

Press Release

Hotel Leela Signs MOU to Hive off Kovalam Hotel Undertaking

Hotel Leelaventure Limited ("Leela") today signed a memorandum of understanding with Travancore Enterprises Private Limited ("TEPL"), a company owned by Dr. B. Ravi Pillai, pursuant to which the parties have agreed that subject to the negotiation and execution of definitive agreements, finalisation of a scheme of arrangement and receipt of necessary corporate and other approvals, including approval of stakeholders, stock exchanges and the High Court, pursuant to a court sanctioned scheme of arrangement under Sections 391-394 of the Companies Act, 1956, Leela will transfer its Kovalam hotel undertaking to a subsidiary (SPV) in lieu of issuance of such SPV's shares to Leela and pursuant to such transfer of undertaking to the SPV, TEPL shall acquire 100% of the shares of such SPV from Leela for a total cash consideration of Rs. 500,00,00,000/- (Rupees Five Hundred Crores). However, Leela will continue to manage the said hotel under "The Leela" brand name through a long term Management Contract to be finalised with the SPV.

This is pursuant to the decision of the Board of Directors to pursue an "Asset Light Strategy" to reduce its debt.

The Company is also actively reviewing proposals for other Management Contracts in other parts of the Country.

Dr. B. Ravi Pillai is an Indian Industrialist from Kerala, based in Saudi Arabia and is in Petrochemical Business. He was awarded the Padmashree in the year 2009.

About The Leela Palaces, Hotels and Resorts

The Leela Palaces, Hotels and Resorts is owned and operated by Hotel Leelaventure Ltd., headquartered in Mumbai. The luxury hotel group manages seven award-winning hotels in India which include prime urban locations in Bangalore, Gurgaon, Mumbai, New Delhi and magical holiday escapes in Goa, Kovalam and Udaipur. A palace hotel is under construction in Chennai. The Leela Palaces, Hotels and Resorts is dedicated to extending warm, gracious, anticipatory service in settings that ideally capture the essence of India. The Company has marketing alliances with Germany-based Kempinski, US-based Preferred Hotels & Resorts and is a member of Global Hotel Alliance based in Switzerland.

For further information, contact your travel counselor or visit our website at www.theleela.com

