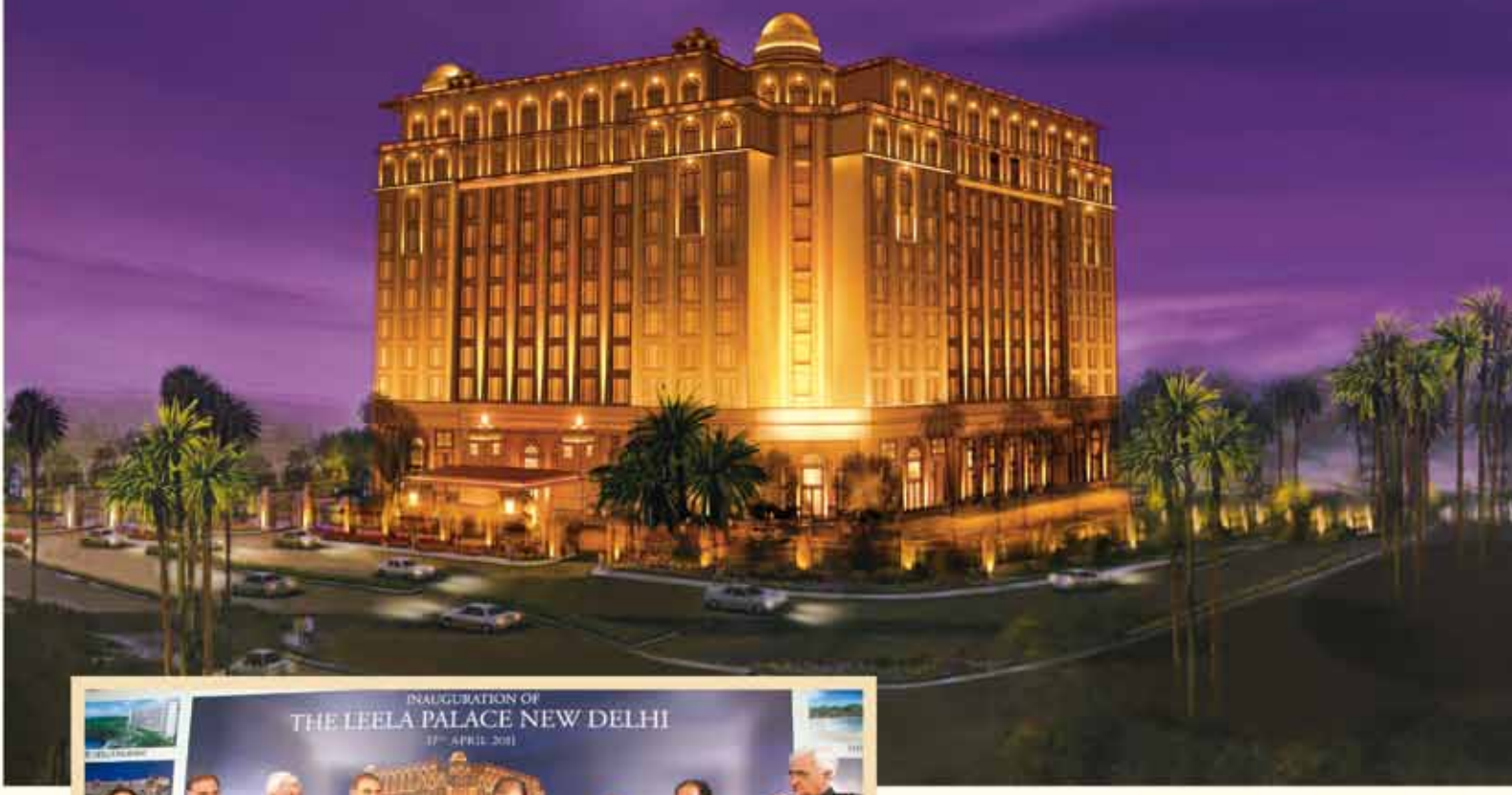
Surging ahead. Yet again.





The Leela Palace New Delhi was inaugurated on 17th April at the Grand Ballroom of the hotel by the Hon'ble Chief Minister of the N.C.T of Delhi and presided by the Hon'ble Union Minister of Tourism, Shri Subodh Kant Sahay. Seen in the picture from left are Madhu Nair, Director Interior Design and Operations of The Leela, Vivek Nair, Vice Chairman & Managing Director of The Leela, Deepak Parekh, Chairman of Housing Development Finance Corporation, Hon'ble Minister of Heavy Industries and Public Enterprises, Shri Praful Patel, Rajiv Kaul, President, The Leela, Hon'ble Chief Minister of the N.C.T. of Delhi, Smt. Sheila Dikshit, Hon'ble Union Minister of Tourism, Shri Subodh Kant Sahay, Chairman of The Leela, Capt. C. P. Krishnan Nair, Hon'ble Minister of Law & Justice, Shri Veerappa Moily and Hon'ble Minister of Water Resources & Minister of Minority Affairs, Shri Salman Khursheed.

Annual Report 2010-11

HOTEL LEELAVENTURE LIMITED

MISSION STATEMENT

TO DELIGHT AND SATISFY OUR GUESTS BY AIMING BEYOND THEIR EXPECTATIONS AND DELIVERING WARM, GRACIOUS INDIAN HOSPITALITY AND EXTRAORDINARY SERVICE.

Existing Hotels



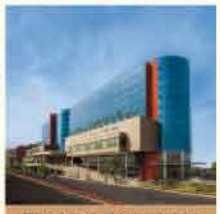
The Leela Palace New Delhi



The Leela Mumbai



The Leela Palace Bangalore



The Leela Kempinski Gurgaon-Delhi NCR



The Leela Palace Udaipur



The Leela Goa



The Leela Kovalam Kerala

Proposed Hotels and Resorts



The Leela Palace Chennai



The Leela Palace Agra



The Leela Lake Ashtamudi



Serving new India

We are evolving to serve the new face of a more confident India. We are adapting to the needs and tastes of present and future generations. For our discerning guests, from both outside and within India, we are offering our unique idea of supreme luxury, laced with Indian values and the best of modern day comforts. As a leading luxury hotel group of India, we are not standing still. With an evolving pan India presence and quantum growth in assets, we are setting new benchmarks of luxury, tranquility and service.

CONTENTS

02 Notice

07 Directors' Report

10 Management Discussion and Analysis

13 Report on Corporate Governance

22 General Shareholder Information

27 Financial Statements (Standalone)

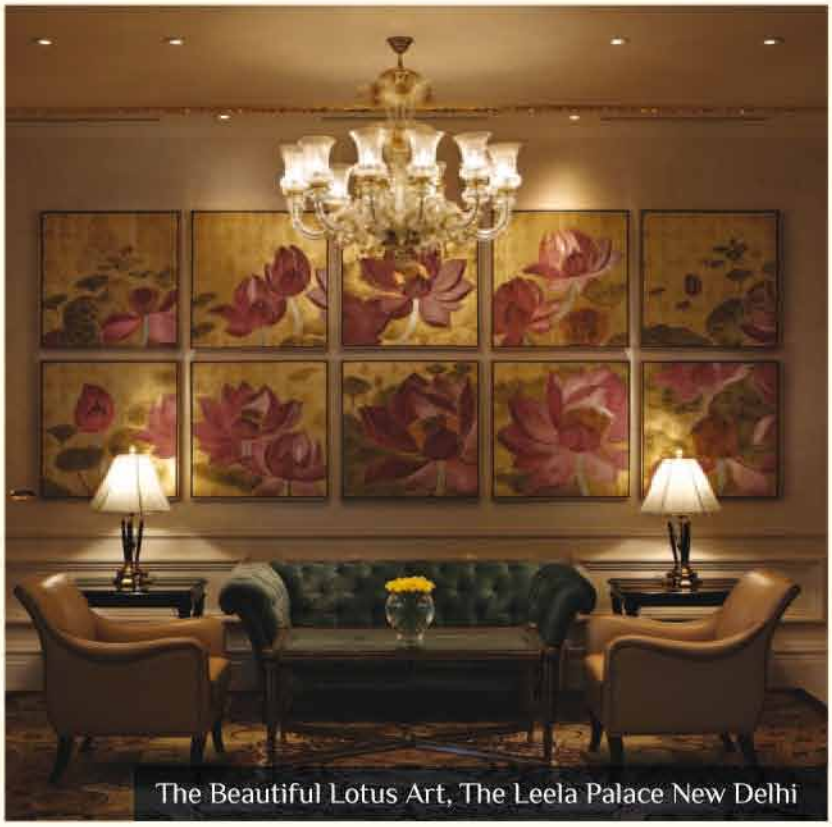
45 Financial Statements (Consolidated)

61 Statements under Section 212 of the Companies Act, 1956

63 Members' Feedback Form

Food Discount Coupon

Attentance Slip and Proxy Form



The Beautiful Lotus Art, The Leela Palace New Delhi

CHAIRMAN'S STATEMENT



Captain C.P. Krishnan Nair
Chairman
Hotel Leelaventure Limited

Dear Shareholder,

As I look back on the year gone by, I am convinced in my belief that India will take its rightful place in the world as a global superpower. Despite crisis and challenges, India's resilience to withstand and weather these adverse challenges is commendable. The Government managed to overcome several apprehensions and controversies which threatened to disrupt the Commonwealth Games - the biggest international multi-sport event to be held in Delhi - but it successfully averted attention from negative reporting with a spectacular opening and a resounding finish with global praise and applause. Having embarked on the journey towards economic development, we must face all challenges and obstacles to ensure that our rightful place in the world is not compromised. I am pleased to inform you that, as committed, The Leela Palace New Delhi opened several rooms in time for the Games - in the year that also marks the centenary of the establishment of Delhi as the capital city of modern India.

With the grand opening of The Leela Palace New Delhi at Chanakyapuri, we have strengthened our position as a premier player within the luxury segment of the Indian hospitality industry. The hotel benchmarks new standards of luxury, service and comfort in the country. The hotel is already creating waves in the international market. The Condé Nast Traveller UK has voted The Leela Palace New Delhi as among the best new hotels to be opened in the world in its Hot List.

The hotel has also featured in the IT List of Travel + Leisure USA as among 50 favourite new hotels and in 'How To Spend It' - the luxury and lifestyle supplement of Financial Times UK.

We have strengthened our brand image in the international markets by placing strategic advertisements in well placed international publications. The Leela Palaces, Hotels and Resorts are the exclusive India partner for the GHA Discovery Guest Recognition Programme launched in Financial Year 2010. The programme already has 1.6 million members globally which should have a positive impact on the occupancy rate, driving incremental revenues and building customer loyalty

Industry Initiatives

India's GDP performance continues to be strong and encouraging. The country continues to be an exciting destination for the global business and leisure traveller due to the continued pace in economic activity and the efforts made by the Ministry of Tourism promoting India overseas through the aggressive Incredible India campaign. The pace of constructing hotel rooms however need to be accelerated and this can be done by giving the industry the much needed status of infrastructure industry. The hotel industry is a highly capital intensive industry and the considerable benefits it will get by granting infrastructure status will not only help in cheaper finance for expansion but also give the industry tax sops that will boost the tourism industry. This will in turn, create thousands of jobs enhancing the employment opportunities in the country.

Performance Review

In the fiscal year 2010 -11, I am happy to inform you that your company has announced encouraging results. With the stabilization of The Leela Palace Udaipur, improved performance of our other hotels and the addition of The Leela Palace New Delhi, the revenue is expected to go up by 45% in the Financial year 2011-12. Going forward we also plan new properties in Agra, Lake Ashtamudi (in Kerala) and Jaipur.

Acknowledgement

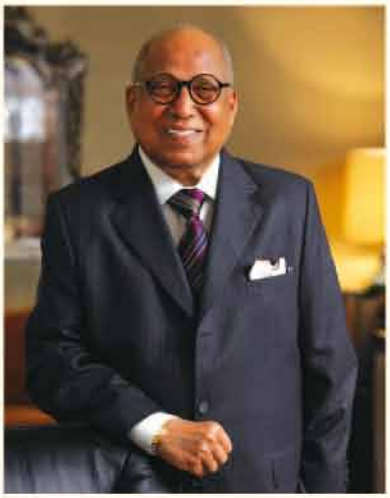
People have always been our most valuable asset and I would like to acknowledge and thank the exemplary hard work and commitment of each and every employee of the Leela family who ensure that the 'Leela Experience' is never compromised. I also take this opportunity to extend my gratitude to all our shareholders and Board members for their support and good wishes.

Captain C.P. Krishnan Nair
Chairman
Hotel Leelaventure Limited



Devi - The Great Goddess, The Leela Palace New Delhi

BOARD OF DIRECTORS



Captain C.P. Krishnan Nair



Vivek Nair



Dinesh Nair



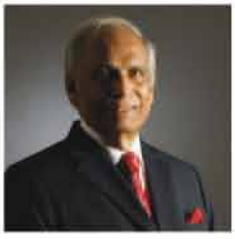
Madhu Nair



Anna Malhotra



M. Narasimham



P. C. D. Nambiar



Vijay Amritraj



Anil Harish



K. U. Mada



Venu Krishnan



R. Venkatachalam



C. K. Kutty



Indur Kirpalani



Krishna Deshika



A. K. Dasgupta

Glimpses of The Leela Palace New Delhi



Jamavar for specialty Indian cuisine

The spectacular lobby lounge



The grand porte cochére



The Library Bar

CORPORATE INFORMATION

Board of Directors

Capt. C. P. Krishnan Nair	Chairman
Mr. Vivek Nair	Vice Chairman & Managing Director
Mr. Dinesh Nair	Joint Managing Director
Mr. Venu Krishnan	Deputy Managing Director
Mr. Krishna Deshika [1]	Director – Finance & CFO
Mrs. Madhu Nair	Director
Mrs. Anna Malhotra	Director
Mr. M. Narasimham	Director
Mr. P. C. D. Nambiar	Director
Mr. Vijay Amritraj	Director
Mr. Anil Harish	Director
Dr. K. U. Mada	Director
Mr. R. Venkatachalam	Director
Mr. C. K. Kutty	Director
Mr. Indur Kirpalani [2]	Director
Mr. A. K. Dasgupta	Director

[1] With effect from 17th January, 2011.
[2] With effect from 29th January, 2011.

Company Secretary

Dinesh Kalani

Statutory Auditors

Picardo & Co.
Chartered Accountants

The Company's hotel locations

The Leela Palace New Delhi
Chanakyapuri, New Delhi – 110 023

The Leela Mumbai
Sahar, Mumbai - 400 059

The Leela Palace Bangalore
23, Airport Road,
Bangalore - 560 008

The Leela Kovalam, Kerala
Trivandrum - 695 527

The Leela Palace Udaipur
Lake Pichola, Udaipur - 313 001

The Leela Goa
Mobor, Cavelossim, Goa - 403 731

The Leela Kempinski Gurgaon, Delhi NCR
Ambience Island, National Highway - 8
Gurgaon -122 002

Registered & Corporate Office

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

Bankers / Financial Institutions

Housing Development Finance Corporation Limited

State Bank of India & Associated Banks

Syndicate Bank

Bank of India

Export Import Bank of India

Union Bank of India

Bank of Baroda

Oriental Bank of Commerce

Indian Overseas Bank

Registrar & Share Transfer Agents

M/s. 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
Website: www.shareproservices.com
E-mail: hotelleela@shareproservices.com

Investor relations centre of the Registrar & Share Transfer Agents

M/s. Sharepro Services (India) Pvt. Ltd.
912, Raheja Centre
Free Press Journal Road
Nariman Point, Mumbai – 400 021

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 fill the appropriate column in the feedback form on page No. 63 of the Annual Report and send the same to the Company OR ALTERNATIVELY avail the option provided on the web-site of the Registrar of the Company at www.shareproservices.com for registration of your e-mail address directly.

30th Annual General Meeting on Tuesday, the 28th June, 2011 at 11.00 a.m.
at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Vile Parle Development Scheme, Vile Parle (West), Mumbai – 400 056

NOTICE

NOTICE is hereby given that the THIRTIETH 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 Tuesday, the 28th June, 2011 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. **Adoption of Accounts**

   To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on the date and Reports of the Directors and Auditors thereon.

2. **Declaration of Dividend**

   To declare a dividend on the equity shares for the financial year ended 31st March, 2011.

3. **Re-appointment of Capt. C. P. Krishnan Nair**

   To appoint a Director in place of Capt. C. P. Krishnan Nair, who retires by rotation and being eligible, offers himself for re-appointment.

4. **Re-appointment of Mrs. Anna Malhotra**

   To appoint a Director in place of Mrs. Anna Malhotra, who retires by rotation and being eligible, offers herself for re-appointment.

5. **Re-appointment of Dr. K. U. Mada**

   To appoint a Director in place of Dr. K. U. Mada, who retires by rotation and being eligible, offers himself for re-appointment.

6. **Re-appointment of Mr. M. Narasimham**

   To appoint a Director in place of Mr. M. Narasimham, who retires by rotation and being eligible, offers himself for re-appointment.

7. **Appointment of Statutory Auditors**

   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. **Appointment of Mr. Indur Kirpalani as a Director**

   To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT Mr. Indur Kirpalani who was appointed as an Additional Director by the Board of Directors with effect from 29th January, 2011 pursuant to Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company and who holds office and 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 retire by rotation."

9. **Raising additional long term funds through Further Issue of Securities**

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

   "**RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments, modifications, variation or reenactment thereof) and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India ("GOI"), the Reserve Bank of India ("RBI"), the stock exchanges and the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") 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 and guidelines prescribed by the Securities and Exchange Board of India ("SEBI") including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (hereinafter referred to as the "ICDR Regulations") and subject to any 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, SEBI and / or any other competent authorities as may be required 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 rules/ regulations/ guidelines, notifications and circulars, if any, issued by the GOI, RBI, SEBI and any competent authorities as may be required and clarifications, if any issued thereon from time to time and subject to all other necessary approvals, permissions, consents and sanctions of concerned statutory and other relevant 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 constituted/ to be constituted by the Board to exercise its powers including powers conferred by this resolution to extent permitted by law) consent of the members is hereby accorded to create, offer, issue and allot 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 of Equity Shares of face value of Rs. 2 each (the **"Equity Shares"**) 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 through an issuance of Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs"), or an issuance of 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 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, 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") 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 aforesaid Securities should not exceed Rs. 1,000 crores in one or more currencies and in one or more offerings/tranches.

RESOLVED FURTHER THAT in case of the issue of the securities by way of Qualified Institutions Placement to QIBs in accordance with Chapter VIII of the ICDR Regulations, the "Relevant Date" shall mean the date of the meeting in which the Board / Finance Committee of the Board decides to open the proposed issue of Securities and at such price as applicable under the provisions of ICDR Regulations as amended and in force at the relevant time.

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 Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and 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 (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts/ agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more recognized (National and International) Stock Exchange(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of 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 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 / 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, 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, listings on one or more stock exchanges in India and / or abroad and fixing of record date or book closure and related or incidental matters as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the Issue(s) / offering(s), allotment and conversion of any of the aforesaid Securities, utilisation of issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions."

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

Dinesh Kalani
Company Secretary

Registered Office:
The Leela, Sahar, Mumbai - 400 059

Mumbai, 23rd May, 2011

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 Instruments 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 time appointed for the meeting.
3. Corporate Members are requested to send duly certified copy of the Board Resolution authorising their representative to attend and vote at the Meeting.
4. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of special business under Item No.8 and 9 is annexed hereto.
5. The Register of Members and Transfer Books of the Company will remain closed from Thursday, the 23rd June, 2011 to Tuesday, the 28th June, 2011 (both days inclusive) for the purpose of payment of dividend. If the dividend, as recommended by the Board is approved at the Annual General Meeting, payment of such dividend will be made on or before 27th July, 2011 as under:
   (i) To all beneficial owners in respect of shares in electronic form, as per the data made available by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the close of business hours on Wednesday, the 22nd June, 2011;
   (ii) To all members in respect of shares in physical form, after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 22nd June, 2011.
6. Please quote your DP & client ID / Folio Number and our Company's name in all your correspondence / communications with Sharepro Services (India) Pvt. Ltd., 13 A/B Samhita Warehousing Complex, 2nd Floor, Off. Andheri Kurla Road, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri East, Mumbai - 400 072, who are acting as Registrar & Share Transfer Agents (Registrars) of the Company. Members are requested to communicate at the above address.
7. **Members may please note that Equity Share of the face value of Rs.10 each has been sub-divided into face value of Rs. 2 each with effect from 15th September, 2006. The Members are therefore requested not to deal with the earlier share certificates of the face value of Rs.10 in any manner as the same stands cancelled. The Members still holding old share certificates of the face value of Rs.10 each are once again requested to surrender them to the Company / Registrar in order to enable the Company / Registrar to issue sub-divided share certificates of the face value of Rs. 2 each in lieu thereof. Members are requested to send such share certificates by Registered Post only. The Company has been sending reminders to the concerned members to exchange their old Certificates with new sub-divided share certificates.**
8. Members holding shares in physical form are requested to immediately intimate changes, if any, in their registered addresses along with the PIN CODE to the Company or the Registrars so as to enable the Company to address future communication to their correct addresses.
9. The Company prefers use of ECS / NECS for payment of dividend. Considering the advantages, members are requested to enroll for ECS / NECS facility. In order to avoid loss of dividend warrants in transit, undue delay in receiving the warrants and to protect against fraudulent encashment of dividend warrants, members are requested to provide ECS / NECS Mandate, if not provided earlier. In respect of the Members who have given mandate for payment of dividend through ECS / NECS, the dividend will be paid through ECS / NECS and their bank account details will be printed on their ECS advices.

   In light of the above, Members are requested to furnish the new bank account number, if any, allotted to them by their bank after implementation of the Core Banking Solutions (CBS), together with name of the bank, branch, 9 digit MICR bank / branch code and account type by quoting their folio number and a photocopy of a cheque pertaining to their bank account, so that the dividends can be credited to the said bank account. Those Members holding shares in demat form are requested to provide the same details to their Depository Participant (DP).

   Please note that in case the Members do not provide the said details as aforesaid, credit of dividends through NECS to their old bank account number may be rejected or returned by the banking system at the ECS centre level itself in terms of Reserve Bank of India (RBI) circular no. DPSS (CO) EPPD No.191-04.01.01/2009-2010 dated 29th July, 2009. However, in such