

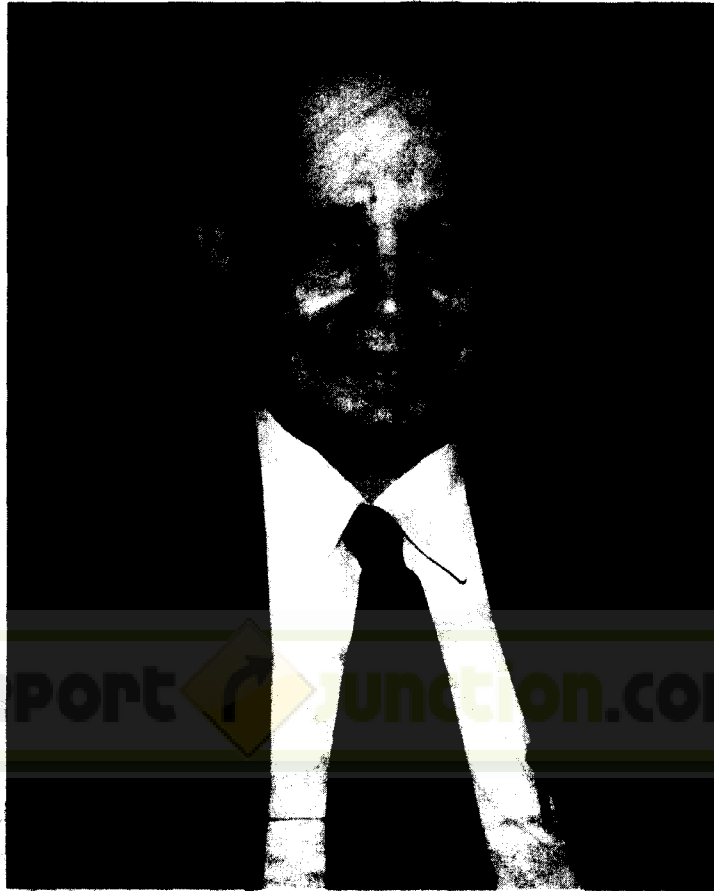
# 16th Annual Report 2002-2003



ECOTEL - The Hallmark of  
Environmentally Sensitive Hotels



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**Shri M. R. Pai, Director**  
(07-05-1931 to 03-07-2003)

***"His memories and vision will always be cherished and inspire us for ever"***

**KAMAT HOTELS (INDIA) LIMITED****BOARD OF DIRECTORS****MR. VITHAL V. KAMAT** - *Chairman & Managing Director***MR. K. PARAMESWARAN KANNAMPILLY***- Wholtime Technical Director***PADMASHREE THANGAM E. PHILIP** - *Director***MR. KRISHNA V. KAMAT** - *Director***MR. RAMESH N. SHANBHAG** - *Whole Time Director***MR. MINOO D. KATPITIA***- Small Shareholders Nominee Director***DR. P. K. BASU***- Director (Nominee of IDBI)  
appointed w.e.f. 21/4/03***MR. S.S. THAKUR***- Director appointed on 28/7/03***AUDITORS****M/S. J. G. VERMA & CO.***Chartered Accountants***M/S. ANAY GOGTE & CO.***Chartered Accountants***COMPANY SECRETARY****MRS. V. K. KUMAR****BANKERS****ANDHRA BANK****CANARA BANK****GLOBAL TRUST BANK LIMITED****UTI BANK LIMITED.****CONTENTS**

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**REGISTERED OFFICE**

70-C, NEHRU ROAD,  
NEAR SANTACRUZ AIRPORT,  
VILE PARLE (EAST),  
MUMBAI - 400 099.  
TEL No. 26164015 FAX No. 26164201

**REGISTRAR & SHARE TRANSFER AGENTS**

INTIME SPECTRUM REGISTRY LTD.  
C-13, PANNALAL SILK MILLS COMPOUND,  
L.B.S. MARG, BHANDUP (W),  
MUMBAI 400 078.  
TEL. : 25923837 FAX : 25689678

**KAMAT HOTELS (INDIA) LIMITED****NOTICE**

Notice is hereby given that the Sixteenth 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 Monday, the 29<sup>th</sup> September, 2003 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 31<sup>st</sup> March, 2003 and Balance Sheet as at that date together with the Reports of the Board of Directors' and Auditors' thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Padmashree Thangam E. Philip, who retires by rotation and being eligible offers herself for reappointment.
- 4) To appoint a Director in place of Mr. Ramesh N. Shanbhag, 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 an **Ordinary Resolution**

"RESOLVED THAT Mr. S. S. Thakur who was appointed as additional Director in the meeting of the Board of Directors of the Company held on 28-07-2003 and who holds office as such upto the 16<sup>th</sup> Annual General Meeting and in respect of whom notice under section 257 of the Companies Act 1956 has been received from a member proposing the candidature of Mr. S. S. Thakur for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, hereinafter referred to as the 'Act' including any Statutory modification(s) and re-enactment thereof for the time being in force, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as under by inserting: The new Article 165.

**ARTICLE 165****BUY- BACK OF SHARES/SECURITIES**

"Notwithstanding anything contained in these Articles of Association, the Company shall have the powers to buyback its shares or other securities, in accordance with the provisions of Section 77A, 77AA and 77B and such other applicable provisions of the Companies Act, the rules and procedures prescribed therein and in compliance with the regulatory provisions in force at the time and any future amendments or re-enactments."

- 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 re-enactments thereof for the time being in force), the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to

as the "Delisting Guidelines"), 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 Shareholders 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 i.e. Delhi Stock Exchange, Pune Stock Exchange, Stock Exchange-Ahmedabad, Bangalore Stock Exchange & Madras Stock Exchange at such time or times as the Board may decide."

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

(Mrs. V. K. Kumar)  
Company Secretary

**Registered Office:**

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

Place : Mumbai.

Date : 28<sup>th</sup> July, 2003.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of Meeting is annexed hereto.
4. The Shareholders are requested to notify changes, if any, in their respective address to their depository participants and to the Registrars and Transfer Agents of the Company, **M/s. Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078 Tel No. 25923837 and Fax No. 25689678.**
- Shareholders are requested to kindly note the new address of Intime Spectrum Registry Ltd. as above.**
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<sup>th</sup> September, 2003 to 29<sup>th</sup> September, 2003 (both days inclusive).
7. The Dividend on Equity Shares, if any declared as recommended by the Directors for the financial year ended 31-03-2003 will be paid.
  - i) To those Members whose names appear on the Register of Members of the Company at the close of business on 29<sup>th</sup> September, 2003 or to their order.

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- ii) In respect of shares held in electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership" furnished by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.(CDSL) at the end of business hours on 29<sup>th</sup> September, 2003.
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 may please note that the Dividend Warrants are payable at par at the designated branches of the Banks printed overleaf of the Dividend Warrant for an initial period of 3 months only. Thereafter the Dividend Warrant on revalidation is payable only at limited centers/ branches. The members are therefore advised to encash Dividend Warrants within the initial validity period.
10. 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 so far for the financial year ended 30-06-1996 or any subsequent financial year are requested to approach the Company or Registrar and Transfer Agents 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.

The Dividend for the year 1994-1995 which remained unclaimed for 7 years from the date of declaration has been transferred to Investors Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

#### 11. Appointment /Re-appointment of Directors

Padmashree Thangam E. Philip and Mr. Ramesh N Shanbhag retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting. Further Mr. S. S. Thakur will be appointed as Director at the ensuing Annual General Meeting liable to retire by rotation. The details pertaining to these Directors required to be provided under Clause 49 of the Listing Agreement are furnished after Annexure to the notice.

12. In view of the various advantages offered by the depository system, members are requested to avail the facility of dematerialisation of Company's shares.
13. 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

Mr. S. S. Thakur who was appointed as an independent additional Director of the Company with effect from 28-07-2003 pursuant to Section 260 of the Companies Act, 1956, holds office of Director upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. S. S. Thakur as a Director alongwith the requisite deposit under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company other than Mr. S. S. Thakur is interested in this Resolution.

#### ITEM NO. 7

The Companies Act has been amended vide Amendment Act of 1999 by inserting new sections 77A, 77AA and 77B whereby the Company can purchase its own securities subject to such restrictions, conditions as have been imposed in the aforesaid provisions. At present, the Articles of Association of the Company do not permit the company to purchase its own shares or securities. Therefore the Articles of Association of the Company are proposed to be altered by inserting a new Article 165, as set out in resolution No. 7 to enable the Company to purchase its own shares and/or securities as and when decided

#### ITEM NO. 8

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

- The Stock Exchange, Mumbai (the regional Stock Exchange)
- National Stock Exchange, Mumbai
- Delhi Stock Exchange
- Pune Stock Exchange

v) Stock Exchange- Ahmedabad

vi) Bangalore Stock Exchange

vii) Madras Stock Exchange

With the extensive networking of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Limited (NSE), the investors have access to online dealings in the Company's Equity Shares across the country. Moreover, Securities and Exchange Board of India (hereinafter referred to as "SEBI") has specified the Company's shares for settlement only in demat form by all investors, effective from May, 2001. The trading in the Company's equity shares mostly takes place only on BSE and NSE, and the volume of trading in the Company's securities on all other Stock Exchanges is not significant.

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 Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

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

Delhi Stock Exchange, Pune Stock Exchange, Stock Exchange - Ahmedabad, Bangalore Stock Exchange & Madras Stock Exchange 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. Considering that the Equity Shares will continue to be listed on BSE and NSE, no exit option is required to be offered to the shareholders.

Members' approval is being sought by a Special Resolution for enabling voluntary delisting of the Company's Securities from the said Stock

## KAMAT HOTELS (INDIA) LIMITED

Exchanges, other than BSE and NSE.

The proposed delisting of the Company's securities as and when the same takes place, will not adversely affect the investors, since the Company's securities will continue to be listed on BSE and NSE. The delisting will take effect after necessary approvals, permissions and sanctions are received. The exact date on which delisting will take effect will be suitably notified.

Your Directors recommend the Special Resolution for approval of members in the interest of the Company.

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

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

Place : Mumbai  
Date : 28<sup>th</sup> July, 2003

(Mrs. V. K. Kumar)  
Company Secretary

As required under Clause 49VI of the Listing Agreement given below are the details of the Directors proposed for appointment/re-appointment.

### 1. Name : Padmashree Thangam E. Philip

Padmashree Thangam E. Philip is a Fellow Member of Hotel Catering & Institutional Management Association, U.K. and also a Fellow Member of Cookery & Food Association, U.K. She is a Member of Royal Society of Health, U.K. Ms. Philip has many publications to her credit viz., The Thangam Philip Book of Baking Indian Cuisine, Cooking with Substitutes & Imagination, High Protein foods, Protein is Life, India Cook Book, Meals on Flight, Meals on Wheels etc. & first lady to start Hotel Management School in India. She is also a recipient of the 'Firestone Award' by the Indian Association of Occupational Health. She is one of the 38 distinguished women of the world and one of the three women in India, who have been invited to be portrayed on the F.A.O. 'CERES' Medal, the others from India being Mrs. Indira Gandhi and Mother Teresa. In 1976, she was awarded the 'PADMA SHREE' by the Government of India, and was also conferred the Knighthood of the Order of 'CORDON BLEU DU SAINT ESPRIT'. At present, she is Principal Emeritus - Institute of Hotel Management, Catering technology & applied Nutrition, and Director on the Board of Companies like Ras Resorts and other Hotels and is a Member of Board of Governors, Indian Institute of Tourism & Travel Management.

Directorship held in other Companies

1. Ras Resort Hotels Ltd
2. Escapade Hotels Ltd.
3. Rugby Hotels Ltd.

### 4. The Himco (India) Limited

Committee Membership	Kamat Hotels (India) Limited	Audit Committee (Member)
		Remuneration Committee (Member)

### 2. Name : Mr. Ramesh N. Shanbhag

Mr. Ramesh N. Shanbhag is a graduate of Commerce and had been associated with the group for the past 28 years and is having wide experience in the Hotel Industry. The Company will be immensely benefited by his reappointment as the Director of the Company. He is also a Director in Kamat group of Companies.

Directorship held in other Companies

1. The Himco (India) Limited
2. Concept Hospitality Limited

Committee Membership	Kamat Hotels (India) Limited	Shareholders Grievance Committee (Member)
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### 3. Name : Mr. S. S. Thakur

Mr. S. S. Thakur has held important positions in his long professional career in the field of banking and foreign exchange. He was the Controller of Foreign Exchange, Reserve Bank of India, Senior Adviser of United Nations Development Programme (UNDP), and Chairman of HDFC Bank. After serving the Reserve Bank of India in different capacities, Mr. Thakur joined the U. N. International Civil Service as Senior Adviser, UNDP and worked in Zambia as Adviser to the Governor, Bank of Zambia for 6 years (1988-1993). He was thereafter appointed as the Chairman of HDFC Bank and worked in that capacity for 7 years (1994-2000).

Mr. Thakur is currently associated with an ambitious project as an Adviser to set up an International Financial Services Centre (IFSC) in India.

Mr. Thakur is on the Board of Directors of several companies. He is also a public nominee Director on the Governing Board of Bombay Stock Exchange and has been appointed as non-executive Chairman of Central Depository Services (India) Ltd.

Directorships held in other Companies.

1. Lafarge India Ltd
2. Shrenuj Co Ltd
3. DSP Merrill Lynch Trustee Co. (Pvt.) Ltd.
4. Quantum Information Services Ltd.
5. Central Depository Services (India) Ltd. (Chairman Non-Executive)
6. Om Kotak Mahindra Life Insurance Company Ltd.
7. Reliance Capital Ltd.
8. IBS Forex Private Ltd. (Chairman Non-Executive)
9. KEC International Ltd.

## DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Sixteenth Annual Report and Accounts of the Company for the year ended 31<sup>st</sup> March, 2003.

### YEAR IN RETROSPECT:

The past year has been difficult. Hotel and Tourism Industry was severely impacted by global slump in international travel, the adverse effect of travel advisories, US-Iraq war and SARS. In spite of the above, Hotel "The Orchid" the flagship of your Company has done better mainly due to various cost cutting measures introduced by the management coupled with reduction in borrowing costs on restructuring of debts during the year.

### FINANCIAL RESULTS:

The figures of the current financial year are summarised below.

(Rs. in Lakhs)

Particulars	Current year (01-04-2002 to 31-03-2003)	Previous Year (01-04-2001 to 31-03-2002)
Total Income	4586.51	4544.60
Profit Before Interest, Depreciation & Taxation	1913.60	1960.34
Less: Interest	1434.17	1520.22
Less: Depreciation	427.53	420.24
Profit Before Tax	51.90	19.88
Less : Provision for taxation (current tax)	4.10	1.63
Less: Provision for taxation ( Deferred Tax)	37.14	17.43
Profit after tax before adjustments	10.66	0.82
Add/(Less): Prior periods' adjustments	(3.57)	1.48
Profit After adjustments	7.09	2.30
Add: Balance Brought Forward	4.86	6.27
Add: Transfer from General Reserve	50.00	50.00
Distributable Profits	61.95	58.57
<b>Appropriations:</b>		
i) Proposed Dividend on Equity Shares	53.71	53.71
ii) Tax on proposed dividend on (i) above	6.88	—
iii) Balance carried over to Balance Sheet	1.36	4.86

### DIVIDEND :

Your Directors are pleased to recommend dividend @ 5% (Re 0.50 per share) for the year ended 31<sup>st</sup> March, 2003 (Previous year 5% i. e. Re 0.50 per share). The dividend tax will be paid by the Company and dividend will be exempt in the hands of the shareholders.

### OPERATIONS:

Your Company achieved a total turnover of Rs. 4586.51 lakhs during the twelve months period ended 31<sup>st</sup> March, 2003 as against Rs.4545 lakhs in the previous year.

#### 1) "THE ORCHID" HOTEL AT MUMBAI:

As stated in the Directors' Report for the last year "The Orchid", Asia's First Certified Ecofriendly Five Star Hotel was fully operational with all 245 rooms in the previous year. "The Orchid" continues to maintain track record of winning prestigious awards. The Directors are proud to inform that the following prestigious awards have been won by "The Orchid" during the period under review :

- The Golden Peacock Environment Management Award 2002 in the Large Service Category. The award was presented by His Holiness The Dalai Lama on 8<sup>th</sup> June, 2002.
- The prestigious 2002 IH&RA Environmental Award for the Second Time at New York on 10<sup>th</sup> November, 2002.
- Global Futures Network Award 2002- Affiliate of the United Nations.
- National Tourism Award for the best 5 star hotel, western, 2002-2003.
- Best Eco Friendly hotel from the Lions Club-2003.
- TERI (The Energy & Resource Institute) Corporate Environment Award 2001-2002.

The performance of "The Orchid" Hotel has been once again impressive as is evident from an average occupancy of 78.6% maintained throughout the year.

"THE ORCHID" Hotel is Asia's first Hotel to be Certified as Environmentally Friendly. This is because of investment in 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.

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

### FINANCE AND ACCOUNTS:

The Company has successfully negotiated with the financial institutions for reduction of interest and re-schedulement of loans of Rs.88.40 crores. The Company is further contemplating representation for further reduction.

### FIXED DEPOSITS:

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

### PARTICULARS OF EMPLOYEES:

There were no employees who were in receipt of remuneration of Rs. 24,00,000/- per annum or more or Rs. 2,00,000/- per month or more if employed for a part of the year.

### 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 31<sup>st</sup> March, 2003 ;
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;