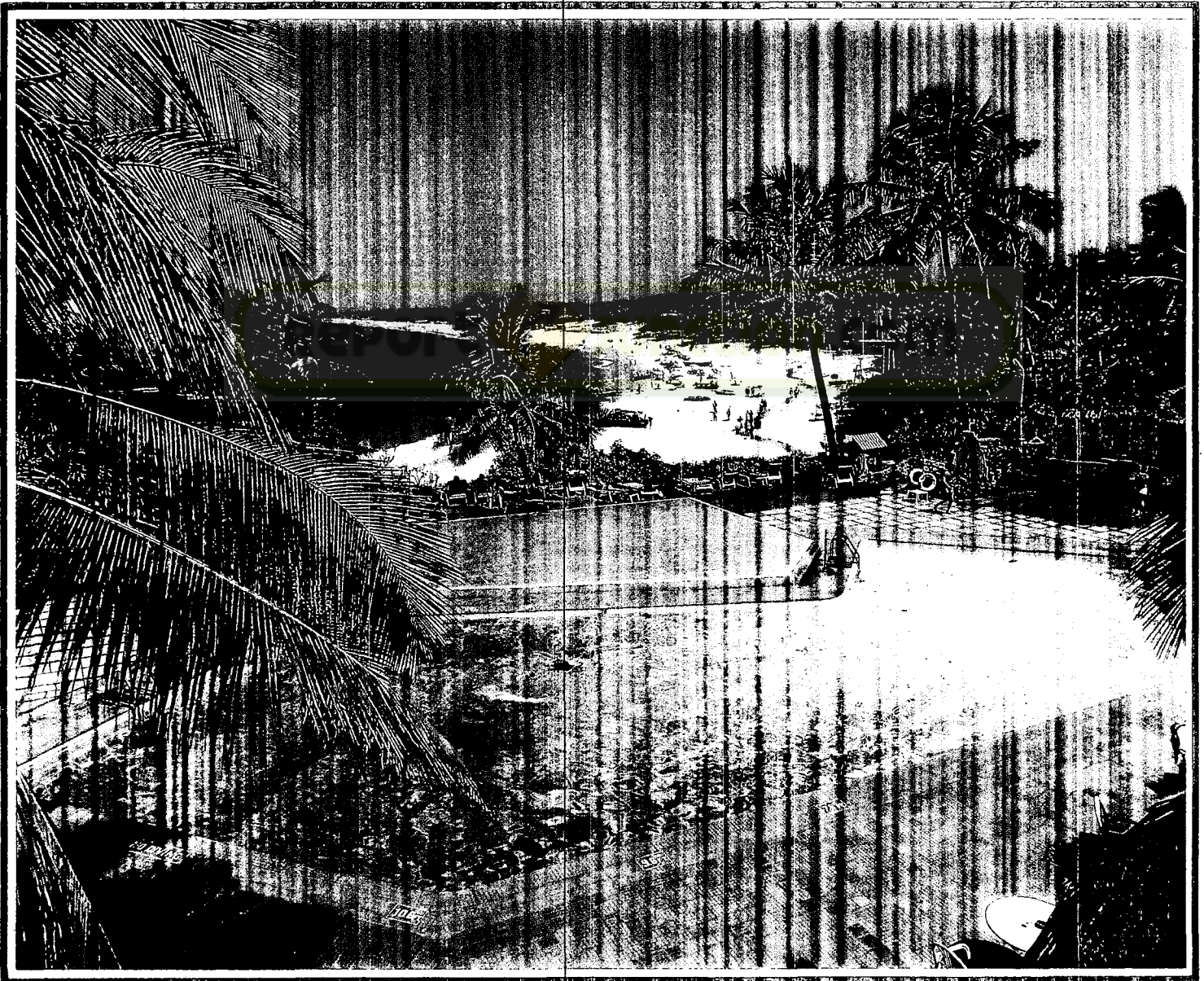


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YE	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

INDIAN RESORT HOTELS LIMITED

26th Annual Report 1997-98



THE TAJ GROUP of HOTELS



INDIAN RESORT HOTELS LIMITED

26th Annual Report 1997-98

DIRECTORS

As on 24th June, 1998

R. K. KRISHNA KUMAR (*Chairman*)

S. R. VAKIL

N. A. SOONAWALA

M. M. MADHWANI

R. V. PANDIT

K. D. PARAKH

I. M. KADRI

J. M. VERMA

COMPANY SECRETARY

P. D. PHATAK

AUDITORS

C. C. CHOKSHI & CO.

RATAN S. MAMA & CO.

Chartered Accountants

LEGAL ADVISER

S. R. VAKIL

BANKERS

AMERICAN EXPRESS BANK LIMITED

STATE BANK OF INDIA

BANK OF BARODA

DRESDNER BANK A.G.

CENTURIAN BANK LTD.

REGISTERED OFFICE

MANDLIK HOUSE, MANDLIK ROAD,
MUMBAI 400 001.

TWENTY-SIXTH ANNUAL GENERAL MEETING
ON FRIDAY, 4TH SEPTEMBER, 1998, AT THE BOMBAY HOUSE AUDITORIUM
BOMBAY HOUSE, 24, HOMI MODY STREET, MUMBAI 400 001 AT 3.30 P.M.

INDIAN RESORT HOTELS LIMITED

NOTICE

THE TWENTY-SIXTH ANNUAL GENERAL MEETING OF INDIAN RESORT HOTELS LIMITED will be held at the Bombay House Auditorium, Bombay House, 24, Homi Mody Street, Mumbai 400 001 on Friday, 4th September, 1998, at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1998, and the Balance Sheet as at that date.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. M. M. Madhwani who retires by rotation and who is eligible for re-appointment.
4. To appoint a Director in place of Mr. R. V. Pandit who retires by rotation and who is eligible for re-appointment.
5. To appoint a Director in place of Mr. K. D. Parakh who retires by rotation and who is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:**Appointment of Mr. R. K. Krishna Kumar as Director**

7. To appoint a Director in place of Mr. R. K. Krishna Kumar who was appointed an Additional Director of the Company by the Board of Directors with effect from 20th November, 1997, and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and Article 158 of the Articles of Association of the Company but who is eligible for re-appointment and in respect of whom the Company has received a Notice in writing under Section 257 of the Act from a Shareholder proposing his candidature for the office of Director.

Amendment to the Articles of Association

8. To consider and, if thought fit, to pass with or without modification, 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 altered in the following manner:

After Article 68, insert the following Article as Article 68A:

Buy Back of Shares 68A Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law."

Buy Back of Shares/Securities

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that if and when permitted by the law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, sanctions and permissions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Equity Shares or other Securities specified by the Government, of the Company as thought fit from

TWENTY-SIXTH ANNUAL REPORT 1997-98

the holders of the Equity Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding such percentage of the capital of the Company as may be permitted by the law from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other Securities.

"RESOLVED FURTHER that nothing herein above contained shall confer any right on any member to offer, or any obligation on the Company or the Board to buy back, any Equity Shares or other securities."

Employees' Stock Option Scheme

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue, allocate or allot, in one or more tranches, to such persons in the sole discretion of the Board, who are in the permanent employment of the Company at the time the issue is made and the Managing and Whole-time Directors of the Company, such number of Equity Shares of the Company of the face value of Rs.10/- each, not exceeding such percentage of the capital of the Company as may be permitted by the law, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking *pari passu* with the Equity Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interests of the Company may deem fit; provided that the aforesaid issue of Equity Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other Securities as may be permitted by the law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue and that the Equity Shares so issued, allocated or allotted shall rank in all respect *pari passu* with the existing Equity Shares of the Company save and except that such Equity Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a *pro-rata* dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue."

INDIAN RESORT HOTELS LIMITED

NOTES:

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business at Item Nos. 7 to 10 is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (c) The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 1998, to 21st August, 1998, both days inclusive. The Dividend on Equity Shares as recommended by the Directors of the Company for the year ended 31st March, 1998, if approved at the Meeting, will be paid on or after the 24th September, 1998, to those members whose names appear on the Register of Members of the Company on 7th August, 1998.
- (d) Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends upto and including the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.
- (e) Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- (f) Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the management to reply.
- (g) Members are requested to kindly bring their copies of the Annual Report to the Meeting.

Mumbai, 24th June, 1998.

By Order of the Board of Directors

Regd. Office:
Mandlik House
Mandlik Road
Mumbai 400 001.

P. D. PHATAK
Company Secretary

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all the facts relating to the business under Item Nos. 7 to 10 mentioned in the accompanying Notice dated 24th June, 1998.

Item No. 7

- 2. The Board of Directors of the Company appointed Mr. R. K. Krishna Kumar as an Additional Director of the Company on 20th November, 1997. Pursuant to Section 260 of the Companies Act, 1956, read with Article 158 of the Articles of Association of the Company, Mr. R. K. Krishna Kumar holds office as Director only upto the date of this Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Act, from a member of the Company proposing his candidature for appointment as Director of the Company at the forthcoming Annual General Meeting.
 - 3. Mr. Krishna Kumar has had a first class academic career. He joined the Tata Administrative Services in 1963 and was posted at Tata Industries Ltd. He has since then served in several other Tata Companies. He joined Tata Finlay Ltd., in 1965, which subsequently became Tata Tea Ltd., where he held various senior positions such as Vice-President (South India) and became the Joint Managing Director in 1988. He was appointed Managing Director of Tata Tea Ltd., in 1991. He is also a Director of several other Tata Companies.
- The Board commends to the members, his appointment as a Director of the Company.

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Item No. 8

4. Article 68 of the Articles of Association of the Company prohibits the Company from buying its own shares and securities. It is proposed to introduce a new Article 68A in the Articles of Association as set out in the Resolution at Item No. 8 to enable the Company to purchase any of its shares, as proposed in the Resolution at Item No. 9 in the event this is permissible by the law.
5. A copy of the Memorandum and Articles of Association of the Company, together with the proposed alteration is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company.
6. The Directors commend the Resolution for acceptance by the members.

Item No. 9

7. The Companies Act, 1956, presently prohibits a company from purchasing its own shares and securities. However, it is anticipated that the law may in future permit a company to buy back its own securities (buy back of securities).
8. Subject to the buy back of securities being legally permissible, it is proposed to enable the Company to buy back its Equity Shares or such other permissible securities not exceeding such percentage of the capital of the Company as may be permitted by the law from the Members of the Company, from the open market or from the holders of odd lots, or from the holders of the shares that may be issued under the Employees' Stock Option Scheme or as permitted by the law. The buy back of shares or securities would be at the rate and from the funds as permitted by the law as set out in the Resolution.
9. The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing of the Resolution or such other time limit laid down by the law.
10. The Directors commend the Resolution for acceptance by the members.

Item No. 10

11. Having regard to the changing times particularly in a fiercely competitive environment, keeping in mind the long term interests of the Company and its Members, it is necessary for the Company to attract and retain qualified and talented personnel. Employees' Stock Option Schemes are devised to impart to the employees a sense of ownership and belonging. It is, therefore, appropriate to consider the introduction of a Stock Option Scheme for such persons, in the sole discretion of the Board, who are in the permanent employment of the Company and its Managing and Whole-time Directors. The shares may be allotted directly to employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law. It is intended that any such Stock Option Scheme shall not exceed an issue/allocation of shares/options representing such percentage of the Company's capital as may be permitted by the law. The proposed Resolution is designed to enable the achievement of these objectives.
12. Section 81 of the Act, provides, *inter alia*, that whenever it is proposed to increase the subscribed capital of a company by the allotment of further shares, such further shares shall be offered to the existing Members of the Company in the manner laid down in the said Section unless the Members in General Meeting resolve otherwise. The consent of the Members is, therefore being sought to authorise the Board of Directors to issue and allot the Equity Shares or other securities in the manner and to the extent set out in the Resolution at Item No 10 of the accompanying Notice.
13. The Directors commend the Resolution for acceptance by the members.

Mumbai, 24th June, 1998.

By Order of the Board of Directors

Regd. Office:
Mandlik House
Mandlik Road
Mumbai 400 001.

P. D. PHATAK
Company Secretary

INDIAN RESORT HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Twenty-sixth Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Current Year Rupees	Previous Year Rupees
2. Total Income	18,92,71,037	17,98,93,751
The gross profit for the year amounted to	4,39,74,460	5,69,13,460
Less: Depreciation	94,23,814	60,43,422
Interest	57,18,689	19,07,006
Profit Before Tax	2,88,31,957	4,89,63,032
Less: Provision For Tax	32,00,000	80,00,000
Profit After Tax	2,56,31,957	4,09,63,032
Less: Amount transferred to Foreign Exchange Earnings Reserve	30,00,000	1,50,00,000
Add: Balance brought forward from previous year	94,87,770	50,74,738
The distributable profit.....	3,21,19,727	3,10,37,770
3. The Directors recommended a dividend of 40% i.e. Rs. 4.00 (Previous Year Rs. 5.00) per share on 21,00,000 Equity Shares and a <i>pro-rata</i> dividend of Rs. 1.24 per share on 20,94,199 Rights Shares allotted during the year, which if approved by the Shareholders, at the Annual General Meeting to be held on 4th September, 1998 will be paid out of the provision for dividend amounting to	1,09,81,889	1,05,00,000
Tax on dividends.....	10,98,189	10,50,000
Amount transferred to General Reserve	1,00,00,000	1,00,00,000
Balance carried to Balance Sheet.....	1,00,39,649	94,87,770

OPERATIONS

- The Company's total income for the year was Rs. 1899.38 lacs as against Rs. 1798.94 lacs in the previous year. The profit after tax was Rs. 254.18 lacs for the year as against Rs. 409.63 lacs in the previous year. This variance is largely due to the new Air Catering Unit commissioned during the year under review contributing to a deficit of Rs. 99.65 lacs which include depreciation of Rs. 37.72 lacs and interest cost of Rs. 36.10 lacs. The Board of Directors hope that the members will find the above results satisfactory, especially in the light of the general slackness in the industry last year.
- The performance of the Company's hotels in Goa has been satisfactory, considering the difficult economic conditions faced by the country during the year. During the year under report, the average occupancy at the Fort Aguada Beach Resort and the Aguada Hermitage was maintained at the same levels of the previous year. Conferences, Seminars etc. organised by reputable companies at the Fort Aguada Beach Resort as the venue continued during the year under report despite adverse conditions prevailing in the tourism industry in general and also having regard to competition from the other new hotels in Goa.

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PROJECTS

6. Taj Air Caterers, Dabolim, Goa:

The project has been completed with a saving of Rs. 54 lacs as compared to the project of Rs. 1,129.05 lacs in the Letter of Offer. The operations of the Air Catering Unit commenced on September 15, 1998. In the context of overall business trends, the Board is reviewing various options in respect of the Air Catering Unit.

7. Renovation of the Fort Aguada Beach Resort and the Aguada Hermitage and Expansion of Aguada Hermitage

Stage I has been completed successfully as per the Letter of Offer. In Stage II the total amount spent on the project is Rs. 389.54 lacs as compared to Rs. 594.84 lacs in the Letter of Offer resulting in a variance of Rs. 205.30 lacs (details below):

(Rs. in lacs)

	LOF Projections	Actual	Variance
FABR	348.84	331.82	17.02
Aguada Hermitage	196.00	15.68	180.32
Water Proofing	50.00	42.04	7.96
	594.84	389.54	205.30

Taking into account the changed market situation and the emerging competitive scenario the Directors considered it necessary to review the original plans including the expansion of the Aguda Hermitage.

DIVIDEND

8. Taking into account the profit for the year, your Directors have decided to recommend a dividend at the rate of 40% (as against 50% for the previous year) on 21,00,000 Equity Shares and on *pro-rata* dividend of Rs. 1.24 per share on 20,94,199 Rights Equity Shares involving a distribution of Rs. 109.82 lacs. An amount of Rs. 10.98 lacs will be paid by the Company as tax on dividend.

FINANCE

9. The outstanding amount of fixed deposits placed with the Company was Rs. 181.40 lacs (previous year Rs. 31.72 lacs) including Rs. 1.33 lacs (previous year Rs. 0.55 lac) which remained unclaimed by depositors as on 31st March, 1998.
10. The Directors wish to place on record their appreciation of the assistance received by the Company from the Financial Institutions and from the Company's Bankers.

DIRECTORS

11. Mr. R. K. Krishna Kumar was appointed an Additional Director and Chairman of the Company with effect from 20th November, 1997. He holds office as a Director of the Company upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing from a member signifying his intention to propose the candidature of Mr. R. K. Krishna Kumar as a Director of the Company. The Board commends his appointment as Director of the Company.
12. Mr. A. B. Kerkar who was Chairman and Director of your Company resigned with effect from 13th September, 1997. The Directors wish to place on record their appreciation of services rendered by him since the inception of the Company.
13. Mr. T. S. Natrajan and Mr. L. A. Menezes who were Directors of your Company resigned with effect from 16th December, 1997 and 1st May, 1998 respectively. The Directors wish to place on record their appreciation of the services rendered by them during their tenure as Directors of the Company.