



26TH ANNUAL REPORT 2012 - 13



THE
ORCHID
— FIVE STAR ECOTEL HOTEL —
FRIENDLY. ECO-FRIENDLY

Mumbai, Maharashtra



VITS
— Guest. Rest. Best. —
Luxury Business Hotels

Mumbai, Maharashtra



Fort
Jadhav GADH
A Gadhi Heritage Hotel
Ladh, Jhagadh, Aage Badh...

Jadhavgadh, Pune, Maharashtra



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Goa

Financial Highlights of the Company (Standalone)

₹ in lakhs

Particulars	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Income from operations	13,831.97	14,162.77	12,070.28	10,281.27	12,003.96	14,761.18	11,192.98	8,146.25	5,353.84	4,840.55	4,454.10
Other Income	2,455.29	2,229.04	257.56	1,082.76	644.22	505.93	89.81	87.83	49.37	56.10	132.41
Turnover	16,287.26	16,391.81	12,327.84	11,364.03	12,648.18	15,267.11	11,282.79	8,234.08	5,403.21	4,896.65	4,586.51
Total Expenditure	10,531.20	9,916.79	11,876.90	11,299.55	11,831.88	10,725.91	8,274.65	6,513.15	4,581.46	4,774.69	4,534.61
Profit/(Loss) Before Tax	(916.65)	18.61	506.01	64.48	988.01	4,369.59	3,008.14	1,720.93	821.75	121.96	51.90
Taxation	(350.26)	(80.58)	349.10	(74.20)	421.92	1,628.93	949.94	163.02	411.34	50.24	41.24
Profit/(Loss) After Tax	(566.39)	99.19	137.32	138.68	566.09	2,740.66	2,058.20	1,557.91	410.41	71.72	10.66
Equity Share Capital	1,968.19	1,968.19	1,562.97	1,378.59	1,378.59	1,378.59	1,378.59	1,378.59	1,133.14	1,133.14	1,133.14
Reserves and Surplus	22,642.61	23,209.01	17,576.78	15,134.70	14,996.02	14,817.79	12,547.95	10,875.76	6,604.18	6,318.74	6,261.16
Net-worth	24,316.87	24,883.26	19,139.75	16,513.29	16,374.61	16,196.38	13,926.54	12,248.33	7,720.97	7,407.72	7,307.64
Earning per Share (₹)	(2.97)	0.62	0.96	1.05	2.99	21.63	15.60	12.38	3.79	0.65	0.07
Book Value per Share (₹)	127.36	130.32	127.25	125.13	124.07	122.72	105.52	92.81	71.87	68.95	68.02
Return on Net Worth (percentage)	(2.33)	0.40	0.72	0.84	3.44	16.87	14.78	12.72	5.27	0.94	0.10
Dividend	-	-	-	-	12%	30%	25%	15%	10%	6%	-

**KAMAT HOTELS (INDIA) LIMITED
BOARD OF DIRECTORS**

Dr. Vithal Venketesh Kamat
Executive Chairman & Managing Director

Mr. S. S. Thakur
Director

Mr. Ramesh N. Shanbhag
Whole-Time Director

Mr. Ved Prakash Khurana
Director

Mr. Vikram V. Kamat
Executive Director

Mrs. Rajyalakshmi Rao
Director

AUDITORS

M/s. J. G. Verma & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Mahesh Kandoi

BANKERS

Canara Bank

Andhra Bank

State Bank of India

Allahabad Bank

Axis Bank

Oriental Bank of Commerce

Kotak Mahindra Bank

REGISTERED OFFICE

KHIL House, 70-C, Nehru Road,
Near Santacruz Airport,
Vile Parle (East), Mumbai – 400 099.
Maharashtra, India.
Tel No. 2616 4000 Fax No. 2616 4115

Email: cs@khil.com
Website: www.khil.com

REGISTRARS AND SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai – 400 078.
Tel No. 2596 3838 Fax No. 2594 6969

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NOTICE

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the members of **Kamat Hotels (India) Limited** will be held at "Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056 on Saturday the 21st September, 2013 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited **Statement of Profit and Loss** and **Cash Flow Statement** for the year ended on 31st March, 2013 and the **Balance Sheet** as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ved Prakash Khurana, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Vikram V. Kamat, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII 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) and subject to approval of Central Government, Dr. Vithal V. Kamat be and is hereby re-appointed as an Executive Chairman and Managing Director of the Company who shall not be liable to retire by rotation, for a period of 3 years from 1st October, 2013 on the terms of appointment including remuneration and perquisites as set out in the annexed Explanatory Statement in respect of Item No. 5 with authority to the Board of Directors to alter and vary the said terms of appointment including remuneration and perquisites in such manner as may be agreed to between the Board of Directors and Dr. Vithal V. Kamat.

RESOLVED FURTHER THAT in case of inadequacy or absence of profit in any financial year of the Company during the term of office of Dr. Vithal V. Kamat as Executive Chairman and Managing Director, the remuneration and perquisites mentioned in the preceding paragraph shall nevertheless be paid as minimum remuneration, provided that the remuneration and perquisites shall not exceed the ceiling provided in the applicable slab of Schedule XIII to the Companies Act, 1956 as amended from time to time.

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 including payment of remuneration and perquisites in excess of the limits provided in Schedule XIII to the Companies Act, 1956, with the approval of the Central Government."

6. 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 309(5B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, consent of the members of Company be and is hereby accorded for waiver of excess remuneration of ₹ 48,77,614/- paid to Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company over and above the limits prescribed under Section 198, 309 read with Schedule XIII of the Companies Act, 1956 during the period from 1st April, 2012 to 31st March, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company or any committee of Directors duly constituted by the Board be and are hereby severally authorized to do all acts deeds and things, furnish any clarifications, information and to settle any question, difficulty or doubt that may arise in this regard."

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 the provisions of Sections 198, 269 and 309 read with Schedule XIII 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) Mr. Ramesh N. Shanbhag be and is hereby re-appointed as a Whole-time Director of the Company who shall be liable to retire by rotation, for a period of 3 years from 1st October, 2013 on the terms of appointment including remuneration and perquisites as set out in the annexed Explanatory Statement in respect of Item No. 7 with authority to the Board of Directors to alter and vary the said terms of appointment including remuneration and perquisites in such manner as may be agreed to between the Board of Directors and Mr. Ramesh N. Shanbhag.

RESOLVED FURTHER THAT in case of inadequacy or absence of profit in any financial year of the Company during the term of office of Mr. Ramesh N. Shanbhag as Whole-time Director, the remuneration and perquisites mentioned in the preceding paragraph shall nevertheless be paid as minimum remuneration, provided that the remuneration and perquisites shall not exceed the ceiling provided in the applicable slab of Schedule XIII to the Companies Act, 1956 as amended from time to time.

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 pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government and any other competent authority, if required, consent of the Company be and is hereby accorded to the appointment of Mr. Vishal V. Kamat, a relative of Directors of the Company, to hold office or place of profit as the Chief

Executive Officer (CEO) of Fort Jadhavgadh, a Heritage Hotel, at Saswad Pune, with effect from 1st December, 2012 on a monthly gross salary of ₹ 1,00,000/- per month, other statutory benefits such as P.F., ESIC, Gratuity, Leave, Mediclaim and Personal Accident Policy etc., Leave Travel Allowance of ₹ 15,000/- per annum and on the other terms and conditions as mentioned in the letter of appointment issued to Mr. Vishal V. Kamat by the Company.

RESOLVED FURTHER THAT consent of the shareholders of the company be and is hereby also given for any alterations/variations in the terms of appointment including remuneration to Mr. Vishal V. Kamat in such manner as the Board of Directors of the Company may decide, subject to the ceiling prescribed in Section 314 of the Companies Act, 1956.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all the acts, deeds or things as may be necessary or required to deal with the matter and take all such steps as may be necessary to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being and in accordance with SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as amended from time to time and any other rules, regulations as may be prescribed by appropriate authorities and subject to any approval, consent, permission as may be required, provisions of Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, approval of the Company be and is hereby accorded to the 'Employee Stock Option Scheme-2013' (Scheme) and the Board of Directors of the Company (hereinafter referred to as the Board, which term shall include any committee of Directors duly authorized in this behalf) be and is hereby authorized to introduce, implement, offer, grant, issue and allot upto 11,80,000 equity shares of ₹ 10/- each fully paid up in the capital of the Company or any instruments or options convertible into equity shares of the Company in one or more tranches to eligible employees and/or Directors other than promoter Directors of the Company on terms and condition explicitly set out in Scheme and as the Board may, in its absolute discretion, decide.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board is authorised to do all such acts, matters and things as may be necessary, to formulate, amend, alter or adopt any modifications or re-define the proposal, scheme, plan and to settle any question, difficulty or doubt that may arise in this regard and to delegate all or any of the powers herein conferred to any committee of Directors of the Company to give effect to this resolution."

ON BEHALF OF THE BOARD OF DIRECTORS

Registered Office:

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

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Place : Mumbai.
Date: 12th August, 2013

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 the meeting is annexed as Annexure I to the Notice.
- 4) The members or proxies are requested to bring with them the Annual Report as extra copy of the same will not be supplied at the meeting as per usual practice.
- 5) The Shareholders are requested to notify changes, if any, in their address to their depository participants in respect of their holding in electronic form and to the Registrars and Transfer Agents of the Company, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai-400078, Tel No. 25963838 and Fax No. 25946969 in respect of their holding in physical form.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 10th September, 2013 to Saturday, 21st September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
- 7) As per Section 205C of the Companies Act, 1956, the dividend remaining unclaimed for a period of 7 years from the date of transfer to the unpaid dividend account in the respect of financial year ended on 31st March, 2006 shall be transferred to Investor Education and Protection Fund (IEPF) by November, 2013. The members who have not encashed their dividend warrants so far for the financial year ended on 31st March, 2006 or any subsequent financial year are requested to approach the Company or its Registrars and Transfer Agents for revalidation of their dividend warrants. It may be noted that once the unclaimed dividend for the year ended 31st March, 2006 is transferred to IEPF by November, 2013 no claim shall lie against the Company or IEPF in respect thereof.
- 8) Appointment /Re-appointment of Directors:

Mr. Ved Prakash Khurana and Mr. Vikram V. Kamat retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Dr. Vithal V. Kamat and Mr. Ramesh N. Shanbhag are proposed to be re-appointed as Executive Chairman and Managing Director and Whole-time Director of the Company respectively. The details pertaining to these Directors as required under Clause 49 (IV) (G) (i) of the Listing Agreement signed by the Company with the Stock Exchanges are furnished in Annexure II to the Notice.
- 9) In view of various advantages offered by the depository system, the members are requested to avail the facility of dematerialisation of the Company's shares.
- 10) The members of the Company holding their shares in physical form or in dematerialized form, who have not registered their e-mail IDs and Mobile number with the Company as per "GO GREEN" initiative taken by the Company to send documents like Notice, Annual Reports and alike correspondence to the members of the Company through electronic mode, are requested to send their e-mail IDs and Mobile number to the Company's id: cs@khil.com.
- 11) The members are requested to handover the enclosed attendance slip duly signed as per their specimen signature(s) registered with the Company for admission to the meeting hall.

ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mumbai
Date: 12th August, 2013

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5 and 6

The shareholders had, at the 23rd Annual General Meeting held on 25th September, 2010, appointed Dr. Vithal V. Kamat as Executive Chairman and Managing Director for a period of 3 years from 1st October, 2010. The tenure of Dr. Vithal V. Kamat as Executive Chairman and Managing Director would be ending on 30th September, 2013.

The Board of Directors, at its meeting held on 25th May, 2013, approved the re-appointment of Dr. Vithal V. Kamat as Executive Chairman and Managing Director for a period of 3 years from 1st October, 2013 on the following terms and conditions, subject to approval of the members in general meeting.

REMUNERATION

Remuneration of ₹ 8,00,000/- per month in the form of salary will be paid for a period of one year with effect from 1st October, 2013.

The remuneration payable to Dr. Vithal V. Kamat during the remaining period of his term as Executive Chairman and Managing Director i.e. from 1st October, 2014 to 30th September, 2016, will be determined by the Board on the recommendation of the Remuneration Committee subject to the maximum monetary limit of ₹ 12,00,000/- per month.

The following perquisites shall not be included in the computation of the said ceiling on "remuneration":-

- Contribution to provident fund, superannuation fund or annuity fund to the extent these contributions, either singly or put together, are not taxable under the Income Tax Act, 1961.
- Gratuity payable as per the rules of the Company, so as not to exceed half month's salary for each completed year of service.
- Encashment of leave: As per the Company's Rules, at the end of the tenure.

Other perquisites:

- Medical expenses on actual basis to be reimbursed for self and family. In addition, Mediclaim coverage for self and family as per the rules of the Company will be available to Dr. Vithal V. Kamat.
- Reimbursement of electricity charges.
- Telephone at actuals.
- Club fee: actuals for not exceeding two clubs.
- Leave travel allowance: As per the rules of the Company.
- Dr. Vithal V. Kamat will be entitled to all other staff benefits/ various staff welfare schemes as are provided under the rules of the Company prevailing from time to time.

Other terms of appointment:

- As the Executive Chairman and Managing Director, Dr. Vithal V. Kamat shall, subject to the supervision and control of the Board of Directors, manage the business and affairs of the Company.
- Dr. Vithal V. Kamat will not be paid any fee for attending the meetings of the Board or any Committee thereof.
- Dr. Vithal V. Kamat will not be liable to retire by rotation.
- The appointment may be terminated at any time by either party 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.
- 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 remuneration by way of salary, allowances and perquisites mentioned herein as minimum remuneration 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. The Board of Director may also approve to payment of remuneration and perquisites as mentioned in resolution no. 5 of the notice with the approval of the Central Government notwithstanding the fact that the remuneration and perquisites exceeds the limit mentioned Schedule XIII of the Companies Act, 1956.
- Tenure: 1-10-2013 to 30-09-2016.

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

The net profit for the year 2012-13 computed in accordance with Section 349 and 350 of the Companies Act, 1956 was inadequate for the remuneration paid to Directors of the Company as per the applicable Section 198, 309 and Section II of Part I of Schedule XIII of the Companies Act, 1956.

The Company had paid remuneration to Dr. Vithal V. Kamat for the year 2012-2013 as per the recommendation of the Remuneration Committee as approved by the Board of Directors. However, due to absence of profit during the year 2012-13, the remuneration of ₹ 48,77,614/- paid to Dr. Vithal V. Kamat for the year 2012-13 was in excess of the limits computed as per the provisions of Section 198, 309 and Schedule XIII of the Companies Act, 1956. Hence, the Board of Directors of the Company, at its meeting held on 25th May, 2013 approved waiver of recovery of excess remuneration paid to Dr. Vithal V. Kamat for the financial year 2012-13. Subsequently, the Company had, on 20th June, 2013, made an application to the Central Government under Section 309(5B) of the Companies Act, 1956 to obtain approval of the Central Government for waiver of recovery of the excess remuneration paid to Dr. Vithal V. Kamat in the financial year 2012-2013. The Central Government, vide its email dated 16th July, 2013, has required the Company to furnish members' Special Resolution in favour of waiver of recovery of excess remuneration paid to Dr. Vithal V. Kamat during the period from 1st April, 2012 to 31st March, 2013. Therefore, Special Resolution at Item No. 6 is proposed for your approval.

The Directors recommend the passing of the resolutions set out at Item No. 5 and 6 of the accompanying Notice as special resolutions.

None of the Directors, except Dr. Vithal V. Kamat and Mr. Vikram V. Kamat, is concerned or interested in the said resolution.

Item No. 7.

The shareholders had, at the 23rd Annual General Meeting held on 25th September, 2010, appointed Mr. Ramesh N. Shanbhag as Whole-time Director for a period of 3 years from 1st October, 2010. The tenure of Mr. Ramesh N. Shanbhag as Whole-time Director would be ending on 30th September, 2013.

The Board of Directors, at its meeting held on 25th May, 2013, approved the re-appointment of Mr. Ramesh N. Shanbhag as Whole-time Director for a period of 3 years from 1st October, 2013 on the following terms and conditions, subject to approval of the members in general meeting.

REMUNERATION

Remuneration of ₹ 3,00,000/- per month in the form of salary will be paid for a period of one year with effect from 1st October, 2013.

The remuneration payable to Mr. Ramesh N. Shanbhag during the remaining period of his term as Whole-time Director i.e. from 1st October, 2014 to 30th September, 2016, will be determined by the Board on the recommendation of the Remuneration Committee subject to the maximum monetary limit of ₹ 4,00,000/- per month.

The following perquisites shall not be included in the computation of the said ceiling on "remuneration":-

- Contribution to provident fund, superannuation fund or annuity fund to the extent these contributions, either singly or put together, are not taxable under the Income Tax Act, 1961.
- Gratuity payable as per the rules of the Company, so as not to exceed half month's salary for each completed year of service.
- Encashment of leave: As per the Company's Rules, at the end of the tenure.

Other perquisites:

- Medical expenses upto ₹ 50,000/- per annum will be reimbursed. In addition, Mediclaim Coverage for self and family as per the rules of the Company will be available to Mr. Ramesh N. Shanbhag.
- Reimbursement of electricity charges.
- Telephone at actuals.
- Club fee: actuals for not exceeding one club.
- Leave travel allowance: As per the rules of the Company.
- Mr. Ramesh N. Shanbhag will be entitled to all other staff benefits/ various staff welfare schemes as per the rules of the Company prevailing from time to time.

Other terms of appointment:

- As Whole-time Director, Mr. Ramesh N. Shanbhag shall, subject to the supervision and control of the Board of Directors and/ or Executive Chairman and Managing Director of the Company, manage the business and affairs of the Company.
- Mr. Ramesh N. Shanbhag will not be paid any fee for attending the meetings of the Board or any committee thereof.
- Mr. Ramesh N. Shanbhag will be liable to retire by rotation.
- The appointment may be terminated at any time by either party 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.
- 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 remuneration by way of salary, allowances and perquisites mentioned herein as minimum remuneration 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.
- Tenure: 1-10-2013 to 30-09-2016.

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

The Directors recommend the passing of the resolution set out in Item No. 7 of the accompanying Notice as a special resolution.

None of the Directors, except Mr. Ramesh N. Shanbhag, is concerned or interested in the said resolution.

STATEMENT PURSUANT TO PROVISIO OF SECTION II (1)(B)/(C) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 IN RESPECT OF RESOLUTIONS AT ITEM NOS. 5 AND 7.

I. GENERAL INFORMATION

The nature of the industry of the Company is Hotels and Hospitality. The Company was incorporated on 21st March, 1986 and has been in business of hotels and hospitality since inception.

The financial performance of the Company based on given indicator is as under:

	₹ in Lakhs	
	Current year 2012-13	Previous year 2011-12
Turnover	16,287.26	16,391.81
Profit	(566.39)	99.19
Dividend	-	-

The Company has no exports, foreign collaborations or foreign investments (except foreign exchange earnings from hotel guests).

II. INFORMATION ABOUT THE APPOINTEES:

– Background Details, job profile, recognitions/awards:

Dr. Vithal V. Kamat, Executive Chairman and Managing Director of Kamat Hotels (India) Limited, is well known hotelier in the Country. He is in the hospitality business for about 40 years. Under his leadership and due to his initiation “The Orchid” (Flagship unit of the Company) has become Asia’s First Ecotel Hotel in 5 star category. Dr. Vithal V. Kamat is also instrumental in winning 84 prestigious national and international awards for “The Orchid” within a span of about 16 years since the opening of this hotel. He is a diploma holder in Electrical Engineering (IV Sem.) and was honored with the degree of Doctor of Science (Honoris Causa) by Padmashree Dr. D. Y. Patil University on 13th April, 2012.

Mr. Ramesh N. Shanbhag is commerce graduate and has been associated with the Kamat Group for the past 37 years. He has vast experience in the hotel industry with expertise in legal field. He was appointed as a Director of the Company with effect from 30th January, 1999. Subsequently, he was appointed as a Whole-time Director of the Company with effect from 1st October, 2000.

–Remuneration:

The remuneration to Dr. Vithal V. Kamat and Mr. Ramesh N. Shanbhag during the period from 1st October, 2010 to 30th September, 2013 was determined by the Board of Directors on the recommendation of Remuneration Committee within the maximum monetary limit approved by the shareholders by passing Special Resolutions on 25th September, 2010. Following are the details of the remuneration paid in the past:

Name of the Director	Financial years		
	2010-11	2011-12	2012-13
Dr. Vithal V. Kamat	85,57,283/-	99,10,008/-	1,05,57,809/-
Mr. Ramesh N. Shanbhag	29,95,269/-	36,59,600/-	39,81,200/-

The remuneration proposed to be paid during the tenure of their re-appointment is detailed hereinabove under explanatory statement.

The proposed salary and other perquisites to Dr. Vithal V. Kamat and Mr. Ramesh N. Shanbhag are parallel and alike to remuneration of executives occupying similar post in other companies in hotels and hospitality related business.

Except the remuneration and perquisites as stated above, shareholding in the Company, interest as per agreements executed with the Company after obtaining all necessary approvals, wherever required and relation with Mr. Vikram V. Kamat, Executive Director of the Company, Dr. Vithal V. Kamat has no other direct or indirect pecuniary relationship with the Company or any other managerial personnel.

Except the remuneration and perquisites as stated above and shareholding in the Company, Mr. Ramesh N. Shanbhag has no other direct or indirect pecuniary relationship with the Company or any other managerial personnel.

III. OTHER INFORMATION:

– Reasons of inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits:

The bottomline of the Company is affected mainly due to overall economic slowdown and high debt and interest burden. The profit of the Company is likely to remain inadequate for payment of managerial remuneration in next few years. In view of difficult financial situation the Company made a reference to Corporate Debt Restructuring (CDR) cell for restructuring its debts. The CDR Scheme was approved by the CDR Empowered Group at its meeting held on 15th February, 2013. This is expected to give relief to the Company and improve the cash flow and bottomline of the Company.

Moreover, the Company has sold its non strategic assets at Nagpur and Raipur to improve the cash flow situation. Besides, continuous efforts are being made to improve the sales and performance of the Company. Also various cost cutting measures have been initiated, wherever possible to curtail cost.

Keeping in view the aforesaid factors, the overall performance of the Company is expected to improve gradually over a period of time.

Item No. 8

Mr. Vishal V. Kamat, who is relative of Dr. Vithal V. Kamat and Mr. Vikram V. Kamat, was appointed as the Chief Executive Officer (CEO) of Fort Jadhavgad, a Heritage Hotel, at Saswad Pune, with effect from 1st December, 2012 on a monthly gross salary of ₹ 1,00,000/- per month and on other terms and conditions as mentioned in the letter of appointment.

As per Section 314(1) of the Companies Act, 1956, except with the consent of the Company accorded by a special resolution, no relative of a Director shall hold any office or place of profit carrying a total monthly remuneration of not less than ₹ 50,000/-. Further, the first proviso to Section 314(1) of the Companies Act, 1956, states that it shall be sufficient if the special resolution according consent of the Company is passed at the general meeting of the Company held for the first time after holding of such office or place of profit.

Hence, the Special Resolution as required under Section 314(1) of the Companies Act, 1956 is proposed for your consideration.

A copy of the letter of appointment issued by the Company to Mr. Vishal V. Kamat is open for inspection at the registered office of the Company between 10.00 A.M. to 1.00 P.M. on all working days from 5th September, 2013 to 21st September, 2013.

The Board of Directors recommends the resolution set out at Item No.8 of the Notice to be passed as Special Resolution.

None of the Directors, except Dr. Vithal V. Kamat and Mr. Vikram V. Kamat, is concerned or interested in the resolution.

Item No. 9.

In order to retain and motivate the team of talented senior management and key employees, it is proposed to grant to the eligible employees, options to acquire the equity shares of the Company under 'Employee Stock Option Scheme-2013' (Scheme/ESOS) as per Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and other applicable acts, rules and regulations. Brief details of ESOS are mentioned under:

(a) Total number of options to be granted under ESOS:

The maximum number of the equity shares of which option would be granted to the eligible employees under this scheme is 11,80,000 equity shares of ₹ 10/- each in the capital of the Company.

(b) Employees entitled to participate in the ESOS:

An Employee of the Company as on such date as may be decided by the Compensation Committee i) who has completed three years of service in the Company and has record of grade 'A' appraisal under the appraisal policy of the Company in the year immediately preceding the year of Grant or ii) who has, in the opinion of the Compensation Committee, achieved outstanding performance or made exceptional contribution to the Company shall be eligible to participate in the Scheme.

A Director of the Company not holding either by himself or through his relative or through any body corporate, directly or indirectly more than 10% of the outstanding equity shares of the Company shall be eligible to participate in the Scheme.

An Employee or a Director who is a Promoter or belongs to Promoter Group shall not be eligible to participate in the Scheme.

(c) Vesting and period of vesting:

Vesting period shall commence from 31st March, 2015 subject to meeting or fulfilling the performance / conditions as decided / specified by the Compensation Committee from time to time. The Options will be vested in tranches subject to the terms and conditions as may be stipulated by the Board/Committee, which may include satisfactory performance of the employees/Directors and their continued employment with the Company, as the case may be.

(d) Period within which the options shall be vested:

Options shall be vested within 18 months from the date of grant, subject to fulfillment of conditions, if any.

(e) Exercise price:

The Exercise Price for exercising the vested Options will be the price as may be decided by the Compensation Committee / Board of Directors of the Company. The Exercise price shall be paid to the Company in cash upon exercise of the Options.

(f) Exercise period and process of exercise:

The vested options shall be exercised by the Employees at Exercise Price within a period of three months from the Date of Vesting.

An Employee can convert the options granted by applying to the Company during the exercise period, by way of an application in the specified format and mention number of options in respect of which he/she wishes to exercise the option. An application in prescribed form alongwith a cheque / demand draft payable at Mumbai drawn in favour of "Kamat Hotels (India) Limited" or cash for an amount equal to the aggregate Exercise