

ANNUAL REPORT 1996-97



GOA
RENAISSANCE RAMADA HOTELS (INDIA) LIMITED
RESORT





RAMADA HOTELS (INDIA) LIMITED

BOARD OF DIRECTORS (as on 14th August, 1997)	Mr. Sunder G. Advani	(Chairman & Managing Director)
	Mr. Nihal S. Samarasinha	(Appointed by Ramada U.K. Ltd.)
	Mr. D. M. Harish	
	Mr. K. Raghavan	(Nominee of IDBI)
	Mr. T. C. A. Ramanujam	(Nominee of IFCI)
	Mr. Prakash V. Mehta	
	Mrs. Menaka S. Advani	
	Mr. Hareesh G. Advani	(Executive Director)

COMPANY SECRETARY Mr. Dara N. Vania

AUDITORS Messrs. J. G. Verma & Co. Chartered Accountants

SOLICITORS Messrs. Malvi Ranchhoddas & Co.

BANKERS Bank of Baroda
Bank of India

REGISTERED OFFICE 305, Maker Chambers V,
Nariman Point,
Mumbai - 400 021.

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

LOCATION OF RESORT Colva Beach,
Varca Village,
Margao, Dist. Salcette,
Goa.

CONTENTS

Notice	2
Directors' Report	8
Auditors' Report	11
Balance Sheet	14
Profit and Loss Account	15
Schedules to Balance Sheet	16
Schedules to Profit and Loss Account	20
Schedules to Accounts (Significant Accounting Policies & Notes on Accounts)	22
Balance Sheet Abstract & Company's General Business Profile	26
Cash Flow Statement	27



RAMADA HOTELS (INDIA) LIMITED

Notice

Notice is hereby given that the TENTH Annual General Meeting of the Members of **RAMADA HOTELS (INDIA) LIMITED** will be held as under :

DAY : **SATURDAY**
DATE : **27TH SEPTEMBER, 1997**
TIME : **4.00 P.M.**
VENUE : **KAMALNAYAN BAJAJ HALL,**
BAJAJ BHAWAN,
226, NARIMAN POINT,
MUMBAI - 400 021.

to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 1997 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. D. M. Harish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Nihal S. Samarasingha who is retiring by rotation at this meeting and though eligible for re-appointment has not offered himself for re-appointment and this meeting expressly resolves that the vacancy so created shall not be filled up at this stage."

6. **INCREASE OF AUTHORISED SHARE CAPITAL**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the authorised share capital of the Company be and is hereby increased from Rs. 20 crores (Rupees Twenty crores) divided into 1,99,50,000 (One Crore Ninety Nine Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Cumulative Convertible Preference Shares of Rs. 10/- (Rupees Ten) each to Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 1,99,50,000/- (One Crore Ninety Nine Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,50,000 (Fifty Lakhs & Fifty Thousand) Preference Shares of Rs. 10/- (Rupees Ten) each by addition of 50,00,000 (Fifty Lakhs) Preference Shares of Rs. 10/- (Rupees Ten) each, ranking pari passu in all respects with the existing Shares of the Company, and that the relevant provisions of the Memorandum and Articles of Association of the Company be altered accordingly.

7. **ALTERATION OF THE MEMORANDUM OF ASSOCIATION**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by deleting the same and substituting in its place the following as new Clause V :

V. The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 1,99,50,000 (One Crore Ninety Nine Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees ten) each and 50,50,000 (Fifty Lakhs & Fifty Thousand) Preference Shares of Rs. 10/- (Rupees ten) each, with the power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the

Company and to vary, modify, amalgamate or abrogate any such rights privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company”.

8. ALTERATION OF THE ARTICLES OF ASSOCIATION

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution :

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and are hereby altered by deleting there from the existing Clause 3(a) and substituting in its place the following new Clause 3(a) :

3(a) The Authorised Share Capital of the company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 1,99,50,000 (One Crore Ninety Nine Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,50,000 (Fifty Lakhs & Fifty Thousand) Preference Shares of Rs. 10/- (Rupees Ten) each with the power to increase or reduce the capital of the company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company”.

9. CREATION OF CHARGES

To consider and, if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION the following :—

“RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Company be and it is hereby accorded to the Board of Directors of the Company to mortgage and/or charge all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or confer power to enter upon and take possession of the assets of the Company in certain events to or in favour of the following, namely :

1. Industrial Development Bank of India (IDBI);
2. The Industrial Finance Corporation of India Limited (IFCI);
3. The Industrial Credit and Investment Corporation of India Limited (ICICI);
4. Tourism Finance Corporation of India Ltd. (TFCI);
5. Bank of Baroda (BOB);
6. Bank of India (BOI);

“RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors be and are hereby confirmed and ratified”.

10. FURTHER ISSUE OF SHARES

To consider and, if thought fit, to pass with or without modification, as a SPECIAL RESOLUTION the following:—

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, permissions and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board to issue and allot Preference Shares of Rs. 10/- each of an aggregate amount not exceeding Rs. 5 crores (Rupees Five Crores Only) to Overseas Corporate Bodies, Foreign Institutional Investors, Banks, Financial Institutions, Unit Trust of India, Mutual Funds, Companies, other entities and to such other persons through public issue, rights issue, private placement or preferential allotment or reservations or any one or more or a combination of the above modes, methods or otherwise as may be decided by the Board and permitted by the appropriate authorities or as may be permissible under any guidelines issued or may be issued by any authorities and at such times and/or such terms as the Board may in its sole discretion think fit”.

11. To consider and, if thought fit, to pass with or without modification, as an ORDINARY RESOLUTION the following :—

“RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, consent of the Company is hereby accorded to the proposed transfer of the Company's undertaking comprising the Flight



RAMADA HOTELS (INDIA) LIMITED

Kitchen by way of sale, lease or any other appropriate mode to a joint venture to be established by the Company with a foreign/Indian entity on such terms and conditions as the Board may deem fit".

12. To consider and, if thought fit, to pass, with or without modification(s) the following as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and it is hereby accorded to the Board to keep the Register of Members together with the Index of Members and Copies of all Annual Returns prepared under Sections 159 and 160 of the Companies Act, 1956 and also the copies of the Certificates and Documents required to be annexed thereto under Sections 160 and 161 of the Companies Act, 1956 with M/s. Datamatics Financial Services Limited, the Registrars and Share Transfer Agents of the Company at their office at Plot No. A, 16 & 17 MIDC, Part B Cross Lane, Marol, Andheri (East), Mumbai 400 093, instead of at the Registered Office of the Company, with effect from 1st August, 1997".

13. To consider and, if thought fit, to pass, with or without modification, as an Ordinary Resolution the following :

"RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby subject to the approval of the Central Government waive the recovery of the remuneration paid by the Company to the following Directors of the Company, for the financial year ended March 31, 1997 in excess of the limits prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 :

(a) Rs. 9,49,602/- paid to Mr. Sunder G. Advani, Chairman & Managing Director;

(b) Rs. 7,47,208/- paid to Mr. Haresh G. Advani, Executive Director;

By Order of the Board of Directors

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DARA N. VANIA
Company Secretary

Mumbai,
14th August, 1997

Registered Office :

305, Maker Chambers V,
Nariman Point,
Mumbai - 400 021.

Notes

1. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received by the Company as its Registered Office at least 48 hours before the meeting.
3. Dividend when declared will be made payable on and from 1st November, 1997, to those shareholders whose names appear on the Register of Members as on 27th September, 1997.
4. An Explanatory Statement, as required by the provisions of Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out above, is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 11th September, 1997 to Saturday, 27th September, 1997 (both days inclusive).
6. Shareholders are requested to bring their copy of the Annual Report.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. Shareholders seeking any clarification/explanation on any point pertaining to this Annual Report are kindly requested to submit their queries at the Registered Office of the Company at least 7 days in advance.

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

ITEM NO. 5

Mr. Nihal S. Samarasinha, a Director appointed by Ramada (U.K.) Ltd., retires by rotation at this meeting and being eligible for reappointment has not offered himself for reappointment since he is no longer in employment with Ramada (U.K.) Ltd. and it has also been decided not to fill in this vacancy so created at this stage.

The Directors commend this Resolution for your approval.

ITEM NO. 6

Pursuant to the Resolution for the issue of Preference Shares not exceeding Rs. 5 crores for the purpose of funding hotel projects that the Company may take up in the future, it has become necessary that the Authorised Share Capital of the Company be increased. The present Authorised Share Capital of Rs. 20 crores includes only 50,000 Cumulative Convertible Preference Shares which is quite insufficient for the purpose. It is, therefore, considered necessary by your Directors to increase the Authorised Capital of the Company from Rs. 20 crores to Rs. 25 crores subject to your consent and approval under the provisions of the Companies Act, 1956. The Board of Directors of your Company recommends the Resolution for your approval.

A copy of the Memorandum and Articles of Association is open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and other Bank holidays between 11.00 hours and 13.00 hours, upto the date of the Annual General Meeting.

None of the Directors is in any manner concerned or interested in the Resolution.

ITEM NOS. 7 & 8

Consequent upon the proposed increase in the Authorised Share Capital of the Company, the provisions of Capital Clause as contained in the Memorandum of Association and in the Articles of Association of the Company are accordingly proposed to be altered. The Board of Directors of your Company recommends Resolutions at Item Nos. 7 & 8 for your approval.

A copy of the Memorandum and Articles of Association is open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and other Bank holidays between 11.00 hours and 13.00 hours, upto the date of the Annual General Meeting.

None of the Directors is in any manner concerned or interested in these Resolutions.

ITEM NO. 9

The Company has obtained terms loans from Industrial Development Bank of India (IDBI), The Industrial Finance Corporation of India Limited (IFCI), The Industrial Credit and Investment Corporation of India (ICICI), Bank of



RAMADA HOTELS (INDIA) LIMITED

Baroda (BOB), and Bank of India (BOI). The Company had also been sanctioned the following additional financial assistance by Tourism Finance Corporation of India Limited (TFCI) i.e. a Guarantee Assistance of US\$ 4 million equivalent to Rs. 1255 lakhs plus 15% interest aggregating to rupee equivalent of Rs. 1443.25 lakhs. The Company has also obtained a term loan of Rs. 333 lakhs (Rupees Three Hundred & Thirty Three Lakhs only) from The Industrial Finance Corporation of India Limited.

The aforesaid financial assistance will be secured, inter alia, by a mortgage by deposit of title deeds in respect of the Company's immovable properties both present and future, and as such, it will be necessary for the Company to give consent to IDBI, IDBI acting as agent of IFCI, to continue to hold and retain the said title deeds as and by way of constructive delivery also as security for the said financial assistance, that is to say, the term loan of Rs. 333 lakhs from IFCI.

The financial assistance from the above institutions/banks has to be secured by first mortgage of all the immovable and movable properties of the company, present and future.

Section 293(1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Limited Company shall not, without the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the financial institutions/banks may be regarded as disposal of the company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, before creation of the said mortgages/charges.

Copy of the Sanction letters received from IDBI, IFCI, ICICI, TFCI, BOB & BOI and copies of the relevant documents/correspondence between the said institutions and the Company are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting.

None of the Directors of the company are interested or concerned in the resolution except Shri K. Raghavan who has been nominated on to the Board of the Company by IDBI and Shri T.C.A. Ramanujam who has been nominated on to the Board of the Company by IFCI.

ITEM NO. 10

In order to meet the fund requirements for any hotel project that the Company may take-up and/or any other projects, it is proposed to raise an amount of Rs. 5 crores by way of Preference Shares through Public/Rights/Private Placement or any other mode.

The Resolution set out at Item No. 10 is an enabling Resolution conferring authority on the Board to issue Preference Shares on such terms and conditions as to premium, interest, conversion, nature of Security, manner of call etc. as the Board may consider appropriate and as may be permissible under any guidelines issued by SEBI and other relevant authorities. The Board in consultation with the Lead Managers and Merchant Bankers will determine the detailed terms of the issue.

Since a part of the above issue may be made to parties other than Shareholders of the Company, approval of the Members pursuant to Section 81(1A) of the Companies Act, 1956, by way of Special Resolution shall be required for making the above issue.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of their respective shareholding in the Company.

ITEM NO. 11

The Company has incurred an expenditure of around Rs. 7 crores on the Renaissance Airport Plaza. Under the provisions of Section 293(1)(a) of the Companies Act, 1956, although the sale/disposal of the Renaissance Airport Plaza may not amount to a disposal of the whole or substantially the whole of the undertaking of the Company as contemplated in Section 293(1)(a) of the Companies Act, 1956, out of abundant caution the shareholders' approval has been sought. The Directors commend the resolution for acceptance.

ITEM NO. 12

With effect from 1st August, 1997 the Registrar & Share Transfer work which was being handled by M/s. Datamatics Ltd. almost since the inception of the Company has now been transferred to M/s. Datamatics Financial Services Ltd. The Company has entered into a fresh agreement with M/s. DFSL effective from 1st August, 1997 for a period of 2 years. The Register of Members together with Index of Members, copies of all the Annual Returns prepared under Sections 159 and 160 and copies of Certificates and Documents required to be annexed thereto under Sections 160

10TH ANNUAL REPORT 1996-97

and 161 of the Companies Act, 1956, will be kept at the office of the Registrar and Share Transfer Agents of the Company i.e. M/s. Datamatics Financial Services Limited, at Plot No. A, 16 & 17 MIDC, Part B Cross Lane, Marol, Andheri (East), Mumbai 400 093.

Since the maintaining of these records of the Company at a place other than the Registered Office of the Company requires the approval of the Members at the General Meeting, a Special Resolution is required in terms of Section 163 of the Companies Act, 1956, and, therefore, the aforesaid Resolution is proposed. A copy of the proposed Resolution is being forwarded in advance to the Registrar of Companies, Maharashtra.

None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO. 13

It may be recalled that at the last Annual General Meeting held on 26th September, 1996, the Company has accorded its approval to the increase in remuneration to Mr. Sunder G. Advani, Chairman & Managing Director and Mr. Haresh G. Advani, Executive Director, in accordance with the provisions of Schedule XIII to the Act. Monthly payments were being made to them as per these terms.

As per the provisions of Section II of Part II of Schedule XIII to the Act, where in any financial year a Company have no profits or its profits are inadequate, it may pay a remuneration to a managerial person by way of salary, perquisites and other allowances not exceeding Rs. 10,50,000 per annum or Rs. 87,500 per month where the effective capital of the Company is Rs. 15 crores or more.

The Audited results of the Company for the year ended March 31, 1997 have resulted in inadequate profits when computation is made as per Sections 198, 309 & 349 of the Act. The operating profits were the same as the previous financial year despite a large increase in the wage bill to the employees as a result of a fresh 3 year settlement and increased electricity and fuel charges etc. However the profit as per Sections 198, 309 & 349 is substantially lower because of depreciation (the Company also added new plant & machinery in the year leading to higher depreciation) and payment of Income Tax as MAT has become applicable for the first time. Due to inadequate profits thus computed any sums paid in excess become refundable to the Company under Section 309(5A) of the Act unless the Company waives the recovery of the amount in excess and such waiver is approved by the Central Government under Section 309(5B) of the Act.

Consequently, a sum of Rs. 9,49,602/- paid to Mr. Sunder G. Advani, Chairman & Managing Director and Rs. 7,47,208/- paid to Mr. Haresh G. Advani, Executive Director being excess remuneration in terms of Section 198, 309, 349 and Schedule XIII to the Act, is refundable by them to the Company pursuant to the provisions of Section 309 (5A) of the Act. The Directors have resolved that the Company waive the recovery of the excess remuneration so paid subject to the approval of the shareholders and the Central Government.

The Company will be making an application to the Central Government under Section 309 (5B) of the Act seeking its approval to the waiver of recovery of the excess remuneration paid to Mr. Sunder G. Advani and Mr. Haresh G. Advani.

The Directors commend the Resolution set out at Item No. 13 of the accompanying Notice.

No Director of the Company is in any way deemed to be concerned or interested in the aforesaid Resolution except Mr. Sunder G. Advani, Mr. Haresh G. Advani and Mrs. Menaka S. Advani, since Mrs. Menaka S. Advani is the wife of Mr. Sunder G. Advani.

By Order of the Board of Directors

DARA N. VANIA
Company Secretary

Mumbai,
14th August, 1997

Registered Office :
305, Maker Chambers V,
Nariman Point,
Mumbai - 400 021.