



Dr. M S Swaminathan Award 2000

## 13th ANNUAL REPORT 1999-2000



IH&RA Green Hotelier Award 1999



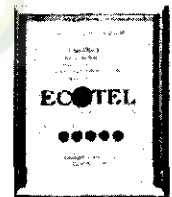
IH&RA Environmental Award 1999



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Green Globe Achievement Award 2000

KAMAT HOTELS (INDIA) LTD.



WTM Green Globe Award 1998



IH&RA Environment Award 1999

## KAMAT HOTELS (INDIA) LIMITED

### BOARD OF DIRECTORS

MR. VENKETESH K. KAMAT - *Chairman Emeritus*  
 MR. VITHAL V. KAMAT - *Chairman and Managing Director*  
 MR. K. PARAMESWARAN KANNAMPILLY  
*-Wholetime Technical Director*  
 PADMASHREE THANGAM E. PHILIP  
 MR. M. R. PAI  
 MR. SADANAND A. SHANBHAG (*Nominee of IDBI*)  
 MR. KRISHNA V. KAMAT  
 MR. RAMESH N. SHANBHAG

### AUDITORS

M/S. J. G. VERMA & CO.  
*Chartered Accountants*  
 M/S. ANAY GOGTE & CO.  
*Chartered Accountants*

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### COMPANY SECRETARY

MR. R. V. JOSHI

### BANKERS

CANARA BANK  
 INDUSIND BANK LTD.  
 GLOBAL TRUST BANK LTD.

### REGISTERED OFFICE

70-C, NEHRU ROAD,  
 NEAR SANTACRUZ AIRPORT,  
 VILE PARLE (E),  
 MUMBAI - 400 099.  
 INDIA.

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## 13TH ANNUAL REPORT 1999-2000

## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of Kamat Hotels (India) Limited will be held at Kamats Klub, 12, Udyog Nagar, S. V. Road, Goregaon (West), Mumbai 400062, on Friday, the 29th September, 2000 at 4.30 p.m. to transact the following business:

## ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Profit and Loss Account for 15 months' period ended on 31<sup>st</sup> March, 2000 and Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare Dividend on Cumulative Redeemable Preference Shares (CRPS) and Equity Shares.
- 3) To appoint a Director in place of Mr. Venketesh K. Kamat, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Padmashree Thangam Elizabeth Philip, who retires by rotation and being eligible offers herself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

- 6) To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as ORDINARY RESOLUTION:

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. Ramesh N. Shanbhag as a Whole-Time Director of the Company for a period of five years, effective 1<sup>st</sup> October 2000 on the terms and conditions including remuneration as are set out in the draft Letter of Appointment to be issued to Mr. Ramesh N. Shanbhag, a copy whereof intailed by the Chairman and Managing Director for the purpose of identification is placed before the meeting for its specific approval with liberty to the Board of Directors to alter and vary such terms and conditions, including remuneration within, however, the maximum limit prescribed under Schedule XIII read with the provisions of the Companies Act, 1956, or any amendments thereto.

By order of the Board of Directors  
FOR KAMAT HOTELS (INDIA) LIMITED

## Registered Office

70-C, Nehru Road,  
Near Santacruz Airport,  
Vile Parle (East),  
Mumbai 400 099.

Place : Mumbai.

Date : 31<sup>st</sup> July 2000.

R. V. Joshi  
Company Secretary

## NOTES

1. 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.
2. 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.
3. Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
4. The Shareholders are requested to notify changes, if any, in their respective address to the Registrars and Transfer Agents of the Company, M/s. Intime Spectrum Registry Pvt. Ltd., 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080, Telephone Nos. 5647731, 5672716, 5684590 and 5684591. Fax No. : 5672693.
5. A Member or his Proxy is requested to bring the Annual Report alongwith them, as extra copy will not be supplied at the Meeting as per usual practice.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 19-9-2000 to 29-9-2000 (both days inclusive).
7. Members are requested to inform their bank account numbers and bank branch details to the Company to enable to include these details in the dividend warrants and thus minimise the malpractices of theft of dividend warrants. Such information should be given to the Company's Registered Office immediately.
8. The Dividend, if any declared, will be exempt from Income-Tax in the hands of the Members in terms of the relevant provisions of the Finance Act, 1997. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend will be paid to those Members whose names appear on the Register of Members at the close of business on 29<sup>th</sup> September, 2000 or to their order.
9. Consequent upon introduction of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed for 7 years shall be transferred to the Investor Education and Protection Fund. Members who have not encashed their Dividend Warrants in respect of Dividend declared for the year 1994-95 and thereafter are requested to approach the Company immediately.
10. Members are requested to handover the enclosed Attendance Slip duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall.

**KAMAT HOTELS (INDIA) LIMITED****ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 6**

Mr. Ramesh N. Shanbhag was appointed as Additional Director of the Company by the Board in its meeting held on 30-1-1999. His appointment as Director of the Company was regularised by the members in the 12th Annual General Meeting of the Company held on 30-6-1999.

Mr. Ramesh N. Shanbhag has been associated with Kamat Group for the last 25 years and is having tremendous experience in the Hotel Industry. The Company will be immensely benefitted by the rich experience of Mr. Ramesh N. Shanbhag in the field of hoteliering.

The material terms of the Letter of Appointment to be issued to Mr. Ramesh N. Shanbhag are given below:

- The Whole-Time Director shall, subject to the supervision and control of the Board of Directors and /or Chairman and Managing Director of the Company, manage the business and affairs of the Company.
- Tenure : 1-10-2000 to 30-9-2005.
- The remuneration payable to Mr. Ramesh N. Shanbhag will be determined by the Board of Directors from time to time within, however, the maximum limits set forth below:

**Remuneration :**

1. Salary : Rs. 20450/- p.m.
2. City Compensatory Allowance : Rs. 4000/- p.m.
3. House Rent Allowance : Rs. 4000/- p.m.
4. Travelling Allowance : Rs. 1000/- p.m.
5. The Company will provide a car and reimburse Petrol Expenses.
6. He will be entitled to reimbursement of office expenses up to Rs. 15000/- p.m.
7. Other Perquisites:
  - a) Reimbursement of Electricity Charges for use of Computer for Company's work at residence.
  - b) Telephone at residence shall be provided and all personal calls to be paid by the Whole-Time Director.
  - c) He will be entitled to all other staff benefits/ various staff welfare schemes as per the rules of the Company prevailing from time to time.

- The Board shall have power to alter and / or vary the terms and conditions of his appointment/remuneration within the limits, if any, prescribed in the Act and / or any schedules thereto, from time to time as and when the Board may feel necessary to do so.

- Mr. Ramesh N. Shanbhag will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- Mr. Ramesh N. Shanbhag is liable to retire by rotation.
- The appointment may be terminated at any time by either party by giving to the other party three months' notice of such termination and neither party will have any claim against the other for damages or compensation by reason of such termination. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318 (3) of the Companies Act, 1956.
- Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay him a remuneration by way of salary and perquisites as may be decided by the Board of Directors of the Company but not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any amendments thereto.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII thereto, the terms of remuneration specified above are now being placed before the Members in General Meeting for its approval.

Copies of Letter of Appointment are open for inspection of Members at the Registered Office of the Company on working days of the Company between 10.00 a.m. and 12.00 noon upto and including the date of the Annual General Meeting or any adjournment or adjournments thereof.

The above terms and conditions may be treated as an abstract under Section 302 of the Companies Act, 1956.

The Board of Directors recommends the passing of this Resolution.

None of the Directors except Mr. Ramesh N. Shanbhag is concerned or interested in the above Resolution.

By order of the Board of Directors  
**FOR KAMAT HOTELS (INDIA) LIMITED**

**Registered Office**

70-C, Nehru Road,  
Near Santacruz Airport,  
Vile Parle (East),  
Mumbai 400 099.

Place : Mumbai.

Date : 31<sup>st</sup> July 2000.

**R. V. Joshi**  
Company Secretary

## 13TH ANNUAL REPORT 1999-2000

## DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting the Thirteenth Report of the Company together with Audited Statement of Accounts for the Fifteen Months' period ended on 31-3-2000.

## FINANCIAL RESULTS

The figures of the current financial year are summarised below. The figures for the previous year ended 31-12-1998 are of 18 months as compared to the current period's figures for 15 months and therefore are not exactly comparable:

(Rs. in Lakhs)		
Particulars	Current year (1-1-1999 to 31-3-2000)	Previous Year (1-7-1997 to 31-12-1998)
Total Income	5563.90	2669.71
Profit Before Interest, Depreciation & Taxation	2365.82	935.16
Less: Interest	1592.77	526.04
Less: Depreciation	380.56	107.70
Profit Before Tax	392.49	301.42
Less : Provision for Taxation	70.58	1.69
Prior period adjustments	6.68	0.38
Profit After Tax	315.23	299.35
Add: Balance Brought Forward	1.90	1.34
Add : Transfer from Tourism Development Reserve	16.00	-
Distributable Profits	333.13	300.69
Appropriations :		
i) Dividend on Preference Shares	40.15	41.17
ii) Tax on Preference Dividend	8.83	4.53
iii) Proposed Dividend on Equity Shares	85.94	128.91
iv) Tax on Proposed Dividend on (iii) above	18.91	14.18
v) Debenture Redemption Reserve	-	100.00
vi) Capital Redemption Reserve (CRPS)	150.00	-
vii) General Reserve	10.00	10.00
vii) Balance carried over to Balance Sheet	19.30	1.90

## DIVIDEND

Your Directors are pleased to recommend the following dividend for the period ended 31-3-2000 :

- 13.5% on 23000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each.
- 14% on 1543000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/-each.  
(Prorata Dividend @ 14% in respect of 15,00,000 CRPS redeemed on 29-11-1999. )
- 14.5% on 1099000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each.
- Re. 0.80 per Share on 10742850 Equity Shares of Rs. 10/- each.

## CHANGE OF FINANCIAL YEAR

The Company's Financial Year was for fifteen months period from 1<sup>st</sup> January, 1999 to 31<sup>st</sup> March, 2000. The Registrar of Companies, Maharashtra, Mumbai had been intimated about the same.

## OPERATIONS

General Business conditions did not show any improvement in the Tourism Industry during the year due to the Kargil conflict, economic uncertainties and the general elections last year.

The growth of the Hospitality Industry relies on economic activity within the country and on tourism. Since 1997 there has been a negative growth in general economic activity. Consequently, business travel both to India and within India has dropped sharply. In so far as tourism is concerned, there has been no increase in visitor arrivals. These factors have adversely affected the Hospitality Industry in particular.

The Members will appreciate that despite the above facts, the Company achieved a total turnover of Rs. 5563.90 lakhs during the fifteen months period ended 31<sup>st</sup> March, 2000 as against Rs. 2669.71 lakhs in the previous year which was for 18 months.

## 1) FIVE STAR HOTEL AT MUMBAI

As stated in the Directors' Report of the last year, Asia's First Certified Ecofriendly Five Star Hotel "The Orchid" was partially opened to public in September 1997. Your Directors are pleased to announce that "The Orchid" became fully operational with all 245 rooms during the period under review. "The Orchid" continues to maintain track of winning the Prestigious Awards. The Directors are proud to inform you that the following Prestigious Awards have been won by "The Orchid" during the period under review :

- IH&RA Green Hotelier & Restaurateur Environmental Award 1999 for outstanding contribution of "The Orchid" to sustainable Tourism.
- Ecotel Industry Pioneer Status 1999 Award.
- Green Globe Achievement Award 2000.



## KAMAT HOTELS (INDIA) LIMITED

The performance of "The Orchid" Hotel has been once again excellent as is evident from an average occupancy of 76% maintained throughout.

"The Orchid" Hotel is Asia's first Hotel to be Certified Environmentally Friendly. This is because of investment into new Green Technology which reduces the pollution. It is now time for the Government of India to encourage such ventures and provide grants, interest subsidy, etc. so that more such Hotels follow the path set by "The Orchid".

### 2) OTHER OPERATIONS

As stated last year, the Company has entered into Management Contract for 35 years for Management of 32 rooms of Hotel Siddharth at Nashik. The performance of Hotel Siddharth was fairly good during the period under review.

The operations of the other divisions of the Company such as the catering, travels and educational division were satisfactory during the period under review.

In terms of Clause 43 of the Listing Agreement, performance of 1999-2000 vis-a-vis projections made in the prospectus is as under:

	(Rs. in Lakhs) Projections as per prospectus 1998-1999 (for 12 months)	(Rs. in Lakhs) Actuals (for the period 1-1-1999 to 31-3-2000)
Net Sales	2817.14	5563.90
Net Profit	939.85	321.91
EPS (Rs.) (annualised)	6.71	2.03
Dividend	15%	8%

As stated earlier since the hotel "The Orchid" partially commenced its operations in a phased manner effective from end of 1997, the projected results could not be achieved as the Hotel became fully operational in March 2000. It may be noted that the buildable areas underwent substantial change and the hotel which was originally conceived as a four star hotel, has now been constructed and commissioned as a five star hotel.

### PROJECTS

As discussed above, the five star hotel project adjacent to Domestic Airport was opened to Public in a phased manner since end of 1997. However, all 245 rooms have been commissioned and the Hotel became fully operational during the period under review. As regards Hotel Siddharth at Nashik, as stated last year, the building plans have been submitted for renovation and redevelopment from 32 rooms hotel to 84 rooms hotel to the Municipal Corporation. With regard to status of Bandra Kurla Project, due to slackness in the development at the Bandra Kurla Complex, the Directors have decided to go slow on its proposed hotel project at the complex.

### FINANCE AND ACCOUNTS

The Company obtained additional loan of Rs. 650 lakhs from SICOM LTD during the year, which has been gainfully deployed for its project. The Directors place on record their appreciation for favourably considering request of the Company for re-schedulement of the Term Loans granted by IDBI to the Company. The company has redeemed 14%, 15,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each on 29-11-1999 in terms of the issue of CRPS. The dividend on the same will be paid after it is approved by the Members. The observations made by the Auditors in their Report have been clarified in the relevant notes forming part of the accounts, which are self-explanatory.

### FIXED DEPOSITS

The Company has neither invited nor accepted any fixed deposits during the year.

### Y2K COMPLIANCE

Your Company had a successful Y2K transition and there was no disruption in the operations. Your Company undertook further steps to realise the full potential of computer system.

### PARTICULARS OF EMPLOYEES

Details of remuneration paid to employees as required by Section 217 (2A) of the Companies Act, 1956, are annexed and form part of this report.

### ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

- Conservation of Energy: The Company continued the energy conservation efforts during the year. The Company has closely monitored power consumption and running hours on day to day basis thus resulting in optimum utilisation of energy. The new hotel is fitted with energy saving devices to conserve energy in the long run.
- Technology Absorption: The activities of Company at present do not involve technology absorption and research and development.
- Foreign Exchange earnings and outgo :
 

Earnings	: Rs. 2925 lakhs
Utilisation (including capital goods)	: Rs. 61 lakhs

### DIRECTORS

Chairman Mr. Venketesh K. Kamat resigned from the Chairmanship of the Company, however, continuing as Director of the Company. The Board in appreciation of wisdom of his experience appointed him "Chairman Emeritus" in the Board Meeting held on 27<sup>th</sup> April 2000. The Board places on record its appreciation for the valuable services rendered by him to the Company as Chairman of the Company.

## 13TH ANNUAL REPORT 1999-2000

Managing Director, Mr. Vithal V. Kamat was elected as Chairman of the Company in the Board Meeting held on 27<sup>th</sup> April, 2000.

Industrial Development Bank of India have appointed Mr. Sadanand Achyut Shanbhag as their Nominee Director on the Board of your Company with effect from 25<sup>th</sup> May, 2000.

SICOM LIMITED have withdrawn Mr. D. T. Joseph, their Nominee Director with effect from 9<sup>th</sup> December, 1999 from the Board of your Company. The Board places on record its appreciation for the valuable services rendered by Mr. D. T. Joseph during his tenure as a Member of the Board.

Mr. Venketesh K. Kamat and Padmashree Thangam Elizabeth Philip retire by rotation and being eligible, offer themselves for reappointment. Your Directors recommend their appointment.

The Board recommends appointment of Mr. Ramesh N. Shanbhag as Whole-Time Director of your Company.

#### AUDITORS

M/s. J. G. Verma & Co. and M/s. Anay Gogte & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

#### INDUSTRIAL RELATIONS

The relations of the management with staff and workers remained strong and cordial during the year.

#### ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the sincere and whole hearted co-operation extended by all concerned, particularly Securities & Exchange Board of India, Stock Exchanges, Department of Tourism, IDBI, CRISIL, SICOM, the Bankers, Municipal Authorities, Government of Maharashtra, clients and staff and look forward to their continued support.

The Directors also thank the project team, the suppliers and the contractors for their unstinted support and commitment.

The Directors also thank the Shareholders for their continuing support and confidence in the Company and its management.

#### ON BEHALF OF THE BOARD OF DIRECTORS

**V. V. Kamat**

*Chairman and Managing Director*

Place : Mumbai

Date : 31<sup>st</sup> July, 2000.

#### ANNEXURE TO THE DIRECTORS' REPORT, 2000

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 2000 :

Name	Designa- tion	Qualifica- tions	Remunera- tion (Rupees)	Experience Years	Age Years	Date of Commencement of employment	Particulars of last employment
Mr. Vithal V. Kamat	Chairman and Managing Director	Dip.In Elect. Engg. (IV Sem.)	32,36,132	27	48	1-4-94	Plaza Hotels Pvt. Ltd
Mr. K. P. Kannampilly	Wholetime Technical Director	FHCIMA PGDHMCT	10,60,586	25	49	1-2-96	K. Raheja Hotels Pvt. Ltd.

Notes : 1. The nature of employment is contractual.

2. The Gross Remuneration shown above comprises of salary and house rent allowance and is for fifteen months period.