

Kamat Hotels (India) Limited

12TH ANNUAL REPORT 1997 - 98



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

*Green Globe Award presented to
The Orchid at WTM London 1998*



KAMAT HOTELS (INDIA) LIMITED

BOARD OF DIRECTORS

MR. VENKETESH K. KAMAT - *Chairman*

MR. VITHAL V. KAMAT - *Managing Director*

MR. K. PARAMESWARAN KANNAMPILLY
- *Wholetime Technical Director*

PADMASHREE THANGAM E. PHILIP

MR. M. R. PAI

MR. D. T. JOSEPH (*Nominee of SICOM Ltd.*)

MR. KRISHNA V. KAMAT

MR. RAMESH N. SHANBHAG

AUDITORS

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

M/S. ANAY GOGTE & CO.
Chartered Accountants

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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NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Kamat Hotels (India) Limited will be held at Kamats Klub, 12, Udyog Nagar, S. V. Road, Goregaon (West), Mumbai 400 062, on Wednesday, the 30th June, 1999 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for 18 months' period ended on 31st December, 1998 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 and Equity Shares.
- 3) To appoint a Director in place of Mr. Krishna V. Kamat, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. K. P. Kannampilly, who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- 6) To appoint a Director in place of Padmashree Thangam Elizabeth Philip, who was appointed as an additional Director of the Company by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing her candidature for the office of a Director.
- 7) To appoint a Director in place of Mr. Ramesh N. Shanbhag, who was appointed as an additional Director of the Company by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
- 8) To Appoint a Director in place of Mr. M. R. Pai, who was appointed as an additional Director of the Company by the Board of Directors and holds office upto the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director.
- 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 provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Mr. Vithal V. Kamat as Managing Director of the Company for a period of five years from 01-04-1999 on the terms of re-appointment including remuneration, commission and perquisites as set out in the draft Letter of Appointment to be issued to him, placed before the Meeting and signed by the Chairman for the purpose of identification, which Letter of Appointment is hereby specifically approved with authority 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 Mr. Vithal V. Kamat, 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."

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

"RESOLVED THAT subject to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or substitution thereof, the Company hereby accords its approval to the increase in the remuneration payable to Mr. K. P. Kannampilly, Wholtime Technical Director of the Company with effect from 01-01-1999 for the remaining period of the tenure of his appointment i.e. upto 20th September, 2001, and which increase in the remuneration is detailed in the draft Letter of Revision of Remuneration to be given to him, placed before the meeting and signed by the Chairman for the purpose of identification."

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

Registered Office:

70-C, Nehru Road,
Near Santacruz Airport,
Vile Palle (East),
Mumbai 400 089.

Place : Mumbai.

Date : 28th April, 1999.

R. V. Joshi
Company Secretary

KAMAT HOTELS (INDIA) LIMITED**NOTES:**

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24/1/95 ✓
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. Consolidated Share Services Private Ltd. at Shanti Nagar Cross Road, "A", Near M.I.D.C. Bus Depot, M.I.D.C. Andheri (East), Mumbai 400 093, Tel Nos. 8355636, 8355635 Fax No. 8381384.
 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 22-06-1999 to 30-06-1999 (both days inclusive).
 6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to Special Business of Meeting is annexed hereto.
 7. The Dividend, if any declared, will be exempt from Income-Tax in 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 30th June, 1999 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. 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.
 10. 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.
 11. The Company has with the approval of the Registrar of Companies, Maharashtra, Mumbai extended its Accounting Year by six months i.e upto 31-12-1998. Further the Registrar of Companies, Maharashtra, Mumbai has granted the Company extension of time to hold this Annual General Meeting upto 30-06-1999 vide their letter No. 39307/TA/VII dated 12-02-1999.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 6**

Padmashree Thangam Elizabeth Philip was appointed as an additional Director of the Company with effect from 30-01-1999 pursuant to Section 260 of the Companies Act, 1956, she will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Padmashree Thangam Elizabeth Philip for the office of Director, alongwith a deposit of Rs. 500/-, under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Padmashree Thangam Elizabeth Philip is interested in this Resolution.

Item No. 7

Mr. Ramesh N. Shanbhag was appointed as an additional Director of the Company with effect from 30-01-1999 pursuant to Section 260 of the Companies Act, 1956, he will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Ramesh N. Shanbhag for the office of Director, alongwith a deposit of Rs. 500/-, under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Mr. Ramesh N. Shanbhag is interested in this Resolution.

Item No. 8

Mr. M. R. Pai was appointed as an additional Director of the Company with effect from 28-04-1999 pursuant to Section 260 of the Companies

Act, 1956, he will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. M. R. Pai for the office of Director, alongwith a deposit of Rs. 500/-, under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Mr. M. R. Pai is interested in this Resolution.

Item No. 9

Mr. Vithal V. Kamat was appointed as Managing Director of the Company with effect from 01-04-1994 for 5 years. Having regard to Mr. Vithal V. Kamat's long and rich experience in the industry and his significant contribution to the progress of the Company right from the inception, the Board of Directors of the Company at its meeting held on 27th March 1999, reappointed Mr. Vithal V. Kamat as Managing Director of the Company for a period of five years with effect from 01-04-1999 pursuant to provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and any other applicable provisions of the Companies Act, 1956, on remuneration and other terms as under:

Brief particulars of the main terms and conditions are as follows:

Remuneration:**Section I : Payable when the Company has adequate profits :**

Remuneration, by way of salary, dearness allowance, perquisites, and other allowances payable monthly, to be decided by the

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Board of Directors, and commission, which together shall not exceed five percent of net profits of the Company for one such managerial person, and if there is more than one such managerial person, ten percent for all of them together.

Section II : Payable when the Company has no profits or inadequate profits :

1. Rs. 87,500/- (Rupees Eighty Seven Thousand Five Hundred Only) per month or Rs. 10,50,000/- (Rs. Ten Lakhs Fifty Thousand only) per annum including salary, perquisites, dearness and all other allowances.
2. The following perquisites shall not be included in the computation of ceiling on perquisites included under "Remuneration"
 - i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable as per the rules of the Company, so as not to exceed half month's salary for each completed year of service.
 - iii) Encashment of Leave: As per the Company's Rules, at the end of the tenure.
- The remuneration payable to Mr. Vithal V. Kamat is within the limits prescribed under Schedule XIII to the Companies Act, 1956.
- The appointment may be terminated at any time by either party by giving to the other party six 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.
- Mr. Vithal V. Kamat will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- Mr. Vithal V. Kamat is not liable to retire by rotation.

In compliance with the provisions of Sections 269 and 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 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 Board of Directors recommends the passing of the Resolution.

Apart from Mr. Vithal V. Kamat, Mr. Venketesh K. Kamat and Mr. Krishna V. Kamat who are relatives of Mr. Vithal V. Kamat, no other Director is interested in the above Resolution.

Item No. 10

Mr. K. P. Kannampilly was appointed as whole time Technical Director of the Company for a period of 5 years from 21-09-1996 to 20-09-2001 in the Annual General Meeting of the Company held on 19-12-1996. Having regard to his long and rich experience in the Hotel Industry and significant contribution to the progress of the Company right from the date of his appointment, the Board of Directors of the Company at its meeting held on 27th March, 1999 increased his remuneration with effect from 1st January 1999 for the remaining period of the tenure of his appointment i.e. upto 20th September 2001 pursuant to provisions of Sections 198, 309, 310, 311, Schedule XIII and any other applicable provisions of the Companies Act, 1956.

Brief particulars of the main terms and conditions are as follows:

Remuneration:

1. Salary : Rs. 40000/- p.m.
2. City Compensatory Allowance : Rs. 8000/- p.m.
3. Other Allowances : Rs. 16500/- p.m.
4. Conveyance : The Company will provide a car and reimburse Rs. 3000/- 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 wholetime 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
- Mr. K. P. Kannampilly will not be paid any fees for attending the Meetings of the Board or of Committee thereof.
- Mr. 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 Revision of Remuneration 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 Board of Directors recommends the passing of the Resolution.

No other Director except Mr. K. P. Kannampilly is 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 : 28th April, 1999

R. V. Joshi
Company Secretary

KAMAT HOTELS (INDIA) LIMITED**DIRECTORS' REPORT**

To the Members,

Your Directors take pleasure in presenting the Twelfth Annual Report of the Company together with Audited Statement of Accounts for the Eighteen Months' period ended 31st December, 1998.

FINANCIAL RESULTS:

The figures of the current financial year are summarised below. The figures for the previous year ended 30-06-1997 are of 12 months as compared to the current period's figures for 18 months and therefore are not strictly comparable:

	(Rs. in Lakhs.)	
Particulars	Current year 01-07-1997 to 31-12-1998	Previous year 01-07-1996 to 30-06-1997
Total Income	2669.71	578.39
Profit Before Interest, Depreciation & Taxation	978.32	184.89
Less: Interest	526.05	—
Less: Depreciation	107.70	7.30
Profit Before Tax	344.57	177.59
Less : Provision for Taxation	1.69	4.02
Amortisation of Expenses	43.15	23.54
Prior period adjustments	0.38	3.34
Profit After Tax but before exceptional item	299.35	146.69
Add: Compensation	—	150.00
Add: Balance Brought Forward	1.34	9.18
Distributable Profits	300.69	305.87
Appropriations:		
i) Dividend on Preference Shares	41.17	—
ii) Tax on Preference Dividend	4.53	—
iii) Proposed Dividend on Equity Shares	128.91	85.94
iv) Tax on Proposed Dividend on (iii) above	14.18	8.59
v) Debenture Redemption Reserve	100.00	200.00
vi) General Reserve	10.00	10.00
vii) Balance carried over to Balance Sheet	1.90	1.34

DIVIDEND :

Your Directors are pleased to recommend the following dividend for the period ended 31-12-1998 :

- 13.5% on 23000 Cumulative Redeemable Preference Shares of Rs. 10/- each. (Prorata)

- 14% on 1543000 Cumulative Redeemable Preference Shares of Rs. 10/- each. (Prorata)
- 14.5% on 1099000 Cumulative Redeemable Preference Shares of Rs. 10/- each. (Prorata)
- Rs. 1.20 per Share on 10742850 Equity Shares of Rs. 10/- each.

CHANGE OF FINANCIAL YEAR :

The Company's Financial year was for eighteen months period from 1st July, 1997 to 31st December, 1998. The requisite approval has been obtained from the Registrar of Companies, Maharashtra, Mumbai .

OPERATIONS:

The Company achieved a total turnover of Rs. 2669.71 lakhs during the eighteen months period ended 31st December, 1998 as against Rs. 578.39 lakhs in the previous year which was for 12 months.

1) FIVE STAR HOTEL AT MUMBAI:

As stated in the Directors' Report of the last year, Asia's First Ecofriendly Five Star Hotel "The Orchid" was partially opened to public in September, 1997. The Hotel has been awarded the prestigious "ECOTEL" certification and also the Greenglobe Award for the year 1998 by World Travel Mart held in London and it was achieved in the very first year of its operation. So far 190 rooms are operational and the remaining 43 rooms and 12 suites will be commissioned shortly. The performance of "The Orchid" Hotel has been excellent as is evident from an average occupancy of 82% maintained thereat.

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 well during the period under review.

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

In terms of Clause 43 of the Listing Agreement, performance of 1997-98 vis-a-vis projections made in the prospectus is as under:

	(Rs. in Lakhs) Projections as per Prospectus 1997-1998 (for 12 months)	(Rs. in Lakhs) Actuals (for the period 01-07-97 to 31-12-98)
Net Sales	2651.62	2669.71
Net Profit	885.58	299.35
EPS	6.32	2.36
Dividend	12.00 %	12.00%

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As stated earlier since the hotel "The Orchid" partially commenced its operations recently, the projected results could not be achieved. It may be recalled, as reported in earlier years, that the commencement of project was delayed due to delay in Public Issue and also due to change in the scope of work. 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 partially opened to Public in September 1997. The building is fully complete and all major plant and machinery has been installed.

The furnishing of balance 43 rooms and 12 suites and other Public areas is under progress and is expected to be completed shortly. As regards Hotel Siddharth at Nashik, 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 Company has decided to go slow on its proposed hotel project at the complex and wait for an appropriate time to complete this project.

FINANCE:

The Company obtained additional loans of Rs. 1800 lakhs from Industrial Development Bank of India and Rs. 1200 lakhs from SICOM LTD during the year, which have been gainfully deployed for its various projects. The Promoters have also brought in additional funds of Rs. 339.69 lakhs during the year.

FIXED DEPOSITS:

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

Y2K COMPLIANCE:

The Company has taken appropriate steps for Y2K Compliance by September 1999. The expenditure to ensure Y2K Compliance is not expected to have any material financial impact. The Company has a contingency plan for addressing any unanticipated Y2K problem that may arise.

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:

- 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. 991.00 lakhs
Utilisation (including capital goods) : Rs. 195.33 lakhs

DIRECTORS :

During the period under review Mr. M. T. Tijoriwala and Mr. Rajesh V. Choudhary resigned from the directorship of the Company. Your Directors place on record their appreciation for the services rendered by them. Padmashree Thangam Elizabeth Philip and Mr. Ramesh N. Shanbhag were appointed as Additional Directors of your Company on 30-01-1999 and Mr. M. R. Pai was appointed as Additional Director of the Company on 28-04-1999 pursuant to Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company. All of them will vacate the office at the ensuing Annual General Meeting of the Company and have filed their consent to act as Directors of the Company, if appointed. Notices have been received u/s. 257 of the Companies Act, 1956 from Members of the Company for their appointment as Directors of your Company. The Board recommends their appointment as Directors retiring by rotation.

SICOM LIMITED have appointed Mr. D. T. Joseph as their Nominee Director on the Board of your Company. The Board has noted the same in its meeting held on 27-03-1999.

The Board has re-appointed Mr. Vithal V. Kamat as Managing Director of the Company for a period of 5 years from 01-04-1999 in its meeting held on 27-03-1999. Similarly, Board has also approved in the same meeting, the revision of remuneration payable to Mr. K. P. Kannampilly, Wholetime Technical Director for balance period of tenure of his appointment from 01-01-1999 to 20-09-2001. The Board recommends re-appointment of Mr. Vithal V. Kamat, as Managing Director of the Company and revision of remuneration of Mr. K. P. Kannampilly, Wholetime Technical Director.

The Board has appreciated that Mr. Vithal V. Kamat, Managing Director, has waived his remuneration by way of commission in respect of the period under report in view of the project being in the final stage of completion.

Mr. Krishna V. Kamat and Mr. K. P. Kannampilly retire by rotation and being eligible offer themselves for reappointment. Your Directors recommend their appointment.