



27th Annual Report 1998-99



TWENTY-SEVENTH ANNUAL REPORT 1998-99

INDIAN RESORT HOTELS LIMITED

27th Annual Report 1998-99

DIRECTORS

As on 28th May, 1999

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.

CENTURION BANK LTD.

REGISTERED OFFICE

MANDLIK HOUSE, MANDLIK ROAD,
MUMBAI 400 001.

TWENTY-SEVENTH ANNUAL GENERAL MEETING
ON TUESDAY, 31ST AUGUST, 1999, AT 3.30 P.M. AT THE BOMBAY HOUSE AUDITORIUM
BOMBAY HOUSE, 24, HOMI MODY STREET, MUMBAI 400 001.

INDIAN RESORT HOTELS LIMITED

NOTICE

THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF INDIAN RESORT HOTELS LIMITED will be held at the Bombay House Auditorium, Bombay House, 24, Horni Mody Street, Mumbai - 400 001 on 31st August, 1999, at 3.30 p.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1999, 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. S. R. Vakil who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. I. M. Kadri who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. J. M. Verma who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

7. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

To consider and, if thought fit, to pass with or without modification, the following resolution as 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 74 insert the following Article as Article 74A :

74A. DEMATERIALISATION OF SECURITIES

Definitions

1. For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for Investors

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

4. All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories

- 5.(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

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| | |
|--|---|
| Service of documents | 6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs. |
| Transfer of Securities | 7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository. |
| Allotment of Securities dealt with by a Depository | 8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. |
| Distinctive numbers of Securities held in a Depository | 9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository. |
| Register and Index of Beneficial Owners | 10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles." |

NOTES :

- (a) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at Item no. 7 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 17th August, 1999 to 31st August, 1999 both days inclusive. The Dividend on Equity Shares as recommended by the Directors of the Company for the year ended 31st March, 1999, if approved at the Meeting will be paid on or after the 1st September, 1999 to those members whose names appear on the Register of Members of the Company on 17th August, 1999.
- (d) Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- (e) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders and fixed deposit holders in respect of the shares and deposits held by them. Nomination forms can be obtained from the Share Department of the Company.
- (f) Members are requested to kindly intimate change of address, if any, well in advance to ensure that dividend warrants are received by them at their correct addresses.
- (g) 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.
- (h) Members are requested to kindly bring their copies of the Annual Report to the meeting.

Mumbai, 28th May, 1999
 Regd. Office:
 Mandlik House
 Mandlik Road
 Mumbai 400 001.

By Order of the Board of Directors

P. D. PHATAK
 Company Secretary

INDIAN RESORT HOTELS LIMITED

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 No. 7 mentioned in the accompanying notice dated 28th May, 1999.

Item No. 7

1. With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a company. Your Company has also joined the Depository System and it is therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 7 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system.
2. A copy of Memorandum and Articles of Association of the Company, together with the proposed alterations 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.
3. The Directors commend the Resolution for acceptance by the Members.
4. None of the Directors is concerned or interested in Item No. 7 of the Notice.

Mumbai, 28th May, 1999

Regd. Office:

Mandlik House

Mandlik Road

Mumbai 400 001.

By Order of the Board of Directors

P. D. PHATAK
Company Secretary



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DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Twenty-Seventh Annual Report of the Company together with the Audited Statements of Account for the year ended 31st March, 1999.

FINANCIAL RESULTS

| | Current Year Rupees | Previous Year Rupees |
|--|------------------------|-------------------------|
| 2. Total Income | 25,18,75,902 | 18,92,71,037 |
| The gross profit for the year amounted to | 9,14,57,356 | 4,39,74,460 |
| Less : Depreciation | 1,29,43,115 | 94,23,814 |
| Interest | 1,24,01,992 | 57,18,689 |
| Profit Before Tax | 6,61,12,249 | 2,88,31,957 |
| Less : Provision For Tax | 70,00,000 | 32,00,000 |
| Profit After Tax | 5,91,12,249 | 2,56,31,957 |
| Excess Provision for Income Tax in respect of earlier years (Net) | 4,23,788 | — |
| Less : Amount transferred to Foreign Exchange Earnings Reserve | 50,00,000 | 30,00,000 |
| Add : Balance brought forward from Previous year | 1,00,39,649 | 94,87,770 |
| Amount available for appropriations | 6,45,75,686 | 3,21,19,727 |
| 3. The Directors recommended a dividend of 50% i.e. Rs. 5.00 per share (Previous Year 40% i.e. Rs. 4.00 per share on 21,00,000 Equity Shares and a pro-rata dividend of Rs. 1.24 per share on 20,94,199 Rights Shares allotted during the year) which if approved by the Members of the Company, at the Annual General Meeting to be held on 31st August, 1999 will be paid out of the provision for dividend amounting to | 2,09,70,995 | 1,09,81,889 |
| Tax on dividends | 23,06,810 | 10,98,189 |
| Amount transferred to General Reserve | 2,00,00,000 | 1,00,00,000 |
| Balance carried to Balance Sheet | 2,12,97,881 | 1,00,39,649 |

OPERATIONS

- The Company's total income for the year was Rs. 2518.76 lacs as against Rs. 1892.71 lacs in the previous year. The profit after tax was Rs. 591.12 lacs for the year as against Rs. 256.32 lacs in the previous year. The increase in profits is mainly due to the increase in the other income which includes a) interest income on deposit placed with the Banks, corporate entities arising out of the temporary deployment of surplus funds pending their utilisation for capital expenditure schemes by the Company, b) the profit on the sale of equity shares of Asia Pacific Hotels Limited held by the Company.
- The performance of the Company's hotels in Goa has been satisfactory, having regard to 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 level as that of the previous year. Conferences, Seminars etc. organised by reputed companies at the Fort Aguada Beach Resort as the venue, continued during the year under report despite downtrend conditions prevailing in the tourism industry in general and also having regard to competition from the other hotels in Goa.

PROJECTS

- Taking into account the changed market situation and the emerging competitive scenario, the Directors considered it necessary to recast, upgrade and renovate the Fort Aguada Beach Resort and expand the Aguada Hermitage.

INDIAN RESORT HOTELS LIMITED

7. In the context of the revised business scenario, the Board has reviewed the Air Catering Unit project and has decided to transfer some of the equipment of Air Catering unit of the Company to other Catering /Air Catering units of the Taj Group of Hotels, including in the Company's Hotel Unit. The sale of the assets was on the basis of the Written Down Value (WDV) of the equipment, supported by an independent valuation report.

DIVIDEND

8. Taking into account the profit for the year, your Directors have decided to recommend a dividend at the rate of 50% i.e. Rs. 5.00 per share (as against 40% for Previous Year i.e. Rs. 4.00 per share on 21,00,000 Equity Shares and a pro-rata dividend of Rs. 1.24 per share on 20,94,199 Rights Shares allotted during the year) on 41,94,199 Equity Shares aggregating to Rs. 209.71 lacs. An amount of Rs. 23.07 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. 397.15 Lacs (Previous Year Rs. 181.40 Lacs) including Rs. 1.90 Lacs (Previous year Rs. 1.33 Lacs) which remained unclaimed by depositors as on 31st March, 1999.
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.
11. In accordance with the provisions of the Companies Act, and the Articles of Association of the Company, three of your Directors viz. Mr. S. R. Vakil, Mr. I. M. Kadri, and Mr. J. M. Verma retire by rotation and are eligible for re-appointment.

INFORMATION TECHNOLOGY-YEAR 2000 COMPLIANCE (Y2K)

12. The Company has setup a Y2K task force which is completing the process of conducting a comprehensive inventory of all the IT systems-software and hardware, process system, telecom systems and networking. The Compliance work, which started in September, 1998, is in progress as per schedule.
13. The Company has also engaged the services of expert consultancy firms to evaluate frontline packages being currently used as well as evaluate all computer based systems used in operations as per the methodology and resolution plan prepared by the Company.
14. The Company has set a self-imposed deadline of October, 1999, for achieving Y2K Compliance.

AUDITORS

15. At the Annual General Meeting, the members will be requested to appoint the Auditors for the current year and authorise the Board to determine their remuneration.

FOREIGN EXCHANGE EARNINGS AND OUTGO

16. As required under Section 217 (1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is contained in Notes on Accounts nos. 13 and 14 on Page 23.

OTHER INFORMATION

17. The Company does not have any employee drawing a salary in excess of Rs. 50,000/- p.m.
18. The Directors record their grateful appreciation of the co-operation and efforts of all the members of the staff during the year which made possible the results achieved.

On behalf of the Board of Directors

R. K. KRISHNA KUMAR
Chairman

Date : 28th May, 1999
Place : Mumbai.

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REPORT OF THE AUDITORS' TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Resort Hotels Limited as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement of the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (d) in our opinion the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For C. C. CHOKSHI & CO.
Chartered Accountants

A. SIDDHARTH
Partner

Place: Mumbai

Dated: 28th May, 1999

FOR RSM & CO.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner

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