

HOTEL LEELAVENTURE LIMITED

ANNUAL REPORT

2012~13



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

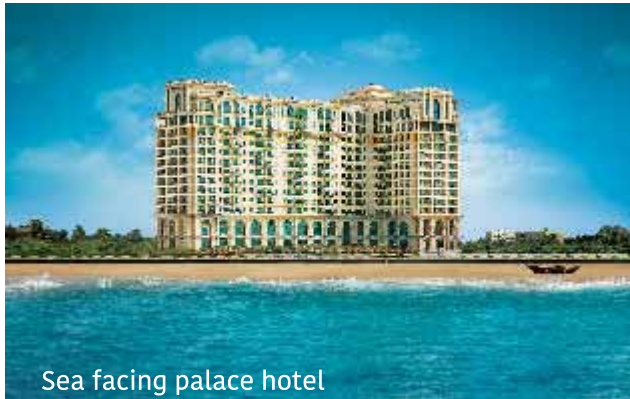


THE LEELA

PALACES HOTELS RESORTS

The Leela Palace Chennai

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



Sea facing palace hotel



Terrace Pool



Deluxe sea facing room



Porte Cochere



Courtyard overlooking the sea



China XO



Grand corridor



Lobby Promenade



Tree of Life mural

MISSION STATEMENT

To not just satisfy our guests but delight them.

To show the warmth and grace unique to Indian hospitality.

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

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To the next 25 years

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

my own humble way.

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

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

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

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

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

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

Thank you

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



Chairman's Statement

Dear Shareholder,

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

Expanding Portfolio

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

Change in Brand Identity

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

Outlook

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

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

Acknowledgements

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

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

Thank You

Vivek Nair
Chairman and Managing Director



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



Vivek Nair

—  —

BOARD OF DIRECTORS

—  —



Dinesh Nair



Venu Krishnan



Krishna Deshika



Madhu Nair



Anna Malhotra



M. Narasimham



Vijay Amritraj



Anil Harish



Dr. K. U. Mada



Indur Kripalani



A. K. Dasgupta



M. Madhavan Nambiar



Anil Kumar Sharma



Uttara Dasgupta



T. Ravindranath

CORPORATE INFORMATION (As on 13th August, 2013)

Chairman Emeritus & Founder Chairman

Capt. C. P. Krishnan Nair ¹

Board of Directors

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

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

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

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

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

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

Company Secretary

Dinesh Kalani

Statutory Auditors

Picardo & Co.

Chartered Accountants

Solicitors & Advocates

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Registered & Corporate Office

The Leela, Mumbai

Sahar

Mumbai - 400 059

Website: www.theleela.com

E-mail: investor.service@theleela.com

Bankers / Financial Institutions

Bank of Baroda

Bank of India

Export Import Bank of India

Federal Bank

Housing Development Finance Corporation Limited

Indian Overseas Bank

Oriental Bank of Commerce

State Bank of India & associate Banks

Syndicate Bank

Union Bank of India

Vijaya Bank

Registrar & Share Transfer Agents

Sharepro Services (India) Private Limited

13 A/B Samhita Warehousing Complex

2nd Floor, Off Andheri Kurla Road,

Sakinaka Telephone Exchange Lane

Sakinaka, Andheri East, Mumbai - 400 072

Tel : + 91 22 6772 0300 / 6772 0400

Fax : + 91 22 2859 1568

Investor relations centre of the Registrar & Share Transfer Agents

912, Raheja Centre

Free Press Journal Road

Nariman Point

Mumbai – 400 021

Tel : + 91 22 6613 4700

Fax : + 91 22 2282 5484

Important Communication to Members

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

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

DIRECTORS' REPORT

Dear Members,

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

1. Financial Results

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

₹ Lakhs

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

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

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

During the year under review, the Company has credited ₹ 2.17 lakhs, lying in the unpaid / unclaimed 2nd interim dividend for the financial year 2004-05, to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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

3. Corporate Debt Restructuring

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

4. Rating

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

5. Change in Paid up Capital

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

6. Foreign Currency Convertible Bonds

As on 31st March, 2012, the Company had outstanding US Dollar Foreign Currency Convertible Bonds of the face value of US\$ 41.60 million, due for redemption on 25th April, 2012. The bonds have been redeemed on 25th May, 2012 in full.

7. Opening of The Leela Palace Chennai

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

8. Expansion / Up-gradation Plans

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

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

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

9. Monetisation of Non-core Assets

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

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

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

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

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

10. Management's Discussion and Analysis (MDA)

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

11. Report on Corporate Governance

As required by Clause 49 of the Listing Agreements, a separate section containing the Report on Corporate Governance together with the Certificate on the compliance with the conditions of Corporate Governance issued by a Practising Company Secretary are appended hereto and form part of this Annual Report.

As part of good Corporate Governance practice, the Company has voluntarily obtained Secretarial Audit Report from a Practising Company Secretary in respect of compliance of all rules and regulations under the various applicable provisions of the Companies Act, 1956 and the applicable regulations under the Listing Agreement entered into with the Stock Exchanges. A copy of the said report is appended to in this report.

12. Changes in Directorate

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

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

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

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

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

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

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

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

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

None of the directors of the Company are disqualified from being appointed / re-appointed as directors as specified in section 274(1)(g) of the Companies Act, 1956, as amended.

13. Auditors and Auditors' Report

M/s. Picardo & Co., Chartered Accountants, statutory auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for re-appointment. The Company has received a certificate from the statutory auditors to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board commends their re-appointment as statutory auditors.

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

14. Particulars of Employees

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

15. Subsidiary Companies and Consolidated Financial Statements

The Company has not attached Balance Sheet, Profit and Loss Account and other documents of its two subsidiary companies with the Annual Report of the Company in terms of general exemption notified by the Ministry of Corporate Affairs, Government of India vide General Circular No.2/2011 dated 8th February, 2011 regarding compliance with Section 212(8) of the Companies Act, 1956.

The Company will make available these documents upon request by any member of the Company interested in obtaining the same. Further, these documents will also be available at the Registered Office of the Company for inspection by any member of the Company. As required under the aforesaid circular, a summarized statement of financial position of the subsidiaries has been appended to this Annual Report.

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

16. Fixed Deposits

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

17. Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the year ended on that date;

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
 - (d) the Directors have prepared the annual accounts of the Company on a 'going concern basis'.
18. **Additional information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988**
- (a) **Conservation of Energy and Water:**
- Energy Conservation, sustainability and efforts to make the properties more "Green" have been the main drive for the Leela Group throughout the year. Major efforts/steps taken towards this are:
- LED Lamps, CFL and energy saving lights have been used across all hotel properties. Dimmers and timers have been provided on various lighting system to control wastage.
 - Extensive retrofitting of HVAC plants and installation of VFD and variable pumping system at all properties has reduced power consumption.
 - Computerized Power Monitoring is being implemented in all properties on gradual basis to monitor and control power consumption.
 - Old equipments are being replaced with more efficient ones to reduce power consumption and improve efficiency.
 - Main chiller plants and steam boilers have been tuned for best efficiency to conserve energy.
 - Building management system monitors and controls energy wastage of engineering equipments.
 - Power distribution systems are equipped with power factor correction panels and automatic voltage regulators.
 - The Delhi hotel is equipped with solar geysers for generating hot water and the rooms are equipped with energy saving devices during non-occupancy.
 - Solar systems are used to provide pre hot water to the hot water system.
 - Rain Water Harvesting has been implemented at four hotels.
 - Sewage Treatment Plants in all properties are being used extensively to treat and recycle all sewage and grey water for reuse within the property.

- The hotels use water efficient dish washers, aerating tap, pressure jet cleaners, etc. to reduce water consumption.
- The Company has installed 23 windmills with a capacity to generate 13.5 MW power (a non-conventional energy source) in the State of Maharashtra (4.5 MW), Karnataka (5MW) and Tamil Nadu (4 MW). Windmills continue to produce renewable energy for use in our Hotels.

(b) **Technology Absorption:**

In the opinion of the Board, the required particulars, pertaining to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable, as hotel is service industry and the Company does not have any significant manufacturing operations.

(c) **Foreign Exchange Earnings and Outgo:**

The foreign exchange earnings of the Company during the year stood at ₹ 29,371 lakhs (previous year ₹ 19,436 lakhs) and foreign exchange outgo during the year stood at ₹ 5,216 lakhs (previous year ₹ 4,658 lakhs).

19. **Acknowledgements**

The Board wishes to place on record its appreciation for the assistance and support received from all the lenders, Government authorities, customers and vendors.

Your directors take this opportunity to express their sincere thanks to all the investors, shareholders and stakeholders for the faith and confidence they have reposed in the Company and the management.

Your directors attribute immense importance to the contribution of the family of staff and sincerely thank "The Leela" team for sharing the Company's vision and philosophy and for the dedication and commitment in ensuring that we remain in the forefront of our competitive industry as one of the finest Hotel Groups in India.

For and on behalf of the Board of Directors

Vivek Nair
Chairman & Managing Director

Mumbai, 20th May, 2013