HOTEL LEELAVENTURE LIMITED

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

POSTAL BALLOT NOTICE

Pursuant to Section 192A of the Companies Act, 1956

Dear Member(s),

Notice is hereby given pursuant to Section 192A(2) of the Companies Act, 1956 (the "**Act**"), read with the Companies (passing of the resolution by postal ballot), Rules, 2011 (the "**Rules**"), to the members of the Hotel Leelavanture Limited that the resolutions appended below are proposed to be passed by way of Postal Ballot.

Members' consent is requested for the proposals contained in the said Resolutions. The Resolutions and the Explanatory Statement pertaining to the said Resolutions setting out the material facts and the reasons therefor is annexed hereto along with a Postal Ballot form (the "**Form**") for your consideration.

Resolutions:

1. To authorize / approve, ratify and confirm the corporate debt restructuring scheme in relation to the Company's debts

To consider and, if thought fit, to pass the following Resolution as **Special Resolution:**

"RESOLVED THAT subject to the applicable provisions of the Act and all other applicable laws (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of Hotel Leelaventure Limited (the "**Company**"), listing agreements entered into with stock exchanges on which the shares of the Company are listed, the applicable rules, notifications, guidelines issued by the Government of India, the Reserve Bank of India and any other regulatory authority (including but not limited to Securities and Exchange Board of India ("**SEBI**"), and subject to approvals, permissions, sanctions and consents as may be necessary from the regulatory and other appropriate authorities, the Corporate Debt Restructuring Empowered Group (the "**CDR EG**"), the Reserve Bank of India, Government of India, etc., the members hereby authorize/approve, ratify and confirm the corporate debt restructuring scheme (the "**CDR Package**") as approved by the CDR EG vide letter of approval dated September 25, 2012 ("**CDR LOA**") issued by Corporate Debt Restructuring Cell to lenders whose loans are being restructured under the CDR Package (the "**CDR Lenders**") and the Company and implementation of the CDR Package on the basis of the terms set out in the CDR LOA, for inter-alia restructuring of the existing debt facilities availed by the Company from the CDR Lenders including revised interest and principal payment schedules, sale of specified assets, issuance of equity shares or any other securities to the CDR Lenders and / or conversion of loans into equity shares of the Company in terms of CDR LOA or as may be stipulated by CDR EG in the course of implementation of the CDR Package and also discuss, negotiate and finalise the terms of restructuring of debt of non-CDR lenders as may be agreed between the respective parties, and execution of necessary documents for the same."

2. To approve the issuance of equity shares to CDR Lenders / Security Trustee / Monitoring Institution upon exercising their right to convert loans into equity shares in future

To consider and, if thought fit, to pass the following Resolution as **Special Resolution:**

"RESOLVED THAT, subject to the provisions of Section 81(1A) of the Companies Act, 1956 (the "**Act**") and other applicable provisions, if any, of the Act, the regulations/guidelines, if any, issued/prescribed by the Government of India, **SEBI** (including the provisions of Chapter VII) and other applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI Regulations**") and the Reserve Bank of India, and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the listing agreements entered into by the Company with the respective stock exchanges where the equity shares of the Company are listed, and all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals of relevant statutory/governmental authorities as may be required, the consent, authority and approval of the Members be and is hereby accorded to allot, in terms of the CDR Package, equity shares of face value of Rs. 2 (Rupees Two) each to the CDR Lenders/Security Trustee/ Monitoring Institution,(together with their successors and assigns) upon the exercise of the right of the CDR Lenders/Security Trustee/Monitoring Institutions to convert certain outstanding credit facilities granted by the CDR Lenders listed below including interest at the applicable interest rate, outstanding and to be accrued thereon, in accordance with the Master Restructuring Agreement dated September 28, 2012:

CDR Lenders	
State Bank of India	State Bank of Mysore
Bank of India	State Bank of Patiala
Export-Import Bank of India	State Bank of Travancore
The Federal Bank Limited	Syndicate Bank
Indian Overseas Bank	Union Bank of India
State Bank of Bikaner and Jaipur	Vijaya Bank
State Bank of Hyderabad	Life Insurance Corporation of India
Bank of Baroda	Oriental Bank of Commerce
IDBI Bank Limited	

RESOLVED FURTHER THAT the equity shares to be issued and allotted upon conversion on preferential basis as aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to the above resolution."

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

Dinesh Kalani
Company Secretary

Registered Office:
The Leela, Sahar
Mumbai – 400 059

Date: 7th February, 2013

NOTES

1. The Explanatory Statement pursuant to Sections 173 and 192A of the Companies Act, 1956 (the Act) setting out the material facts and reasons in respect of the proposed Resolutions are annexed hereto.
2. The Notice is being sent to all the Members by post (and electronically by e-mail to those Members whose e-mail ID are available with the Company), whose names appear on the Register of Members / List of Beneficial Owners, received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL), as on Friday, the 8th February, 2013.
3. Postal Ballot shall not be exercised by a Proxy.
4. The Company has, in accordance with Rule 6 of the Rules, appointed Mr. V. Sundaram, Practicing Company Secretary, as a Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.
5. In compliance with the provisions of Section 192A of the Act read with the Rules and the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/6/2012 dated Friday, 13th July, 2012, the Company offers e-voting facility through NSDL as an alternate, to enable the Members to cast their votes electronically instead of dispatching the Postal Ballot Form. E-voting is optional.

The instructions to the Members for e-voting are as under:

(a) **In case of Members receiving e-mail from NSDL:**

(i) Open e-mail and open PDF file viz; "Hotel Leela e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
(ii) Launch internet browser by typing the URL: https://www.evoting.nsdl.com
(iii) Click on "Shareholder - Login".
(iv) Put user ID and password as initial password noted in step (i) above. Click "Login".
(v) "Password Change Menu" appears. Change the password with new password of your choice with minimum 8 digits characters or combination thereof. Note the new password. Please do not share your password with any other person.
(vi) Home page of e-Voting opens. Click on "e-Voting: Active Voting Cycles".
(vii) Select "EVEN" of Hotel Leelaventure Limited.
(viii) Now you are ready for e-Voting as "Cast Vote" page opens.
(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the Resolution, you will not be allowed to modify your vote.

(xii) Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature of the persons who are duly authorized to vote to the Scrutinizer through e-mail to vsundaramfcs@hotmail.com with a copy marked to evoting@nsdl.co.in

(xiii) You may contact NSDL on (022) 2499 4600 for any further details on e-Voting.

(b) **In case of Members receiving Postal Ballot Form by post:**

(i) Initial password is provided in the table given in the Postal Ballot Form.

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast your vote.

(c) Members are requested to carefully read the instructions and in case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and the e-Voting User Manual for Members available in the downloads section of www.evoting.nsdl.com

(d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.

(e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

(f) Click on to the "Resolution File Link" if you wish to view the entire Postal Ballot Notice.

6. Members whose IDs are registered with the Company for receipt of documents in electronic mode under the Green Initiative of the Ministry of Corporate Affairs, are being sent Notice of Postal Ballot by e-mail and others are sent by post along with the Postal Ballot Form.

7. Members who have received the Postal Ballot Notice by e-mail and wish to vote through physical Postal Ballot Form can download the Postal Ballot Form from the link www.evoting.nsdl.com or www.theleela.com or seek a duplicate Postal Ballot Form from the Registrar & Transfer Agent, Sharepro Services (India) Pvt. Limited, 13 AB Samhita Warehousing Complex, 2nd floor, Off. Andheri Kurla Road, Sakinaka Telephone Exchange, Sakinaka, Andheri (East), Mumbai 400 072 or, Company Secretary, Hotel Leelaventure Limited, The Leela, Sahar, Mumbai 400 059, fill in the details and send the same to the Scrutinizer.

8. The envelopes containing the Postal Ballot Form including from those Members who have requested for the duplicate Forms, should reach the Scrutinizer not later than the close of business hours on Saturday, the 23rd March, 2013. The Postal Ballot Forms received after this date will be treated as if the reply from the Member has not been received.

9. Kindly note that the Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. If you are opting for e-voting, then do not vote by physical ballot and vice versa. However, in case Members cast their vote by physical ballot as well as by e-voting, then voting done through a valid physical ballot shall prevail and voting done by e-voting shall be treated as invalid.

10. Members desiring to exercise their vote by physical Postal Ballot are requested to carefully read the instructions printed on the Postal Ballot Form and return the Postal Ballot Form duly completed and signed in the enclosed self addressed Business Reply Envelope to the Scrutinizer. The postage cost will be borne by the Company. However, envelopes containing Postal Ballot, if sent by courier or registered / speed post at the expense of the Member will also be accepted.

11. Voting rights shall be reckoned on the paid-up value of Shares registered in the name of the Members as on Friday, the 8th February, 2013.

12. The voting period commences on Friday, the 22nd February, 2013 and ends on the close of business hours on Saturday, the 23rd March, 2013. The e-voting module shall also be disabled by NSDL for voting thereafter.

13. The Scrutinizer will submit his report to the Chairman or the Company Secretary of the Company after completion of the scrutiny of the Postal Ballot Forms. The result of the Postal Ballot will be announced at the Registered Office of the Company situated at The Leela, Sahar, Mumbai 400 059 at 4.30 pm on Thursday, the 28th March, 2013. The result of the Postal Ballot will be displayed at the Registered Office of the Company and posted on the Company's website www.theleela.com and communicated to the stock exchanges where the Company's shares are listed. The result of the Postal Ballot will be published in one English newspaper and one Marathi newspaper.

14. In the event the Resolution is assented to by the requisite majority of Members by means of Postal Ballot, the date of declaration of the result of Postal Ballot shall be deemed to be the date of passing of the said Resolution.

15. The Board of Directors has appointed Mr. Dinesh Kalani, Company Secretary and Mr. Krishna Deshika, Director – Finance & CFO as the persons severally responsible for the entire Postal Ballot process.

16. All documents referred to in the Notice and the accompanying Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days of the Company between 10.30 a.m. to 12.30 p.m. up to the date of the closure of the Postal Ballot.

ANNEXURE TO NOTICE- EXPLANATORY STATEMENT

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 1 & 2

To authorize / approve, ratify and confirm the corporate debt restructuring scheme in relation to the Company's debts and approve the issuance of equity shares to CDR Lenders / Security Trustee / Monitoring Institution upon exercising their right to convert loans into equity shares in future

The Company has built super luxury hotels in Udaipur, Delhi and Chennai with a total cost of about Rs. 3,500 Crores. Further the Company has also invested about Rs. 350 Crores in land in Pune, Hyderabad, Bangalore, Agra and Ashtamudi, and about Rs. 150 Crores for a business park in Chennai. These investments were planned to be funded by a combination of equity and debt and accordingly FCCBs of about USD 100 million and Euro 60 million had been issued. However, due to depressed equity market, the FCCBs did not get fully converted to equity and the Company had to redeem the said FCCBs. The Company had a debt of about Rs. 4250 Crores, as on 1st January, 2012. The Company also made efforts to raise further equity, but could not succeed due to the depressed equity market.

The global recession and the Mumbai terror attacks adversely affected the Average Room Rates and Occupancies of our Hotels as well and consequently the revenue from Hotels is much lower than what was forecast at the time of investment in the new hotels.

Under the circumstances, the Company applied for restructuring of its debts under the CDR Scheme, through SBI, in February, 2012 with 1st January, 2012 as the cut-off date. The Company has received the approval of CDR-EG vide letter of approval dated 25th September, 2012. The Company has executed the Master Restructuring Agreement dated September 28, 2012 (the "**MRA**") with the CDR Lenders in furtherance of the CDR package, besides various other related documents as envisaged under the MRA. The scheme inter-alia includes restructuring of repayment schedule, reduction / adjustment in interest rates, pooling of securities, pledge of shares by promoters and corporate guarantee of a Promoter Group Company.

In terms of the CDR Package, the Promoters are required to pledge their entire unencumbered shareholding in the Company, subject to minimum of 51% of their shareholding, with the CDR lenders. As the promoters have already pledged a part of their shareholding with the other lenders from whom they have borrowed, they have pledged the remaining shares in favour of the CDR lenders / Security Trustee. The pledge in favour of the CDR Lenders/Security Trustee may go up further, as and when their pledge in favour of other lenders gets released. In the event of default, the CDR Lenders/Security Trustee would have a right to invoke the pledge. The CDR Lenders/Security Trustee / Monitoring Institution also have a right to convert whole or part of the loan into equity in accordance with the MRA. Such invocation of pledge and conversion of loan into equity will tantamount to an acquisition which in-turn may trigger an open offer upon fulfillment of the conditions stipulated in Regulation 3 and 4 of the SEBI Takeover Code.

The CDR Lenders/Security Trustee/Monitoring Institution can claim an exemption to making a public announcement of an open offer under Regulation 10(2) of the Takeover Code if: (a) such an open offer has been triggered under Regulation 3 of the Takeover Code; (b) if they acquire shares pursuant to a corporate debt restructuring and the scheme of such corporate debt restructuring has been authorized by a special resolution of the shareholders of the target company; and (c) no change in control of the Company occurs.

Accordingly, the Company proposes to seek the approval of the shareholders through a postal ballot as prescribed under the Act and rules made thereunder.

The above resolutions proposed to be passed by way of a postal ballot shall also be deemed to be an authorization by the shareholders of the Company: (i) of the CDR Package; and (ii) of the allotment of equity shares to the CDR Lenders/Security Trustee/Monitoring Institution upon conversion of the outstanding loans into such equity shares in accordance with the MRA under the provisions of Section 81(1A) of the Act.

The above proposals are in the best interest of the Company and your directors recommend the resolutions.

None of the Directors is in anyway concerned or interested in the resolution.

Your Directors recommend the resolutions for your approval.

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

Dinesh Kalani
Company Secretary

Registered Office:
The Leela, Sahar
Mumbai – 400 059

Date: 7th February, 2013