in perspective.

Our emphasis is towards the long term. Our development goal is to expand pan India with the opening of Leela properties in Chennai and New Delhi in 2010, followed by Agra, Hyderabad and Pune. Challenged by the competition in the international tourism arena, we increased our market penetration with strategic marketing alliance partners; and we strengthened our sales, marketing and public relations activities in our global source markets.

We entered North India in 2009 with the opening of The Leela Gurgaon, Hotel and Residences in January, our first hotel management contract with The Ambience Group; and we opened The Leela Palace Udaipur in April 2009, our first hotel in the India's golden triangle.

The Leela's sales and marketing activities went into high gear in response to the economic downturn and the Nov. 26 tragedy. We adapted market penetration strategies to ensure minimal loss of business and aggressively drove dynamic pricing incentives. We also converted to a single currency tariff system to meet the long standing demand of international travelers.

We've strengthened our marketing alliance partnerships with our newest partner Preferred Hotel Group which increased our market penetration in the USA and S. E. Asia, in addition to Kempinski (Hoteliers since 1897) and Global Hotel Alliance.

Our first international image advertising campaign-"Friends at The Leela" - was launched in our primary international markets and



Capt. C. P. Krishnan Nair
Chairman
Hotel Leelaventure Limited

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this positioned The Leela as one of the finest hotel groups in India.

Strategic PR activities resulted in increased awareness of The Leela's dynamic growth and our corporate social responsibility activities with high profile media worldwide. We were recognized with various accolades including "The Best Eco-Friendly 5 Star Deluxe Hotel" National Tourism Award conferred to The Leela Palace Bangalore by Mr. P. Chidambaram, Minister of Home, Government of India. I was also honored with the "Five Star Diamond Lifetime Achievement Award" for Environmental Protection and Corporate Social Responsibility by the American Academy of Hospitality Sciences (AAHS) which is renowned for awarding excellence in global travel and luxury service sector.

Given the global environmental challenges today, we have increased our efforts towards longer term sustainability. We will continue to assist in the protection of the environment and practice environment-friendly management and technologies that generate savings. This will augment our business and provide a unique value addition to our guests... of being good to the environment by staying at The Leela.

During the year, the Company has concluded a successful FCCB buyback programme and bought back one fourth of the Euro FCCB outstanding (Euro 12.2 Mn out of Euro 51.4 Mn) due for expiry in 2010 and one third (US\$ 33.3 Mn out of US\$ 100 Mn) of the US\$ FCCB maturing in 2012. All together, the Company has bought back Bonds worth US\$ 50 Mn. This has immensely benefitted the Company with Rs. 68 crores of buyback profit being added to the current year profits. The Company has also avoided the redemption premium to the extent of Rs.120 crores which would otherwise have been payable on maturity.

We are forging ahead, committed to opening two more Leela Palace Hotels in Chennai and New Delhi by 2010. 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 to the capital. Other future developments will be activated after this time to strategically place The Leela in the popular Indian heritage circuit known as the "Delhi-Agra-Jaipur-Udaipur golden triangle" with the development of Agra, plus expand into Hyderabad and Pune to complete our pan India presence.

We hold great importance to the contribution of our family of staff -the people who work so loyally to give intrinsic value to The Leela brand. On behalf of myself and the Board members, I thank every share holder and valued patrons and The Leela team for sharing our vision and philosophy; and for the dedication and commitment at all levels to ensure that we remain in the forefront of our competitive industry as one of the finest Hotel Groups in India.

Our current challenges have strengthened us and we can look towards the future with long term vision and justified confidence.



Capt. C. P. Krishnan Nair
Chairman
Hotel Leelaventure Limited



Capt. C. P. Krishnan Nair being honoured with the 5 Star Diamond Lifetime Achievement Award by Mr. Joseph Cinque, President, American Academy of Hospitality Sciences during ITB, March 2009 at Hotel Adlon Kempinski, Berlin.



Capt. C. P. Krishnan Nair

BOARD OF DIRECTORS



Mr. Vivek Nair



Mr. Dinesh Nair



Mrs. Madhu Nair



Mrs. Anna Malhotra



Mr. M. Narasimham



Mr. P. C. D. Nambiar



Mr. Vijay Amritraj



Mr. R Venkatachalam



Mr. A. K. Dasgupta



Mr. C. K. Kutty



Mr. Venu Krishnan



Dr. K. U. Mada



Mr. Anil Harish



Mr. V. L. Ganesh

Onboard we have a wealth of
experience of stalwarts from
Finance and Management.

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CORPORATE INFORMATION

Statutory Auditors
PICARDO & CO.
Chartered Accountants

Solicitors
Mulla & Mulla & Craigie Blunt & Caroe

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

Company Secretary
Dinesh Kalani

Registrar & Share Transfer Agents
M/s. Sharepro Services (India) Pvt. Ltd.
13 AB Samhita Warehousing Complex
2nd Floor, Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri East
Mumbai - 400 072

Bankers / Financial Institutions
Housing Development Finance Corporation Limited
Infrastructure Development Finance Corporation Limited
State Bank of India & Associated Banks
Export Import Bank of India
Bank of India
Union Bank of India
Bank of Baroda
Vijaya Bank
J & K Bank Limited
IDBI Bank Limited
The Federal Bank Limited
Oriental Bank of Commerce

28th Annual General Meeting
Date: Friday, 21st August, 2009
Time: 11.00 a.m.

Venue
Shree Bhaidas Maganlal Sabhagriha
U-1, Juhu Vile Parle Development Scheme
Vile Parle (West)
Mumbai – 400 056

NOTICE

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Members of HOTEL LEE LAVENTURE LIMITED will be held at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle (West), Mumbai – 400 056 on Friday, the 21st August, 2009 at 11.00 a.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on the date and Reports of the Directors and Auditors thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Mr.M.Narasimham, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.C.K.Kutty, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr.R.Venkatachalam, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr.PC.D.Nambiar, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint M/s.Picardo & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

8. 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 thereto or reenactment thereof) and subject to approval of shareholders and such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), the Reserve Bank of India (RBI), the provisions of the Foreign Exchange Management Act, 1999 (FEMA), The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and / or sanction of the Ministry of Finance (Department of Economic Affairs) and Ministry of Industry (Foreign Investment Promotion Board / Secretariat for Industrial Assistance) and all other Ministries / Departments of the Government of India, Securities and Exchange Board of India (SEBI) and / or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed and in accordance with the regulations and guidelines issued by the GOI, RBI, SEBI and any competent authorities and clarifications issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any Committee thereof) consent of the Board is hereby accorded to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency, in the course of international and / or domestic offering(s) in one or more foreign markets, for a value of up to Rs.750,00,00,000 (Rupees Seven Hundred and Fifty Crores Only) representing such number of Equity Shares by way of Rights Issue, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Fully Convertible Debentures /Partly Convertible Debentures, Preference Shares and/or Equity Shares through Depository Receipt Mechanism and / or any Other Financial Instruments (OFIs) convertible into or linked to Equity Shares or 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 (hereinafter collectively referred to as Securities) or any combination of Securities to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and / or individuals or otherwise), Foreign Institutional Investors, Promoters, Indian and / or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, Employees of the Company and/ or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the “Investors”)

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NOTICE (contd.)

through Rights Issue, public issue(s) of prospectus, private placement(s) or a combination thereof 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., as may be decided by and deemed appropriate by the Board in its absolute discretion 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 in consultation with the Lead Managers, as the Board in its absolute discretion may deem fit and appropriate.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), approval of the shareholders, subject to the guidelines issued by the GOI, RBI and any other competent authority, and the provisions of Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 (“SEBI DIP Guidelines”) and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares, as permissible, for a value up to the amount of Rs.750,00,00,000 (Rupees Seven Hundred and Fifty Crores Only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI DIP Guidelines) pursuant to a qualified institutional placement, as provided under Chapter XIII A of the SEBI DIP Guidelines.”

“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; and
- (b) the underlying Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Lawyers, Advisors and all such Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more National and International Stock Exchange(s).”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be from the relevant financial year in which they are allotted and/or as provided under the terms of the issue in the offering documents.”

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, as amended, and subject to all necessary approvals of 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), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount on issue / conversion of Securities / exercise of warrants / redemption of Securities / rate of interest / redemption period, listings on one or more stock exchanges in India and / or abroad 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).”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.

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NOTICE (contd.)

9. To consider and if thought fit, to pass with or without modifications, as an Ordinary Resolution:
“RESOLVED THAT in supersession of the Resolution passed at the 26th Annual General Meeting of the Company held on 13th August, 2007 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 is 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.40,000,000,000 (Rupees Four Thousand Crores only).
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such such steps as may be necessary, proper or desirable to give effect to this Resolution.”
10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals and sanctions as may be necessary, the Company hereby accords its consent to the appointment of Ms.Amruda Nair, relative of Director of the Company, as **Asset Management Executive** in the Management Cadre of the Company with effect from 1st January, 2009 for a period of five years with remuneration as approved by the Remuneration Committee at its meeting held on 24th January, 2009 as set out in the Explanatory Statement attached to this Notice.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or desirable to give effect to this Resolution.”
11. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals and sanctions as may be necessary, the Company hereby accords its consent to the appointment of Ms.Aishwarya Nair, relative of Director of the Company, as **F & B Merchandising Associate** in the Management Cadre of the Company with effect from 1st January, 2009 for a period of five years with remuneration as approved by the Remuneration Committee at its meeting held on 24th January, 2009 as set out in the Explanatory Statement attached to this Notice.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or desirable to give effect to this Resolution.”
12. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals and sanctions as may be necessary, the Company hereby accords its consent to the appointment of Ms.Samyukta Nair, relative of Director of the Company and Mrs.Madhu Nair, Director of the Company as **Interior Design / Operations Associate** in the Management Cadre of the Company with effect from 1st January, 2009 for a period of five years with remuneration as approved by the Remuneration Committee at its meeting held on 24th January, 2009 as set out in the Explanatory Statement attached to this Notice.
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or desirable to give effect to this Resolution.”

Mumbai
 27th June, 2009
 Registered Office:
 The Leela Kempinski, Sahar
 Mumbai - 400 059

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

Dinesh Kalani
 Company Secretary