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HOTEL
LEELAVENTURE LIMITED

R E P O R T
1997-98



HOTEL LEELAVENTURE LIMITED

Registered Office : THE LEELA, Sahar, Mumbai 400 059

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Please write below

Registered
Folio No.

Shares
held

(Name in BLOCK letters)

I hereby record my presence at the 17th ANNUAL GENERAL MEETING of the Company held at Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (West), Mumbai 400 056, on Wednesday, 23rd September, 1998 at 11.00 a.m.

Member's/Proxy's Signature
(to be signed at the time of the handing over of this slip)

NOTES :

- Members/Proxy holders are requested to bring their copies of the Annual Report with them at the Meeting.
- Please carry with you this Attendance Slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.

HOTEL LEELAVENTURE LIMITED

PROXY FORM

Registered Office : THE LEELA, Sahar, Mumbai 400 059

Registered
Folio No.

Shares
held

I/We of
being a Member/Members of above-named Company, hereby appoint
..... of
or failing him of
as my/our proxy to vote for me/us and on my/our behalf at the 17th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 23rd September, 1998 and at any adjournment thereof.

Signed this day of 1998

Signed by the said

Affix
30 Paise
Revenue
Stamp

Note : The proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



MISSION STATEMENT

" Hoteliering has gone beyond the status of an industry.

It is today an art form. It starts with Innovation, continues the search for Excellence, and finally celebrates Perfection. These are precisely the three pillars on which The Leela Group has built its reputation.

- Innovation
- Excellence
- Perfection

They also represent the three faces of modern India. The India which dares to take on the world with its world class technology, its great tradition enriched over the centuries and its obsessive desire to be hospitable to travellers from all over the world.

But beyond all this is the simple fact : We love and enjoy people.

It is this that has made us what we are. It is this that must inspire us in the years to come."



Capt. C.P. Krishnan Nair

Chairman

Hotel LeelaVenture Limited

The Leela's constant promotion of environmental awareness has resulted in The Leela Beach, Goa being awarded the Green Hotelier Award from International Hotels & Restaurants Association, The Leela, Mumbai being awarded the Bombay Chamber Civic Award from Bombay Chamber of Commerce & Industries.



BOARD OF DIRECTORS



Left to right: (*Front Row*) Mr. M. Narasimham, Ms. Thangam E. Philip, Capt. C. P. Krishnan Nair, Mrs. Anna Malhotra, Mr. Anil Harish, Mr. P. J. Fernandes. (*Back Row*) Mr. Dinesh Nair, Dr. Gunter Berendt, Air Vice Marshal H. M. Shahul, Mr. Vivek Nair, Dr. K. U. Mada, Mr. Vijay Amritraj. (*Not in the picture*) Mr. P. C. D. Nambiar, Mr. P. S. Nair, Mr. T. Ramesh Babu.

MANAGEMENT

Mr. Vivek Nair	Vice - Chairman & Managing Director
Mr. Dinesh Nair	Joint Managing Director
Mr. V. Balachandran	Director (Administration)
Mr. Paul de Vreede	Director (Projects)
Mr. R.P. Shroff	Vice President (Finance & Secretarial)
Mr. A.W. Khandekar	Senior Vice - President (Projects)
Mr. Dieter Janssen	Regional Vice - President
	Four Seasons Resort - The Leela Beach, Goa
Mr. Jacques H. Favre	General Manager (Operations)
	The Leela, Mumbai
Mr. Samuel Moses	General Manager (Personnel)
Mr. Deepak Lalvani	General Manager (Sales & Marketing)
Brig. N.K. Bajaj	General Manager (Bangalore Project)
Mr. Xerxes Mistry	General Manager (Projects)
Mr. M.L. Rathi	General Manager (Commercial)
Mr. A. Jithendran	General Manager (Finance)
Dr. Arun C. Vakil	General Manager (Public Relations)
Mr. J.V. Athavale	Company Secretary
Mr. S. Damodaran	Project Manager (Bangalore Project)
Auditors	Picardo & Co. Chartered Accountants
Bankers	State Bank of India
	State Bank of Travancore
	Bank of Baroda
	Global Trust Bank Ltd.
Solicitors	Kanga & Co.
Legal Advisor	Francis Matthew
Registered Office	The Leela
	Sahar, Mumbai - 400 059.

17th Annual General Meeting

Date : Wednesday, September 23rd, 1998

Time : 11.00 a.m.

Venue : Shri Bhaidas Maganlal Sabhagrah,

U-1, JVPD Scheme, Vile-Parle (W), Mumbai - 400 056.



CHAIRMAN'S STATEMENT

A Time for Celebrations, A Pledge for Tomorrow.

Dear Shareholders and Friends :

I am pleased to welcome you all to the 17th Annual General Meeting of your Company.

• Trials and Tribulations

The fiftieth year of India's independence was a year of amazing contradictions. Remarkable success went hand in hand with uncertainty, self-doubt and the search for a new role in international politics. Post Pokhran India discovered that a strong nation could cope with the most severe vicissitudes. Even as the Indian rupee fell and some of the rating agencies downgraded our credit rankings, our foreign exchange reserves grew defiantly. Reaffirming the confidence of the world in the Indian economy and in the future of this great nation that is now awake to its destiny.

Liberalisation will only strengthen this process. And the search for the swadeshi ethic will make our future more distinctive. It will show the world that India can exist, grow, and prosper on its own terms.

Coalition politics, the new buzzword in New Delhi, shows how deep-rooted our commitment to democracy is. At the grassroots level.

Every segment is finding voice in the emerging scenario of change and the modern India that is evolving will offer opportunities to every group and segment of Indian society, however small that may appear to be. India's new political leadership has shown both wisdom and maturity in dealing with the complex



problems before the nation and I am sure that given some more time, the Government in power will show its true potential.

We are only 464 days away from the next millennium. It is time that we prepared ourselves to increase the momentum, to face the challenge of the 21st century when India will emerge as one of the strongest players in the global economy. With a market that is growing at 21 per cent every year. With

a consuming middle class that will soon reach 250 million. Sanctions or no sanctions, can anyone afford to ignore us ?

• Hospitality 2000

This is, in fact, the greatest challenge before us. How to offer world class services and traditional Indian hospitality at the same time. At affordable prices. This is the most exciting, most formidable task before our Industry today. It is also a task that The Leela Group is most crucially addressing today.

That is why we are changing, evolving, finding new partners, new associates, and new markets in India. We also realise the imperatives of growth and that is why we are planning new hotels and resorts in different locations, not because we want to grow into a huge chain but because we believe that our hospitality should be available where our customers want to go most.

I am glad that the Government has accorded Ministry status to the Department of Tourism and a draft Tourism Policy is being framed. This is an ideal time and opportunity for the Government to rise to the occasion and recognise Tourism as an Industry, which already



gives employment to over 21 million people, generates revenue of Rs. 20,000 crores in domestic tourism and Rs.13,000 crores in foreign exchange earnings from international tourists. It is the second largest foreign exchange earner after textiles and readymade garments. In spite of this, Tourism contributed just about 1% of GDP and a bare 0.4% of the world traffic of 617 million tourists. India's potential as a tourist destination remains untapped. According to a PATA study, "India is identified as the second largest travel market of 21st century in Asia".

In the 50 years since Independence, total hotel accommodation has only been 64,000 rooms, whereas individual cities like Bangkok, Beijing and Shanghai have many more hotel rooms than the whole of India put together. Much more needs to be done by the Government to lift Tourism and in particular, the Hotel sector.

With the above objectives in view, your Company has played a pioneering role in the formation of Hotels Association of India which was formed on September 06, 1997 to project Industry viewpoint to the Government and generate proper

understanding of issues facing the Industry, so that, the Government and the Industry can work together as partners in progress. Its first major success was the acceptance of the demand of Tourism Export Promotion Council by the forward-looking Commerce Ministry.

•The Leela :

The March Ahead

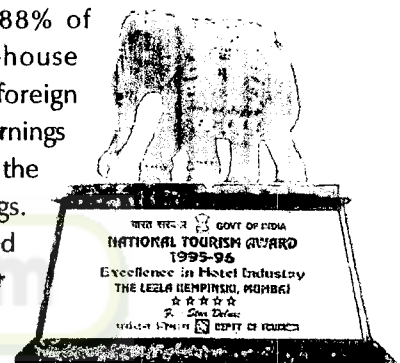
The economic slowdown has not stopped The Leela from topping the list of the top three hotels in Mumbai in terms of overall results. Our yield per room stood highest and our percentage share in room revenue in the market also increased.

This year we won the eighth award for The Leela in its 12 years of existence. The Government of India gave The Leela 'Regional Tourism Award for 1996-97' for excellence in the five-star deluxe category in the Western Region. This is the third year since the Government of India instituted the Award, the Hotel has received recognition for its excellence in the Hospitality Industry. The Award was formally conferred on us by India's Vice President, Mr. Krishna Kant at a glittering function in New Delhi.

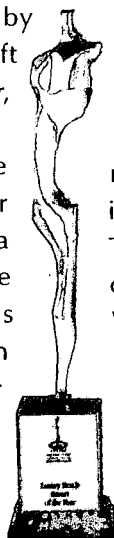
During the year under review. The Leela has continued to record high occupancy levels

of about 70% with an average room rate of about Rs. 8,000 /- The yield per room of about Rs. 5,600/- being realised is the highest amongst all the hotels in the country. This performance is despite the decline in business traffic being experienced in all major metropolitan cities. Foreign guests in the hotel constitute 88% of total in-house guests and foreign exchange earnings form 84% of the total earnings. That indeed is a matter of great satisfaction to our stakeholders.

The Leela Beach, Goa has just opened after a transformation to a truly world-class resort comparable to the finest in the world. Located at the Southern tip of Colva Beach amidst pristine surroundings, unparalleled anywhere in Goa, this magnificent project has 164 regal guestrooms including 87 suites. Three exquisite restaurants feature the finest of Indian, Italian and South East Asian cuisine. A 9-hole par-3 golf course, 3 floodlit tennis courts, state-of-the-art spa and fitness centre and a large free-form swimming pool along with seven independent plunge pools



National Tourism Award For
The Best Five Star Deluxe Hotel
in India,



THE LEELA BEACH, GOA
H&FS Award for Best Luxury
Beach Resort in India,
1995 - 96



for super deluxe villas, add to make it the finest resort destination.

The Leela Palace at Bangalore, being built at an estimated cost of Rs. 240 crores, is under civil construction and is expected to be ready in the latter part of 1999. This Hotel with its 262 luxurious guestrooms and several banquet and meeting rooms, will cater to up-market business travellers visiting the 'Silicon Valley of India'.

The Leela Palace in Udaipur will be a new landmark in Rajasthan. It is situated on the spur of a small hill which descends gently into the Pichola Lake. This Rs 60 crore property, with 80 luxurious guestrooms, with all other five-star facilities, will offer international visitors the kind of luxury for which Leela is famous for. It will be operational in the latter part of 1999.

Leela Hotels Limited, a subsidiary of Hotel LeelaVenture Limited, is setting up The Leela Palace, New Delhi, to be operational in the winter of 2000. Built at an investment of about Rs. 484 crores, this Hotel would have about 300 luxurious guest rooms, including suites and several exciting restaurants for

the elite of Delhi, apart from banquet facilities, meeting the requirements of both in-house guests as well as social gatherings.

Closer to home in Mumbai, we are adding a 150-room garden/boutique hotel to our existing 'The Leela, Mumbai'. It would also consist of general restaurants and other facilities required for the up-market traveller.

• The Leela Organisation: A Vision for the Future

The winds and the waves are always on the side of the ablest navigators. Recognising that restructuring is ultimately at a dead end, smart companies have moved on to reengineer their process. Reengineering aims to root out needless work and get every process in the company pointed in the direction of customer satisfaction, reduced cycle time and total quality. No company can escape the need to reskill its people, reshape its product portfolio, redesign its processes, and redirect its resources. Organisational transformation is imperative for every enterprise. The real issue is whether transformation happens belatedly - in a crisis atmosphere-or with foresight - in a calm and considered atmosphere; whether the transformation agenda is set by more prescient competitors, or

derives from one's own point of view about the future; whether transformation is spasmodic and brutal, or continuous and peaceful. The goal is a transformation process that is revolutionary in result, but evolutionary in execution. To get ahead of the Industry change-curve, to have the chance of conducting a bloodless revolution, top managers must recognise that the real focus of their companies is the opportunity to compete for the future. Reengineering to make an elite chain will be The Leela's top agenda as we close in to the 21st century.

The biggest single asset that does not appear in our balance sheet is our human asset. In the service industry like ours, employees put in tremendous work through bubbling enthusiasm, stupendous energy and very high spirits to achieve and excel. The Leela organisation is full of vibrant people, for the people and for the Nation.

I compliment The Leela staff for their zeal and dedication, which will carve out a destiny for the organisation. Excellence is not a matter of Chance, it is a matter of Choice. It is not a thing to be waited for; it is a thing to be Achieved.

H&FS Luxury Business Hotel of The Year,
Foreign Business Traveller, 1995 - 96



Regional Tourism Award For
The Best Five Star Deluxe Hotel in India,
1993-94, 1995-96, 1996-97