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INDIAN RESORT HOTELS LIMITED

29th Annual Report 2000-01

INDIAN RESORT HOTELS LIMITED

DIRECTORS

As on 1st June, 2001

R. K. KRISHNA KUMAR (*CHAIRMAN*)

N. A. SOONAWALA

ZUBIN DUBASH

M. M. MADHVANI

R. V. PANDIT

K. D. PARAKH

I. M. KADRI

J. M. VERMA (Resigned 29th December, 2000)

JAMSHED DABOO (Appointed 24th January, 2001)

COMPANY SECRETARY

BIPIN SINGH

AUDITORS

C. C. CHOKSHI & CO.

RSM & CO.

CHARTERED ACCOUNTANTS

BANKERS

STATE BANK OF INDIA

BANK OF BARODA

DRESDNER KLEINWORT WASSERSTEIN

CENTURION BANK LTD.

REGISTERED OFFICE

MANDLIK HOUSE

MANDLIK ROAD

MUMBAI - 400 001.

TWENTY-NINETH ANNUAL GENERAL MEETING
ON WEDNESDAY, 5TH SEPTEMBER, 2001, AT 4.00 P.M.
AT THE BOMBAY HOUSE AUDITORIUM
BOMBAY HOUSE, 24, HOMI MODY STREET, MUMBAI - 400 001.

SHAREHOLDER'S INFORMATION

1. **Annual General Meeting**
 - **Day, Date and Time** Wednesday, 5th September, 2001 at 4:00 p.m.
 - **Venue** Bombay House Auditorium,
24, Homi Mody Street,
Mumbai - 400 001.
2. **Book Closure Date** 31st August to 5th September, 2001.
3. **Date of Dividend Payment** On or after 6th September, 2001.
4. **Registered Office** Mandlik House,
Mandlik Road,
Mumbai - 400 001.
- Telephone No.** (022) 202 6260
- Facsimile No.** (022) 202 7442
- E-mail** shares.dept@tajhotels.com
bipin.singh@tajhotels.com
5. **Listing on Stock Exchange at** The Stock Exchange, Mumbai.
6. **Share Transfer Agent** In-House
7. **Financial Calendar**
Financial reporting for
 - Quarter ending 30th June, 2001 July 2001
 - Quarter ending 30th September, 2001 October 2001
 - Quarter ending 31st December, 2001 January 2002
 - Quarter ending 31st March, 2002 May/June 2002
8. **Share Transfer System**
 - All shares have been transferred within 21 days from the date of lodgment, provided the necessary documents were in order.
 - The Share Transfer Committee meets once in 10 days.
9. **Dematerialisation of shares**
Trading in the Company's shares in a dematerialised form has commenced with effect from February, 2001.
ISIN NO : INE 465C01013.
10. **Investor Correspondence**
In case of any queries, investors are requested to get in touch with the Company's share department at Mandlik House, Mandlik Road, Mumbai 400 001.

TWENTY-NINETH ANNUAL REPORT 2000-2001**NOTICE**

NOTICE is hereby given that the TWENTY-NINETH 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 Wednesday, 5th September, 2001, at 4.00 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, 2001, and the Balance Sheet as at that date.
2. To declare a dividend on Ordinary Shares.
3. To appoint a Director in place of Mr. R. K. Krishna Kumar 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. M. M. Madhvani who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :**7. Appointment of Mr. Zubin Dubash as a Director of the Company.**

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that Mr. Zubin Dubash who was appointed as a Director of the Company by the Board of Directors in the casual vacancy arising on the demise of Mr. S. R. Vakil and who ceases to hold office under section 262(2) of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

8. Appointment of Mr. Jamshed Daboo as a Director of the Company.

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that Mr. Jamshed Daboo who was appointed as a Director of the Company by the Board of Directors in the casual vacancy arising out of the resignation of Mr. J. M. Verma and who ceases to hold office under section 262(2) of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

9. Sale of an Undertaking.

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and subject to other permissions and approvals as may be required, consent be and is hereby accorded to the Board of Directors of the Company to transfer, sell and /or dispose off the Undertaking of the Company, comprising of the business carried on by its Air Catering Division (the "Undertaking") as a going concern or otherwise to a joint venture to be entered into between The Indian Hotels Company Limited (IHCL) and a strategic investor. The price for the transfer of the Undertaking shall not be less than Rs. 9.62 crores and the said transfer of the Undertaking shall be as a going concern, on such terms and conditions as may be decided by the Board of Directors, or a Committee of Directors appointed for the purpose, with power to the Board of Directors or to the Committee of Directors to finalise and execute necessary documents including deeds of assignment / conveyance and other documents and to do all such acts, deeds, matters and things as may be deemed necessary and expedient in their discretion for completion of transfer/ sale of the said Undertaking."

INDIAN RESORT HOTELS LIMITED

NOTES :

- a. The relative Explanatory Statements, pursuant to section 173 (2) of the Companies Act, 1956, in respect of the business under Item No. 7, Item No. 8 and Item No. 9 are 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 Friday, 31st August, 2001, to Wednesday, 5th September, 2001, both days inclusive, for the purpose of the Annual General Meeting of the Company.
- d. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
- e. 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 at the meeting.
- f. Members are requested to kindly bring their copies of the Annual Report to the Meeting.

Mumbai, 20th July, 2001

Regd. Office:

Mandlik House

Mandlik Road

Mumbai 400 001.

By Order of the Board of Directors

BIPIN SINGH

Company Secretary



TWENTY-NINTH ANNUAL REPORT 2000-2001**EXPLANATORY STATEMENT**

As required by Section 173(2) of the Companies Act, 1956.

1. The following Explanatory Statement sets out all the material facts relating to the business under Item No. 7, Item No. 8 and Item No. 9 of the accompanying Notice dated 1st June, 2001.

Item No. 7

2. At the Board Meeting held on 26th October, 1999, the Board of Directors of the Company had appointed Mr. Zubin Dubash in the casual vacancy arising on account of the demise of Mr. S. R. Vakil, under Section 262 of the Companies Act, 1956. In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, the tenure of Mr. S. R. Vakil as a Director of the Company would have expired at the forthcoming Annual General Meeting and accordingly, Mr. Zubin Dubash who was appointed in the casual vacancy arising from the demise of Mr. S. R. Vakil shall cease to be Director as and from the date of the forthcoming Annual General Meeting.
3. However, the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, from a member of the Company along with a deposit of Rs.500/-, proposing Mr. Zubin Dubash's candidature for appointment as Director of the Company at the forthcoming Annual General Meeting.
4. The Board commends the appointment of Mr. Zubin Dubash as Director of the Company.

Item No. 8

5. At the Board Meeting held on 24th January, 2001, the Board of Directors of the Company had appointed Mr. Jamshed Daboo in the casual vacancy arising from the resignation of Mr. J. M. Verma, under Section 262 of the Companies Act, 1956. In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, the tenure of Mr. J. M. Verma as a Director of the Company would have expired at the forthcoming Annual General Meeting and accordingly, Mr. Jamshed Daboo who was appointed in the casual vacancy arising from the resignation of Mr. J. M. Verma shall cease to be Director as and from the date of the forthcoming Annual General Meeting.
6. However, the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, from a member of the Company along with a deposit of Rs.500/-, proposing Mr. Jamshed Daboo's candidature for appointment as Director of the Company at the forthcoming Annual General Meeting.
7. The Board commends the appointment of Mr. Jamshed Daboo as Director of the Company.

Item No. 9

8. The air catering industry in India is becoming increasingly competitive with some major international players of worldwide repute joining hands with Indian entrepreneurs and others, promoting subsidiaries for air catering businesses in India. In order that the air catering business gets due focus, it is proposed to transfer by way of sale, the Undertaking of the Company, comprising of the business carried on by its Air Catering Division (the "Undertaking") as a going concern to a joint venture to be entered into between The Indian Hotels Company Limited and a strategic investor. The consideration for the sale will not be less than Rs.9.62 crores.
9. Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a Company cannot, without the consent of the Members in a general meeting, dispose of the whole or substantially the whole of the Undertaking of a Company. The Company has been advised that the sale of the Undertaking does not amount to a disposal of the whole or substantially the whole of the undertaking of the Company as envisaged under Section 293(1)(a) of the Act. However, the approval of the Members, as set out in the Resolution at Item No. 9 of the accompanying Notice is being obtained by way of abundant caution.
10. The Board commends the resolution for acceptance by the shareholders.
11. If under Section 192A of the Act this item of business has to be conducted by way of a postal ballot, in accordance with the rules framed thereunder, then the aforesaid resolution will be dropped from the proceedings of the Annual General Meeting and will, instead be passed by a postal ballot.

Mumbai, 20th July, 2001

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

By Order of the Board of Directors

BIPIN SINGH

Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the Twenty-Ninth Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2001, and the Balance Sheet as on that date :

FINANCIAL RESULTS

	2000-2001 Rupees	1999-2000 Rupees
Total Income	20,45,90,086	22,06,92,066
The Gross Profit for the year amounted to	5,12,29,456	7,11,10,209
Less : Depreciation	1,56,17,083	1,50,68,275
Interest	1,11,42,606	1,34,77,856
Deferred Revenue Expenditure written off	13,67,620	—
Profit Before Prior Period Adjustment and Tax	2,31,02,147	4,25,64,078
Add : Prior Period Adjustment - Depreciation	—	7,43,052
Profit Before Tax	2,31,02,147	4,33,07,130
Less : Provision For Tax	15,50,000	43,00,000
Profit After Tax	2,15,52,147	3,90,07,130
Add : Excess Provision for Income Tax in respect of earlier years (Net)	3,91,205	—
Less : Amount transferred to Foreign Exchange Earnings Reserve	—	—
Add : Balance brought forward from previous year	2,17,24,672	2,12,97,881
Amount available for appropriations	4,36,68,024	6,03,05,011
The Directors have recommended a final dividend of 30% i.e. Rs. 3.00 per equity share. It may be noted that in respect of the previous year interim dividend of 40% i.e. Rs. 4.00 per equity share was declared and paid to the shareholders.		
	1,25,54,283	1,67,39,044
Tax on Dividend	12,80,537	18,41,295
Amount Transferred to General Reserve	1,00,00,000	2,00,00,000
Balance carried to Balance Sheet	1,98,33,204	2,17,24,672

OPERATIONS

- The Company's Total Income for the year was Rs. 2,045.90 lacs as against Rs. 2,206.92 lacs in the previous year.
- Your Company has been able to retain the operating revenues in line with the previous year, despite intense competition from existing and new hotels in Goa. Though there has been a marginal decline in the occupancy compared to the previous year, the performance of the Company is expected to improve after the renovated product is offered to the customers, which is scheduled in two phases over the next two years. The industry continues to witness robust growth at Goa as a tourist destination.
- The non-operating income has however reduced by Rs. 155.45 lacs due to lower interest rates and lesser investible surplus available with the Company, consequent to scheduled repayment of external commercial borrowings.
- With the commissioning of two new hotels and taking into consideration the competitive environment prevailing in Goa, your Company had to incur certain additional costs of a non-recurring nature. This, coupled with increase in the manpower cost due to wage settlement increased the expenditure from Rs. 1,781.28 lacs in the previous year to Rs. 1,814.88 lacs in the current year.
- The profit after tax declined by Rs. 174.55 lacs, from Rs. 390.07 lacs in the previous year to Rs. 215.52 lacs in the current year.
- Your Company had introduced a Voluntary Separation Scheme to rationalize employee deployment and made payments aggregating to Rs. 164.12 lacs. This cost is being amortised over a period of 72 months.

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8. Your Company is also reviewing various proposals to sell / transfer the Air Catering Business.

PROJECTS

9. The Board reviewed the ongoing renovation programme in view of stiff competition prevailing in Goa and revisited the plans of major renovation / expansion of the property as envisaged in the rights issue document tabled during the year 1997.
10. While the expenditure incurred over the last four years was considered necessary to retain the product features and customer appeal, the Board felt that with the commissioning of new hotels it would be desirable to enhance the product to international standards and stay in-line with competition from both domestic and international players. This is becoming increasingly necessary to retain the existing clientele and in addition to target the higher-end segment of the market to increase the occupancy and average room realization.

DIVIDEND

11. Taking into account the profits for the year, your Directors have recommended a Final Dividend of 30% or Rs. 3.00 per equity share of Rs. 10/- each.

FINANCE

12. The outstanding amount of fixed deposits placed with the Company was Rs.411.00 lacs (previous year Rs. 490.39 lacs) including Rs.8.08 lacs (previous year Rs. 2.31 lacs), which remained unclaimed by depositors as on 31st March, 2001.
13. The Directors wish to place on record their appreciation of the cooperation received by the Company from the Financial Institutions and the Company's Bankers.

DIRECTORS

14. During the year under review Mr. J. M. Verma, Director of the Company, resigned with effect from 29th December, 2000 and Mr. Jamshed Daboo was appointed as Director in the casual vacancy arising thereof at the Board Meeting held on 24th January, 2001. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. J. M. Verma during his tenure as Director of the Company.
15. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, three of your Directors viz. Mr. R. K. Krishna Kumar, Mr. I. M. Kadri and Mr. M. M. Madhvani retire by rotation and are eligible for re-appointment.
16. In terms of Section 262(2) of the Companies Act, 1956, Mr. Zubin Dubash and Mr. Jamshed Daboo hold office as Directors of the Company up to the date of the ensuing Annual General Meeting. The Board commends the appointment of Mr. Zubin Dubash and Mr. Jamshed Daboo as Directors of the Company at the forthcoming Annual General Meeting.

AUDITORS

17. 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

18. 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 to Accounts on page 24 and 25.

OTHER INFORMATION

19. The Company does not have any employee drawing salary in terms of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.
20. The Board desires to place on record its appreciation of the services rendered by the employees of the Company during the year under review.

On behalf of the Board of Directors

Date : 1st June, 2001
Place : Mumbai.

R. K. KRISHNA KUMAR
Chairman