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HOTEL LEE LAVENTURE LIMITED

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

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Hotel Philosophy

Atithi Devo Bhava - The Guest is God.

In ancient India there were monks (Sadhus) who travelled extensively across the country. During his travel, a Sadhu would seek shelter at any place he wished. The host would welcome him, feed him and make him comfortable for as long as he stayed. That was ancient Indian hospitality. Where the guest was no less than God. He still is for us at The Leela.

Chairman Speaks...



Dear Shareholders and Friends,

It gives me great pleasure in welcoming you to the 19th Annual General Meeting of your Company.

The fiscal year April 1999 to March 2000 witnessed the emergence of the true potential of India with our brethren, around the world, showing their astute intelligence and leadership in the new era of converging economies.

The first-generation reforms implemented through the nineties ensured unshackling of regulations and protection. The second-generation reforms are likely to ensure that quality alone succeeds and endures. Your Company that has created hallmarks in performance in the hospitality industry is fully poised to be a proactive player in the years to come.

Hospitality Industry...

As India gets integrated into the world economy in the new millennium, I see a positive upswing in the fortunes of companies in the service sector. The hospitality industry is a key player in such a scenario where the first impression and the lasting impression caused will influence the outlook of our nation overseas. The country today has only a limited high quality accommodation available. Globalisation and accelerated growth of our economy will need more quality accommodation in the coming years. Both the foreign tourist arrivals and business travellers into India are bound to increase manifold. The industry will hence have to grow and the room capacity will have to multiply to cater exponentially to the emerging needs and opportunities. Your company spotted this need as early as in 1997. This is now confirmed by the expansion programmes of the other hotel groups.

Leela Group of Hotels...

Your company has carved a niche for itself with its superlative hospitality and quality of service. Lt. Col. C J Powell, a key member of President Clinton's entourage in India, who along with his 200 staff stayed at The Leela Mumbai, remarked "Your property is not only very beautiful, but the attentiveness of your staff is impeccable". He further added that the staff at The Leela displayed a level of attention, courtesy, professionalism seldom seen in the hotel industry and that having worked with hundreds of hotels and representatives during his 5 years on the job he had found none better than at The Leela. After spending almost a week at The Leela Palace Goa, the President of India Shri K. R. Narayanan also complimented the Hotel for its outstanding service and environmental achievements. "...You are superb...." says

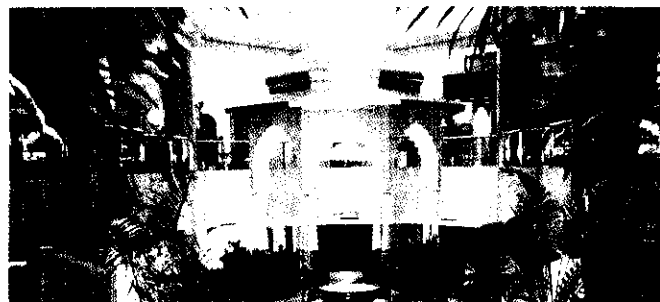
Mr. Steve Solarz, a former U.S. Senator, who stayed at The Leela Palace Goa, for a fortnight during the millennium celebrations.

In the emerging economic scenario, it is essential to reposition your company's market presence as a successful chain of hotels and strive to attend to the needs of the foreign tourists and business travellers during their sojourns in our country. We have hence embarked upon a program to set up hotels in other important destinations and also upgrade the existing operating hotels. With the commissioning of the new hotels at Bangalore and Udaipur, we would be ready to participate and exploit the emerging potential and sustain our position as the market leader. You would be happy to note that our hotels at Mumbai and Goa continue to be market leader in terms of operational performance with the highest revenue per available room. In fact, the Mumbai hotel is regarded as the best performing hotel in the country.

It is important to mention that besides participating in the attractive growth opportunities, your Company's hotels would lead to large direct and indirect employment besides earning substantial foreign exchange from the international travellers. Our new hotels will be an excellent contribution to the development of the tourism infrastructure in the country. On completion of our expansion projects your company will own 1,000 rooms from the existing 573 in operation.

The Leela, Mumbai...

For the 5th time (4th time in a row), the Ministry of Tourism, Government of India, awarded The Leela Mumbai, the prestigious National Tourism Award for being the best Five Star Deluxe Hotel in the Western region for the year 1998-99. In this Award we see recognition of our corporate commitment towards Innovation, Excellence and Perfection, the three ideals, which helps us to set hallmarks for the hospitality industry.



The Leela, Mumbai

The Leela Palace, Goa...

The Leela Palace, Goa after extensive refurbishment, depicts a unique blend of eastern and western culture: imbibing the architectural splendour of the 13th century Vijayanagar Empire Palace and a style reminiscent of 18th century Portuguese architecture. The leisure facilities include a fully equipped spa and fitness centre featuring the traditional Indian Ayurvedic massages, par three 9 hole executive golf course; a Gaming Club bringing the excitement of Russian Roulette, Derby and other games; floodlit tennis courts, water



The Leela Palace, Goa

sports including sail boats and wind surfing, parasailing, jet skis, etc the likes of which have never been seen before in any Indian beach resort. The Leela Palace, Goa continues to be recognised as one of the finest beach resorts in the world and is the only beach resort in India to be honoured as a member of The Leading Hotels of the World. Conde Nast Traveler, the world's most prestigious travel magazine, has put The Leela Palace, Goa on its 1999 hot list of 31 new hotels in the world.

The Leela Palace, Bangalore....

The Leela Palace, Bangalore enjoys a strategic location being closest to the 68 acre International Tech Park at Whitefields and midway between the airport and the midtown area. Bangalore, known as the 'Silicon Valley of India', is one of the top ten technology cities of the world and is the fastest growing IT centre. Leading MNCs like IBM, Novell, Microsoft, Oracle, Sybase, Hewlett-Packard and Digital have all set up their development centres in Bangalore and hence the city is



The Leela Palace, Bangalore

the cynosure of attraction for the IT industry. Bangalore therefore has to necessarily play host to the upmarket business traveller, both domestic and foreign, and therein lies the opportunity for players in the hospitality industry especially those in the Five Star Deluxe Category.

The Leela Palace, Bangalore designed by world class Architects, Interior Designers, Landscape Experts and a host of other distinguished consultants, is at an advanced stage of completion and will be ready to receive guests by the year-end. The Leela Palace, Bangalore would be the most modern hotel of its kind under the Super Deluxe category and in view of our established brand equity, its strategic location and the expected boom in the economy, expects this hotel to perform well from the very outset.

Other Hotel Projects...

Our new resort, The Leela Palace, Udaipur as well as the expansion at The Leela, Mumbai have been delayed. The hotel is expected to be completed by November 2001 and Mumbai expansion would be completed soon thereafter.

Corporate Restructuring...

As you are aware, the last two years have been a challenging and testing period for your company's endurance. Despite the constraints that arose due to the lock-in of a substantial sum with HUDCO in New Delhi, withdrawal of a slated GDR issue and other extraneous factors, the Company has managed to meet the heavy capital outlay committed in new projects. Though this phase impacted the performance adversely, we have prepared ourselves to meet the future with added strength. Your company has embarked on a corporate restructuring and debt-streamlining programme to restore the financial strength and achieve higher profitability.

As part of this plan and in accordance with your approval at the Extra Ordinary General Meeting held on 29th March, 2000, the promoter company - Leela Scottish Lace Limited, has contributed further to the equity of the Company to strengthen the equity base. Leela Scottish Lace Limited could positively meet this onerous call due to its strength of being the largest garment export company in the country. They subscribed to the equity shares at Rs. 31/- per share against the then prevalent market rate of Rs. 22/- per share. Incidentally, Leela Scottish Lace Limited won the prestigious Gold Trophy from the Government of India for being the largest exporter of garments and the Silver Trophy for the highest exports of woven garments for the year 1999.

The arbitration in the HUDCO matter is in progress. We are hopeful that we would receive due justice vindicating the undue losses and constraints faced by the Company. We hope to receive the final awards by December 2000 and receive the sums due to us thereafter.

I am confident that within the next 2 or 3 years from now, when the operations of your new hotels have stabilised, the financial results will meet the expectations of all stakeholders. Your Company will strive, regain and retain position as one of the best performing companies in the country.

Dear Shareholders and friends, your hotel company, that wins recognitions, awards and accolades repeatedly, continues to be the market leader par excellence enjoying the highest RevPAR in the industry. It is therefore just a matter of time before our Company re-emerges as a true blue chip and during this period I look forward to your continued support and understanding.

Further, I thank the Financial Institutions and Banks who have supported us in all our ventures. And last but not the least, I thank all the employees of the Company for their dedication and hardwork which has also contributed to my being bestowed with the Lifetime Achievement Award by the prestigious Skol Club.

Our strategies and goals are clear. With your co-operation, we shall continue to build on our excellence and set more and more hallmarks.

Board of Directors

Capt. C.P. Krishnan Nair
Mr. Vivek Nair
Mr. Dinesh Nair
Mr. Venu Krishnan
Mr. M. Narasimham
Dr. Gunter Berendt
Mrs. Anna Malhotra
Mr. P.J. Fernandes
Mr. Vijay Amritraj
Mr. P.C.D. Nambiar
Air Vice Marshal H.M. Shahul
Mr. R.J. Treasurywala
Mr. Anil Harish
Dr. (Mrs.) Lata Singh
Dr. K.U. Mada

Auditors

Picardo & Co.,
Chartered Accountants

Bankers

State Bank of India
State Bank of Travancore
Bank of Baroda
Global Trust Bank Limited

Solicitors

Kanga & Co.

Registered Office

The Leela,
Sahar, Mumbai - 400 059

19th Annual General Meeting

Date : Wednesday, September 20, 2000
Time : 11.00 a.m.
Venue : Shree Bhaidas Maganlal Sabhagriha,
U-1, Juhu-Vile Parle Development Scheme,
Vile Parle (W), Mumbai - 400 056.

DIRECTORS' PROFILE

1. Capt. C.P. Krishnan Nair is the Chairman of The Leela Group of Companies. He is a distinguished hotelier who has won many laurels for his contribution to the Industry as well for the cause of environment protection. He was the first in the organized sector to set up a unit to produce cotton laces in India with Scottish collaboration - "Leela Scottish Lace Pvt. Ltd." He pioneered the export of fabrics to the US in the late 50s & 60s and was also instrumental in organizing the "Small Exporters Guild" which helped many small exporters.
2. Mr. Vivek Nair, Vice Chairman & Managing Director of the Leela Group is an Arts graduate and has also undergone a post graduate programme in hotel management from Cornell University's School of Hotel Management, New York. He is also the Joint Managing Director of Leela Scottish Lace Ltd.
3. Mr. Dinesh Nair is the Managing Director of Leela Scottish Lace Ltd and is the Joint Managing Director of Hotel Leelaventure Ltd. He was instrumental in ensuring rapid growth in Sales, year after year, transforming Leela Scottish Lace into one of the largest manufacturers and exporters of fashion garments from India to the US.
4. Mrs. Anna Malhotra is a distinguished retired IAS officer and has held important positions in the Government of India, including that of Secretary, Ministry of Education and Chairperson, Jawaharlal Nehru Port Trust, Mumbai - the hi-tech port of India.
5. Mr. M. Narasimham is a highly respected economist of India and has held important positions such as Secretary, Ministry of Finance, Government of India; Governor, Reserve Bank of India; Executive Director, the World Bank; Vice President, Asian Development Bank and Chairman of a committee on Banking Sector Reforms.
6. Mr. Praxy J. Fernandes is a distinguished retired IAS officer and has held important positions in the Government of India including as Secretary, Ministry of Finance.
7. Mr. P.C.D. Nambiar is the former Chairman of State Bank of India.
8. Mr. Vijay Amritraj had been India's Captain of the Davis Cup Team and a renowned international tennis star and now a television entrepreneur.
9. Dr. Gunter Berendt is the former Managing Director of Lufthansa Commercial Holdings and also the former Managing Director of Kempinski Hotels, Germany.
10. Air Vice Marshal H.M. Shahul (Retd.) is the former Chairman of Airports Authority of India.
11. Mr. Anil Harish is a Sr. Advocate & Tax Consultant.
12. Dr. K.U. Mada is a former Executive Director of Industrial Development Bank of India.
13. Dr. (Mrs.) Lata Singh is a distinguished retired I.A.S officer and is the nominee of the Industrial Development Bank of India.
14. Mr. Rustom Treasurywala is Airport Director (IAD, Mumbai) of Airports Authority of India and is its nominee.
15. Mr. Venu Krishnan - Company Executive with specialisation in project implementation, sales and administrative matters for over 25 years.



SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date and Time	20th September, 2000 at 11.00 a.m.
Venue	Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (W), Mumbai - 400 056.

2. Financial Calendar

Financial reporting for Quarter ending June 30, 2000	End of July, 2000
Half Year ending September 30, 2000	End of October, 2000
For the quarter ending December 31, 2000	End of January, 2001
For the year ending March 31, 2001	End of June, 2001
Annual General Meeting for the year ended March 31, 2001	End of September, 2001

3. Dates of Book Closure

6th September, 2000 to 20th September, 2000

4. Registered Office

The Leela, Sahar, Mumbai 400 059

5. Listing on Stock Exchanges at

Mumbai, Ahmedabad, Bangalore, Cochin, Delhi, Mangalore and
National Stock Exchange

6. Stock Market Data

	BSE			NSE		
	High Rs.	Low Rs.	Monthly Volume Nos.	High Rs.	Low Rs.	Monthly Volume Nos.
July-1999	46.95	34.60	53,43,995	45.75	34.75	25,26,850
August-1999	40.25	28.00	30,53,570	41.30	30.25	25,29,250
September-1999	42.50	29.50	13,98,025	44.60	30.15	17,94,000
October-1999	34.80	27.00	4,24,625	34.00	28.25	4,72,550
November-1999	28.70	25.50	2,07,065	29.00	26.05	2,21,550
December-1999	39.90	25.00	4,45,075	38.00	24.90	4,84,900
January-2000	34.70	25.10	1,71,137	34.95	24.60	4,16,700
February-2000	26.60	23.00	1,82,250	26.90	22.15	3,94,200
March-2000	28.55	20.10	2,64,000	27.60	19.15	5,08,050
April-2000	23.70	20.10	24,550	27.00	20.00	2,00,650
May-2000	21.65	18.70	78,590	21.35	18.50	1,53,600
June-2000	32.80	18.45	3,27,435	32.55	18.55	3,39,155

7. Registrar and transfer agents

The Company is having an in house Share Transfer Department which carries out the activities pertaining to Shares, Debentures and Detachable Warrants.

8. Share Transfer System

The Share Certificates are generally processed and returned within 30 days from the date of receipt, so long as the documents are clear in all respects.

The Share Transfer Committee normally meets once in 3 weeks.

9. Investor Relations

The complaints received from the Shareholders during the financial year 1999-2000 have been cleared. The complaints are generally replied within 2 weeks from the date of lodgement with the Company.

10. Distribution of Shareholding as on 31st March, 2000

Slab of Shareholdings	No. of Shareholders	%	Amount in Rs.	%
0 - 5000	46,451	99.57	10,08,89,400	30.82
5001 - 10000	96	0.20	72,25,170	2.21
10001 - 20000	50	0.10	70,54,520	2.16
20001 - 30000	24	0.05	60,34,700	1.84
30001 - 40000	4	0.01	14,25,780	0.44
40001 - 50000	7	0.02	32,79,280	1.00
50001 - 100000	9	0.02	65,91,100	2.01
Above 100000	12	0.03	19,47,98,170	59.52
Total	46,653	100.00	32,72,98,120	100.00

11. According to categories of Shareholders as on 31st March, 2000

Sr. No.	Particulars	No. of Shares	Demat	Total Shares	% of Capital
1.	PROMOTERS	1,40,69,752	--	1,40,69,752*	42.99
2.	DIRECTORS AND THEIR RELATIVES	3,07,099	14,008	3,21,107	0.98
3.	PUBLIC FINANCIAL INSTITUTIONS	7,070	4,54,000	4,61,070	1.41
4.	NATIONALISED BANKS	11,050	18,450	29,500	0.09
5.	MUTUAL FUNDS	18,170	350	18,520	0.06
6.	BODIES CORPORATE (NOT MENTIONED ABOVE)	14,69,471	7,93,109	22,62,580	6.91
7.	FOREIGN HOLDINGS (FIIs/NRIs/OCBs)	29,46,295	3,22,742	32,69,037	9.99
8.	RESIDENT INDIVIDUALS	88,32,575	32,14,061	1,20,46,636	36.80
9.	DEMAT SHARES (IN TRANSIT)	2,51,610	--	2,51,610	0.77
	TOTAL	2,79,13,092	48,16,720	3,27,29,812	100.00

* The holding of the Promoters have gone upto 3,77,47,152 shares on account of issue of shares on a preferential basis made during the year 2000-2001, pursuant to approval by the shareholders at the Extra-Ordinary General Meeting held on 29th March, 2000.

12. Dematerialisation of shares

As per SEBI Notification the Company's shares are compulsorily traded in dematerialised form with effect from 26th June, 2000. Arrangements have been made with NSDL and CDSL for dematerialising the shares. The shareholders are advised to dematerialise the shares.

13. Investor correspondence

Mr. A.V. Potdar,
Hotel Leclaventure Limited
The Lecla,
Sahar,
Mumbai 400 059



CORPORATE GOVERNANCE

The Hotel is committed to transparency in all its dealings and to provide better services and places uncompromising emphasis on integrity and regulatory compliance. The basic philosophy of corporate governance in the Hotel is to enhance shareholder value keeping in view the needs and interests of other stakeholders.

Board of Directors : The Board is headed by the Chairman Capt. C.P.K. Nair and consists of illuminaries and personalities with exceptional protocol expertise and experience in diversified fields of specialisation. Industrial Development Bank of India has nominated Mrs. Lata Singh and Airports Authority of India has nominated Mr. R.J. Treasurywala on the Board of the Company. All Directors except Mr. Vivek Nair - Vice Chairman & Managing Director, Mr. Dinesh Nair - Joint Managing Director, and Mr. Venukrishnan - Executive Director, are Non-Executive Directors. Mr. Venukrishnan was appointed as Executive Director during the year 1999-2000.

Board Meeting : During the year under review, 10 Board Meetings were held, i.e. on 1st June, 1999, 29th June, 1999, 31st July, 1999, 31st August, 1999, 30th September, 1999, 23rd October, 1999, 23rd December, 1999, 29th January, 2000, 18th February, 2000 and 29th March, 2000.

Details of attendance of each of the Directors at the Board Meetings are as under :

S. No.	Name of the Director	No. of Meetings attended.
1.	Capt. C.P. Krishnan Nair Chairman	10
2.	Mr. Vivek Nair Vice Chairman & M.D.	9
3.	Mr. Dinesh Nair Jt. Managing Director	9
4.	Mr. Venu Krishnan Executive Director	3
5.	Mrs. Anna Malhotra Director	9
6.	Dr. (Mrs.) Lata Singh "	7
7.	Ms. Thangam Philip "	4
8.	Mr. M. Narasimham "	3
9.	Mr. P.J. Fernandes "	3
10.	Mr. P.C.D. Nambiar "	6
11.	Air Vice Marshal H.M. Shahul "	6
12.	Mr. Anil Harish "	5
13.	Mr. R.J. Treasurywala "	9
14.	Mr. T. Ramesh Babu "	7
15.	Dr. K.U. Mada "	9
16.	Dr. Gunter Berendt "	0
17.	Mr. Vijay Amritraj "	2

Ms. Thangam Philip resigned from the Board on 1st November, 1999.

Mr. Ramesh Babu's nomination has been withdrawn by the Industrial Finance Corporation of India Limited from 7th March, 2000.

Dr. K.U. Mada was appointed as a Director with effect from 29th January, 2000.

The last Annual General Meeting held on 30th September, 1999 was attended by all the Directors other than Dr. Gunter Berendt and Mr. M.Narasimham and the Extra-ordinary General Meeting held on 29th March, 2000 was attended by all the Directors other than Dr. Gunter Berendt, Mr. Vijay Amritraj, Mr. M. Narasimham, Mr. P.J. Fernandes and Dr. K.U. Mada.

Hotel Leelaventure Limited

Audit Committee of Directors

The Board has constituted Committee of Directors to deal with matters which need quick decision and timely monitoring of the activities falling within their terms of reference. This Committee met 2 times during the financial year. The members of audit committee of Directors are as follows :-

1. Mr. P.C.D. Nambiar
2. Mr. M. Narasimham
3. Dr. K.U. Mada
4. Mr. Vivek Nair
5. Dr. (Mrs.) Lata Singh
6. Mr. Anil Harish
7. Mrs. Anna Malhotra

Members of Share Transfer Committee

The Share Committee approves and monitors transfer / transmission / splitting and consolidation of shares and bonds issued by the bank. This Committee met 18 times during the financial year. The members of Share Transfer Committee are :-

1. Capt. C.P. Krishnan Nair.
2. Mr. Vivek Nair.
3. Mr. Dinesh Nair
4. Mr. P.C.D. Nambiar

Committee of Directors for Capital Issues

The Capital Issues Committee implements the decision of the Board with regard to issue of shares, debentures and warrants. This Committee met 2 times during the financial year. The members of the Committee of Directors for Capital Issues are as under:-

1. Capt. C.P. Krishnan Nair.
2. Mr. Vivek Nair
3. Mr. Dinesh Nair
4. Mrs. Anna Malhotra