



28TH ANNUAL REPORT 2014 - 15



THE
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— FIVE STAR ECOTEL HOTEL —
FRIENDLY. ECO-FRIENDLY
ECOTEL® - The Emblem of Environmentally Sound Hotels
A Global Eco-Brand. India's Best.

Mumbai, Maharashtra



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

Mumbai, Maharashtra



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

Jadhavgad, Pune, Maharashtra



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Financial Highlights of the Company (Standalone)

₹ in lakhs

Particulars	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Income from operations	13,331.29	13,405.76	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
Other Income	599.34	2,273.30	2,455.29	2,229.04	257.56	1,082.76	644.22	505.93	89.81	87.83	49.37
Turnover	13,930.63	15,679.06	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
Total Expenditure	20,400.20	40,489.66	17,203.91	16,373.20	11,821.83	11,299.55	11,660.17	10,898.32	8,274.65	6,513.15	4,581.46
Profit/(loss) Before Tax	(6,469.57)	(24,810.60)	(916.65)	18.61	506.01	64.48	988.01	4,369.59	3,008.14	1,720.93	821.75
Taxation	(553.88)	(1,549.91)	(350.26)	(80.58)	349.10	(74.20)	421.92	1,628.93	949.94	163.02	411.34
Profit/(loss) After Tax	(5,915.69)	(23,260.69)	(566.39)	99.19	137.32	138.68	566.09	2,740.66	2,058.20	1,557.91	410.41
Equity Share Capital	2,417.26	2,417.26	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
Reserves and Surplus	(5,056.76)	1,418.95	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
Net-worth	(2933.42)	3,542.28	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
Earning per Share (₹)	(25.08)	(111.67)	(2.97)	0.62	0.96	1.05	2.99	21.63	15.60	12.38	3.79
Book Value per Share (₹)	(12.44)	15.02	127.36	130.32	127.25	125.13	124.07	122.72	105.52	92.81	71.87
Return on Net Worth (percentage)	NA	(656.66)	(2.33)	0.40	0.72	0.84	3.44	16.87	14.78	12.72	5.27
Dividend	-	-	-	-	-	-	12%	30%	25%	15%	10%

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KAMAT HOTELS (INDIA) LIMITED BOARD OF DIRECTORS

Dr. Vithal Venketesh Kamat
Executive Chairman and Managing Director

Mr. Dinkar D. Jadhav
Independent Director

Mr. Vikram V. Kamat
Director

Ms. Himali H. Mehta
Independent Director

AUDITORS

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

COMPANY SECRETARY

Mr. Mahesh Kandoi

BANKERS

Canara Bank

Andhra Bank

State Bank of India

Axis Bank

Oriental Bank of Commerce

Kotak Mahindra Bank

REGISTERED OFFICE

70-C, Nehru Road,
Near Santacruz Airport,
Vile Parle (East), Mumbai – 400 099,
Maharashtra, India.
Email : cs@khil.com Website : www.khil.com
Tel No. 022 2616 4000 Fax No. 26164203

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.
Email : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in
Tel No. 2596 3838 Fax No. 2594 6969

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NOTICE

Notice is hereby given that the Twenty-Eighth 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 12th September, 2015 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial statement alongwith the Audited Consolidated Financial Statement of the Company for the year ended on 31st March, 2015 and Reports of the Board and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram V. Kamat, who retires by rotation and being eligible offers himself for re-appointment.
3. 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), as amended from time to time, M/s. J. G. Verma & Co, Chartered Accountants, Mumbai, registration number FRN: 111381W, who have given written consent for their re-appointment and a certificate that their appointment, if made, will be in accordance with the conditions of Section 141 of the Act and Rule 4 of the Rules, be and are hereby re – appointed as the Statutory Auditors of the Company for the financial year 2015 - 2016, to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed to between the Auditors and the Board of Directors of the Company plus reimbursement of actual out of pocket expenses in connection with the audit of books of accounts of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, Articles of Association of the Company, Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, Ms. Himali H. Mehta (DIN: 07037244), who was appointed as an Additional Director of the Company with effect from 20th December, 2014 by the Board of Directors under Section 161 of the Companies Act, 2013 and who holds office as such upto the date of the 28th Annual General Meeting and in respect of whom a notice in writing along with requisite deposit under Section 160 of the Companies Act, 2013 has been received by the Company from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term commencing from the date of her appointment to 31st March, 2019, not liable to retire by rotation as per the explanation to Section 152(6) of the Companies Act, 2013.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary, expedient or desirable to give effect to this resolution."

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

Place : Mumbai
Date: 30th May, 2015

**Mahesh Kandoi
Company Secretary**

Registered Office:

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

NOTES:

- 1) (a) 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.
(b) A person appointed as proxy shall act as a proxy on behalf of such member or number of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 2) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. A Proxy Form is enclosed herewith.
Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled, during the period beginning twenty-four hours before the time fixed for the commencement of the 28th Annual General Meeting and ending with the conclusion of the said Annual General Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days of notice in writing of the intention so to inspect is given to the Company.
- 3) A Statement pursuant to Section 102 of the Companies Act, 2013 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, Email : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in 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, 1st September, 2015 to Saturday, 12th September, 2015 (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 unpaid dividend account in respect of financial year ended on 31st March, 2008 shall be transferred to Investor Education and Protection Fund (IEPF) by 4th November, 2015.

The members who have not encashed their dividend warrants so far for the financial year ended on 31st March, 2008 or 2009 are requested to approach the Company or its Registrars and Transfer Agents for revalidation of their dividend warrants or issue of pay order/demand draft in lieu of dividend warrant.

- 8) Appointment /Re-appointment of Directors:
Mr. Vikram V. Kamat retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Mr. Vikram V. Kamat is proposed to be re-appointed as a Director (promoter) of the Company. Ms. Himali H. Mehta, Additional Director of the Company is proposed to be appointed as an independent director of the Company. The details pertaining to these directors as required under Clause 49 VIII E 1 of the Listing Agreement entered in to 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 dematerialization 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 or Depository Participant to receive documents like Notice, Annual Reports and alike correspondence through electronic mode, are requested to send their e-mail IDs and Mobile number either to the Company's id: cs@khil.com or Registrars and Transfer Agents or to Depository Participant.
- 11) Annual Reports 2014-15 are being sent by electronic mode, only to those members who have registered their email addresses with the Company /Depository Participant, unless any member has requested for a physical copy of the same. Annual Reports 2014-15 are being sent by physical mode to those members who have not registered their email addresses with the Company / Depository Participant. Members may please note that the Annual Report 2014 - 15 is available on the website of the Company viz www.khil.com.
- 12) 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.
- 13) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Share Transfer Agents, M/s. Link Intime India Private Limited.
- 14) EVOTING:

- I] Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreements, the Company is pleased to announce that all the business mentioned in the Notice may be transacted through electronic voting system and the Company is providing facility by electronic means. E-voting is optional.
- II] For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable the shareholders of the Company to cast their votes electronically.
- III] The Board of Directors of the Company has appointed M/s. V.V. Chakradeo & Co., Practising Company Secretary, Mumbai, to conduct and scrutinize the remote e-voting and voting at the 28th Annual General Meeting in a fair and transparent manner.

IV] Process and manner of voting:

(a) In case of Shareholders receiving e-mail from NSDL:

- i. Open e-mail and open PDF file viz; "KHIL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- ii. In case any shareholder is already registered with NSDL for e-voting, then that shareholder can use the existing user ID and password for casting of vote and step no. (i) and (vi) be skipped.
- iii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
- iv. Click on Shareholder – Login.
- v. Put user ID and password as mentioned in step (i) or (ii) above, as may be applicable. Click Login.
- vi. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password.
- vii. Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.

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- viii. Select "EVEN" (E-Voting Event Number) of Kamat Hotels (India) Limited.
- ix. Now you are ready for e-Voting as Cast Vote page opens.
- x. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- xi. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xii. Once you have voted on the resolution, you will not be allowed to modify your vote.

Institutional shareholders (i.e. members other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail cs@khil.com with a copy marked to evoting@nsdl.co.in.

- (b) In case of Shareholders receiving PIN mailer by Post:
 - i. Initial password will be provided through a separate PIN Mailer.
 - ii. Please follow steps (ii) to (xii) above, to cast vote.
 - iii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V] In case of any query, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Telephone No.: 1800-222-990.
- VI] The remote e-voting period commences on 9th September, 2015 (9.00 a.m.) and closes on 11th September, 2015 (5.00 p.m.). At the end of the re-mote e-voting period, the portal where votes are cast shall forthwith be blocked.
- VII] Cut off date: 5th September, 2015.
Persons who have become members of the Company after the date of dispatch of notice by the Company, may apply to NSDL or Link Intime for receiving their User Id and Password required for remote e-voting.
- VIII] M/s. V. V. Chakradeo & Co. Practising Company Secretary, Mumbai, the scrutinizer will unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favor or against, if any and submit the same to Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company on 14th September, 2015 i.e. within a period of not exceeding three working days from the date of conclusion of e-voting period.
- IX] The results along with the scrutinizer's report shall be placed on the website of the company and on the website of the RTA or NSDL immediately after the same is declared.
- X] Subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the 28th Annual General Meeting.
- XI] Remote e-voting facility shall not be available beyond 11th September, 2015 (5.00P.M.)
- XII] Company shall provide voting facility at the Meeting by way of Polling Paper.
- XIII] Members who have already exercised their vote by way of remote e-voting shall be entitled to participate in the meeting but shall not be allowed to vote.
- XIV] Names of the Members appearing in the Register of Members as on 5th September, 2015 shall only be entitled to vote.
- XV] Name, designation, address, email id and phone no. of the person responsible to address the grievances connected with facility for voting by electronic means.
Name:- Mr. Shashidhar Shetty
Designation:- Sr. Executive
Address: Ground Floor, KHIL House, Adjacent to Domestic Airport, Vile Parle – East, Mumbai – 400099
Email id: cs@khil.com
Phone No. 022-26164000 Extn 4478
- XVI] Public Notice under Rule 20 (4)(v) of the Companies (Management and Administration) Rules, 2014 will be placed on the website of the Company www.khil.com and also on the website of NSDL www.nsdl.co.in
- XVII] Members holding shares, both Physical and Demat, are entitled to vote through remote e-voting.

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

Place : Mumbai
Date: 30th May, 2015

**Mahesh Kandoi
Company Secretary**

**ANNEXURE I TO THE NOTICE
EXPLANATORY STATEMENT SETTING OUT THE MATERIAL FACTS AS REQUIRED UNDER SECTION 102
OF THE COMPANIES ACT, 2013.**

ITEM NO. 4

Ms. Himali H. Mehta is M.E. Environmental Engineer and B. E. Civil Engineer. A brief profile of Ms. Himali H. Mehta is given in Annexure II to the Notice.

Ms. Himali H. Mehta was appointed as an Additional Director by the Board of Directors of the Company with effect from 20th December, 2014 pursuant to Section 161 of the Companies Act, 2013. As per Section 161 of the Companies Act, 2013, she holds the office of Director up to the date of the forthcoming 28th Annual General Meeting and is eligible for appointment at the said meeting as an Independent Director. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 along with requisite security deposit from a member proposing the candidature of Ms. Himali H. Mehta as an Independent Director of the Company. Therefore, it is proposed to appoint Ms. Himali Mehta as an Independent Director for a term commencing from the date of her appointment to 31st March, 2019, not liable to retire by rotation.

As per Section 152(4) of the Companies Act, 2013, Ms. Himali H. Mehta has furnished her Director Identification Number and declared that she is not disqualified to become a Director under the Companies Act, 2013. Ms. Himali H. Mehta has also given a declaration under Section 149(7) of the Companies Act, 2013 to the effect that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013.

The Nomination and Remuneration Committee has recommended to the Board, appointment of Ms. Himali H. Mehta as an Independent Director.

The Board opines that Ms. Himali H. Mehta fulfils the conditions for appointment of Independent Director specified in the Companies Act, 2013 and rules made there under and that she is independent of the management of the Company.

The terms and conditions of appointment of Ms. Himali H. Mehta is available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 12th September, 2015.

The Directors recommend the passing of the resolution set out at Item No. 4 of the accompanying Notice as an Ordinary Resolution.

Except Ms. Himali H. Mehta there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ANNEXURE II TO THE NOTICE

As required under Clause 49 VIII E 1 of the Listing Agreements, a brief profile of the Directors seeking appointment / re-appointment is as follows:

1. Name: Mr. Vikram V. Kamat

Mr. Vikram V. Kamat is a science graduate (B.Sc) and has completed his Hotel Management course from the Institute of Hotel Management, Catering Technology and Applied Nutrition (IHMCATAN), Mumbai. He joined the Company as an Additional Director of the Company with effect from 22nd July, 2006. He has expertise in management of the Company and Hotel Industry.

Directorship held in other companies:

Green Dot Restaurants Pvt. Ltd., Kamats Holiday Resorts (Silvassa) Ltd., Orchid Hotels Pune Pvt. Ltd., Vishal Amusements Ltd., Indira Investments Pvt. Ltd., Kamat Holdings Pvt. Ltd., Kamats Club Pvt. Ltd., Kamats Development Pvt. Ltd., Kamats Eateries Pvt. Ltd., Kamats Super Snacks Pvt. Ltd., Kamburger Foods Pvt. Ltd., Karaoke Amusements Pvt. Ltd., Venketesh Hotels Pvt. Ltd.

Audit Committee Membership in other Companies-1, Stakeholders Relationship Committee Membership in other Companies-NIL, Nomination and Remuneration Committee Membership in other Companies-1, Shareholding in Kamat Hotels (India) Limited -500 shares.

2. Name: Ms. Himali H. Mehta

Ms. Himali H. Mehta is M.E. Environmental Engineer and B. E. Civil Engineer. She joined the Board as an Additional Director of the Company with effect from 20th December, 2014. She has expertise in environment and management field.

Directorships held in other Companies: NIL

Audit Committee Membership in other public limited companies: NIL

Stakeholders Relationship Committee Membership in other public limited companies : NIL

Shareholding in Kamat Hotels (India) Ltd.: NIL

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BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 28th Annual Report together with the Audited financial statement of the Company for the year ended 31st March, 2015.

FINANCIAL SUMMARY

The financial summary for the year under review is as below:

(Rs. in lakhs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Total Income	13,930.63	15,679.06
Profit Before Interest, Depreciation & Taxation	3,316.48	6,168.35
Less: Interest and Finance Charges (net)	7,948.21	5,735.27
Less: Depreciation	1,837.84	1,438.52
Profit Before Exceptional Item and Tax	(6,469.57)	(1,005.44)
Add/(Less): Exceptional Item	-	(23,805.16)
Profit/(loss) Before tax	(6,469.57)	(24,810.60)
Less: Current Tax	117.18	252.00
Prior Period Adjustment – Income Tax	26.09	28.92
Deferred tax	(541.19)	(1,830.83)
MAT credit entitlement	155.96	-
Net Profit/(Loss)	(5,915.69)	(23,260.69)
Amount proposed to be carried to reserves	-	-
Add: Surplus / (Deficit) Brought Forward from previous year	(17,895.31)	5,365.38
Balance carried over to Balance Sheet	(23,811.00)	(17,895.31)

STATE OF COMPANY'S AFFAIRS

The average occupancy level of The Orchid, Mumbai, was, around 69% as compared to 60% in the previous year. The average occupancy level of VITS Mumbai was around 72% as compared to 70% in the previous year. The Average Room Rate, during the year under review, was at Rs. 5,355/- at The Orchid, Mumbai as compared to Rs. 5,213/- in the previous year and at Rs. 3,284/- at VITS, Mumbai as compared to Rs. 3,148/- in the previous year.

The total revenue of the Company for the year was recorded at Rs.13,930.63 lakhs (of which the revenue of Rs. 7,468.86 lakhs pertains to The Orchid, Mumbai, Rs. 2,348.37 lakhs to VITS, Mumbai and Rs.4,113.40 lakhs to other units) as against Rs. 15,679.06 lakhs in the previous year, a decrease of around 11.15% over the last year. The Company has registered loss after tax of Rs. 5,915.69 lakhs as compared to loss of Rs.23,260.69 lakhs in the previous year.

FINANCE

The Asset Sale Committee constituted by the CDR Lenders could not materialize sale of specified assets of the Company despite best efforts by the management, promoters and the Asset Sale Committee by the deadline, that is, 31st March, 2014 and therefore, the CDR Empowered Group communicated revocation of CDR mechanism as decided in the Joint Lenders Meeting.

The Company has received loan recall notices and notices purportedly under Section 13(2) of SARFAESI Act, 2002 from some lenders and the matter is being dealt with by the Company appropriately.

TFCI and L&T Infrastructure Finance Company Limited have, on 30.09.2014, assigned their respective debts/facility due from the Company together with securities interest/underlying rights, benefits & obligations to Asset Care & Reconstruction Enterprise Ltd (ACRE) and Edelweiss Asset Reconstruction Company Limited, acting as Trustee of EARC Trust SC105 respectively. During the year under review, the Company has entered in to Settlement Agreements with ACRE for settlement of its dues assigned from SBI and TFCI to ACRE on the terms and conditions contained in the said Settlement Agreements. Vijaya Bank has also assigned its debts due from the Company to Invent Assets Securitization & Reconstruction Private Limited.

DIVIDEND

In view of loss incurred by the Company during the year under review, the Board of Directors do not recommend any dividend for the financial year ended 31st March, 2015 (Previous year NIL).

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SHARE CAPITAL

During the year under review, no shares with differential voting rights, sweat equity shares or employee stock options were issued by the Company.

During the year under review, there was no change in the Authorised or Paid up Share Capital of the Company.

MATERIAL CHANGES AND COMMITMENTS

There has been no material changes and commitment affecting the financial position of the Company during the financial year 2014-15.

REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES IN TERMS OF RULE 8(1) OF COMPANIES (ACCOUNTS) RULES, 2014

As on 31st March, 2015 the Company had the following subsidiaries / joint ventures / associate companies:

Subsidiary Companies:

1. Orchid Hotels Pune Private Limited
2. Fort Mahodadhinivas Palace Private Limited
3. Kamats Restaurants (India) Private Limited
4. Fort Jadhavgadh Hotels Private Limited
5. Green Dot Restaurants Private Limited

Joint Venture Company /Associate Company:

1. Ilex Developers & Resorts Limited

A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided in form AOC 1 as at point no. 39 to the consolidated financial statement and hence not repeated here for the sake of brevity.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Vikram V. Kamat retires by rotation at the ensuing 28th Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Vikram V. Kamat was re-appointed as an Executive Director of the Company at the 27th Annual General Meeting held on 10th September, 2014 for a period of 3 years from 1st October, 2014 subject to approval of the Central Government. The Board of Directors have relieved him from the office of Executive Director of the Company with effect from 20th December, 2014 since he had expressed his inability to continue as an Executive Director of the Company. He continues to be a director of the Company.

Ms. Himali H. Mehta and Ms. Gayatri Devadiga were appointed as Additional Directors of the Company with effect from 20th December, 2014 pursuant to Section 161 of the Companies Act, 2013 to hold the office as Independent directors up to the date of 28th Annual General Meeting.

It is proposed to appoint Ms. Himali H. Mehta as an Independent Director of the Company for a term commencing from the date of her appointment to 31st March, 2019.

The Brief profile of Mr. Vikram V. Kamat and Ms. Himali H. Mehta, Directors of the Company is given in Annexure II to the Notice convening the ensuing 28th Annual General Meeting.

During the year under review, Mrs. Rajyalakshmi Rao, Mr. Rohhan Divanji and Ms. Gayatri Devadiga, resigned from the office of Director of the Company with effect from 25th September, 2014, 21st November, 2014 and 21st January, 2015 respectively. The Board of Directors places on record its sincere appreciation for the valuable support and guidance given by Mrs. Rajyalakshmi Rao, Mr. Rohhan Divanji and Ms. Gayatri Devadiga to the Company during their tenure as Directors of the Company.

DECLARATION BY INDEPENDENT DIRECTOR:

Mr. D. D. Jadhav and Ms. Himali H. Mehta, Independent Directors of the Company have given their respective declaration as required under Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 which were taken on record by the Board.

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Company has conducted Familiarisation Programmes to familiarize the Independent Directors of the Company. Details of the same are disclosed on the website of the Company and the weblink of the same is <http://www.khil.com/hospitality-management/Familiarization%20Programmes.pdf>

EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT 9 as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is enclosed as *Annexure A* forming part of the Board's Report.

Annual Report 2014-2015



NUMBER OF MEETINGS OF THE BOARD

During the financial year 2014-15, five meetings of the Board of Directors were held. The dates of Board meetings are given in the Corporate Governance section, forming part of the Board's Report

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 134 (5) of the Companies Act, 2013 the Directors hereby state that:

- 1 in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- 2 selected accounting policies were applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the financial year ended on that date;
- 3 proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the Directors' knowledge and ability;
- 4 the annual accounts have been prepared on a going concern basis;
- 5 Internal Financial Controls to be followed by the Company have been laid down, and the said Internal Financial Controls are adequate and are operating effectively and;
- 6 proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

NOMINATION AND REMUNERATION POLICY

In terms of Section 178 (3) of the Companies Act, 2013 and Clause 49 IV of the listing agreement entered into with the stock exchanges, a policy on Nomination and Remuneration of Directors and Senior Management Employees including, inter alia, criteria for determining qualifications, positive attributes, independence of directors and criteria for performance evaluation of director was formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at their respective meetings held on 22nd March, 2014 which was subsequently modified on 28th May, 2014 by inserting policy on Board Diversity in part B of the said policy. The said policy is annexed as *Annexure B* to the Board's Report. The said policy is also posted on the website of the Company www.khil.com and its weblink is <http://www.khil.com/hospitality-management/NOMINATION%20AND%20REMUNERATION%20POLICY.pdf>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The particulars of Loan given, Guarantees given and Investment made by the Company under Section 186 of the Companies Act, 2013 are given as under:

(Rs. in lakhs)

Loans Given		Opening Balance	During the year	Closing Balance
		19,646.40	827.66*	20,474.06
Guarantee given or Security Provided	Guarantee given 20,434.00	20,786.94	--	20,786.94
	Security provided 352.94 (given to wholly owned subsidiary)			
Investment Made		9,884.83	--	9,884.53**

* in continuation and pursuant to loan agreement dated 22nd March, 2014.

** Reduction in market value

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY REFERRED TO IN SUB SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

The Board of Directors of the Company had formulated a policy on related party transactions and materiality of Related Party Transactions on 28th May, 2014 and subsequently modified it on 8th November, 2014 in terms of Clause 49 VII and VIII of the listing agreement. The said policy is disclosed on the website of the Company, www.khil.com and its weblink is <http://www.khil.com/hospitality-management/POLICY%20ON%20RELATED%20PARTY%20TRANSACTION%20AND%20MATERIALITY%20OF%20RELATED%20PARTY%20TRANSACTIONS.pdf>.

During the year under review, no Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered into by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.