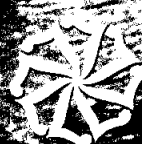


Restoring the Island City's greenery

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HOTEL LEE LAVENTURE LIMITED

Annual report 2001 - 2002

**Our Earth
Our Future**



JUST SAVE IT!

*The Leela
Recipient of
The Global 500
Roll of Honour*

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

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's Statement

Dear Shareholders and Friends,

It gives me great pleasure to welcome you all to the 21st Annual General Meeting of your Company.

The year 2001-02 started off on a positive note. The World Bank report retained India as the 4th largest economy in the world after the United States, China & Japan. With our economy growing at 5-6% per year we had every reason to rejoice and look forward to an exciting year ahead. Our Economic policies, triggered by a liberalisation process duly supported by far reaching reforms, were beginning to bear fruit.

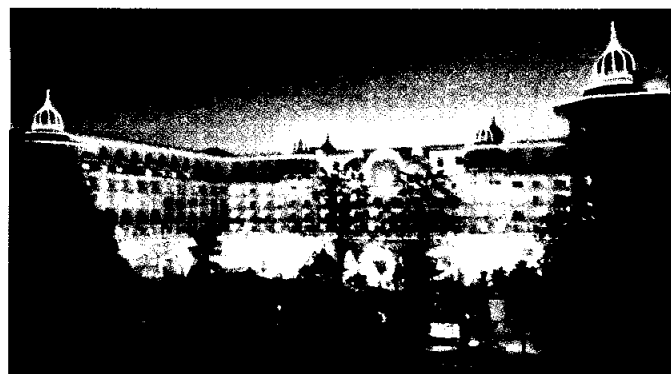
Hospitality Industry

The September 11, 2001 attack on U.S.A was a harbinger of colossal setbacks for our industry. It set in motion a spate of calamities some natural, some man-made; the earthquake in Gujarat, the attack on India's Parliament, the ban by Travel Advisories further complicated the situation. On account of the substantial reduction in the flow of tourists into the country the Hotel industry has been reeling under a crisis with plummeting levels in both occupancy and room rates. Efforts of the Central and the various State Governments to support the industry with lower tax rates could not placate the declining trend.

Your Company

Your Company, while going through the difficult situation, managed to achieve substantial completion of The Leela Palace Bangalore and put it into commercial operations.

The Leela Palace Bangalore is a monumental icon of grandeur and has already won acclaim from **Forbes** as **one of the world's 8 best new business hotels of 2001**. The Hotel also won the **PATA Gold Award** for Excellence in Launch Advertising. It's strategic location close to the IT park at Whitefields and proximity to both the airport and the mid-town area, will ensure that this architectural marvel will contribute handsomely to the prosperity of your company in the years to come.



The Leela Palace, Bangalore

The Leela, Mumbai added one more feather to its cap by winning the **PATA Gold Award** for Excellence in Corporate Environmental Programme. Though several new hotels have come up in our vicinity, we retain our uniqueness as a eco-friendly garden hotel in the Mumbai city; and the exemplary personalised service sets us apart and therefore finds favour with our patrons.

The Leela Palace Goa, one of the best luxury Beach Resort, also won a PATA Gold award.

The Leela Galleries at Mumbai and Bangalore have started generating good interest in the depressed market. The rental income from the Galleries will go to strengthen the top and bottom lines of your Company in the years to come. These commercial complexes are likely to be fully functional shortly.

The Leela Business Park - an upmarket Commercial Complex, under development on the land on Andheri-Kurla Road would be completed before the end of year 2003 and the proceeds from the disposal of the constructed areas would go towards substantial reduction of the debt-burden of your company.



The Leela, Mumbai



The Leela Palace, Goa

Financial Restructuring

The current business era is dynamic and fast changing. The parameters of business changes fast. We hence need to adjust our financial profile to suit the situation. The first phase of financial restructuring helped lower the financial costs drastically and rationalised our profile to a large extent. In order to further strengthen the financial capabilities, we have now embarked on the next phase of corporate and financial restructuring.

As a part of the corporate restructuring plan and to fulfil the commitments given to company's lenders, it has been proposed to amalgamate the subsidiary company, Leela Hotels Limited, with your company w.e.f. April, 2002.

The financial performance of The Leela Palace Goa vastly depends on foreign leisure tourists from the Europe and the USA. While the quantum of foreign travellers visiting our country remain almost stagnant, the competition is growing as more hotels have now been set up. In order to ease the financial stress on your Company and to enable the management of The Leela Palace Goa as an independent resort unit, it has been proposed to hive-off this Unit to our Subsidiary Company, Amin Group Hotel Limited or any other interested party. This step will help to reduce the debt burden of your company which in turn will improve the profitability of your company.

Necessary steps are being initiated to obtain members' approval to the above as per applicable provisions of the law. I am sure these will receive your whole hearted support as and when the same is brought before you for approval.

You may also be aware that the Award in the arbitration with HUDCO has been pronounced in our favour on June 25, 2002 and the proceeds thereof would be essentially utilized towards reduction of the debt-burden, in deference with the stipulations of the lenders, and this would improve the profitability of your company.



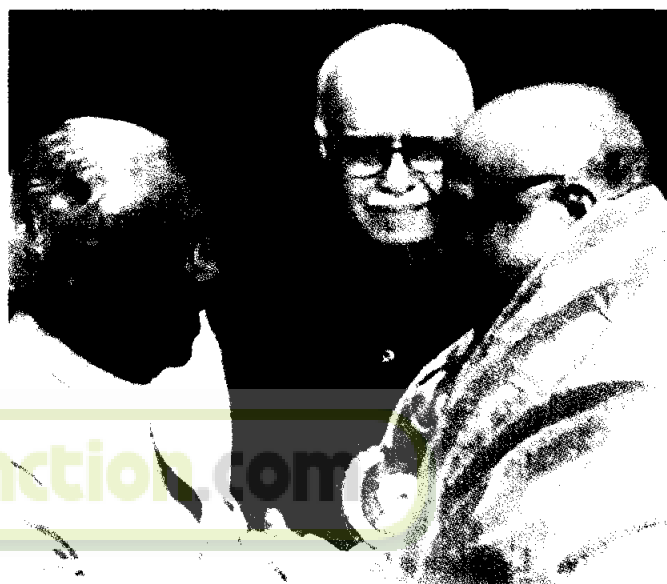
Capt. C. P. Krishnan Nair, Chairman, Leela Palaces & Resorts flanked by Peter De Jong - President & CEO, PATA (R) and Joao Costa Antunes, Macau Govt(L) after receiving the PATA Gold Award 2002

To conclude...

Though in the short-term the outlook for the industry appears bleak due to a significant oversupply and adverse socio-economic conditions, in the long-term the hotel industry in India has latent potential for growth. In our favour, is the fact that progressive economic policies have been set in motion and India is the only country that offers the most diverse topography and the best constructed retreats to the discerning foreign traveller. With improvement in infrastructure soon becoming a reality, the hotel industry will have a lot to smile in the years to come.

I have always believed that we have to give back to nature more than we take from it. It was therefore an honour for me to be chosen to receive the **Maharana Udai Singh National Award**, on 14th August 2002, on your behalf, for distinguished services in the field of Environment.

I also felt humbled when I was chosen to receive the **V P Menon Award** (for achievement in industry) from the hands of the President of India, Shri K R Narayanan in the presence of the Deputy Prime Minister, Shri L K Advani at a glittering function held in New Delhi on July 10, 2002. I am pleased to assert that these recognitions would not have come without your ardent support.



Capt. C. P. Krishnan Nair, Chairman, Leela Palaces & Resorts being felicitated by His Excellency President K. R. Narayanan in the Presence of Deputy Prime Minister, L. K. Advani.

My heartfelt thanks to all the Financial Institutions and Banks, HDFC Ltd., Shareholders and all stakeholders, and all who have supported and stood by us during these testing times.

And last but not the least, my heartfelt thanks for the vibrant people who work for our company without whose unstinted support and co-operation it would not have been possible to wade through our most difficult year. I am sure we will build on our strengths and re-emerge as a true blue chip in times to come. This is a time to rededicate ourselves in our Corporate commitment towards Innovation, Excellence and Perfection.

Board of Directors

Capt. C. P. Krishnan Nair
Mr. Vivek Nair
Mr. Dinesh Nair
Mr. Venu Krishnan
Mr. R. Venkatachalam
Mr. Vijay Amritraj
Mr. P.C.D. Nambiar
Mrs. Anna Malhotra
Air Vice Marshal H.M. Shahul
Mr. Anil Harish
Dr. (Mrs.) Lata Singh
Dr. K.U. Mada
Mrs. Madhu Nair
Mr. Sudhir Kumar

Auditors

Picardo & Co.
Chartered Accountants

Bankers

State Bank of India
Global Trust Bank Limited
Bank of Baroda

Solicitors

Kanga & Co.

Registered Office

The Leela,
Sahar, Mumbai – 400 059

21st Annual General Meeting

Date : Monday, September 23, 2002
Time : 11.00 a.m.
Venue : Shree Bhaidas Maganlal Sabhagriha
U-1, Juhu-Vile Parle Development Scheme
Vile Parle (W), Mumbai – 400 056

Hotel Leelaventure Limited

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the Members of Hotel Leelaventure Limited will be held at Shree Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (W), Mumbai 400 056 on Monday, 23rd September, 2002 at 11.00 a.m. to transact the following business :-

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors.
2. To confirm the payment of interim dividend on cumulative redeemable preference shares as final dividend.
3. To appoint a Director in place of Capt. C.P. Krishnan Nair who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay Amritraj who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr. P.C.D. Nambiar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors of the Company from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

7. To consider and if thought fit, to pass with or without modification, as an Ordinary Resolution, the following :-
"RESOLVED THAT Mrs. Madhu Nair, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board of Directors
For **HOTEL LEELAVENTURE LIMITED**

Mumbai
Date : 31st July, 2002

V.S. Satyamoorthy
Assistant Company Secretary

Registered Office :
Hotel Leelaventure Limited
The Leela, Sahar, Mumbai - 400 059

NOTES FOR MEMBERS' ATTENTION :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 12th September, 2002 to 23rd September, 2002 (both days inclusive).
3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
4. The instrument appointing Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
5. All members who have either not received or have not encashed their dividend warrants for the financial years 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000 and 2000-01 are requested to write to the Company's share department at the aforesaid address, mentioning the relevant Folio No(s). or the depository account number(s), for issuance of duplicate / revalidated dividend warrant(s).
6. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith the relevant share certificates to the Company.
7. Members holding shares in the physical form are requested to promptly notify any changes in their addresses/bank account details to the Company. Members holding shares in the dematerialised form are requested to notify the aforesaid changes to their depository participant(s) where they hold their depository account.
8. Members who would like to ask any question on the Accounts are requested to send their questions to the Registered Office of the Company atleast 10 days before the Annual General Meeting in order to enable the Company to answer the questions satisfactorily.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 7

Mrs. Madhu Nair was appointed as an Additional Director of the Company on 28th September, 2001 by the Board of Directors of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 121 of the Articles of Association of the Company. Mrs. Madhu Nair possesses wide and varied experience in the field of Interior Design and Project Co-ordination. She has been instrumental in completion of various ongoing projects of the Company.

Mrs. Madhu Nair will hold office till the ensuing Annual General Meeting. Her candidature for Directorship of the Company has been proposed by a shareholder pursuant to Section 257 of the Companies Act 1956 alongwith a deposit of Rs. 500/-.

It is proposed to appoint Mrs. Madhu Nair as a Director of the Company subject to the approval of the Members. Capt. C.P. Krishnan Nair,

Mr. Vivek Nair, Mr. Dinesh Nair and Mrs. Madhu Nair are related to each other and are deemed to be interested in the Resolution under No.7 of the Notice.

None of the other Directors is in anyway concerned or interested in the above Resolution.

By order of the Board of Directors
For **HOTEL LEELAVENTURE LIMITED**

Mumbai
Date : 31st July, 2002

V.S. Satyamoorthy
Assistant Company Secretary

Registered Office :
Hotel Leelaventure Limited
The Leela, Sahar,
Mumbai - 400 059

Hotel Leelaventure Limited



Details of the Directors seeking appointment/ re-appointment in the Forthcoming Annual General Meeting.

(In pursuance of Clause 49 [VII][A] of the Listing Agreement)

Name of the Director	Capt. C.P. Krishnan Nair	Mr. Vijay Amritraj	Mr. P.C.D. Nambiar	Mrs. Madhu Nair
Date of Birth	01/04/1923	14/12/1953	14/12/1922	01/11/1961
Date of Appointment	29/10/1982	03/08/1983	26/09/1986	28/09/2001
Expertise in specific functional areas	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 development of India's Tourism and Hotel Industry as well for the cause of environment protection. He is also a recipient of the prestigious United Nations Environment Program Award-The Global 500 Roll of Honour for the world wide Environment Movement. He has also received the V.P. Menon Award for his achievement as Industrialist, hotelier and environmentalist. He was the first in the organized sector to set up a unit to produce cotton laces in India with Scottish collaborations and a pioneer in export of garments to U.S.A.	Mr. Vijay Amritraj had been India's Captain of the Davis Cup Team and a renowned international tennis star and now a television entrepreneur. He was also appointed as an ambassador of Peace by U.N. Secretary General, KOFI ANNAN	Ex-Chairman of State Bank of India and its 7 Associate Banks for over 5 years & 6 months. Vast experience and knowledge of National & International banking & finance, counting a service of about 39 years in the Imperial Bank of India/ State Bank of India.	Mrs. Madhu Nair joined the Board in September, 2001 and possesses wide and varied experiences in the field of Interior Design and Project Co-ordination for about 15 years.
Qualifications	Matriculate	B.Com. - University of Madras, D.Lit. (Hons.)	M.A. (Hons.) C.A.I.I.B.	B.A. (Hons.) Sociology
Directorships held in other companies	Chairman of the following companies. 1. Leela Scottish Lace Pvt. Ltd. 2. Leela Capital & Finance Ltd. 3. Vision Hotels & Resorts Limited 4. Amin Group Hotel Limited	Director of the following companies. 1. Lam Sports Group. 2. First Serve Entertainment. 3. The Indiabridge.Com 4. Deccan Aviation.	Chairman of the following companies. 1. The Western India Plywoods Ltd. 2. Raibmann Investment & Finance Pvt. Ltd.	Director of the following companies. 1. Leela Scottish Lace Pvt. Ltd. 2. PSPL Polymers Pvt. Ltd.
	Director of the following companies. 1. Leela International Ltd. 2. Leela Hotels Limited 3. Leela Fashions Pvt. Ltd. 4. Aushim Soft Pvt. Ltd. 5. Leela Soft Pvt. Ltd. 6. Mumbai International Convention and Exhibition Centre Ltd.	NIL	Director of the following cos. 1. Beardsell Ltd. 2. Carrier Aircon Ltd. 3. Harrisons Malayalam Ltd. 4. Namtech Electronic Devices Ltd. 5. Pierce Leslie India Ltd. 6. Reliance Chemotex Industries Ltd. 7. Spencer & Co. Ltd.	NIL
Committee positions held in other Companies.	NIL	NIL	1. Carrier Aircon Ltd. (Chairman - Audit Committee) 2. Harrisons Malayalam Ltd. (Member - Audit Committee) 3. Spencer & Co. Ltd. (Chairman - Audit Committee) 4. The Western India Plywoods Ltd. (Chairman - Audit Committee) 5. Namtech Electronic Devices Ltd. (Member - Audit Committee).	NIL

Hotel Leelaventure Limited

DIRECTORS' REPORT

To the Members,

1. Your Directors have pleasure in presenting the Twenty First Annual Report and audited statement of accounts for the year ended 31st March, 2002 together with the Auditors' report thereon.

2. **Financial Results**

	(Rupees in crores)	
	Year ended 31.03.2002	Year ended 31.03.2001
Revenue	100.57	136.28
Profit before interest, depreciation & taxes	33.19	57.36
Less: Interest	15.42	20.11
Profit before depreciation & taxes	17.77	37.25
Less: Depreciation (net)	15.50	19.17
Less: Loss on assets sold	0.11	0.32
Less: Miscellaneous expenditure written off	0.84	0.85
Less: Provision for taxation	0.17	1.48
Net profit	1.15	15.43
Add / (Less) : Prior Period Adjustment	(0.02)	0.10
Add / (Less) : Extraordinary Expenditure	(3.71)	—
Add: Profit brought forward	0.46	2.48
Transfer from :-		
Forex Earnings Reserve	7.75	4.00
Debenture Redemption Reserve	8.18	5.00
Profit available for appropriation	13.81	27.01
Transfer to		
Debenture Redemption Reserve	12.47	11.18
Forex Earnings Reserve	—	7.75
Dividends		
Cumulative Redeemable Preference Shares	1.33	4.14
Equity Shares	—	2.77
Tax on Dividends	—	0.71
Net Profit carried forward	0.01	0.46

3. **Cumulative Redeemable Preference Shares**

During the year, the Company issued Preference Shares for Rs.58.25 crores, of which preference shares for Rs.45 crores were issued to the Holding Company, Leela Scottish Lace Private Limited. The Company also redeemed Preference Shares aggregating Rs.15.10 crores.

4. **Dividend on Cumulative Redeemable Preference Shares**

The Company declared an Interim Dividend of Rs.1.33 crores at the contracted coupon rates on the Cumulative Redeemable Preference Shares for the year. The Board recommends the Interim Dividend as the final dividend.

5. **Dividend on Equity Shares**

In view of the adverse business situation and inadequacy of profits, your Directors do not recommend any dividend on Equity Shares for the year ended 31st March, 2002.

6. **Operations**

The total revenue of the Company for the year ended 31st March, 2002 was Rs.100.57 crores as against Rs.136.28 crores for the previous year.

During the year 2001-02, the total revenue of The Leela Palace Goa was Rs.23.27 crores (previous year Rs.28.42 crores). The total revenue of The Leela Mumbai was Rs.77.30 crores (previous year Rs.107.86 crores).

The performance of the Company was very adversely affected during the year under review. The September 11 terrorist strike on the USA followed by the Afghan War actually accentuated an already difficult situation which had been persisting due to **Global recession**. The subsequent terrorist attack on our Parliament on December 13, the scare of plague in January and the communal clashes during February severely impeded the flow of foreign business and leisure traffic to our country. The adverse situation compounded with increase in supply with the opening of new hotels in the vicinity of The Leela Mumbai saw tariff rates plummeting as a result of low occupancy rates and price war.

Hotel Leelaventure Limited



In this context, the Company implemented various measures to cut costs and economise on its cost of operations. During the year, the Company also carried out further financial debt restructuring measures which helped to streamline its financial obligations and reduce cost.

7. Projects under Implementation

The Leela Palace Bangalore which had its soft launch on July 15, 2001 started commercial operation during the first quarter of the year 2002-03 with 127 guest rooms and related facilities. The rest of the rooms and facilities are expected to be operational by September 2002. Thus, the entire hotel will be in full-fledged operations by December 2002.

The Company's property division known as the "Realty Division" has completed two commercial complexes at Mumbai and Bangalore known as The Leela Galleria Mumbai and The Leela Galleria Bangalore. During the year, the Company handed over the completed areas.

The Realty Division has also undertaken a joint venture with HDFC Limited and the Rahejas for development of the land owned by the Company on Andheri-Kurla Road, Mumbai. The project known as "The Leela Business Park" is under progress and is expected to be completed by December 2003. The proceeds from the disposal of the constructed areas would assist in further reduction of the Company's debt.

8. Awards

The Leela Palace Goa has again for the second consecutive year, won acclaim as "Asia-Pacific's Leading Resort" by receiving the prestigious Millennium World Travel Award.

The Leela Palace Bangalore rightly earned its place of glory by being the first Indian hotel to get rated, by no less than Forbes, as one of the world's 8 best new business hotels of 2001.

Our Hotels won three PATA Gold Awards under different categories :

The Leela Mumbai : for Corporate Environmental Programme

The Leela Palace Bangalore : for Best Travel Advertising

The Leela Palace Goa : for Best National Marketing Programme .

9. Subsidiaries

a) Leela Hotels Limited

The long-awaited Award in the arbitration with HUDCO was finally announced on June 25, 2002. The Company has been entitled to receive the premium paid for the land and the amount paid towards ground rent together with interest thereon.

As the Company could not accomplish the object for which it was formed, the Board of Directors of both the companies have recommended amalgamation of Leela Hotels Limited with Hotel Leelaventure Limited.

b) Vision Hotels & Resorts Limited (VHRL)

VHRL, a wholly-owned subsidiary of your Company, is implementing a hotel project with 91 rooms at Udaipur. A part of the civil work has been completed.

c) Amin Group Hotel Limited (AGHL)

As part of the Corporate Restructuring Plan to strengthen the financial capability of the Company, the Board of Directors had on February 10, 2002 resolved to dispose of the hotel unit situated at Mobor, Cavelossim Village, Salcete, known as The Leela Palace Goa to this subsidiary company as a going concern. The Company has planned to seek the approval of the shareholders by Postal Ballot.

10. Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report is appended.

11. Directorate

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, three of your Directors, namely, Capt. C.P. Krishnan Nair, Mr. Vijay Amritraj and Mr. P.C.D. Nambiar retire by rotation and being eligible offer themselves for re-appointment.

Mrs. Madhu Nair was appointed as an Additional Director by the Board of Directors at its meeting held on September 28, 2001. Mrs. Madhu Nair holds office of Directorship till the date of ensuing Annual General Meeting. The Company has received a notice from a Shareholder under Section 257 of the Companies Act, 1956 together with the prescribed deposit proposing her appointment on the Board. The Board recommends her appointment.

During the current year Airports Authority of India has nominated Mr. Sudhir Kumar on the Board of your Company in place of Mr. R.J. Treasurywala. The Board wishes to place on record its high appreciation for the significant and valuable services rendered by Mr. R.J. Treasurywala during his tenure.

During the current year, for reasons of health, Dr. Gunter Berendt resigned from the Board. The Board records its deep appreciation for his significant contribution to the development of the Company over the years.

12. Auditors

M/s. Picardo & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

Hotel Leelaventure Limited

13. Particulars of Employees

Information in accordance with Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended 31st March, 2002 is given in the Annexure to the report.

14. Corporate Governance

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended together with Auditors' Certificate on Corporate Governance.

15. Directors' Responsibility Statement :

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- i. In the preparation of the annual accounts the applicable accounting standards had been followed alongwith proper explanation relating to material departure;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgements 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 31st March, 2002 and of the profit of the Company for the year ended 31st March, 2002;
- iii. The Directors had 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;
- iv. The Directors had prepared the annual accounts on a going concern basis.

16. Additional information required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988

(a) Conservation of Energy :-

Energy conservation efforts in the Company are being pursued on a continuous basis. Close monitoring of power consumption is maintained to minimise wastage and facilitate optimum utilisation of energy. Regular maintenance and repairs of all the equipment and machinery are carried out to ensure optimum efficiency.

The Company has installed energy-saving lights and lamps in the public areas and in the guest rooms and also installed energy saving water pumps to reduce power consumption at all its hotels.

The Company has also started generating and using solar power to optimise power consumption. The Company also uses recycled waste water for landscaping for conserving the precious natural resource.

(b) Technology Absorption :-

The Company is in the hospitality industry. Though its activities as such do not involve any technology absorption or expenditure on Research and Development, the Company sets the best possible norms in its business and take all out efforts to adhere to the norms so set.

(c) Foreign Exchange Earnings and Outgo :-

During the year, your Company's Foreign Exchange Earnings were Rs 60.75 crores whereas the outgo was only Rs 0.99 crores. The Company is thus a net contributor of foreign exchange.

17. Acknowledgements

Your Directors wish to place on record their appreciation for the co-operation the Company has received from the Government of India, especially the Department of Tourism, the Airports Authority of India, All-India Financial Institutions, Banks, State Governments of Maharashtra, Goa, Karnataka, Rajasthan and Delhi and The Kempinski Group of Hotels.

The Board of Directors also express their sincere thanks to the shareholders for their support and the confidence reposed by them in the Company.

Your Directors wish to place on record their sense of appreciation of the good work put in by the executives and staff at all levels in the Company.

For and on behalf of the Board of Directors
HOTEL LEEVAVENTURE LIMITED,

Mumbai
Date : July 31, 2002

Capt. C.P. Krishnan Nair
Chairman