

14th Annual Report 2000-2001

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KAMAT HOTELS (INDIA) LTD.

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ORCHID
AN ECOTEL HOTEL
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Environmentally Sensitive Hotels

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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 - *Director*

MR. M. R. PAI - *Director*

MR. SADANAND A. SHANBHAG (*Nominee of IDBI*)

MR. KISHOR M. KHER (*Nominee of SICOM Ltd.*)

MR. KRISHNA V. KAMAT - *Director*

MR. RAMESH N. SHANBHAG - *Wholetime Director*

AUDITORS

M/S. J. G. VERMA & CO.
Chartered Accountants

M/S. ANAY GOGTE & CO.
Chartered Accountants

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COMPANY SECRETARY

MRS. V. K. KUMAR

BANKERS

CANARA BANK

INDUSIND BANK LIMITED.

GLOBAL TRUST BANK LIMITED.

UTI BANK LIMITED.

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REGISTERED OFFICE

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

KAMAT HOTELS (INDIA) LIMITED**NOTICE**

Notice is hereby given that the Fourteenth 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 Saturday, the 29th September, 2001 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March, 2001 and Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
- 2) To declare dividends on Cumulative Redeemable Preference Shares and Equity Shares.
- 3) To appoint a Director in place of Shri. Ramesh N. Shanbhag, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Shri. M. R. Pai, who retires by rotation and being eligible offers himself 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 a **SPECIAL RESOLUTION** :

"RESOLVED THAT subject to the approval of the Central Government and any other competent authority, if required, the consent of the Company be and is hereby accorded under section 314(1) to Shri Vithal V Kamat, Chairman and Managing Director of the Company for drawing consultancy fees and reimbursement of other expenses incurred by him in and about performing of his duties as applicable in the terms and conditions set forth in an agreement to be made between the Company and Shri Vithal V Kamat, a draft whereof is submitted in this meeting for the purpose of identification, initialled by a Director of the Company. The Board of Directors of the Company be directed to enter into such agreement in the name and on behalf of the Company".

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and also subject to the permission of the competent authority, if required, Shri. K. P. Kannampilly be and is hereby reappointed as Wholtime Technical Director of the Company for a further period of five years from 21-09-2001 on a remuneration to be sanctioned in this behalf by the Board of Directors on the terms of re-appointment as set out in the Letter of Appointment to be issued to him as approved by the Chairman and Managing Director in consultation with Remuneration Committee with liberty to the Board of Directors to alter and vary the said terms of re-appointment and remuneration in such manner as may be agreed to between the Board of Directors and Shri. K. P. Kannampilly, within the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, expedient or desirable to give effect to this Resolution."

- 8) To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION** :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or reenactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at The Delhi Stock Exchange Association Limited, Pune Stock Exchange Limited., The Stock Exchange-Ahmedabad, Bangalore Stock Exchange Limited & Madras Stock Exchange Limited.

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

"RESOLVED THAT pursuant to the Companies (Appointment of small Shareholders' Director rules, 2001, provisions of section 252(1) and other applicable provisions, if any, of the Companies Act, 1956 or any amendments thereto, subject to other permissions and approvals as may be required and in accordance with the proposal received in writing from the small shareholders proposing the name of Shri M D Katpitia for the post of small shareholders nominee Director on the Board of the Company, Shri M D Katpitia be and is hereby appointed as a nominee Director of the small shareholders on the Board of the Company for a maximum period of 3 years subject to meeting the requirements of provisions of the Companies Act, not liable to retire by rotation".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution".

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

V. K. Kumar
Company Secretary

Registered Office:

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

Place : Mumbai.

Date : 28th July, 2001.

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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. 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2001 to 29th September, 2001 (both days inclusive).
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of Meeting is annexed hereto.
7. 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 29th September, 2001 or to their order.
8. 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.
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 for the past years are requested to approach the Company for revalidation of their dividend warrants urgently. **It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.**

- 10 A. With Regard to Item No.9 of the notice, Shareholders are requested to send their assent or dissent in writing to the Scrutinizer at the registered office of the Company by Postal Ballot in the prescribed Postal Ballot Form in a self addressed Postage pre-paid envelope already despatched.

The Postal Ballot Form duly completed and signed should be forwarded to the Registered Office of the Company so as to reach the Company not later than the close of working hours on Thursday, 27th September, 2001.

There shall be one Postal Ballot for every folio irrespective of the number of joint holders in respect thereof.

Postal Ballot shall not be exercised by a Proxy.

In accordance with the Companies passing of Resolutions by Postal Ballot) Rules, 2001, Postal Ballot(s) received after 29-09-2001 shall be treated as if the reply from the shareholders has not been received and the same shall not be considered.

Incomplete, unsigned or incorrectly ticked Postal Ballot forms shall be rejected.

The Scrutinizer and/or Chairman's decision on the validity of Postal Ballots shall be final.

B. PROCEDURE TO BE FOLLOWED FOR CONDUCTING BUSINESS THROUGH POSTAL BALLOT

The Company has appointed Shri Ramesh M. Apte, Solicitor as scrutinizer who in the opinion of Board can conduct the Postal Ballots voting process in a fair and transparent manner as Scrutinizer.

The Scrutinizer will be in position for 35 days from the date of posting of the Postal Ballot Forms and will submit his final report on or before the 29-09-2001.

The Scrutinizer will be available at the Registered Office of the Company for the purpose of ascertaining the requisite majority and the Postal ballots and all other papers related to Postal Ballots will be under his safe custody till the Chairman considers, approves and signs the minutes of the meeting.

Shareholders may if they so desire address any query in relation to the Postal Ballot to the Company Secretary at the Registered office of the Company.

11. The 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 6

Shri Vithal V. Kamat, Chairman and Managing Director of the Company who has the Asia's First Ecotel Hotel "The Orchid" set up under his initiation and leadership has already won 15 prestigious awards from various authorities. In order to further develop the Business Shri Vithal V. Kamat is expected to make frequent foreign visits in connection with exploring and developing the business of the Company abroad. Accordingly Shri Vithal V. Kamat wishes to become a non executive Chairman and Managing Director of the Company without remuneration. The Board of Directors in their meeting held on 28-07-2001 have therefore decided to enter into an agreement for consultancy with Shri Vithal V. Kamat so that the Company can benefit from the valuable consultancy services of Shri Vithal V. Kamat procured by his varied extensive knowledge, experience and visits abroad by attracting more business by operating abroad and simultaneously earning more income without any investment. The consultancy charges payable to Shri Vithal V. Kamat will exceed the limit u/s 314(1) of the Companies, Act, 1956 i.e. Rs 20,000 per month, therefore Central Government's approval is required.

The draft agreement regarding payment of consultancy fees to Shri Vithal V. Kamat is open for inspection of the Members at the Registered office of the Company on working days between 10.00 a.m. and 12.00 noon upto and including the date of the Annual General Meeting or any adjournment(s) thereof.

The Board of Directors recommend the passing of this resolution.

Apart from Shri Vithal V. Kamat himself, Shri Venketesh K Kamat and Shri Krishna V. Kamat, relatives of Shri Vithal V. Kamat, no other Director is interested in the above resolution.

Item No. 7

Shri. K. P. Kannampilly was appointed as Wholtime Technical Director of the Company with effect from 21st September 1996 for 5 years. Having regard to Shri. K. P. Kannampilly's qualification in Hotel Management with 21 years experience in the hospitality industry and his significant contribution to the progress of the Company, the Board of Directors of the Company at its meeting held on 28th July, 2001, reappointed Shri. K. P. Kannampilly as Wholtime Technical Director of the Company for a period of five years with effect from 21-09-2001 pursuant to provisions of Sections 198, 269, 309, 310, 311, Schedule

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XIII and any other applicable provisions of the Companies Act, 1956, on remuneration and other terms as mentioned in the Letter of Appointment.

The Material terms of the Letter of Appointment to be issued to Shri K.P. Kannampilly are as follows :

The Wholtime Technical Director shall, subject to the supervision and control of the Board of Directors and / or Chairman & Managing Director of the Company, manage the business and affairs of the Company.

Remuneration:

1. Salary Rs. 60,000 /- p.m. inclusive of D. A.
2. City Compensatory Allowance Rs. 9600 /- p. m.
3. Other Allowances Rs. 8500 /- p.m.
4. Conveyance: The Company will provide a car and reimburse Rs. 4000/- p.m. in lieu of providing driver.
5. 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 Wholtime Technical 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 reappointment 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.
- Shri. K. P. Kannampilly will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- Shri. K. P. Kannampilly 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 not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as may be decided by the Board of Directors of the Company.

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 their approval.

Copies of Letter of re-appointment are open for inspection of the 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. No other Director except Shri. K. P. Kannampilly is interested in the above Resolution.

Item No. 8

Presently, the Company's securities are listed at the following 7 Stock Exchanges in India:-

- i) The Stock Exchange Mumbai (the regional Stock Exchange)
- ii) National Stock Exchange of India Limited, Mumbai
- iii) The Delhi Stock Exchange Association Limited
- iv) Pune Stock Exchange Limited
- v) The Stock Exchange-Ahmedabad
- vi) Bangalore Stock Exchange Limited
- vii) Madras Stock Exchange Limited

With the extensive networking of The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Limited (NSE), and the

extension of the BSE/NSE terminals to other cities as well, investors have access to online dealings in the Company's securities across the Country. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the NSE.

The Company's Equity Shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors, since May, 2001.

It is also observed that the listing fees paid to the other Stock Exchanges is disproportionately higher, considering the trading volumes and liquidity which are very much lower compared to the Mumbai Stock Exchange (BSE) and National Stock Exchange (NSE).

As a part of its cost reduction measures, the Company has proposed this resolution, which will enable it to delist its equity shares from all or any of the following Stock Exchanges :

The Delhi Stock Exchange Association Limited, Pune Stock Exchange Limited, The Stock Exchange-Ahmedabad, Bangalore Stock Exchange Limited & Madras Stock Exchange Limited at an appropriate time in the future. The actual timing of such a move will depend upon future developments regarding integration of stock exchanges across the country, growth in volume of trading on different exchanges, etc.

In line with the SEBI regulations and approval, if any, required, members' approval is being sought by a Special Resolution for enabling voluntary delisting of its Securities from the said other Stock Exchanges.

The proposed delisting of the Company's securities from The Delhi Stock Exchange Association Limited, Pune Stock Exchange Limited., The Stock Exchange-Ahmedabad, Bangalore Stock Exchange Limited & Madras Stock Exchange Limited, as and when the same takes place, will not adversely affect the investors. The Company's securities will continue to be listed on BSE as the Regional Stock Exchange and the NSE. The delisting will take effect after all approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the Special Resolution for approval of members.

None of the Directors of the Company are, in any way concerned or interested in the resolution.

Item No. 9

The Company has received a notice dt 27.07.2001 alongwith the profile of Shri M D Katpitia from small shareholders intending to propose Shri M. D. Katpitia as a candidate for the post of Director on the Board of the Company under the signatures of over 100 small shareholders. Shri M D Katpitia has also given his consent to act as a Director. The Company has 10,400 approx. small shareholders and the paid up Share Capital is Rs 10,74,28,500/-.

Shri M D Katpitia, FBIM, FHCIMA, FCFA (England) by qualification, is a hotel consultant and Advisor by profession, having more than 55 years of experience in the hotel industry in various capacities. He is also affiliated to the Royal Society of Health (England). The Company would immensely benefit by the appointment of Shri M. D. Katpitia as a Director.

Copies of the notice dt. 27.07.2001 received from the small shareholders, the profile of Shri M D Katpitia and his consent letter to act as a Director 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 thereof.

Accordingly the Ordinary Resolution as set out under Item No 9 of the Notice is submitted for the approval of the Shareholders by postal ballot.

None of the Directors are interested or concerned in the above resolution.

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

V. K. Kumar
Company Secretary

Registered Office:

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

Place : Mumbai.

Date : 28th July, 2001.

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DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Fourteenth Annual Report and Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

The figures of the current financial year are summarised below. The figures of the current year which are of twelve months as compared to the previous financial year's for fifteen months are not comparable:

(Rs. in Lakhs.)

Particulars	Current year (01-04-2000 to 31-03-2001)	Previous Year 01-01-1999 to 31-03-2000)
Total Income	5594.77	5563.90
Profit Before Interest, Depreciation & Taxation	2612.26	2365.82
Less: Interest	1681.09	1592.77
Less: Depreciation	405.19	380.56
Profit Before Tax	525.98	392.49
Less : Provision for taxation	45.37	70.58
Prior periods' adjustments	1.12	6.68
Profit After Tax	479.49	315.23
Add: Balance Brought Forward	19.30	1.90
Add: Transfer from Tourism Development Reserve	-	16.00
Distributable Profits	498.79	333.13
Appropriations:		
i) Dividend on Preference Shares	11.17	40.15
ii) Tax on Preference Dividend	1.14	8.83
iii) Proposed dividend on Equity Shares	85.94	85.94
iv) Tax on Proposed Dividend on (iii) above	8.77	18.91
v) Capital Redemption Reserve (CRPS)	116.50	150.00
vi) General Reserve	269.00	10.00
vii) Balance carried over to Balance Sheet	6.27	19.30

DIVIDEND :

Your Directors are pleased to recommend the following dividend for the year ended 31st March ,2001 :

- 13.5% on 23000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each on pro-rata basis
- 14% on 43000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/-each on pro-rata basis
- 14.5% on 1099000 Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/ each on pro-rata basis
- Re. 0.80 per Share on 10742850 Equity Shares of Rs. 10/- each.

OPERATIONS

The Members will appreciate that despite keen competition from newly opened Hotels in Mumbai , the Company achieved a total turnover of Rs. 5594.77 lakhs during the twelve months period ended 31st March, 2001 as against Rs.5563.90 lakhs in the previous year which was for 15 months, registering a growth of 25% over last year. Profits after interest and depreciation amounted to Rs. 525.98 lakhs as compared to Rs. 392.49 lakhs in the previous financial year, it was for fifteen months registering an increase of 67.51% on annualised basis. The members will find the above results satisfactory.

1) "THE ORCHID" HOTEL AT MUMBAI:

As stated in the Directors' Report of the last year, Asia's First Certified Ecofriendly Five Star Hotel "The Orchid" became fully operational with all 245 rooms in the previous year. "The Orchid" continues to maintain track of winning 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 :

- An International Certification from HVS ECO SERVICES being awarded a 5 Globe ECOTEL rating in May 1997 and once again being re-certified as 5 Globe ECOTEL in December, 2000.
- Federation of Hotel and Restaurant Association of India (FHRAI) Environment Champion of the year – for large hotels
- Hotel & Catering International Management Association (HCIMA) Best Environment Policy 2000
- Regional Directors Tourism Award 2000- Western & Central India - awarded to Shri Vithal V. Kamat towards his contribution to the Tourism Industry.
- National Tourism Award for best 5 star Hotel Western Region – January 2001,
- PATA Gold Award given by PATA, Malaysia for best Corporate Environment Programme 2001- April, 2001
- ISO 14001 Certification 2001 – 24th May, 2001
- Rotary Club of Mumbai North Island awarded to Shri Vithal V Kamat for his concern towards environment protection and providing the 1st eco-friendly 5 star Hotel in Asia to the city of Mumbai.

The performance of "The Orchid" Hotel has been once again excellent as is evident from an average occupancy of 82.7% 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 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.

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

PROJECTS:

As discussed above, the five star hotel "The Orchid" has become fully operational during last year. 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 had decided to go slow on its proposed hotel project at the complex.

FINANCE AND ACCOUNTS:

The Company has redeemed 13.5%, 14% & 14.5%, 1,16,50,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each on 29-11-2000 in terms of the issue of CRPS. The dividend on the same will be paid after it is approved by the Members.

FIXED DEPOSITS:

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

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.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required by Section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the financial year ended 31st March, 2001;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

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

- a. 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.

- b. Technology Absorption: The activities of Company at present do not involve technology absorption and research and development.

- c. Foreign Exchange earnings and outgo:

Earnings : Rs. 296.47 lakhs

Utilisation (including capital goods) : Rs. 31.90 lakhs

DIRECTORS:

SICOM Limited have appointed Shri. Kishor Madhusudhan Kher as their Nominee Director on the Board of your Company with effect from 16th December, 2000.

The Board recommends the re-appointment of Shri K.P.Kannampilly as the Wholetime Technical Director of the Company with effect from 21st September, 2001.

Shri Ramesh N. Shanbhag and Shri M.R. Pai retire by rotation and being eligible, offer themselves for reappointment. Your Directors recommend their appointments.

The Name of Shri M.D. Katpitia has been proposed as a small shareholders nominee Directors by the small shareholders. Accordingly the resolution for his election is offered to the shareholders by postal ballot and the result will be declared in the Annual General Meeting to be held on 29.09.2001.

CORPORATE GOVERNANCE PHILOSOPHY:

Company's underlying philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and conduct of business and places due emphasis on regulatory compliance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability and will endeavour to improve on these aspects on ongoing basis.

BOARD COMPOSITION:

The Board of Directors of the Company comprises of a Chairman—cum—Managing Director, two Wholetime Directors, two Nominee Directors of Financial Institutions and other non Wholetime Directors who bring in wide range of expertise, skill and knowledge in varied fields.

BOARD PROCEDURE:

The Board met five times in the year under review, focussing on strategy formulation, policy and control, and delegation of powers, and dealing with specific issues with a view to maximizing the Company's network and value to the shareholders and to set up high standard of excellence in customer service. Besides the statutory issues, the Board considers & reviews the performance of its various divisions.

BOARD COMMITTEES

Following Committees were formed in the Board Meeting held on 31st January, 2001 in conformity with the requirements and broad guidelines and terms of reference of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000 and the amendment in the Listing Agreements entered between the Company and Stock Exchanges:

AUDIT COMMITTEE:

The Audit Committee comprises of the following members:
Shri. M.R. Pai – Director, Chairman of the Committee