



# 24<sup>TH</sup> ANNUAL REPORT 2010 - 11



THE  
**ORCHID**  
— FIVE STAR ECOTEL HOTEL —  
FRIENDLY. ECO-FRIENDLY  
ECOTEL™ The Emblem of Environmentally Sound Hotels  
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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



**LOTUS RESORTS**  
Chill. Still. Tranquil.

Goa

## Financial Highlights of the Company (Standalone)

Particulars	Rs. in lakhs									
	2010 -2011	2009 -2010	2008 -2009	2007 -2008	2006 -2007	2005 -2006	2004 -2005	2003 -2004	2002 -2003	2001 -2002
Income from operations	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	4,500.02
Other Income	257.56	1082.76	644.22	505.93	89.81	87.83	49.37	56.10	132.41	44.58
Turnover	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	4,544.60
Total Expenditure	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	4,524.72
Profit Before Tax	506.01	64.48	988.01	4,369.59	3,008.14	1,720.93	821.75	121.96	51.90	19.88
Taxation	349.10	(74.20)	421.92	1,628.93	949.94	163.02	411.34	50.24	41.24	19.06
Profit After Tax	137.32	138.68	566.09	2,740.66	2,058.20	1,557.91	410.41	71.72	10.66	0.82
Equity Share Capital	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	1,133.14
Reserves and Surplus	17,576.78	15,134.70	14,996.02	14,817.79	12,547.95	1,0875.76	6,604.18	6,318.74	6,261.16	6,410.63
Net-worth	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	7,357.89
Earning per Share (Rs)	0.96	1.05	2.99	21.63	15.60	12.38	3.79	0.65	0.07	0.02
Book Value per Share (Rs)	127.25	125.13	124.07	122.72	105.52	92.81	71.87	68.95	68.02	68.49
Return on Net Worth (percentage)	0.72	0.84	3.44	16.87	14.78	12.72	5.27	0.94	0.10	0.03
Dividend	-	-	12%	30%	25%	15%	10%	6%	-	5%

## KAMAT HOTELS (INDIA) LIMITED BOARD OF DIRECTORS

Mr. Vithal Venketesh Kamat  
*Executive Chairman & Managing Director*

Mr. Ramesh N. Shanbhag  
*Whole-Time Director*

Mr. Vikram V. Kamat  
*Executive Director*

Mr. T. M. Mohan Nambiar  
*Director*

Mr. S. S. Thakur  
*Director*

Mr. Ved Prakash Khurana  
*Director*

Mrs. Rajyalakshmi Rao  
*Director*

Mr. Aswini Sahoo  
*Nominee 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 4201  
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-Fourth 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 24<sup>th</sup> September, 2011 at 2.00 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, 2011 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. T. M. Mohan Nambiar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ved Prakash Khurana, 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) Mr. Vikram V. Kamat be and is hereby re-appointed as Executive Director of the Company for a period of 3 years from 1<sup>st</sup> October, 2011 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 Mr. Vikram 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 Mr. Vikram V. Kamat as Executive 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 or as otherwise approved by the Central Government."

"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."

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 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 such other sanctions as may be necessary, approval of the shareholders be and is hereby accorded to the payment of remuneration to Mr. Ramesh N. Shanbhag, Whole-time Director of the Company in case of absence or inadequacy of profits in any financial year during the tenure of his appointment, as per the remuneration and perquisites earlier approved by the shareholders in the Annual General Meeting held on 25<sup>th</sup> September, 2010 and 28<sup>th</sup> July, 2007 as minimum remuneration and that the Board of Directors be and is hereby authorised to do such other acts, deeds or things including modification(s) in the terms and conditions of the said appointment and / or remuneration payable to Mr. Ramesh N. Shanbhag as it may consider necessary, appropriate and in the interest of the Company."

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

### **Registered Office:**

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

Place : Mumbai.

Date: 28<sup>th</sup> May, 2011

**Mahesh Kandoi  
Company Secretary**



**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 (W), Mumbai – 400 078 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, 13<sup>th</sup> September, 2011 to Saturday, 24<sup>th</sup> September, 2011 (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 respect of the Financial Year ended on 31<sup>st</sup> March, 2004 shall be transferred to the Investor Education and Protection Fund (IEPF) by 3<sup>rd</sup> December, 2011. The Members who have not encashed their dividend warrants so far for the financial year ended on 31<sup>st</sup> March, 2004 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 31<sup>st</sup> March, 2004 is transferred to the IEPF by 3<sup>rd</sup> December, 2011 no claim shall lie against the Company or IEPF in respect thereof.
- 8) Appointment /Re-appointment of Directors:  
Mr. V. P. Khurana and Mr. T. M. Mohan Nambiar retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Mr. Vikram V. Kamat is proposed to be re-appointed as Executive Director. The details pertaining to these Directors as required under Clause 49 (IV) (G) (i) of the Listing Agreements 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: shareholders@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.

**ANNEXURE I TO THE NOTICE**

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

**Item No. 5**

The shareholders had, at the 22<sup>nd</sup> Annual General Meeting held on 26<sup>th</sup> September, 2009, appointed Mr. Vikram V. Kamat as Executive Director for a period of 3 years from 1<sup>st</sup> October, 2008. The tenure of Mr. Vikram V. Kamat as Executive Director would be ending on 30<sup>th</sup> September, 2011.

Mr. Vikram V. Kamat is a Science graduate (BSc) with specialisation in Hotel Management from the Institute of Hotel Management, Catering Technology and Applied Nutrition (IHMCATAN), Mumbai. He has expertise in managing the operations of the Company and has been closely associated with the Company from past several years.

The Board of Directors, at its meeting held on 28<sup>th</sup> May, 2011, approved the re-appointment of Mr. Vikram V. Kamat as Executive Director for a period of 3 years from 1<sup>st</sup> October, 2011 on the following terms and conditions, subject to the approval of members in general meeting :

**REMUNERATION:**

Remuneration of Rs. 2,50,000/- per month in the form of salary will be paid for a period of one year with effect from 1<sup>st</sup> October, 2011.

The remuneration payable to Mr. Vikram V. Kamat during the remaining period of his term as Executive Director i.e. from 1<sup>st</sup> October, 2012 to 30<sup>th</sup> September, 2014, will be determined by the Board on the recommendation of the Remuneration Committee subject to the maximum monetary limit of Rs. 4,00,000/- per month.

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

- Contributions 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 Rs. 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. Vikram V. Kamat.
- 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. Vikram V. Kamat 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 Executive Director, Mr. Vikram V. Kamat shall, subject to the supervision and control of the Board of Directors and/or Executive Chairman and Managing Director, manage the business and affairs of the Company.
- Mr. Vikram V. Kamat will not be paid any fee for attending the meetings of the Board or any committee thereof.
- Mr. Vikram V. Kamat 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. In any event, the appointee will not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act, 1956.

- Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay him remuneration by way of salary, allowances and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.
- Tenure: 1-10-2011 to 30-09-2014.

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. 5 of the accompanying Notice as a special resolution.

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

#### **Item No. 6**

The shareholders had, at the 23<sup>rd</sup> Annual General Meeting held on 25<sup>th</sup> September, 2010 re- appointed Mr. Ramesh N. Shanbhag for a period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 at the pay scale detailed below:

#### **REMUNERATION**

Remuneration of Rs. 2,50,000/- per month (Basic salary and House Rent Allowance) as detailed below payable for a period of one year with effect from 1st October, 2010.

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount Rs. (Monthly)</b>
1.	Basic Salary	2,00,000
2.	House Rent Allowance	50,000
		<u>2,50,000</u>

The remuneration payable to Mr. Ramesh N. Shanbhag during the remaining period of his term as Whole-time Director i.e. from 1st October, 2011 to 30th September, 2013, will be determined by the Board on the recommendation of the Remuneration Committee subject to the maximum monetary limit of Rs. 3,50,000/- per month.

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

- Contributions 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 Rs. 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: 1-10-2010 to 30-09-2013.

During the financial year 2010-2011 the profits of the Company are inadequate and hence remuneration to Mr. Ramesh N. Shanbhag for the financial year 2010-2011 was paid as per para B of Section II (1) of Part II of Schedule XIII of the Companies Act, 1956 which, inter alia, requires that Statement containing information mentioned therein is sent to the shareholders alongwith the notice of general meeting in which Special Resolution for payment of remuneration is passed.

**STATEMENT PURSUANT TO SECTION II (1) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 IN RESPECT OF RESOLUTIONS AT ITEM NOS. 5 AND 6.**

**I. GENERAL INFORMATION**

The nature of the industry of Company is Hotels and Hospitality. The Company was incorporated on 21<sup>st</sup> 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:

	Rs. in Lakhs	
	<b>Current year 2010-11</b>	<b>Previous year 2009-10</b>
Turnover	12,327.84	11,364.03
Profit	137.32	138.68
Dividend	-	-

The Company has no exports, foreign collaborations or foreign investments (except foreign exchange earnings from hotel guests and foreign currency convertible bonds (FCCBs)

**II. INFORMATION ABOUT THE APPOINTEES:**

– Background Details:

Mr. Ramesh N. Shanbhag is associated with Kamat Group for the past 36 years. He was appointed as a Director of the Company with effect from 30<sup>th</sup> January, 1999. Subsequently, he was appointed as a Whole time Director of the Company with effect from 1<sup>st</sup> October, 2005.

Mr. Vikram V. Kamat was appointed as a Director of the Company with effect from 22<sup>nd</sup> July, 2006. Subsequently, he was appointed as Executive Director of the Company with effect from 1<sup>st</sup> October, 2008.



**– Past Remuneration:**

The remuneration to Mr. Ramesh N. Shanbhag during the period from 1<sup>st</sup> October, 2007 to 30<sup>th</sup> September, 2010 was determined by the Board of Directors on the recommendation of Remuneration Committee within the maximum monetary limit approved by the shareholders by passing a Special Resolution on 28<sup>th</sup> July, 2007. He was paid Rs. 23,51,353/- and Rs. 29,95,269/- as remuneration and perquisites during the financial year 2008-09 and 2010-11 respectively. He did not draw any remuneration during the financial year 2009-10 due to inadequate profit. Mr. Ramesh N. Shanbhag is a commerce graduate having vast experience of about 36 years in the Hotel industry with expertise in legal field.

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

The remuneration to Mr. Vikram V. Kamat during the period from 1<sup>st</sup> October, 2008 to 30<sup>th</sup> September, 2011 was determined by the Board of Directors on the recommendation of Remuneration Committee within the maximum monetary limit approved by shareholders by passing a special resolution on 26<sup>th</sup> September, 2009. He was paid Rs. 7,92,000/- and Rs. 19,80,000/- as remuneration and perquisites during the financial year 2008-09 and 2010-11 respectively. He did not draw any remuneration during the financial year 2009-10 due to inadequate profit. 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 has expertise in Hotel Industry.

Mr. Vikram V. Kamat has no other direct or indirect pecuniary relationship with the Company or any other managerial personnel, except to the extent of remuneration and perquisites as stated above, his shareholding in the Company and amount payable to Mr. Vithal V. Kamat, his relative.

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

**III. OTHER INFORMATION:**

**– Reasons of inadequate profits:**

Due to the global financial crisis and down turn in the economy till the first half of the financial year 2009-10, companies in the hotel sector have yet to achieve faster growth. The working of all the companies in the hotel sector including your Company is witnessing pressure on ARR though occupancy rates are improving. Moreover, in the past the Company has undertaken few expansion plans and new projects, directly or through subsidiary/joint venture, requiring substantial capital expenditure which has adversely affected the bottomline of the Company due to higher interest cost and depreciation.

In view of the above factors, the profit for the financial year 2010-11 have been inadequate.

**– Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:**

With the broad based growth and turn around after second quarter of the financial year 2009-10 total income of the Company is improving. Once the projects undertaken by the Company are fully commissioned and start contributing revenues, the overall working of the Company including the bottomline will improve. Moreover, the Company has planned to dispose of its surplus lands at Amravati, Baddi, Coimbatore, Nagpur, Raipur, BKC and Kottayam- Kerala to reduce the debts. Besides, the Company has undertaken various steps like cost cutting measures, without compromising on the quality of service standards for improving its profitability. With these measures, the performance of the Company is expected to show overall improvement.

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

Place : Mumbai

Date: 28<sup>th</sup> May, 2011

**Mahesh Kandoi  
Company Secretary**

## **ANNEXURE II TO THE NOTICE**

As required under Clause 49 (IV) (G) (i) of the Listing Agreements, a brief profile of the Directors seeking re-appointment is as follows:

### **1. Name: Mr. T. M. Mohan Nambiar**

Mr. T. M. Mohan Nambiar is a senior Chartered Accountant. He has held key positions in Finance field. He had been associated with one of the largest Cement Company, ACC Ltd., for a long period and held the office of the Managing Director of ACC Ltd. He was also associated with various industry bodies and was the president of the Cement Manufacturers Association of India. He is Director on the Board of reputed Companies.

Directorships held in other Companies.	1. Navin Fluorine International Limited 2. ION Exchange (India) Limited
Audit Committee Membership in other Companies	1. Navin Fluorine International Limited 2. ION Exchange (India) Limited
Shareholders' Grievance Committee Membership in other Companies	1
Remuneration Committee Membership in other Companies	2
Shareholding in Kamat Hotels (India) Limited	1021 shares

### **2. Name: Mr. Ved Prakash Khurana**

Mr. Ved Prakash Khurana is a Post Graduate in Philosophy from Delhi University and has over three decades of experience in the areas of banking and finance.

Directorship held in other Companies	B W Highway Star Private Limited
Audit Committee Membership in other Companies	NIL
Shareholders' Grievance Committee Membership in other Companies	NIL
Remuneration Committee Membership in other Companies	NIL
Shareholding in Kamat Hotels (India) Limited	NIL

### **3. Name: Mr. Vikram V. Kamat**

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

Directorships held in other Companies	
1. B W Highway Star Private Limited	2. Gadh Heritage Hotels Private Limited
3. Gulbarga Hospitality Private Limited	4. Himco Financial Management Private Limited
5. Indira Investments Private Limited	6. Kamat Holdings Private Limited
7. Kamat Holiday Resorts Private Limited	8. Kamat Hotels Private Limited
9. Kamats Amusements Private Limited	10. Kamats Club Private Limited
11. Kamats Development Private Limited	12. Kamats Eateries Private Limited
13. Kamats Holiday Resorts (Silvassa) Limited	14. Kamats Super Snacks Private Limited
15. Kamburger Foods Private Limited	16. Kamafotel Resorts Private Limited
17. Kanisha Hotels Private Limited	18. Karaoke Amusements Private Limited
19. Swastik Amusements & Hotels Private Limited	20. Talent Hotels Private Limited
21. Venketesh Hotels Private Limited	22. Vishal Amusements Limited
Audit Committee Membership in other Companies	NIL
Shareholders' Grievance Committee Membership in other Companies	NIL
Remuneration Committee Membership in other Companies	NIL
Shareholding in Kamat Hotels (India) Limited	500 shares

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty-Fourth Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

The financial results for the year under review are summarised below:

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2011	Year ended March 31, 2010
Total Income	12,327.84	11,364.03
Profit Before Interest, Depreciation and Taxation	4,139.03	4,091.49
Less: Interest and Finance Charges (net)	2,437.00	2,762.22
Less: Depreciation	1,251.09	1,264.79
Profit Before Exceptional Item and Tax	450.94	64.48
Add: Exceptional Item	55.07	-
Profit Before Tax	506.01	64.48
Less: Provision for current tax	182.00	103.00
Less/(Add): Deferred tax	341.70	(81.80)
Less: Provision for wealth tax	7.40	7.60
Add: MAT credit entitlement	182.00	103.00
Profit After Tax but before Adjustments and Appropriation	156.91	138.68
Less: Prior Period Adjustments (Net)	19.59	-
Net Profit After Tax	137.32	138.68
Add: Surplus Brought Forward from previous year	5,555.85	5,417.17
<b>Balance Profit carried over to Balance Sheet</b>	<b>5,693.17</b>	<b>5,555.85</b>

### YEAR IN RETROSPECT

During the year under review, total income of the Company has increased as compared to the previous financial year. The average occupancy level of The Orchid, Mumbai, the flagship unit of the Company, was around 69% as compared to 64% in the previous year. The Average Occupancy level of the Company's other unit VITS Mumbai was around 83% as compared to 66% in the previous year. The Average Room Rate, during the year under review, was however lower at Rs. 6,482/- at The Orchid, Mumbai as compared to Rs. 6,633/- in the previous year and at Rs. 3,525/- at VITS, Mumbai as compared to Rs. 3,579/- in the previous year.

The total turnover of the Company for the year was recorded at Rs. 12,327.84 lakhs (of which the turnover of Rs. 6779.33 lakhs pertains to The Orchid, Mumbai, Rs. 3144.75 lakhs to VITS, Mumbai and Rs. 2403.76 lakhs to other units) as against Rs. 11,364.03 lakhs in the previous year, an increase of around 8.48% over the last year. The Company has registered profit after tax of Rs. 137.32 lakhs as compared to profit of Rs. 138.68 lakhs in the previous year, a decrease of around 0.98% over the last year.

## **DIVIDEND**

With a view to conserve resources to meet the existing financial commitments, the Board of Directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2011 (Previous year NIL).

## **AWARDS**

The Orchid, Asia's first and only ISO 14001 certified Eco-friendly Five Star Hotel, continues to maintain the track record of winning prestigious awards. The Directors are pleased to inform that "The Orchid" has been honored with the following awards in the year under review:

'The Orchid' bagged the Golden Peacock Environment Management Award for the year 2010 by the Golden Peacock Awards Jury of the Institute of Directors. The award was presented to Mr. Vithal V Kamat, Executive Chairman and Managing Director on 30<sup>th</sup> July, 2010 in London.

The Brihanmumbai Municipal Corporation, on 27<sup>th</sup> February, 2011, at the Plants, Flowers, Fruits and Vegetables Exhibition awarded 'The Orchid' with 1<sup>st</sup> prize for Traffic Island, near the Institute of Sciences, Churchgate, garden at the Bandra Fire Brigade and 3<sup>rd</sup> prize for Traffic Island at Tardeo and Nariman Point.

During the year under review, VITS has won the following awards:

- i) Golden Star Award to VITS Coffee Shop - Most admired Restaurant and F & B retailer of the year in the Multi Cuisine Category, 2011.
- ii) Golden Star Award for the most admired Training Manager of the year.

Mr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company was awarded the prestigious Rajiv Gandhi Environment Award on 5<sup>th</sup> June, 2010 – World Environment Day, for the exemplary work carried out by him in the field of protection of environment. Further, he was honored with the runner up award for Green Hotelier of the Year on 16<sup>th</sup> December, 2010 at The Westin, Gurgaon by Hotelier India.

Your Company has so far bagged 49 national and 25 international awards. Most of these awards have been won mainly because of the environmental awareness created by the flagship hotel, "The Orchid".

## **Expansion projects:**

### **"The Orchid Expansion" Mumbai**

Your Directors are pleased to report that The Orchid expansion, Mumbai which consists of air conditioned rooms of executive, deluxe and suite classes, high premium bar, a continental restaurant and 3 conference rooms / banquet hall and other facilities like spa, health club and staff training centre has already started contributing revenue to the Company.

## **MANAGEMENT CONTRACTS**

The Company is having management contracts for managing hotel properties at Aurangabad, Karwar, Udaipur, Delhi and Pune.

## **SUBSIDIARY COMPANIES:**

### **B W HIGHWAY STAR PRIVATE LIMITED:**

During the year under review, 4.16% share capital of B W Highway Star Private Limited (Subsidiary Company) was transferred to your Company out of the 25% share capital of the subsidiary company agreed to be purchased by the Company pursuant to the Share Purchase Agreement dated 8<sup>th</sup> February, 2010. Consequently, 79.16% share capital of the subsidiary company is presently registered in the name of your Company and as per the said Share Purchase Agreement, the remaining 20.84% shares are to be transferred to the Company by 1<sup>st</sup> February, 2013.

B W Highway Star Private Limited has presently two operational hotels at Pune under the brand name 'The Orchid' and 'VITS' besides restaurants and banquet halls. You will be pleased to know that these hotels have already started contributing revenue.

### **FORT MAHODADHI PALACE PRIVATE LIMITED:**

In the current year, Fort Mahodadhi Palace Private Limited became a wholly owned subsidiary of the Company with effect from 30<sup>th</sup> April, 2011. It is planned to further develop Fort Mahodadhi Palace project as heritage look and feel hotel in the Subsidiary Company.

The Ministry of Corporate Affairs has vide Circular No. 5/12/2007-CL-III dated 8th February, 2011 granted general exemption from the provisions of Section 212 of the Companies Act, 1956 in relation to attaching copy of the Balance Sheet, Profit and Loss account, Board's Report and Auditor's Report of the subsidiary companies alongwith the holding company's Balance Sheet. Accordingly, the Balance Sheet etc. of the subsidiary company are not attached with the annual accounts of your Company.

Pursuant to the said circular the annual accounts of the subsidiary company(ies) and the related details shall be available to shareholders of the Company seeking such information. The annual accounts of the subsidiary company(ies) are open for inspection by the shareholders of the Company at the registered office of the Company and of the subsidiary company(ies).

### **OTHER PROPERTIES**

The Company is holding immovable properties at Baddi, Raipur, Nagpur, Coimbatore, Kottayam-Kerala, BKC and Amravati. Your company has planned to dispose of these properties to reduce the debts.

### **DIRECTORS**

Mr. Ved Prakash Khurana and Mr. T. M. Mohan Nambiar retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Mr. Vikram V. Kamat was appointed as Executive Director of the Company at the Annual General Meeting held on 26<sup>th</sup> September, 2009, for a period of 3 years from 1<sup>st</sup> October, 2008. Mr. Vikram V. Kamat is proposed to be re-appointed as Executive Director for a period of 3 years from 1<sup>st</sup> October, 2011, subject to the shareholders' approval. The notice of the ensuing Annual General Meeting contains necessary resolution in this regard.

Brief profiles of Mr. Ved Prakash Khurana and Mr. T. M. Mohan Nambiar, Directors retiring by rotation and Mr. Vikram V. Kamat, Executive Director are given in Annexure II to the Notice convening the ensuing 24<sup>th</sup> Annual General Meeting.

Mr. Aswini Sahoo was appointed as director nominated by Clearwater Capital Partners (Cyprus) Limited w.e.f. 25<sup>th</sup> August, 2010 pursuant to the amended Articles of Association of the Company.

### **CHANGE IN CAPITAL DUE TO CONVERSION OF FCCBs**

The Board of Directors of your Company, at its meeting held on 25<sup>th</sup> August, 2010, issued and allotted 18,43,810 Equity Shares in the capital of the Company to FCCBs holder upon conversion of part of the FCCBs at a revised conversion price of Rs. 135/- per share as approved by the shareholders and the Reserve Bank of India in accordance with the relevant Press Notes issued by the Ministry of Finance, Government of India. As a result, the paid up capital of the Company has increased during the year under review from Rs.13.20 crores to Rs.15.04 crores.

### **AMALGAMATION**

The Board of Directors of the Company has, at its meeting held on 26<sup>th</sup> March, 2011 given its in principle approval to the amalgamation of Kamats Restaurants Private Limited (Restaurants Business), Kamat Holiday Resorts Private Limited (Lotus Resorts, Murud) and Lotus Resorts Goa unit owned by Kamats Holiday Resorts (Silvassa) Limited with the Company based on valuation to be done by an independent valuer subject to final approval of the amalgamation scheme by the Board, compliance of applicable regulatory requirements and approval of the scheme by the stock exchanges and the competent court.

### **FIXED DEPOSITS**

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

### **PARTICULARS OF EMPLOYEES**

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011 is given in Annexure "A" to the Report.



## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. That the selected accounting policies were applied consistently and the Directors 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 31<sup>st</sup> March, 2011 and of the profit of the Company for the financial year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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. That the annual accounts have been prepared on a going concern basis.

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

- a) Conservation of Energy: The Company continued energy conservation efforts during the year. It has closely monitored power consumption and running hours on day to day basis, thus resulting in optimum utilization of energy. The hotel is fitted with energy saving devices to conserve energy in the long run.
- b) Technology Absorption: The activities of the Company at present do not involve technology absorption and research and development.
- c) Foreign exchange earnings and outgo:

Earnings: Rs. 1217.70 Lakhs (Previous Year Rs. 1525.87 Lakhs)

Utilization (including import of capital goods): Rs. 274.24 Lakhs (Previous Year Rs. 507.24 Lakhs)

## **DISCLOSURES RELATING TO UNCLAIMED SUSPENSE ACCOUNT AS PER AMENDED CLAUSE 5A OF THE LISTING AGREEMENT:**

Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year
NIL	NIL	NIL	NIL

## **CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Management Discussion and Analysis and Corporate Governance Report together with a certificate from the Company's Auditors confirming compliance is given in the Annexure "B" and "C" forming part of this report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company, as in the past, acknowledges it's Corporate Social Responsibility (CSR) and accordingly has undertaken several eco friendly initiatives like organizing silent rally during Diwali to reduce air and noise pollution, rally on World Environment Day at traffic junctions, celebration of Earth Day, etc. The Christmas day was celebrated with Sneha Sadan Orphanage and Cheshire Home for the differently abled. Environment Awareness Program was initiated at Holy Family High School in Andheri and at Tata Memorial Center in Parel. A magic show for child cancer patients was organized by the Company at Tata Memorial Center in Parel.

As a caring corporate citizen, your Company has recruited reasonable number of physically challenged persons, thereby providing employment opportunities to this under privileged segment of the society.

### **‘GO GREEN’ INITIATIVE:**

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) permitting companies to send various notices / documents to their shareholders through electronic mode. Your company has constantly been undertaking several initiatives towards its pursuit for better environment. Keeping in view the underlying theme of the circulars issued by MCA, your Company has decided to send, henceforth, all communications / documents including the Notice calling the Annual General Meeting, audited financial statements, directors’ report, auditors’ report etc., in electronic form unless otherwise requested in writing by shareholders.

### **AUDITORS**

M/s. J. G. Verma & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **EMPLOYEE RELATIONS**

The relations of the management with staff and workers remained cordial during the entire year.

### **ACKNOWLEDGEMENTS**

The Directors place on record their appreciation for the sincere and whole hearted co-operation extended by all concerned, particularly Stock Exchanges, Department of Tourism, Company’s bankers, Financial Institutions, security trustees, bond holders, Municipal authorities, the Government of Maharashtra, the Central Government, suppliers, clientele and the staff of the Company and look forward to their continued support. The Directors also thank the shareholders for continuing their support and confidence in the Company and its management.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

**Vithal V. Kamat**  
**Executive Chairman & Managing Director**

Place: Mumbai

Date: 28<sup>th</sup> May, 2011

### **ANNEXURE ‘A’ TO THE DIRECTORS’ REPORT, 2011.**

**Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Directors’ Report for the year ended 31<sup>st</sup> March 2011.**

Name	Designation	Qualifications	Remuneration (Rupees)	Experience Years	Age Years	Date of Commencement of employment	Particulars of last employment
Mr. Vithal V. Kamat	Executive Chairman & Managing Director	Dip. in Elect. Engg. (IV Sem.)	78,00,000	38	59	01-04-1994	Plaza Hotels Pvt. Ltd.(Director)

Notes :

- The nature of employment is contractual.
- The remuneration shown above is gross and comprises of basic salary and allowances.
- The nature of the duties of the Executive Chairman and Managing Director is to manage the business and affairs of the Company subject to the supervision and control of the Board of Directors.
- Relationship: Mr. Vithal V. Kamat, Executive Chairman and Managing Director is related to Mr. Vikram V. Kamat, Executive Director.

## **ANNEXURE 'B' TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK**

The Indian economy has reverted to the growth trajectory on which it was before the global financial crisis during 2008-09. The remarkable recovery in economy starting from second half of 2009-10 has proved its inherent strength. The business environment was positive with growth of economy over 8% in the year 2010-11. The medium to long term prospect of the economy remains positive, though inflationary trend and rising interest rates are areas of concern.

With the rising growth in the economy, the tourism sector has also shown buoyancy in terms of foreign tourist arrivals from different countries due to, inter alia, rise in trade and business delegations. According to report of the Ministry of Tourism, the tourism sector witnessed good growth in 2010 as compared to 2009. Foreign Tourist Arrivals (FTAs) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%. The Foreign Exchange Earning (FEE) in 2010 was higher by 18.1% as compared to FEE in 2009.

The strong performance of the corporate sector and the growth in the economy has led to surge in business travel. The domestic tourism in India has also been extensive with increase in disposable income and numerous pilgrimage centers across the country. These factors are strengthening and improving the demand for hotel rooms and consequently increasing the occupancy rates. Even though the Average Room Rates (ARRs) have not shown significant improvements, historically, strong and increasing occupancy levels are followed by higher ARR's.

Further, the first F1 Grand Prix scheduled to be held in India this year has world wide followers and will enhance the hospitality business significantly. Such events not only create short-term positive impact, but also provide visibility and perception of the host country.

The new trends in the industry like Camping Sites, Heliports, Convention Centers, Caravan Tourism, Medical Tourism, Bird watching Tourism, Golf Tourism, Cruise Tourism, Wellness Tourism, apartment hotels etc. are going to boost the sentiments and performance of the tourism industry.

The hotel industry is increasingly making use of new technologies to increase efficiency and standardize operations. From using the hotel website as a forum for marketing and communicating with customers to designing customized revenue management solutions for hotel chains, technology is being used to provide better service and contact with the customers. Technology is also being used to monitor staff performance, manage turnover and to facilitate career planning of hotel employees.

Tourism is an important sector of the economy and contributes significantly in the country's GDP and foreign exchange earnings. It offers employment opportunity to large section of skilled and unskilled manpower.

The Government has, recognizing the importance of tourism, taken several initiatives such as allowing 100% FDI in hotel sector, developing tourism infrastructure at places of national and international importance by identifying 38 mega tourism projects, approving setting up of Hospitality Development and Promotion Board, offering investment linked deduction up to 100% under Section 35AD of the Income Tax Act for establishing new hotels of 2 star category and above in respect of expenditure of capital nature, five years tax holidays for all hotels of 2, 3 and 4 star categories located in all UNESCO declared World Heritage sites (except Mumbai and Delhi), de-linking credit for hotel projects from commercial real estate, thereby enabling hotel projects to avail credit at relaxed norms and reduced interest rates, launching visa on arrival scheme, supporting institutional infrastructure for training and education in tourism, promoting theme based tourism like Rural Tourism, Meetings, Incentives, Conferences and Exhibitions (MICE) Tourism, Adventure Tourism, Medical and Wellness Tourism, Eco Tourism, cruise tourism etc., promotional activities like road shows, print and electronic media campaigns, travel fairs and exhibitions, releasing social awareness campaign to sensitizing the masses about the importance of tourism etc. These initiatives will certainly help in promoting tourism in the country.

### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

Any adverse change in the general economic scenario and the demand supply situation, unhealthy competition and seasonal nature of hotel industry may affect the prospect of the hotel Industry.

The hotel industry has its own set of constraints which include managing manpower, compensation issues, high attrition rate, regular employee training in order to maintain service standards, heavy costs for periodic renovation and repositioning of properties.

Escalating cost of land in metros has been a major area of concern in addition to other threats and risk factors like limited availability of land and power, water shortage, procurement of multiple clearances / approvals required for hotel projects, rising interest cost, long gestation period, poor infrastructure facilities etc. Besides, terrorist threats, natural calamities, deadly diseases like flu, competition from other tourist destinations offering attractive packages etc. are few other risk factors which may affect the hotel industry.

The Audit Committee and the Board periodically discuss the significant business risks identified by the Management and review the measures taken for their mitigation.

### **REVIEW OF OPERATIONAL AND FINANCIAL PERFORMANCE**

The Company has achieved an aggregate turnover of Rs. 12,327.84 lakhs for the financial year ended on 31<sup>st</sup> March, 2011 as against the turnover of Rs. 11,364.03 lakhs for the previous financial year. The profit after taxes for the year under review was Rs. 137.32 lakhs as against Rs. 138.68 lakhs for the previous year. The Average Room Rate, during the year under review, was recorded at Rs. 6,482/- at The Orchid as compared to Rs. 6,633/- in the previous year and at Rs. 3,525/- at VITS as compared to Rs. 3,579/- in the previous year.

### **SEGMENT WISE PERFORMANCE**

The Company is presently operating in only one segment i.e. hospitality.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Adequate internal controls have been laid down by the Company to safeguard and protect its assets as well as to improve the overall productivity of its operations. The Internal Audit Department of the Company together with Internal Auditors, M/s. Pipalia Singhal & Associates, Mumbai and M/s. Suhas M. Joshi, Mumbai, ensures compliance with the prescribed internal control procedures. Internal audits are carried out at regular intervals and the audit reports are periodically laid before the Audit Committee for review.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company has 1,355 employees as on 28<sup>th</sup> May, 2011. The Company values its employees as its key assets. Efforts are made on an ongoing basis to improve the efficiency of the employees by way of training, providing them with better working conditions and keeping them motivated at all times. Employees are provided opportunity to grow and prosper. The authority and responsibility chain is clearly defined and the employees are free to convey their ideas and suggestions to their superiors. Team meetings are held at frequent intervals to improve communication and interactions between the employees.

### **CAUTIONARY STATEMENT**

Statements contained in the Management Discussion and Analysis describing the Company's estimates, projections and expectations are forward looking statements and based upon certain assumptions and expectations of future events over which the Company has no control and which could cause actual results to differ materially from those reflected in such statements. Readers should carefully review other information in this Annual Report and in the Company's periodic reports. The Company undertakes no obligation to update or revise any of these futuristic statements, whether as a result of new information, future events, or otherwise.

## **ANNEXURE “C” TO THE DIRECTORS’ REPORT CORPORATE GOVERNANCE REPORT**

### **COMPANY’S PHILOSOPHY**

The Company strongly believes in adopting and adhering to good corporate governance practices. It upholds the values of transparency, professionalism and accountability and endeavors to maintain these values on ongoing basis.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

The management discussion and analysis forms part of the Directors’ Report.

### **BOARD OF DIRECTORS**

Composition, category of directors and their attendance at Board Meetings:

The Board of Directors has an optimum combination of executive, non-executive and independent directors. The Chairman of the Board is an executive director and not less than half of the Board comprises of independent directors. As on 31<sup>st</sup> March, 2011, the Board comprised of eight directors including three executive directors, four independent non executive directors and a nominee director. The directors are eminent personalities in their respective fields like, hoteliering, banking, finance, management, accounting and general administration. This combination has helped the company to take the benefit of rich experience and expertise of the directors in their core areas of competence.

The following table gives information about the composition of the Board, category of directors, membership of the directors in the Boards and Board committees of other public limited companies and attendance of each director at the Board meetings and last AGM of the Company:

Name	Designation and Category	Board membership in other Companies*	Chairmanship of committees in other Companies	Membership (including Chairmanship) of committees in other Companies	No of Board Meetings of KHIL attended	Last AGM Attendance (Yes/No)
Mr. Vithal V. Kamat	Executive Chairman & Managing Director (Promoter)	4	-	-	11	Yes
Mr. Ramesh N. Shanbhag	Whole-Time Director	4	-	-	9	Yes
Mr. S. S. Thakur	Independent Non-Executive Director	8	3	7	10	Yes
Mr. Ved Prakash Khurana	Independent Non-Executive Director	1	-	-	11	Yes
Mrs. Rajyalakshmi Rao	Independent Non-Executive Director	2	-	-	5	No
Mr. T. M. Mohan Nambiar	Independent Non-Executive Director	2	2	3	8	Yes
Mr. Vikram V. Kamat	Executive Director(Promoter)	3	-	-	10	Yes
Mr. Aswini Sahoo**	Nominee Director	2	-	-	3	N.A

\*Excluding private limited company which is neither a subsidiary nor a holding company of a public company, non profit companies registered under section 25 of the Companies Act, 1956, unlimited companies and companies where the director is an alternate director, as per Section 278 of the Companies Act, 1956.

\*\* Mr. Aswini Sahoo was appointed as director nominated by Clearwater Capital Partners (Cyprus) Limited w.e.f 25<sup>th</sup> August, 2010.

During the financial year 2010-2011, eleven Board meetings were held on 30<sup>th</sup> April, 2010, 8<sup>th</sup> May, 2010, 22<sup>nd</sup> May, 2010, 10<sup>th</sup> June, 2010, 24<sup>th</sup> July, 2010, 25<sup>th</sup> August, 2010, 25<sup>th</sup> September, 2010, 30<sup>th</sup> October, 2010, 8<sup>th</sup> January, 2011, 29<sup>th</sup> January, 2011 and 26<sup>th</sup> March, 2011. Leave of absence was granted to directors who could not attend the Board meetings.

None of the directors on the Board of the Company is a member of more than ten committees or acts as chairman of more than five committees across all public limited companies in which he is a director. For the purpose of reckoning this limit, only membership and chairmanship of the Audit Committee and the Shareholders’ Grievance Committee of directors have been considered. Necessary disclosures have been made by the directors in this regard.



All the necessary information as required by Clause 49 of the Listing Agreements signed by the Company with the Stock Exchanges is placed before the Board.

### **BOARD PROCEDURE**

The Board of Directors, in its meetings, focuses mainly on issues concerning policy and business strategies and deals with important issues relating to business development, internal controls, regulatory compliance and other matters which need to be considered by the Board for ensuring good corporate governance and enhancing the Company's network and value to the shareholders. The Board also reviews the performance of all the divisions of the Company.

### **COMMITTEES OF THE BOARD**

The Board has constituted the following committees in conformity with the applicable statutory requirements and the Listing Agreement entered into between the Company and the Stock Exchanges.

#### **AUDIT COMMITTEE**

The Company has set up a competent Audit Committee. The Chairman of the Committee Mr. Ved Prakash Khurana, is an independent director who is a Post Graduate in Philosophy from Delhi University having over three decades of experience in areas of banking and financial management. All the other members of the Committee are also non-executive independent directors of high caliber possessing vast experience, knowledge and management expertise in banking, accounting and financial field.

The terms of reference of the Audit Committee are in conformity with clause 49 of the Listing Agreement. Accordingly, the Audit Committee, inter-alia, oversees the Company's financial reporting process, ensures correct and adequate disclosure of financial information and reviews financial statements, adequacy of internal control systems and compliance of generally accepted accounting principles. The Committee also recommends the appointment of Statutory Auditors and fixation of their audit fee.

During the year under review four meetings of the Audit Committee were held on 22nd May, 2010, 24th July, 2010, 30th October, 2010 and 29th January, 2011. The composition of the Audit Committee alongwith attendance at its meetings is as follows:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Category</b>	<b>Meetings attended</b>
1	Mr. Ved Prakash Khurana	Chairman	4
2	Mr. S. S. Thakur	Member	4
3	Mr. T. M. Mohan Nambiar	Member	4

The Statutory Auditors, Internal Auditors, Chief Financial Officer and Vice President – Finance attend the meetings of the Audit Committee upon invitation. The Company Secretary, Mr. Mahesh Kandoi acts as secretary of the Committee.

#### **REMUNERATION COMMITTEE**

The scope and broad terms of reference of the Remuneration Committee are:

- To review the remuneration package of the executive directors and recommend suitable annual revision within the upper limit sanctioned by the members.
- To recommend compensation, if any, to the non-executive directors in accordance with the Companies Act, 1956.

Details of the composition of the Committee and attendance of the members at its meetings are as follows:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Category</b>	<b>Meetings attended</b>
1	Mr. S. S. Thakur	Chairman	2
2	Mr. Ved Prakash Khurana	Member	2
3	Mr. T. M. Mohan Nambiar	Member	2

Two meetings of the Remuneration Committee were held on 22<sup>nd</sup> May, 2010 and 29<sup>th</sup> January, 2011. The Company

Secretary, Mr. Mahesh Kandoi is currently the secretary of the Committee.

**Details of remuneration paid to the Whole-time Directors during the year ended 31<sup>st</sup> March, 2011.**

Name of the Director & Designation	Salary & House Rent allowances (Rs.)	Perquisites	Tenure/ Notice period / severance fees
* Mr. Vithal V. Kamat Executive Chairman and Managing Director	78,00,000	7,57,283	Tenure: 1 <sup>st</sup> October, 2010 to 30 <sup>th</sup> September, 2013 Notice Period: Six Months Severance fees: NIL
Mr. Ramesh N. Shanbhag Whole-time Director	27,00,000	2,95,269	Tenure: 1 <sup>st</sup> October, 2010 to 30 <sup>th</sup> September, 2013 Notice Period: Three Months Severance fees: NIL
Mr. Vikram V. Kamat Executive Director	18,00,000	1,80,000	Tenure: 1 <sup>st</sup> October, 2008 to 30 <sup>th</sup> September, 2011 Proposed to be renewed for three years from 1 <sup>st</sup> October, 2011 to 30 <sup>th</sup> September, 2014 Notice Period: Three Months Severance fees: NIL

\*Note: The Board of Directors of the Company has decided to make an application to the Central Government for waiver of remuneration paid during the financial year 2010-2011 to Mr. Vithal V. Kamat, Executive Chairman and Managing Director, in excess of the limit prescribed in para B of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956.

No payment of commission to the Executive and Non Executive Directors was made for the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011 considering the financial performance of the Company during the said period.

**DETAILS OF SITTING FEES PAID TO NON EXECUTIVE DIRECTORS**

Name of the Director	Amount in Rs.
Mr. S. S. Thakur	2,90,000
Mr. Ved Prakash Khurana	3,15,000
Mr. T. M. Mohan Nambiar	2,50,000
Mrs. Rajyalakshmi Rao	1,00,000
<b>Total</b>	<b>9,55,000</b>

No bonus, stock options, or performance linked incentives were provided to any of the Directors of the Company during the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011.

**NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS**

Name of the Director	No. of Shares	No. of Convertible Instruments
Mr. S. S. Thakur	NIL	NIL
Mr. Ved Prakash Khurana	NIL	NIL
Mrs. Rajyalakshmi Rao	NIL	NIL
Mr. T. M. Mohan Nambiar*	1,021	NIL

\* Only shareholding as first Joint holder is given.

**SHAREHOLDERS' GRIEVANCE COMMITTEE**

The composition of the Shareholders' Grievance Committee and attendance of the members in its Meeting:

Sr. No.	Name of the Member	Category	Meetings attended
1	Mr. Ved Prakash Khurana	Chairman	1
2	Mr. Ramesh N. Shanbhag	Member	1

A meeting of the Shareholders' Grievances Committee was held on 22<sup>nd</sup> May, 2010, during the financial year 2010-2011.

The Company Secretary, Mr. Mahesh Kandoi is currently the secretary of the Committee.

All share related issues are handled and resolved by the Share Transfer Committee. However, exceptional cases, if any, are referred to the Shareholders' Grievance Committee.

The scope and broad terms of reference of the Shareholders' Grievances Committee are:

- To look into shareholders' complaints, if any, and to redress the same.
- To approve requests for issue of duplicate share certificates due to loss, misplacement, mutilation etc. of original share certificates and also to deal with requests for transmission of shares referred by the Share Transfer Committee.

As certified by the Share Transfer Agents M/s. Link Intime India Private Limited, during the year under review the Company received 20 shareholders' complaints, which were promptly responded and resolved to the satisfaction of the concerned shareholders. As on 31<sup>st</sup> March, 2011 there were no pending share transfers with the Company.

#### **ANNUAL GENERAL MEETINGS AND OTHER GENERAL MEETINGS HELD FOR THE LAST 3 FINANCIAL YEARS**

Particulars	FY-2007-2008(AGM)	FY-2008-2009(AGM)	Extra Ordinary General Meeting	FY-2009-2010(AGM)
Date	30 <sup>th</sup> August, 2008	26 <sup>th</sup> September, 2009	10 <sup>th</sup> June, 2010	25 <sup>th</sup> September, 2010
Location	"Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056	"Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056	Hotel VITS, Dhanodham, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai- 400 059	"Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056
Time	3.00 p.m.	3.00 p.m.	3.00 p.m.	3.00 p.m.

Two Special Resolutions were passed at each of the Annual General Meetings held on 30<sup>th</sup> August, 2008, 26<sup>th</sup> September, 2009 and 25<sup>th</sup> September, 2010.

#### **POSTAL BALLOT**

The following resolutions were passed through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The details / results of the Postal Ballot so conducted are as under:

Date of notice of Postal Ballot	Date of Scrutinizer's Report & declaration of results	Description of the Resolution Passed	Results
25/08/2010	18/10/2010	<b>Resolution No. 1:</b> Special Resolution under Section 31 of the Companies Act, 1956, altering the Articles of Association of the Company by inserting Articles No. 99A and 99B after the existing Article No. 99.	No. of votes cast in favour of resolution:-11790832 (99.98%) No. of votes against the resolution :-2501 (0.02%) carried with requisite majority.
25/08/2010	18/10/2010	<b>Resolution No. 2:</b> Special Resolution to approve entering into Agreement/ Contract between the Company and Mr. Vithal V. Kamat for payment of royalty for use of Copy Right Mark.	No. of votes cast in favour of resolution:-9946082 (99.97%) No. of votes against the resolution:-3441 (0.03%) carried with requisite majority.

Mr. V. V. Chakradeo, Company Secretary in whole-time practice, was appointed as Scrutinizer and conducted the Postal Ballot exercise. A Special Resolution for increasing the limits of making loans, giving guarantee or providing security and for acquiring the securities of bodies corporate under Section 372A of the Companies Act, 1956 is proposed to be passed through Postal Ballot.

### **SUBSIDIARY COMPANIES**

Mr. Ved Prakash Khurana, an independent director of the Company was appointed as a Director on the Board of Directors of the non listed Indian subsidiary of the Company (B W Highway Star Private Limited) with effect from 11<sup>th</sup> May, 2010. The minutes of the Board meetings of the subsidiary company are periodically placed before the meetings of the Board of Directors of the Company.

### **DISCLOSURES**

#### CEO and CFO Certification:

The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

#### Related Party Transactions:

Transactions with the related parties are disclosed in note No. 3.6 of Schedule "N" to the Notes to Accounts in the Annual Report.

The Company has not entered into any transactions of material nature with any of its related parties that may have potential conflict with the interest of the Company.

The Company has complied with various rules and regulations prescribed by SEBI or any other statutory authorities relating to the capital market. No penalties/strictures have been imposed on the Company by Stock Exchanges, SEBI or any regulatory authority for non- compliance of any law on any matter related to capital market, during the last three years.

There is no formal Whistle Blower Policy but no employee is denied access to the Audit Committee or the Board. The Company is compliant with all the mandatory clauses.

#### Code of Conduct:

The Board of Directors has laid down a "Code of Conduct" (Code) for all the Board members and the senior management personnel of the Company and this Code is posted on the website of the Company. Annual compliance declaration is obtained from every person covered by the Code.

#### Risk Management

The Audit Committee and the Board periodically discuss the significant business risks identified by the Management and review the measures taken for their mitigation.

A note on identification and mitigation of risks is included in Management Discussion and Analysis annexed to the Directors' Report.

### **MEANS OF COMMUNICATION**

The statements of quarterly financial results are furnished to the stock exchanges immediately after the conclusion of the Board Meeting.

The financial results are published in English Daily "Free Press Journal" and Marathi Daily "Navshakti" newspaper.

The Company's Balance Sheet is posted on the website "[www.khil.com](http://www.khil.com)"

The Company regularly updates its website regarding the information pertaining to shareholders.

The Company had released three news updates during the year for three quarters of financial year 2010-11 to the analysts. The same are available on the website of the Company.

The shareholders can contact the Company Secretary for necessary information through the following routes:  
Telephone No. : 022 2616 4000; Fax No. : 022 2616 4201; Email : [cs@khil.com](mailto:cs@khil.com); Website : [www.khil.com](http://www.khil.com)

## GENERAL SHAREHOLDERS INFORMATION

### 1. 24<sup>th</sup> Annual General Meeting

Date : 24<sup>th</sup> September, 2011

Time: 2.00 P.M.

Venue: "Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056

### 2. Tentative Financial Calendar

Audited Annual Accounts for the year 2010 –2011

28<sup>th</sup> May, 2011(B M)\*

Unaudited 1<sup>st</sup> quarter Results (June 30, 2011)

6<sup>th</sup> August, 2011

Mailing of Annual Report

on or before 30<sup>th</sup> August, 2011

Annual General Meeting

24<sup>th</sup> September, 2011

Unaudited 2<sup>nd</sup> quarter Results (September 30, 2011)

5<sup>th</sup> November, 2011 ( B M)\*

Unaudited 3<sup>rd</sup> quarter Results (December 31, 2011)

4<sup>th</sup> February, 2012 (B M)\*

Unaudited 4<sup>th</sup> quarter Results (March 31, 2012)

by 30<sup>th</sup> April, 2012 (B M)\*

In case of audited results for the financial year 2011-12

by 30<sup>th</sup> May, 2012 (B M)\*

\* (B M) – Board Meeting

### 3. Dates of book closure: from Tuesday 13<sup>th</sup> September, 2011 to Saturday, 24<sup>th</sup> September, 2011 (both days inclusive)

### 4. Dividend payment date for Dividend 2010-2011:

-N.A.-

### 5. Listing of Equity Shares on Stock Exchanges and Market Price Data

Name of the Stock Exchange(s)

Stock Code/Symbol

Bombay Stock Exchange Limited

526668

National Stock Exchange of India Limited

KAMATHOTEL

The Company has paid listing fee to both the Stock Exchanges upto the financial year 2011-2012.

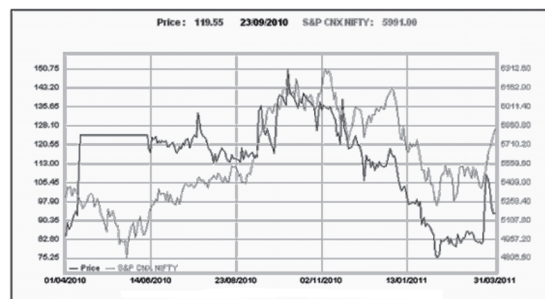
### 6. Stock Market Price Data

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	132.80	78.50	133.00	77.80
May, 2010	128.00	105.00	131.40	101.65
June, 2010	127.50	105.00	126.85	104.25
July, 2010	136.40	115.65	135.85	111.00
August, 2010	126.00	112.00	125.50	107.95
September, 2010	153.00	113.50	152.80	114.00
October, 2010	167.50	124.15	167.65	125.00
November, 2010	142.00	117.15	141.70	117.00
December, 2010	128.00	95.55	127.85	96.00
January, 2011	118.80	85.00	119.00	81.60
February, 2011	92.95	71.00	90.90	70.10
March ,2011	116.00	78.50	130.00	78.20

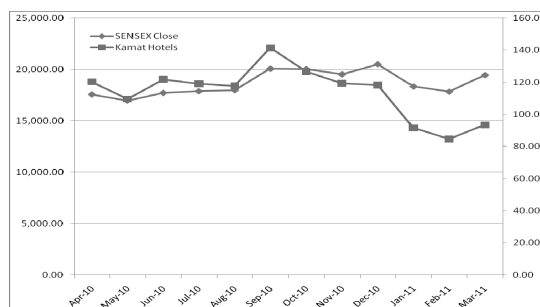


**7. Performance in comparison to Broad based indices Nifty and BSE Sensex.**

**NIFTY**



**BSE SENSEX**



**8. Registrars and Share Transfer Agents**

Link Intime India Private Limited.

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West), Mumbai – 400 078

Tel No. 2596 3838 and Fax No. 2594 6969.

For any queries, investors are requested to get in touch with the Registrar and Share Transfer Agent at the address mentioned above or the Company Secretary at the Registered Office of the Company.

**9. Share Transfer System**

The Share Transfer Committee constituted by the Board considers and approves all physical form share related issues, transfers, transmission, transposition, remat of shares, deletion of name of deceased shareholder(s) from share certificates, issue of duplicate/ renewed/subdivided/consolidated/replaced share certificate(s) etc. The transfer formalities are attended to on fortnightly basis by the nominated Registrars & Share Transfer Agents. The members of the Share Transfer Committee are:

Mr. Vithal V. Kamat - Executive Chairman and Managing Director

Mr. Ramesh N. Shanbhag - Whole-time Director

Mr. Vikram V. Kamat - Executive Director

The shares are transferred and returned within the minimum stipulated period provided all the necessary documents are found in order.

**10. Distribution of Shareholdings as on 31<sup>st</sup> March, 2011.**

Shareholding of Nominal Value Rs.		Number of Shareholders	% of Total	Nominal value Rs.	% of Total
1	5,000	9044	91.6126	10924330	7.2629
5,001	10,000	434	4.3963	3589770	2.3866
10,001	20,000	192	1.9449	2896690	1.9258
20,001	30,000	57	0.5774	1450840	0.9646
30,001	40,000	36	0.3647	1285540	0.8547
40,001	50,000	25	0.2532	1152790	0.7665
50,001	1,00,000	35	0.3545	2662630	1.7702
Above 1,00,001		49	0.4964	126449460	84.0687
<b>Total</b>		<b>9,872</b>	<b>100</b>	<b>15,04,12,050</b>	<b>100</b>

Category of Shareholdings as on 31<sup>st</sup> March, 2011.

Category	Shares	% of Total
Promoter and Promoter group	98,60,097	65.55
Directors and their Relatives (other than Promoter)	3,372	0.02
Mutual Fund	1,500	0.01
NRI/OCBs	24,41,515	16.24
<u>Public:</u>		
-Corporate Bodies	4,57,311	3.04
- Individual and Others	22,77,410	15.14
<b>Total</b>	<b>1,50,41,205</b>	<b>100.00</b>

#### 11. Outstanding FCCBs

Pursuant to the approval of the Board of Directors in its meeting held on 30<sup>th</sup> April, 2006 and the Special Resolution of the members passed in the 19<sup>th</sup> Annual General Meeting of the members of the Company held on 23<sup>rd</sup> September, 2006, the Company issued 5-year 1-day, 5.50% Foreign Currency Convertible Bonds (FCCBs) aggregating to USD 18 million, with an option to the investors to convert the FCCBs into ordinary shares.

The Shareholders of the Company, at the Extra Ordinary General Meeting held on 10<sup>th</sup> June, 2010, passed a Special Resolution approving and authorizing the Board of Directors of the Company to revise the Conversion Price and to amend the terms and conditions of FCCBs and the Trust Deed dated 13<sup>th</sup> March, 2007. The Board, at its meeting held subsequently on 10<sup>th</sup> June, 2010, approved the conversion price of Rs. 135/- per share for mandatory conversion of FCCBs within specified time frame into equity shares and on 13<sup>th</sup> August, 2010, the Company entered into fresh agreements with the FCCB holders/Trustee for the FCCB holders in terms of renegotiation of the conversion price and other amendments to the Trust Deed dated 13<sup>th</sup> March, 2007.

Subsequently, on 25<sup>th</sup> August, 2010, 5,629 FCCBs were converted into 18,43,810 equity shares of Rs. 10/- each fully paid. Currently, 12,371 FCCBs are outstanding for conversion into Equity Shares and the FCCB holder(s) must convert all the outstanding Bonds into Equity Shares at any time on or prior to 1<sup>st</sup> December 2011. On conversion of entire FCCBs the equity shares of the Company will be increased to 1,90,93,395 equity shares of Rs. 10/- each.

The bonds are listed on the Singapore Stock Exchange, Singapore. Except the above mentioned FCCBs, there are no other outstanding GDR/Warrants and convertible bonds.

#### 12. Dematerialisation of Shares

As on 31<sup>st</sup> March, 2011, 1,46,43,991 (97.36% of total Equity Capital) were held in dematerialised form. The trading in equity shares of the Company is permitted only in dematerialised form w.e.f. 28<sup>th</sup> May, 2001 as per the notification issued by the SEBI. The relative ISIN NO. allotted to the company is INE967C01018.

#### 13. Location of Hotels

1. The Orchid, 70-C, Nehru Road, Vile Parle (E), Mumbai – 400 099, Tel. No. 91-22 – 26164040.
2. VITS- Mumbai Dhanodham, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai-400 059 Tel. No. 022 – 28270707.
3. Fort Jadhavgad, Jadhav Wadi, Saswad, Pune-412301 Tel. No. 02115-238475/305200.
4. VITS Nashik, Near Nasardi Bridge, Nashik Pune Road, Nashik – 422001 Tel. No. 0253 2413376.
5. VITS Nagpur, 7, Dhantoli, Wardha Road, Opp. Big Bazar, Nagpur- 440012 Tel. No. 0712-2452891.
6. Tourist Reception Centre NH-17, at Moti Talao, College Road, Sawantwadi- 416510. Tel. No. 02363 275893.
7. Lotus Konark, Ramchand, Orissa, Tel. No. 06758236161 / 62 / 63.

#### 14. Address for Correspondence

Registered Office: KHIL House, 70-C Nehru Road, Near Santacruz Airport, Vile Parle (East), Mumbai - 400 099, Maharashtra, India. Contact Person: Mr. Mahesh Kandoi, Company Secretary and Compliance Officer  
Telephone: 022 - 26164000, Fax: 26164201, Email: cs@khil.com, Website: www.khil.com

**15. Declaration on Code of Conduct**

It is confirmed that the Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company. The Code of Conduct has been posted on the website of the Company. It is further confirmed that all Directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31<sup>st</sup> March, 2011, as envisaged in clause 49 of the listing agreement with stock exchanges.

**16. Disclosure of relationship between directors**

**Name of the Director**

Mr. Vithal V. Kamat, Executive Chairman  
and Managing Director

**Relationship**

Father of Mr. Vikram V. Kamat, Executive  
Director

**ON BEHALF OF BOARD OF DIRECTORS**

Place : Mumbai  
Date : 28<sup>th</sup> May, 2011

**Vithal V. Kamat**  
**Executive Chairman and Managing Director**

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**AUDITORS' CERTIFICATE  
ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To The Shareholders of Kamat Hotels (India) Limited

We have examined the compliance of conditions of Corporate Governance by Kamat Hotels (India) Limited, for the year ended 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For J.G. VERMA & CO.**  
*Chartered Accountants*  
(Registration No. 111381W)

**J.G. VERMA**  
*Partner*  
Membership No. 5005

Mumbai: 28<sup>th</sup> May, 2011

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the attached Balance Sheet of **KAMAT HOTELS (INDIA) LIMITED**, as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards referred to in sub-section (3-C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For J.G.VERMA & CO.**  
*Chartered Accountants*  
(Registration No. 111381W))

**J.G.VERMA**  
*Partner*  
Membership No. 5005

Mumbai: 28<sup>th</sup> May, 2011

## ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets installed at its various units.  
(b) According to the information and explanations given to us, some of the fixed assets have been physically verified during the year by the management in accordance with a phased programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.  
(c) There has not been any significant disposal of fixed assets during the year affecting going concern.
2. (a) As explained to us, physical verification of inventories has been conducted by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has granted following unsecured loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
  - (i) interest free trade deposits aggregating to Rs. 8,025.00 lakhs (maximum balance Rs. 8,030.00 lakhs) to three such parties;
  - (ii) loan of Rs. 10,157.86 lakhs (maximum balance Rs. 10,157.86 lakhs) to one such party being subsidiary. Interest has been charged and fully recovered after the close of the year.  
(b) In our opinion and according to the information and explanations given to us, the terms and conditions of the above trade deposits and loan are *prima facie* not prejudicial to the interest of the Company.  
(c) None of the above deposits and loan was due for refund during the year and accordingly our comments on the regularity of receipt of the principal amount of these deposits are not given.  
(d) There was no overdue amount in excess of Rupees one lakh in respect of deposits and loan given by the Company.  
(e) According to the information and explanations given to us, the Company has taken an unsecured loan of Rs. 380.00 lakhs (maximum balance - Rs. 380.00 lakhs) from one such party.  
(f) The rates of interest and other terms and conditions of above loan are *prima facie* not prejudicial to the interest of the Company.  
(g) The above loan is not stipulated to be repaid during the year and accordingly our comments on the regularity of payment of the principal amount are not given. The Company has paid interest on the above loan after the close of the year.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. To the best of our knowledge and belief and according to the information and explanations given to us, (a) in our opinion, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and (b) such transactions exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A 58AA and other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Hence the clause (vi) of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the records of the Company and the information and explanations given to us, the Company has *generally* been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other applicable statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, there are no amounts payable in respect of undisputed statutory dues as at 31st March, 2011 which were outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the documents and records, there are no cases of non-deposit with appropriate authorities of disputed dues of sales-tax, wealth tax, service tax, customs duty, excise duty, cess. The details of disputed income-tax are as under:

<b>Name of the Statute / Nature of the dues and period</b>	<b>Amount (Rupees in lakhs)</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961 - Assessment year 2006-07	12.70	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961 - Assessment year 2008-09	728.40	Commissioner of Income-tax (Appeals)

10. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses either during the financial year or immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution, banks or debenture holders as at the Balance Sheet date.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. The Company is not a dealer or trader in shares, securities, debentures, and other investments.
15. According to the information and explanations given to us, the Company has given guarantees for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not *prima facie* prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans raised by the Company were, *prima facie* applied by the Company during the year for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. During the year, the Company has not issued any debentures. In respect of Foreign Currency Convertible Bonds issued by the Company in earlier year, approval for issue of corporate guarantee by a group company to secure the said Bonds is awaited from Reserve Bank of India, and accordingly security has not been created for these Bonds.
20. The Company has not raised money by public issue during the year,
21. To the best of our knowledge and belief, and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

**For J.G. VERMA & CO.**  
Chartered Accountants  
(Registration No. 111381W)

**J.G. VERMA**  
Partner  
Membership No. 5005

Mumbai: 28<sup>th</sup> May, 2011



**BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCHEDULE	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SOURCES OF FUNDS:</b>				
<b>SHAREHOLDERS' FUNDS:</b>				
Share Capital	A	1,562.97		1,378.59
Reserves and Surplus	B	17,576.78		15,134.70
			19,139.75	16,513.29
<b>LOAN FUNDS:</b>				
Secured Loans	C	35,453.30		28,720.31
Unsecured Loans	D	8,965.23		12,020.03
			44,418.53	40,740.34
<b>LONG TERM TRADE DEPOSIT</b> (Note 3.15 of Schedule 'N')			700.00	350.00
<b>DEFERRED TAX LIABILITY (NET)</b> (Note 3.9 of Schedule 'N')			2,980.92	2,639.20
<b>TOTAL</b>			<b>67,239.20</b>	<b>60,242.83</b>
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS:</b>				
Gross Block	E	39,077.37		38,915.37
Less: Depreciation		8,704.41		7,471.28
Net Block		30,372.96		31,444.09
Capital Work-In-Progress		7,839.24		4,602.74
			38,212.20	36,046.83
<b>INVESTMENTS</b>	F		7,875.75	7,470.75
<b>FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT</b> (Note 3.4 (a) of Schedule N)			-	1.23
<b>LONG TERM DEPOSITS:</b>	G		8,048.50	8,048.50
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories	H	382.38		358.79
Sundry Debtors		1,221.42		1,205.41
Cash and Bank Balances		1,080.95		2,370.38
Loans and Advances		13,312.31		7,348.24
		15,997.06		11,282.82
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	I			
Current Liabilities		2,658.47		2,423.06
Provisions		235.84		184.24
		2,894.31		2,607.30
<b>NET CURRENT ASSETS:</b>			<b>13,102.75</b>	<b>8,675.52</b>
<b>TOTAL</b>			<b>67,239.20</b>	<b>60,242.83</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:</b>				
	N			

As per our report of even date

For J. G. VERMA & CO.  
Chartered Accountants

J.G. Verma  
Partner

Mumbai: 28<sup>th</sup> May, 2011

Signature on the above Balance Sheet and Schedules "A" to "I" and "N".

Vithal V. Kamat  
Executive Chairman & Managing Director

Mahesh Kandoi  
Company Secretary

Ramesh N. Shanbhag  
Wholetime Director

Vikram V. Kamat  
Executive Director

Kurian Chandu  
Chief Financial Officer

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	SCHEDULE	Rs. in Lakhs	Rs. in Lakhs (Except figures of EPS)	Prev. Year Rs. in Lakhs
<b>INCOME:</b>				
Income from Hotel Operations	J		12,070.28	10,281.27
Other Income	K		257.56	1,082.76
<b>TOTAL</b>			<b>12,327.84</b>	<b>11,364.03</b>
<b>EXPENDITURE:</b>				
Operating and General Expenses	L		8,188.81	7,272.54
Interest and Finance Charges (Net)	M		2,437.00	2,762.22
Depreciation			1,251.09	1,264.79
<b>TOTAL</b>			<b>11,876.90</b>	<b>11,299.55</b>
<b>PROFIT FOR THE YEAR BEFORE EXCEPTIONAL ITEMS AND TAX:</b>			<b>450.94</b>	<b>64.48</b>
Add / (Less): Exceptional Items (Note 3.4(b) of Schedule 'N')			55.07	-
<b>PROFIT FOR THE YEAR BEFORE TAX AND ADJUSTMENTS:</b>			<b>506.01</b>	<b>64.48</b>
<b>Less: Provision for Tax:</b>				
Current Tax		182.00		103.00
Wealth Tax		7.40		7.60
		189.40		110.60
Add / (Less): Deferred Tax (Note 3.9 of Schedule 'N')		341.70		(81.80)
			531.10	28.80
			(25.09)	35.68
Add: MAT Credit Entitlement (Note 3.11 of Schedule 'N')			182.00	103.00
<b>PROFIT AFTER TAX BUT BEFORE ADJUSTMENTS AND APPROPRIATION</b>			<b>156.91</b>	<b>138.68</b>
<b>LESS: PRIOR PERIOD ADJUSTMENTS:</b> (Note 3.4(c) of Schedule 'N')				
Prior Period Expenses		19.70		-
Less: Prior Period Credit for tax		0.11		-
			19.59	-
<b>NET PROFIT BEFORE APPROPRIATION</b>			<b>137.32</b>	<b>138.68</b>
<b>ADD: SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR</b>			<b>5,555.85</b>	<b>5,417.17</b>
<b>BALANCE PROFIT CARRIED TO BALANCE SHEET</b>			<b>5,693.17</b>	<b>5,555.85</b>
<b>EARNING PER SHARE (EPS) (Note 3.8 of Schedule 'N')</b>				
<b>Earning Per Share (EPS)</b>				
Basic EPS (Rs.)			0.96	1.05
Diluted EPS (Rs.)			0.96	0.83
<b>Number of Equity Shares used in Computing EPS</b>				
For Basic EPS			1,43,03,681	1,31,97,395
For Diluted EPS			1,90,93,395	1,67,34,995
<b>Nominal Value (Rupees per Share)</b>			10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:</b>				
N				

As per our report of even date

Signature on the above Profit and Loss Account and Schedules "J" to "N".

For J. G. VERMA & CO.  
Chartered Accountants

Vithal V. Kamat  
Executive Chairman & Managing Director

Ramesh N. Shanbhag  
Wholetime Director

J.G. Verma  
Partner

Vikram V. Kamat  
Executive Director

Mahesh Kandoi  
Company Secretary

Kurian Chandu  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

## CASH FLOW STATEMENT

PARTICULARS	Year ended 31st March, 2011 Rs. in Lakhs	Year ended 31st March, 2010 Rs. in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit for the year before tax and adjustments	506.01	64.48
<i>Adjustments for:</i>		
Depreciation	1,251.09	1,264.79
Amortisation of Expenses	(4.05)	1.23
Amortisation of Advance Time Share Membership	(73.66)	-
Loss on Sale/Discard of Fixed Assets	14.31	6.05
(Profit) / Loss on Sale of Long Term Investment	-	(52.93)
Short / (Excess) Provision for IT Written Back	-	0.15
Liabilities and Provisions written Back	-	(870.57)
Expenses of Earlier Years	(19.70)	-
Provision for Employee Benefits	100.59	12.66
Provision for Loyalty Programmes	4.75	0.53
Bad Debts and Provision for Doubtful Debts and Advances	61.28	291.90
Investments income	-	(0.80)
Interest income	(907.26)	(522.36)
Interest expenses	3,305.41	3,248.58
Unrealized Exchange Loss / (Gain)	38.86	-
<b>Operating profit before working capital changes</b>	<b>4,277.63</b>	<b>3,479.71</b>
Trade and other receivables	(261.07)	(750.36)
Inventories	(23.58)	34.39
Trade Payables	254.85	299.18
<b>Cash generated from operations</b>	<b>4,247.83</b>	<b>3,062.92</b>
Direct taxes paid (Net of refunds)	(277.64)	(272.86)
<b>Net cash from operating activities</b>	<b>3,970.19</b>	<b>2,790.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work in Progress and capital advances)	(3,577.16)	(1,701.01)
Sale Proceeds of Fixed Assets	0.42	1.47
Deposits Refund/Paid (including for properties)	-	(5.00)
Proceeds from Long Term Deposits	350.00	350.00
Investments made during the year	(5.00)	(5,133.63)
Loan to Subsidiary Company	(5,503.97)	(2,843.51)
Investments in Subsidiary Company	(400.00)	-
Advance given for Purchase of Shares of Subsidiary Company	-	(300.00)
Investments in Joint Venture	-	(533.00)
Sale of Other Investments	-	441.03
Interest Received	907.25	522.36
Dividend Received	-	0.80
<b>Net cash used in investing activities</b>	<b>(8,228.46)</b>	<b>(9,200.49)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	15,416.53	19,773.45
Repayment of long term borrowing	(8,818.85)	(4,895.31)
Proceeds from short term borrowing	(582.00)	(30.28)
Repayment of short term borrowing	(961.59)	(4,008.73)
Interest paid	(3,242.84)	(3,201.99)
Dividend paid (including Tax on Dividend)	(0.44)	(184.66)
<b>Net cash used in financing activities</b>	<b>2,974.81</b>	<b>7,513.04</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,283.46)</b>	<b>1,102.61</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010 (Opening Balance)</b>	<b>2,131.46</b>	<b>1,028.85</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (Closing Balance)</b>	<b>848.00</b>	<b>2,131.46</b>
<b>ADD: CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (MARKED LIEN)</b>	<b>232.95</b>	<b>238.92</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (AS PER SCHEDULE "H")</b>	<b>1,080.95</b>	<b>2,370.38</b>

As per our report of even date

For **J. G. VERMA & CO.**  
Chartered Accountants

**J.G. Verma**  
Partner

Signature on the above Cash Flow Statement

**Vithal V. Kamat**  
Executive Chairman & Managing Director

**Mahesh Kandoi**  
Company Secretary

**Ramesh N. Shanbhag**  
Wholtime Director

**Vikram V. Kamat**  
Executive Director

**Kurian Chandy**  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED:</b>		
3,00,00,000 Equity Shares of Rs. 10/- each.	<b>3,000.00</b>	3,000.00
	<b>3,000.00</b>	<b>3,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
1,31,97,395 Equity Shares of Rs. 10/- each, fully paid up (Note 1 below)	<b>1,319.74</b>	1,319.74
Add: 18,43,810 Equity Shares of Rs. 10/- each, fully paid up allotted during the year (Note 2 below)	<b>184.38</b>	-
	<b>1,504.12</b>	1,319.74
Forfeited Shares Account	<b>58.85</b>	58.85
<b>TOTAL</b>	<b>1,562.97</b>	<b>1,378.59</b>

**Notes:**

- Of the above, 24,54,545 Equity Shares of Rs. 10/- each were allotted at par during the year ended 31st March, 2006 to the shareholders of erstwhile "The Himco (India) Limited" amalgamated with the Company pursuant to the Scheme of Amalgamation approved by the Bombay High Court vide Order dated 9th December, 2005.
- The Company allotted 18,43,810 Equity Shares of Rs. 10/- each as fully paid up at a premium of Rs.125/- per Equity Share to the FCCB holder on conversion of part of the FCCBs during the year.

**SCHEDULE "B"**

**RESERVES AND SURPLUS:**

**SECURITIES PREMIUM ACCOUNT:**

As per last accounts	<b>5,550.55</b>	5,550.55
Add: Additions during the year (Note 2 of Schedule 'A' above)	<b>2,304.76</b>	-
	<b>7,855.31</b>	5,550.55

**CAPITAL REDEMPTION RESERVE:**

As per last accounts	<b>266.50</b>	266.50
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**GENERAL RESERVE:**

As per last accounts	<b>3,761.80</b>	3,761.80
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**SURPLUS IN PROFIT AND LOSS ACCOUNT**

**TOTAL**

	<b>5,693.17</b>	5,555.85
	<b>17,576.78</b>	<b>15,134.70</b>

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS:</b>		
<b>1. RUPEE TERM LOANS:</b>		
a) From a Financial Institution (Note 1 below)	4,062.50	2,187.50
b) From Banks (Note 2 below)	25,962.88	17,256.44
c) From Others (Note 2 below)	4,000.00	9,000.00
	<b>34,025.38</b>	<b>28,443.94</b>
<b>2. VEHICLE LOANS FROM A BANK</b>	-	0.29
<b>3. CASH CREDIT FACILITY FROM A BANK</b> (Note 3 below)	1,187.71	171.19
<b>4. INTEREST ACCRUED AND DUE</b>	240.21	104.89
<b>TOTAL</b>	<b>35,453.30</b>	<b>28,720.31</b>

### NOTES:

- (1) Term loan from Financial Institution is secured by first ranking *pari-passu* mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat and by personal guarantees of certain promoter directors.
- (2) Term loans from Banks and others are secured by a first charge on lands at "The Orchid" at Vile Parle (East) (owned by Plaza Hotels Private Limited) together with hotel buildings and all appurtenances thereon, first ranking *pari-passu* mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation on movable fixed assets of Company's hotels at Fort Jadhav Gadh Pune, Nagpur, Nashik and Sawantwadi, Credit Card receivables, equitable mortgage of hotel property at Lotus Goa owned by a promoter group entity, personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.
- (3) The Cash Credit Facility is secured by hypothecation of stocks and book debts of the company and first ranking *pari-passu* mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables and personal and corporate guarantees of certain promoter directors and entities.
- (4) Amount payable within one year Rs.5,025 Lakhs (Prev. Year Rs. 3,985 Lakhs).

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOANS:</b>		
1. From Banks (Due to issue of cheques)	37.86	42.23
2. <b>Long Term Loans from Others:</b>		
5.50% Foreign Currency Convertible Bonds (US \$ 12.37 Million) (Prev. Year US \$ 18 Million) (Note 1 below)	5,523.65	8,125.20
3. Advance Time-Share Membership Money Received (Refer Note in Schedule 'J')	2,898.72	3,065.21
4. Inter Corporate Deposits - Short Term	380.00	662.39
5. Sales Tax Deferred (Note 2 below)	125.00	125.00
<b>TOTAL</b>	<b>8,965.23</b>	<b>12,020.03</b>

### Notes:

- Pursuant to the approval of Board of Directors in its meeting held on 30<sup>th</sup> April, 2006 and Special Resolution of the members in the 19<sup>th</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> September, 2006 the Company issued 5-year and 1-day, 5.50 % Foreign Currency Convertible Bonds (FCCBs) during the year ended 31<sup>st</sup> March, 2007 aggregating USD 18.00 million (Rs.7,956 Lakhs), with an option to the investors to convert the FCCBs into ordinary shares at Rs. 225/- per share (subject to price reset at minimum conversion price of Rs.170/- as per the terms of the issue of bonds) at any time from the Issue Date and ten business days prior to 14<sup>th</sup> March, 2012. The bonds are listed on the Singapore Exchange Securities Trading Limited, Singapore. Pursuant to the authority conferred by the Board of Directors of the Company, the Board at its meeting held on 10<sup>th</sup> June, 2010 agreed to reset the conversion price to Rs.135/- per share and for mandatory conversion of FCCBs within specified time frame into equity shares. The bondholders executed Supplemental Trust Deed on 13<sup>th</sup> August, 2010 and the bondholder(s) agreed for mandatory conversion of at least 4475 Bonds into shares within 3 months and all the outstanding bonds at any time prior to 1<sup>st</sup> December 2011. Pursuant to the Supplemental Trust Deed, the Foreign Currency Bondholders partially converted 5,629 bonds (FCCBs) into equity shares and accordingly the Board in its meeting held on 25<sup>th</sup> August, 2010, allotted 18,43,810 equity shares of Rs. 10/- each at a premium of Rs. 125/- per share. The said shares have been listed on BSE and NSE on 15<sup>th</sup> September, 2010.
- The Company has deferred its sales tax liability in terms of entitlement granted for availing sales tax incentives issued by the Sales Tax Department, Maharashtra. This liability will be due in installments from the year 2013 to 2022.



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**  
**SCHEDULE "E"**  
**FIXED ASSETS:**

(Rs. in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	AS AT 01.04.2010	ADDITIONS	DEDUCTIONS (Note 3 below)	AS AT 31.03.2011	UPTO 01.04.2010	FOR THE YEAR	DEDUCTIONS	TO-DATE	AS AT 31.03.2011	AS AT 31.03.2010
(A) TANGIBLE ASSETS:										
Land:										
Freehold Land	3,532.59	-	-	3,532.59	-	-	-	-	3,532.59	3,532.59
Sub-Total	3,532.59	-	-	3,532.59	-	-	-	-	3,532.59	3,532.59
Buildings: (Note 1 below)										
Freehold	10,018.83	38.59	18.81	10,038.61	1,767.28	214.37	-	1,981.65	8,056.96	8,251.55
Improvements to Hotel										
Buildings under										
Long Term Contracts	17,754.02	402.26	344.44	17,811.84	2,138.28	593.31	-	2,731.59	15,080.25	15,615.74
Sub-Total	27,772.85	440.85	363.25	27,850.45	3,905.56	807.68	-	4,713.24	23,137.21	23,867.29
Plant and Machinery	4,939.69	80.17	23.51	4,996.35	1,940.23	260.29	11.76	2,188.76	2,807.59	2,999.46
Furniture and Fixtures	1,771.52	14.33	-	1,785.85	1,356.43	104.66	-	1,461.09	324.76	415.09
Office Equipments and										
Computers	385.46	14.59	1.39	398.66	84.49	30.44	1.37	113.56	285.10	300.97
Vehicles	343.76	-	6.93	336.83	106.97	31.47	4.40	134.04	202.79	236.79
Sub-Total	7,440.43	109.09	31.83	7,517.69	3,488.12	426.86	17.53	3,897.45	3,620.24	3,952.31
Total (A)	38,745.87	549.94	395.08	38,900.73	7,393.68	1,234.54	17.53	8,610.69	30,290.04	31,352.19
(B) INTANGIBLE ASSETS:										
Computer Softwares	169.50	8.00	0.86	176.64	77.60	16.55	0.43	93.72	82.92	91.90
Total (B)	169.50	8.00	0.86	176.64	77.60	16.55	0.43	93.72	82.92	91.90
Grand Total	38,915.37	557.94	395.94	39,077.37	7,471.28	1,251.09	17.96	8,704.41	30,372.96	31,444.09
Previous Year Total	38,506.87	1,589.03	1,180.53	38,915.37	6,302.75	1,264.79	96.26	7,471.28	31,444.09	
Capital Work-in-Progress	4,602.74	3,461.51	225.01	7,839.24	-	-	-	-	7,839.24	4,602.74
(Note 2 below)										
Previous Year Total	4,588.73	2,600.48	2,586.47	4,602.74	-	-	-	-	4,602.74	

**NOTES:**

- Buildings include (i) Cost of residential flats of Rs. 54.34 Lakhs (Prev. Year Rs. 54.34 Lakhs) and (ii) Cost of shares of Rs. 0.02 Lakhs (Prev. Year Rs. 0.02 Lakhs) in Co-operative Housing Society and Owners Condominium representing ownership right, and Cost of residential flats of Rs. 398.96 Lakhs (Prev. Year Rs. 407.28 Lakhs) as part of proposed hotel project at Nagpur.
- Capital work-in-progress includes:
  - Capital Advances/deposit for fixed assets Rs.532.25 Lakhs (Prev. Year Rs.722.21 Lakhs) in which included Rs.488.62 Lakhs (Prev. Year Rs. 488.62 Lakhs) paid to Centre for Study of Social Change for Hotel Project at Bandra Kurla Complex, is after deducting provision for doubtful advance of Rs. 183.65 Lakhs (Prev. Year Rs. 183.65 Lakhs).
  - Capital Work-In-Progress pending allocation includes: Staff Cost Rs.197.09 Lakhs (Prev. Year Rs.57.76 Lakhs); Travelling Expenses by Directors Rs.4.59 Lakhs (Prev. Year Rs.4.59 Lakhs); by Others Rs.6.30 Lakhs (Prev. Year Rs.5.85 Lakhs); Interest on Fixed Loans Rs.218.70 Lakhs (Prev. Year Rs.218.70 Lakhs); General Expenses Rs.1,721.76 Lakhs (Prev. Year Rs.681.14 Lakhs); License, Rates & Taxes Rs.39.47 Lakhs (Prev. Year Rs.23.69 Lakhs); Legal & Professional Charges Rs.90.86 Lakhs (Prev. Year Rs.71.26 Lakhs); Postage & Telephone Charges Rs.0.89 Lakhs (Prev. Year Rs. 0.53 Lakhs); Printing & Stationery Rs.0.79 Lakhs (Prev. Year Rs.0.46 Lakhs); Finance Charges Rs.162.97 Lakhs (Prev. Year Rs.165.10 Lakhs); Advertisement Charges Rs.8.03 Lakhs (Prev. Year Rs. 8.02 Lakhs); Consultancy Fees Rs.137.67 Lakhs (Prev. Year Rs.118.36 Lakhs); Building Under Construction Rs.4,093.96 Lakhs (Prev. Year Rs.2,441.16 Lakhs); Furniture & Fixtures Rs.71.66 Lakhs (Prev. Year Rs.11.12 Lakhs); Plant & Machinery Rs.479.56 Lakhs (Prev. Year Rs.20.68 Lakhs); FCCB Expenses Rs.72.68 Lakhs (Prev. Year Rs.51.77 Lakhs).
- Deductions include Rs. 160.54 Lakhs (Prev. Year Rs. 1,045.71 Lakhs) representing Foreign Exchange Fluctuation Gain.

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b><u>SCHEDULE "F"</u></b>			
<b><u>INVESTMENTS:</u></b>			
<b>LONG TERM - TRADE (AT COST)</b>			
<b>EQUITY SHARES: (UNQUOTED)</b>			
<b>IN SUBSIDIARY (UNQUOTED)</b>			
B W Highway Star Private Limited			
93,13,726 (Prev. Year 88,23,530) Equity Shares			
of Rs. 10/- each, fully paid up.		<b>7,327.75</b>	6,927.75
(Note below and Note 3.14 of Schedule 'N')			
<b>IN OTHERS (UNQUOTED)</b>			
Ilex Developers & Resorts Limited			
2,66,500 Equity Shares of Rs. 10/- each, fully paid up.		<b>533.00</b>	533.00
<b>INVESTMENTS-OTHERS:</b>			
SBI PSU Fund - Growth			
50,000 units of Rs.10/- each (NAV Rs. 4.92 Lakhs)	<b>5.00</b>		-
ICICI Tax Saving Bonds			
(Maturing on 16th November 2017)			
(200 Bonds of Rs. 5,000/- each)	<b>10.00</b>		10.00
		<b>15.00</b>	10.00
<b>TOTAL</b>		<b>7,875.75</b>	7,470.75

**Note:**

Out of 93,13,726 (Previous Year 88,23,530) shares, 57,64,701 (Previous Year 88,23,525) shares have been pledged by the Company to lenders as a security for loans taken by the Company.

**SCHEDULE "G"**

**LONG TERM DEPOSITS:**

Long Term Deposits for Hotel and Other properties	<b>8,048.50</b>	8,048.50
<b>TOTAL</b>	<b>8,048.50</b>	8,048.50

**Note:**

The above deposits include Rs. 80.00 Crores (Prev. Year Rs. 80.00 Crores) paid to Plaza Hotels Private Limited (a Company wherein some directors of the Company are directors).

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b><u>SCHEDULE "H"</u></b>			
<b><u>CURRENT ASSETS, LOANS AND ADVANCES:</u></b>			
<b>CURRENT ASSETS:</b>			
<b>Inventories:</b>			
(Valued and Certified by the Management)			
Food and Beverages	101.14		93.13
Stores and Operating Supplies	281.24		265.66
		382.38	358.79
<b>Sundry Debtors:</b> (Unsecured, considered good, unless otherwise stated)			
Over six months (Incl. Rs. 206.33 Lakhs considered doubtful) (Prev. Year Rs. 182.65 Lakhs)	400.64		377.90
Others (Note 1 below)	1,027.11		1,010.16
	1,427.75		1,388.06
Less: Provision for Doubtful Debts (Note 2 below)	206.33		182.65
		1,221.42	1,205.41
<b>Cash and Bank Balances:</b>			
On Hand (Including Cheques on hand Rs.8.06 Lakhs) (Prev. Year Rs. 56.53 Lakhs)	37.20		78.36
With Scheduled Banks on:			
Current Accounts	589.13		1,930.32
Call and Deposit Accounts (Marked lien up to Rs. 232.95 Lakhs) (Prev. Year Rs. 238.92 Lakhs)	434.29		340.92
Dividend Accounts	16.03		16.48
With an Other Bank on: (Note 3 below)			
Current Account	4.30		4.30
		1,080.95	2,370.38
<i>Carried forward</i>		2,684.75	3,934.58

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "H" (CONTD...)</b>			
<i>Brought forward</i>		<b>2,684.75</b>	3,934.58
<b>LOANS AND ADVANCES:</b>			
(Unsecured, considered good, unless otherwise stated)			
Inter-Corporate Deposits - Considered doubtful	<b>200.00</b>		200.00
Less: Provision (Note 4 below)	<b>200.00</b>		200.00
	-		-
Advances Recoverable in cash or kind or for value to be received (include Rs.20 lakhs considered doubtful (Previous Year Rs. Nil))	<b>523.95</b>		493.43
Less: Provision (Note 4 below)	<b>20.00</b>		-
	<b>503.95</b>		493.43
Loan to Subsidiary Company	<b>10,157.86</b>		4,653.89
Advance for Purchase of Shares (Note 3.14 of Schedule 'N')	<b>300.00</b>		300.00
Interest Receivable (Note 5 below)	<b>570.81</b>		418.96
Deposits	<b>136.26</b>		116.92
Prepaid Expenses	<b>163.93</b>		159.81
MAT Credit Entitlement (Note 3.11 of Schedule 'N')	<b>389.00</b>		207.00
Staff Advances	<b>5.01</b>		1.09
Payment of Taxes (Net) (Note 6 below)	<b>1,085.49</b>		997.14
		<b>13,312.31</b>	7,348.24
<b>TOTAL</b>		<b>15,997.06</b>	11,282.82

**Notes:**

- Sundry Debtors include: (a) Rs. 16.97 Lakhs (Prev. Year Rs. 193.05 Lakhs) due from B W Highway Star Private Limited (Subsidiary); (b) Rs.38.42 lakhs (Prev. Year Rs.110.19 Lakhs) due from Ilex Developers & Resorts Ltd (Joint Venture).
- Provision for doubtful debts:- Opening Balance Rs.182.65 Lakhs; Addition Rs.102.56 Lakhs; Deduction Rs.Nil; Closing Balance Rs. 285.21 Lakhs.
- Balance with a Non-Scheduled Bank: Name of the Bank: The Dhanalakshmi Bank Limited  
In Current Account: Balance outstanding as on 31<sup>st</sup> March, 2011 Rs.4.30 Lakhs (Prev. Year Rs.4.30 Lakhs) and maximum amount outstanding at any time during the year Rs.4.30 Lakhs (Prev. Year Rs. 4.30 Lakhs).
- Provision for doubtful Advances and Deposits: Opening Balance Rs.200.00 Lakhs; Addition Rs.20.00 Lakhs; Deduction Rs.Nil; Closing Balance Rs. 220.00 Lakhs.
- Interest Receivable includes Rs. 533.22 Lakhs (Prev. Year Rs. 386.95 Lakhs) due from the subsidiary Company, since recovered.
- Payment of taxes is net of provisions for tax of Rs. 1,111.70 Lakhs (Prev. Year Rs. 946.82 Lakhs).

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "I"</b>			
<b>CURRENT LIABILITIES AND PROVISIONS:</b>			
<b>CURRENT LIABILITIES:</b>			
Sundry Creditors:			
1. Dues to Micro & Small Enterprises (Note 3.12 of Schedule 'N')	12.75		29.07
2. Dues to other Creditors	1,649.18		1,463.64
		1,661.93	1,492.71
Security Deposits		124.72	137.98
Advance from Customers		453.56	279.87
Interest Accrued But Not Due		215.04	287.79
Unclaimed Dividend (Note 1 below)		15.96	16.41
Other Liabilities		187.26	208.30
<b>SUB-TOTAL (A)</b>		<b>2,658.47</b>	<b>2,423.06</b>
<b>PROVISIONS:</b>			
<b>Provision for Gratuity:</b>			
As per last accounts	35.81		51.41
Add: Transferred during the year	96.43		12.40
	132.24		63.81
Less: Contribution to LIC of India Gratuity Fund	51.72		28.00
		80.52	35.81
<b>Provision for Earned Leave:</b>			
As per last accounts	127.50		181.06
Add/(Less): Transferred (Reduction) during the year	2.14		(53.56)
		129.64	127.50
Provision for Loyalty Programmes (Note 2 below)		25.68	20.93
<b>SUB-TOTAL (B)</b>		<b>235.84</b>	<b>184.24</b>
<b>TOTAL [(A)+(B)]</b>		<b>2,894.31</b>	<b>2,607.30</b>

**Notes:**

1. There is no amount due and outstanding to be credited to Investors Education and Protection Fund.
2. The Company has loyalty programmes, which enable its customers to accumulate points based on their spends at the Company's hotels. Such points can be encashed at the Company's hotels or by purchase of merchandise. The above is the estimated liability against the loyalty schemes.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	<b>Rs. in Lakhs</b>	<b>Prev. Year Rs. in Lakhs</b>
<b><u>SCHEDULE "J"</u></b>		
<b><u>INCOME FROM HOTEL OPERATIONS:</u></b>		
a) Rooms, Restaurants, Bars, Banquets, and Other Services [Include sale of food, beverages, wine and liquor Rs. 4,093.27 Lakhs (Prev. Year Rs. 3,440.19 Lakhs) (Tax deducted at source Rs. 108.41 Lakhs) (Prev. Year Rs. 154.00 Lakhs)] [Net of Excise Duty of Rs. 3.98 Lakhs (Prev. Year Rs. 3.20 Lakhs)]	<b>11,498.38</b>	9,801.89
b) Income from Time-Share Business (See note below)	<b>255.62</b>	275.10
c) Management and Consultancy Fees (Tax deducted at source Rs. 11.46 Lakhs) (Prev. Year Rs. 20.69 Lakhs)	<b>314.01</b>	183.73
d) Other Operations	<b>2.27</b>	20.55
<b>TOTAL (A)</b>	<b><u>12,070.28</u></b>	<b><u>10,281.27</u></b>

**Note:**

The Company's business, inter-alia, is to sell Time Share and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fees is collected either in full upfront, or on a deferred payment basis. Out of the total membership fee, relevant portion reasonably attributable towards cost required to market Time Share, which is assessed and revised periodically, is recognized as Time Share income in the year in which the purchaser of Time Share becomes a member and the balance representing 'Advance towards members' facilities is being recognized as Time Share income equally over a period for which holiday facilities are provided commencing from the year in which the member is entitled to benefits of membership under the scheme. Annual subscription fee dues from timeshare members is recognized as income.

**SCHEDULE "K"**

**OTHER INCOME:**

a) Dividend (Gross)	<b>-</b>	0.80
b) Shop Licence Fees (Tax Deducted at source Rs. 0.76 Lakhs) (Prev. Year Rs. 1.16 Lakhs)	<b>41.26</b>	37.54
c) Gain on Foreign Exchange Difference (Net)	<b>15.96</b>	12.50
d) Leave and Licence Fees (Tax Deducted at source Rs. 5.83 Lakhs) (Prev. Year Rs. 0.64 Lakhs)	<b>58.26</b>	6.75
e) Surplus on Sale of Long Term Investments	<b>-</b>	52.93
f) Miscellaneous Income (Tax Deducted at source Rs. 1.54 Lakhs) (Prev. Year Rs. 1.01 Lakhs) (Note 3.3 and 3.13 (a) of Schedule 'N')	<b>142.08</b>	972.24
<b>TOTAL (B)</b>	<b><u>257.56</u></b>	<b><u>1,082.76</u></b>
<b>TOTAL [(A)+(B)]</b>	<b><u>12,327.84</u></b>	<b><u>11,364.03</u></b>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b><u>SCHEDULE "L"</u></b>			
<b><u>OPERATING AND GENERAL EXPENSES:</u></b>			
<b>1. OPERATING EXPENSES:</b>			
<b>(a) CONSUMPTION OF PROVISIONS,         LIQUOR AND SMOKES:</b>			
Opening Stock	93.13		70.62
Purchases	1,100.82		855.30
	<u>1,193.95</u>		<u>925.92</u>
Less: Closing Stock	<u>101.14</u>		<u>93.13</u>
		<b>1,092.81</b>	<b>832.79</b>
<b>(b) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:</b>			
Salaries and Wages	2,258.82		1,915.56
Contribution to Provident and Employees			
State Insurance Fund	144.75		109.50
Provision for Leave Encashment	5.78		-
Retirement Gratuity	94.80		12.66
Workmen and Staff Welfare Expenses	<u>255.94</u>		<u>170.01</u>
		<b>2,760.09</b>	<b>2,207.73</b>
<b>(c) OTHER OPERATING EXPENSES:</b>			
Heat, Light and Power	1,018.55		1,174.81
Repairs to Building	83.25		70.95
Repairs to Plant and Machinery	147.33		132.38
Repairs to Others	145.15		125.45
Replacement of Operating Supplies	81.65		133.52
Expenses on Apartment and Board	619.30		471.98
Royalty and Fees on Sales	77.30		67.13
Commission and Discount	235.92		202.47
Music Expenses	123.60		121.65
RCI Time Share Membership Expenses	0.78		1.13
Washing and Laundry	171.11		140.12
Water Charges	<u>73.47</u>		<u>47.88</u>
		<b>2,777.41</b>	<b>2,689.47</b>
<i>Carried Forward</i>		<b>6,630.31</b>	<b>5,729.99</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b><u>SCHEDULE "L" (CONTD...)</u></b>			
<i>Brought Forward</i>		<b>6,630.31</b>	5,729.99
<b>2. GENERAL EXPENSES:</b>			
Rent	135.50		92.87
Licences, Rates and Taxes	300.42		279.91
Printing and Stationery	75.86		60.47
Expenses on Communication Services and Website	95.17		103.28
Travelling and Conveyance	135.91		119.96
Insurance	38.99		30.85
Advertisement, Publicity and Sales Promotion	349.21		260.39
Legal and Professional Fees	243.19		139.83
Sitting Fees	9.55		7.90
VAT / Luxury Tax etc. including assessment dues	24.85		25.13
Donations	0.28		0.21
Bad Debts and Irrecoverable amounts written off (Net)	17.60		3.69
Provision for Doubtful Debts / Advances	43.68		288.21
Amortisation of Expenses (Note 3.4(a) of Schedule 'N')	-		1.23
Loss on sale/discard of Fixed Assets (Net)	14.31		6.21
Auditors Remuneration	11.96		7.94
(Note 3.16(a) of Schedule 'N')			
Miscellaneous Expenses	62.02		114.47
		<b>1,558.50</b>	1,542.55
<b>TOTAL</b>		<b>8,188.81</b>	7,272.54
<b><u>SCHEDULE "M"</u></b>			
<b><u>INTEREST AND FINANCE CHARGES :</u></b>			
On Fixed Loans		<b>3,073.36</b>	2,951.07
On Other Loans		<b>99.93</b>	180.45
Other Borrowing Costs (Note 3.13 (b) of Schedule 'N')		<b>170.97</b>	153.06
		<b>3,344.26</b>	3,284.58
<b>Less: Interest Income (Gross)</b>			
Deposit with Banks	20.56		87.58
On Advances to Subsidiary	881.35		429.95
Others	5.35		4.83
(Tax at source Rs. 111.62 Lakhs) (Prev. Year Rs.61.17 Lakhs)		<b>907.26</b>	522.36
<b>TOTAL</b>		<b>2,437.00</b>	2,762.22

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**1. Background:**

Kamat Hotels (India) Limited (“the Company” or “Kamats”) was incorporated in India on 21<sup>st</sup> March, 1986 as a public limited Company under the Companies Act, 1956 with its registered office located in Mumbai. The Company went public in April 1994 and the shares are currently listed on Bombay Stock Exchange and National Stock Exchange, and FCCBs are listed on the Singapore Exchange Securities Trading Limited, Singapore.

Kamats is operating in hospitality sector, with its hotels and restaurants located in the states of Maharashtra (Mumbai, Nashik, Nagpur, Pune and Sawantwadi), Orissa (Puri, Ramchandi, Konark, Dhauli, and Cuttack) and Rajasthan (Jaipur). Kamats also manages hotels and resorts owned by others at Delhi, Aurangabad, Udaipur and Karwar.

**2. Significant Accounting Policies:**

**2.1 Basis for Preparation of Financial Statements:**

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India (“Indian GAAP”) and are in compliance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

**2.2 Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**2.3 Fixed Assets and Depreciation:**

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of acquisition includes inward freight, duties, taxes and other directly attributable incidental expenses, including foreign exchange fluctuation gains / losses on depreciable assets and borrowing cost.

Depreciation on fixed assets is provided on the straight line method pro-rata to the period of use at the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 which are considered as the minimum rates. If the management’s estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management’s estimate of the useful life / remaining useful life. Buildings taken on Lease and Leasehold Improvements are written off over the primary Lease period. Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of purchase.

**2.4 Impairment:**

In accordance with Accounting Standard 28 ‘Impairment of Assets’ (AS-28) as notified by the Companies (Accounting Standards) Rules 2006, the carrying amounts of the company’s assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds, its recoverable amount.

**2.5 Leases:**

Lease payments under an operating lease are recognised as an expense in the Profit and Loss Account as per the terms of the respective lease agreement.

Assets taken on finance lease are capitalized and finance charges are charged to Profit and Loss Account on accrual basis.

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

**2.6 Investments:**

Long term investments are carried at cost less any diminution in value, other than temporary, determined separately for each individual investment.

**2.7 Long Term Deposits:**

Deposit amounts paid for acquiring management and other rights of enduring nature in the hotel and other properties owned by other parties for period exceeding ten years are classified as long term deposits.

Deposit amount received in respect of hotel and other properties owned by the Company for exploitation for a period exceeding ten years are classified as Long Term Trade Deposits.

**2.8 Inventories:**

Inventories are valued at lower of cost (weighted average basis) and net realisable value.

**2.9 Revenue Recognition:**

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognised as the related services are performed. Revenue from fixed price contracts are recognised using the percentage completion method. Revenue yet to be billed is recognised as unbilled revenue. Amounts received on long term contracts are represented as advance billing and is recognised proportionately over the period of the contract.

Sales and services are stated exclusive of taxes.

Interest income is recognised using the time proportion method based on the underlying interest rates. Dividends are recorded when the right to receive payment is established.

**2.10. Export Benefits Entitlement:**

Benefits arising out of Duty Free Scrips utilized for the acquisition of fixed assets are being adjusted against the cost of the related fixed assets.

**2.11 Foreign Exchange Transactions:**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions other than long term foreign currency items of assets and liabilities having a term of twelve months or more, and settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities denominated in foreign currency at the balance sheet date other than long term foreign currency items of assets and liabilities having a term of twelve months or more as discussed herein below, are translated at the year end exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account. Exchange differences relating to long term foreign currency items of assets and liabilities having a term of twelve months or more as covered in the Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 The Effects of change in Foreign Exchange Rates (AS-11) notified by Government of India on 31<sup>st</sup> March 2009 in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the assets and depreciated over the balance useful life of the asset, and in other cases are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of such long term monetary item in accordance with the aforesaid Notification.

**2.12 Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. However, capitalization of such costs is suspended during extended periods in which active development of qualifying asset is interrupted. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in the Profit and Loss Account. Interest income earned from temporary deposits out of borrowed money pending deployment of funds to the full extent or until qualifying assets is ready, is reduced from borrowing costs capitalized.

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

**2.13 Provisions and Contingent Liabilities:**

The Company creates a provision where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**2.14 Employee Benefits:**

Contribution to Provident Fund, which is a defined contribution scheme, is recognized as an expense in the Profit and Loss Account in the year in which the contribution is made.

Provision for compensated absences is determined on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date.

The Company contributes to a Group Gratuity Scheme administered by the Life Insurance Corporation of India. The Contributions are charged to the Profit and Loss Account. Provision is made for the difference between the actuarial valuation (determined as at the balance sheet date) and the funded balance on the basis of projected unit credit method carried out annually by an independent actuary. Actuarial gains and losses are immediately recognized in the Profit and Loss Account.

**2.15 Taxation:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence, that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**2.16 Prior Period Adjustments, Extraordinary Items and Changes in Accounting Policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

**2.17 Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**3. Notes on Accounts:**

**3.1 Previous Year Comparatives:**

The figures for the previous year have been regrouped / rearranged wherever necessary.

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

**3.2 Contingent Liabilities:**

- (a) Estimated amount of capital commitments to be executed on capital account and not provided for Rs. 1,233.61 Lakhs (Previous Year Rs. 1,174.63 Lakhs) (Net of advances).
- (b) Disputed Income Tax Demand Rs. 731.29 Lakhs (Previous Year Rs.2.89 Lakhs):  
The above includes a disputed demand of Rs. 728.40 Lakhs (Previous year Rs. Nil) raised on completion of assessment for assessment year 2008-09 during the year, which has been disputed by the Company in appeal, which is pending. Pending disposal of this appeal, the appeals of erstwhile The Himco (India) Limited, which got merged with the Company in earlier years have been decided in favour of the Company entitling it to the benefit of brought forward loss and unabsorbed depreciation, which can be set off against the income assessed for the assessment year 2008-09. On giving effect to these appeals and setting off the losses, etc., the disputed demand will be substantially reduced to Rs. 198.26 Lakhs. The matter is being followed up by the Company.
- (c) Open import Licence Rs. 129.24 Lakhs (Previous Year Rs. 392.55 Lakhs).
- (d) Corporate guarantee given to a bank in respect of credit facilities availed by Subsidiary Company for Rs.16,434.00 Lakhs (Previous Year Rs.16,434.00 Lakhs).
- (e) Obligation towards payments to project creditors of Subsidiary company for Rs. 2,560.81 Lakhs (Previous Year Rs. 2,792.60 Lakhs) (Refer Note 3.14 of Schedule “N”).
- (f) Counter Guarantees issued by the Company to secure Bank Guarantees Rs. 104.62 Lakhs (Previous year Rs. 107.02 Lakhs).
- (g) Differential Interest payable on FCCBs on the basis of Yield To Maturity of 8.80% per annum, in the event of non-conversion of Bonds into equity Rs. Nil (Previous Year Rs.1,055.51 Lakhs) (Refer Note 1 of Schedule “D”).
- (h) Monetary value of unredeemed points in respect of Sales Promotion Scheme Rs. 102.73 Lakhs (Previous Year Rs. 83.73 Lakhs).

**3.3** The Company has been making provision for property tax based on bills raised by the local authorities from time to time. The Company had disputed the basis of assessment of rateable value of the Company’s hotels at Vile Parle and Andheri, fixed by Mumbai Municipal Corporation in respect of property taxes, by filing appeals before an appropriate Court in earlier years. Appeals in respect of hotel at Vile Parle have either been disposed off by the Court during the previous year or withdrawn by the Company during the year, in view of receipt of approval by the local authorities for reduction of rateable value retrospectively. Accordingly, the excess provision for property tax for earlier years amounting to Rs. Nil (Previous Year Rs.677.91 Lakhs) has been written back during the year and included under Miscellaneous Income (Refer Schedule ‘K’). The appeals in respect of the Company’s hotel at Andheri are pending and adjustments, if any, in the books of accounts will be made on disposal of appeals.

**3.4 Prior Period Adjustments and Exceptional Items:**

- (a) The Company has exercised the option granted vide Notification F.NO.17/33/2008-CL-V dated 31<sup>st</sup> March, 2009 issued by the Ministry of Corporate Affairs and, accordingly, the exchange difference/gain arising on revaluation of long term foreign currency monetary items for the year ended 31<sup>st</sup> March, 2011 has been recognized by deduction from the cost of the related assets of Rs.160.54 Lakhs (Previous Year Gain of Rs. 1,045.71 Lakhs) so far it relates to depreciable capital assets and in other cases by transfer to “Foreign Currency Monetary Item Translation Difference Account” {“FCMITD Account”} to be amortized upto 31<sup>st</sup> March 2011. The Company has amortized Rs. 4.05 Lakhs (Previous Year Rs. 1.23 Lakhs) in the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and balance unamortized amount of Rs. Nil (Previous Year Rs.1.23 Lakhs) in the “FCMITD Account” has been carried forward to next year for being amortized as per the aforesaid Notification.



**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

- (b) Exceptional item is in respect of Input Service Tax Credit of Rs. 55.07 Lakhs (Previous Year Rs. Nil) available to the Company in respect of cost of certain input services availed and charged to Profit and Loss Account in earlier years, which has been recognized in the current year based on an expert's advice.
- (c) Prior period adjustments of Rs. 19.59 Lakhs (Previous Year Rs. Nil) includes excess provisions of Rs. 0.11 Lakhs (Previous Year Rs. Nil) income tax for earlier years and Rs.19.70 Lakhs (Previous Year Rs. Nil) in respect of certain expenses relating to earlier years.

**3.5 Segment Reporting:**

The Company's activities involve predominantly providing hospitality related services, which is considered to be a single business segment since these are subject to similar risks and returns.

Further, services are not provided out of India and hence there are no reportable geographical segments. Accordingly, the financial statements are reflective of the information required by Accounting Standard 17 - Segment Reporting (AS-17) as notified by the Companies (Accounting Standards) Rule, 2006.

**3.6 Related Party Disclosures:**

**Related Parties where control exists:**

(a) Subsidiary Company:

B W Highway Star Private Limited –Subsidiary (w.e.f. 21<sup>st</sup> May 2009)

(b) Jointly Controlled Entity:

Ilex Developers and Resorts Limited (Joint Venture) (w.e.f. 1<sup>st</sup> March 2010)

(c) Companies in which some directors of the Company are directors/members:

Plaza Hotels Private Limited

Kamats Development Private Limited

Kamat Holiday Resorts Private Limited

Kamats Holiday Resorts (Silvassa) Limited

Vishal Amusements Limited

Indira Investments Private Limited

B W Highway Star Private Limited (Joint Venture) (upto 20<sup>th</sup> May 2009)

Kamats Restaurants Private Limited

Kamats Holdings Private Limited

Kamat Hotels Private Limited

Kamat Beachfront Hotels Private Limited

(d) Key Management Personnel:

Mr. Vithal V. Kamat	-	Executive Chairman & Managing Director
Mr. Ramesh N. Shanbhag	-	Wholetime Director
Mr. Vikram V. Kamat	-	Executive Director & also relative

(e) Other related parties with whom transactions have taken place during the year:

V. V. Kamat HUF

- (f) Summary of transactions during the year with Related Parties entered into on commercial basis in the interest of the Company and approved by the Board and status of outstanding balances as on 31<sup>st</sup> March, 2011:

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

**(Rs. in Lakhs)**

<b>Sr. No.</b>	<b>Nature of transactions</b>	<b>Subsidiary Company</b>	<b>Joint Venture &amp; specified companies</b>	<b>Key Management Personnel &amp; relatives *</b>	<b>Other related parties</b>
1	Gross Sale of services including Management & Consultancy Fees	20.48 (13.09)**	23.56 (3.93)	Nil (Nil)	8.55 (6.99)
2	Technical Consultancy Service Fees earned	Nil (Nil)	201.82 (122.43)	Nil (Nil)	Nil (Nil)
3	One Time Consideration received for Transfer of business.	Nil (Nil)	Nil (0.20)	Nil (Nil)	Nil (Nil)
4	Interest Earned on Loans & Advances given	881.36 (390.47)	Nil (39.48)	Nil (Nil)	Nil (Nil)
5	Purchase of goods & services	Nil (Nil)	Nil (Nil)	5.25 (5.74)	Nil (Nil)
6	Consultancy Fees/Fees paid towards hotel property under Business Contract Agreement	Nil (Nil)	67.81 (62.60)	Nil (Nil)	Nil (Nil)
7	Interest paid	Nil (Nil)	0.12 (47.13)	Nil (Nil)	Nil (43.10)
8	Dividend paid	Nil (Nil)	Nil (105.83)	Nil (8.15)	Nil (1.67)
9	Security Deposit Refunded	Nil (Nil)	Nil (5.00)	Nil (Nil)	Nil (Nil)
10	Inter Corporate Deposit taken	Nil (Nil)	380.00 (Nil)	Nil (Nil)	Nil (Nil)
11	Long Term Trade Deposit Taken	Nil (Nil)	350.00 (350.00)	Nil (Nil)	Nil (Nil)
12	Loan given	5,520.94 (2,777.84)	Nil (Nil)	Nil (Nil)	Nil (Nil)
13	Advances given on Capital /Current Account	Nil (Nil)	38.42 (65.67)	Nil (Nil)	Nil (Nil)
14	Investments in Shares/ Share application money	400.00 (5,133.63)	Nil (533.40)	Nil (Nil)	Nil (Nil)
15	Preference shares redeemed /Sales of Investments	Nil (Nil)	Nil (350.90)	Nil (Nil)	Nil (Nil)
16	Secured Non-convertible Redeemable Debentures repaid during the year	Nil (Nil)	Nil (466.95)	Nil (Nil)	Nil (427.00)

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

(Rs. in Lakhs)

Sr. No.	Nature of transactions	Subsidiary Company	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
17	<b>Balance outstanding at the year end:</b>				
(a)	Investments in Shares / Share application money	7,327.75 (6,927.75)	533.00 (533.00)	Nil (Nil)	Nil (Nil)
(b)	Loan to Subsidiary	10,157.86 (4,653.89)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(c)	Accounts receivable	550.19 (580.00)	38.42 (Nil)	Nil (Nil)	Nil (Nil)
(d)	Deposit paid includes Under Business Contract Agreement	Nil (Nil)	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
(e)	Long Term Trade Deposit received towards Business Contract Agreement.	Nil (Nil)	700.00 (350.00)	Nil (Nil)	Nil (Nil)
(f)	Amounts Payable	Nil (Nil)	44.30 (10.50)	1.92 (7.88)	22.22 (23.70)
18	Second charge on immovable property created by subsidiary to secure future obligation of the Company towards share purchase consideration.	2,400.00 (2,400.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
19	Corporate Guarantee issued by the Company in favour of banks on behalf of Subsidiary /Joint Venture Company	16,434.00 (16,434.00)	1,000.00 (Nil)	Nil (Nil)	Nil (Nil)
20	Corporate Guarantee / Personal Guarantee provided by Plaza Hotels Private Limited / Kamat Holiday Resorts (Silvassa) Limited / Executive Chairman & Managing Director and Executive Director	Nil (Nil)	48,289.76 (40,289.76)	53,789.76 (40,789.76)	Nil (Nil)
21	Company has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneswar in favour of a Bank on behalf of a Associate Company.	Nil (Nil)	440.75 (Nil)	Nil (Nil)	Nil (Nil)

\* Relatives of Key Management Personnel: Mrs. Vidya V. Kamat, and Ms. Vidita Kamat (wife and daughter of Mr. Vithal V. Kamat and mother and sister of Mr. Vishal Kamat and Mr. Vikram Kamat), Mrs. Sharda S. Kamat (sister of Mr. Vithal V. Kamat) and Mrs. Maya Shanbhag (wife of Mr. Ramesh N. Shanbhag).

\*\* Figures in brackets are for previous year.

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

(Rs. in Lakhs)

Name of Related Party	Current Year	Previous Year
<b>(g) Statement of Material Transactions:</b>		
<b>Subsidiary</b>		
<b>B W Highway Star Private Limited- (w.e.f 21<sup>st</sup> May 2009)</b>		
- Sale of Goods and Services	20.48	13.09
- Interest earned on Loans & Advances	881.36	390.47
- Loan given	5,520.94	2,777.84
- Investments in Shares	400.00	5,133.63
- Investment balance at year end	7,327.75	6,927.75
- Loan given balance at year end	10,157.86	4,653.89
- Amounts recoverable at year end	550.19	580.00
- Corporate Guarantees issued to a Bank on behalf of the Subsidiary Company	16,434.00	16,434.00
- Second charge on immovable property created for future obligation of the Company	2400.00	2400.00
<b>Jointly Controlled Entity</b>		
<b>Ilex Developers &amp; Resorts Ltd. (w.e.f 1<sup>st</sup> March 2010)</b>		
- Technical / Consultancy services fees earned	216.91	122.43
- Security Deposit taken	350.00	350.00
- Investment in Shares	Nil	533.00
- Investment balance at year end	533.00	533.00
- Security Deposit taken balance at year end	700.00	350.00
- Amounts recoverable at year end	38.42	110.19
- Corporate Guarantee issued to a Bank on behalf of Jointly Controlled Entity	1,000.00	Nil
- Equitable Mortgage of immovable property in favour of Bank on behalf of Jointly Controlled Entity	440.75	Nil
<b>Specified Companies</b>		
<b>B W Highway Star Private Limited (upto 20<sup>th</sup> May 2009)</b>		
- Sale of Goods and Services	Nil	0.75
- Interest earned on Loans & Advances	Nil	39.48
- Advances given on Capital/Current Account	Nil	65.67
<b>Vishal Amusements Limited</b>		
- Redemption of preference Shares	Nil	350.00

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011.  
(Contd..)**

Name of Related Party	Current Year	(Rs. in Lakhs) Previous Year
<b>Plaza Hotels Private Limited</b>		
- Fees paid towards hotel property under Business Contract Agreement	67.81	62.60
- Interest Paid	Nil	16.85
- Dividend Paid	Nil	38.59
- Secured Non-convertible Redeemable Debentures redeemed	Nil	166.95
- Deposit paid includes Under Business Contract Agreement	8,000.00	8,000.00
- Amounts Payable	43.51	10.48
- Corporate Guarantee provided by the above for securing loans taken by the Company	43,789.76	35,789.76
<b>Kamats Holiday Resorts (Silvassa) Limited</b>		
- Interest Paid	Nil	15.14
- Secured Non-convertible Redeemable Debentures redeemed	Nil	150.00
- Corporate Guarantee provided by the above for securing loans taken by the Company	4,500.00	4,500.00
<b>Kamat Holiday Resorts Private Limited</b>		
- Interest Paid	Nil	15.14
- Secured Non-convertible Redeemable Debentures redeemed	Nil	150.00
- Inter Corporate Deposit taken	380.00	Nil
<b>Kamats Restaurants Private Limited</b>		
- One time consideration received for transfer of business to sister concern	Nil	0.20
<b>Kamats Holdings Private Limited</b>		
- Dividend Paid	Nil	18.00
<b>Indira Investments Private Limited</b>		
- Dividend Paid	Nil	18.35
<b>Kamats Development Private Limited</b>		
- Security Deposit refunded	Nil	5.00
<b>Key Management Personnel &amp; relatives:</b>		
<b>Vithal V. Kamat</b>		
- Royalty paid for brand	4.65	4.54
- Amounts Payable	1.92	7.88
- Personal Guarantee provided by him for securing loans taken by the Company	48,789.76	38,289.76
<b>Vishal V. Kamat</b>		
- Personal Guarantee provided by him for securing loan taken by the Company	2,500.00	2,500.00

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**  
(Rs. in Lakhs)

Name of Related Party	Current Year	Previous Year
<b>Vikram V. Kamat</b>		
- Personal Guarantee provided by him for securing loan taken by the Company	2,500.00	Nil
<b>Mrs. Maya Shanbhag</b>		
- Purchase of Goods and Services	0.60	1.20
<b>Other Related Parties:</b>		
<b>Vithal V. Kamat-HUF</b>		
- Gross Sale of services including Management & Consultancy Fees	8.55	6.99
- Interest paid	Nil	431.10
- Secured Non-convertible Redeemable Debentures Redeemed	Nil	427.00
- Interest payable on NCDs	22.22	23.70

**3.7 Leases:**

The Company's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are not non-cancelable, range between eleven months and nine years generally or longer and are usually renewable by mutual consent on mutually agreeable terms.

The aggregate lease rentals payable are charged as rent and aggregate licence fees income from shops and other spaces on leave and licence basis are shown as Licence Fees.

Future commitments in respect of minimum lease payments payable for non-cancelable operating leases (other than land) entered into by the Company:

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Payable within one year -	216.11	205.75
Payable later than one year but not later than five years -	854.58	842.58
Payable after five years -	3,809.32	4,120.06

The Company also has finance leasing arrangements in respect of vehicles. Future commitments in respect of minimum installments payable under Finance schemes:

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Minimum Installments		
Payable within one year -	Nil	0.29
Payable later than one year but not later than five years -	Nil	Nil
Present value of Minimum installments		
Payable within one year -	Nil	0.28
Payable later than one year but not later than five years -	Nil	Nil



**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

The Company also has given shops and other spaces on Leave and Licence basis in respect of which future minimum licence fees receipts expected:

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Receivable within one year -	104.82	96.39
Receivable later than one year but not later than five years	75.50	124.83
Receivable after five years -	Nil	Nil

**3.8 Earnings Per Share:**

**Basic and Diluted:**

Particulars	Current Year	Previous Year
Profit after tax as per Accounts: (Rs. In Lakhs)	137.32	138.68
No. of Shares issued	1,43,03,681	1,31,97,395
Nominal Value of Share (Rupees)	10.00	10.00
Weighted average no. of Shares - Basic	1,43,03,681	1,31,97,395
Weighted average no. of Shares - Diluted	1,90,93,395	1,67,34,995
<b>Basic E.P.S. (Rupees)</b>	<b>0.96</b>	<b>1.05</b>
<b>Diluted E.P.S. (Rupees) (See Note below)</b>	<b>0.96</b>	<b>0.83</b>

Note: Since the Diluted EPS was anti-dilutive, the effect of anti-dilutive potential equity share is ignored in calculating diluted EPS in terms of AS - 20

**3.9 Deferred Tax:**

Major Components of Deferred Tax Assets and Deferred Tax Liabilities:

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>Deferred tax liabilities</b>		
Difference in depreciation.	2,998.45	2,751.40
Loss on Foreign Exchange under AS-11 Notification	201.64	243.12
<b>Total</b>	<b>3,200.09</b>	<b>2,994.52</b>
<b>Deferred tax assets</b>		
Expenses allowable for tax purpose on payment basis	111.96	64.70
Unabsorbed Depreciation / Business Loss	34.42	226.61
Long Term Capital Loss	9.04	9.04
Provision for doubtful debts	63.76	54.96
<b>Total</b>	<b>219.18</b>	<b>355.31</b>
<b>Deferred Tax Liability (net)</b>	<b>2,980.91</b>	<b>2,639.21</b>
<b>Incremental Liability</b>	<b>341.70</b>	

**SCHEDULE "N" FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

**3.10 Employee Benefits:**

The disclosures required under Accounting Standard 15 "Employee Benefits" (AS 15) as notified by the Companies (Accounting Standards) Rules 2006, are given below:

**Defined Contribution Plan:**

Contribution to Defined Contribution Plan, recognized and charged off for the year are as under:

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Contribution to Provident Fund	119.18	87.00

**Defined Benefit Plan:**

The employees' gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligations for leave encashment is recognized in the same manner as gratuity.

**Gratuity (Funded):**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	140.21	136.46
Current Service Cost	35.08	24.49
Interest Cost	3.02	2.10
Actuarial (gain) / loss	37.43	25.14
Benefits paid	(5.80)	(47.97)
Defined Benefit obligation at year end	209.94	140.21
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	90.94	79.49
Expected return on plan assets	9.59	6.50
Employer contribution	49.63	26.05
Benefits Paid	(5.80)	(47.97)
Actuarial gain/(loss)	7.05	(26.86)
Fair value of plan assets at year end	137.31	90.94
Actual return on plan assets	9.59	6.50
<b>c. Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets as at 31 <sup>st</sup> March, 2011	137.31	90.94
Present value of obligation as at 31 <sup>st</sup> March, 2011	209.94	140.21
Amount recognized in Balance Sheet	75.53	51.73

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>d. Net Gratuity and other cost for the year:</b>		
Current Service Cost	35.08	24.49
Interest Cost	3.02	2.10
Expected return on plan assets	(9.59)	(6.50)
Actuarial (gain) / loss	37.43	25.14
Net Cost	65.93	45.22
<b>e. Investment Details:</b>	<b>% invested</b>	<b>% invested</b>
L.I.C. Group Gratuity (Cash Accumulation) Policy	100	100
<b>f. Actuarial assumptions:</b>		
Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	9.15%	9.15%
Rate of escalation in salary (per annum)	5%	5%
Employer Best estimate of expected contribution for next year	75.53	51.73
<b>Leave Encashment (Non-Funded):</b>		
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	127.50	181.06
Actuarial (gain) / loss	2.13	(53.56)
Defined Benefit obligation at year end	129.64	127.50
<b>b. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31st March, 2011	129.64	127.50
Amount recognised in Balance Sheet	129.64	127.50
<b>c. Expenses recognized during the year</b>		
Actuarial (gain) / loss	2.13	(53.56)
Net Cost	2.13	(53.56)

The estimated rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary and relied upon by the auditors.

**3.11. Income Tax**

In view of brought forward losses and unabsorbed depreciation, the taxable income under normal provisions of Income Tax Act, 1961 is Rs Nil,. However, Provision for tax for the year has been made at Rs.182.00 Lakhs (Previous Year Rs. 103.00 Lakhs) under section 115JB of the Act.

In accordance with Guidance Note issued by The Institute of Chartered Accountants of India, the Company has accounted for MAT Credit Entitlement of Rs.182.00 Lakhs (Previous Year Rs.103.00 Lakhs) for the year ended 31st March, 2011.

**3.12. Micro, Small and Medium Enterprises as defined under MSMED Act, 2006 have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:**

**SCHEDULE "N" FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Dues remaining unpaid at the year end:		
- Principal	<b>12.60</b>	25.22
- Interest	<b>4.41</b>	3.85
Interest paid in terms of Section 16 of the Act	<b>Nil</b>	Nil
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	<b>0.56</b>	3.31
Amount of interest accrued and remaining unpaid at the year end	<b>4.41</b>	3.85
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	<b>0.12</b>	0.19

**3.13. (a)** Miscellaneous Income of Rs. 142.08 Lakhs (Previous year Rs. 972.24 Lakhs) includes Insurance claim of Rs. 21.25 Lakhs (Previous Year Rs. 27.65 Lakhs) and Excess Provision and Sundry Credits written back of Rs. 50.85 Lakhs (Previous Year Rs. 199.65 Lakhs).

**(b)** Other Borrowing Costs of Rs. 170.97 Lakhs (Previous Year Rs. 153.06 Lakhs) in Schedule 'M' include Rs. 38.86 Lakhs (Previous Year Rs. Nil) being notional foreign exchange loss of the nature referred to in clause 4 (e) of Accounting Standard 16 - Borrowing Costs (AS 16) as notified by the Companies (Accounting Standards) Rule, 2006.

**3.14 Subsidiary Company:**

In terms of the Minutes of the Order by consent dated 10<sup>th</sup> February, 2010 of the High Court of Bombay, the Company agreed to buy the remaining 25% being 29,41,176 shares of B W Highway Star Private Limited (hereinafter referred to "B W Highway Star Private Limited" or "the subsidiary") held by minority shareholders for a consideration of Rs. 2,400.00 Lakhs, which was agreed to be paid over a period of three years against which the Company paid Rs. 300.00 Lakhs during the previous year (Refer Schedule "H").

During the year under reference, the Company by paying Rs. 400.00 lakhs acquired 4,90,196 equity shares of Rs. 10/- each, fully paid being 4.16% of the equity share capital of B W Highway Star Private Limited from an existing shareholder of that Company making its aggregate holding to 79.16%.

The Company also has issued a Corporate Guarantee to guarantee the due performance / obligations of B W Highway Star Private Limited for repayment of Loan of Rs. 2,200.00 Lakhs to the lender and payment of creditors' dues of Rs. 864.19 Lakhs. During the year, the subsidiary has repaid loan of Rs.800.00 Lakhs to the lender. Mr. Vithal V. Kamat as Executive Chairman and Managing Director and Mr. Vikram V. Kamat as Executive Director of the Company have also issued personal guarantees to guarantee the due performance / obligations of the Company and B W Highway Star Private Limited for purchase of shares and due payment of amounts due. B W Highway Star Private Limited has also agreed to take over the liability and claims of certain creditors aggregating to Rs. 1,928.42 Lakhs and the Company has agreed to indemnify the minority shareholder and others against any claim or loss made by these creditors in respect of hotel projects of B W Highway Star Private Limited.

**3.15 Joint Venture:**

In compliance with Accounting Standard 27 - 'Financial Reporting of Interests in Joint Ventures' - (AS 27), notified by the Companies (Accounting Standards) Rules, 2006, the Company has interest in the following jointly controlled entities:

**SCHEDULE "N" FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**  
(Rs. In Lakhs)

Name of the Company	Country of Incorporation	Holding (%)	Amount of Interest based on the audited results for the year ended 31st March, 2011			
			Assets	Liabilities	Income	Expenditure
Ilex Developers & Resorts Ltd.	India	32.92	1,194.70	689.79	36.16	63.72
(Refer note below)		(32.92)*	(541.38)	(17.25)	(0.62)	(2.61)

\*Figures in the brackets are for previous year.

Note: The Company has received Long Term trade Deposit of Rs.700.00 Lakhs (Previous Year Rs.350.00 Lakhs) from the above Company as a security for the hotel property given for development and expansion for a period of Twenty Five years.

**3.16 Additional information pursuant to the provisions of para IV of part II of Schedule VI to the Companies Act, 1956**

**a) Auditors' Remuneration:**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
As Audit Fees	7.00	5.00
For Tax Audit Fees (including under VAT Provisions)	1.15	0.85
For Taxation matter	1.45	0.20
For Certification & Other Services	1.14	0.95
Out of Pocket Expenses	0.20	0.20
Service Tax	1.02	0.74
<b>Total</b>	<b>11.96</b>	<b>7.94</b>

**b) Managerial Remuneration:**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Remuneration to Managing and Whole Time Directors (Rs. 78.00 Lakhs to Managing Director) (Previous Year Rs.Nil) (See Note 1 below)	123.00	Nil
Contribution to Provident Fund	12.00	Nil
Perquisites	0.32	Nil
<b>Sub-Total</b>	<b>135.32</b>	<b>Nil</b>
Directors' Sitting Fees	9.55	7.90
<b>Total</b>	<b>144.87</b>	<b>7.90</b>

**Notes:**

1. Payment of remuneration to Mr. Vithal V. Kamat, Executive Chairman and Managing Director, Mr. Ramesh N. Shanbhag, Whole-time Director was approved by the shareholders of the Company in the Annual General Meeting held on 25th September, 2010. However, in view of inadequacy of the profits for the year ended 31st March, 2011, there is an excess remuneration of Rs. 30.68 Lakhs paid to Mr. Vithal V. Kamat, Executive Chairman and Managing Director. In terms of the decision of the Remuneration Committee in its meeting held on 29th January, 2011, the company is proposing to make an application to the Central Government for waiver of recovery of above excess remuneration and the required particulars are being placed before the shareholders in the ensuing Annual General Meeting of the Company. Accordingly, the above remuneration is subject to these approvals.
2. Managerial remuneration excludes provision for gratuity and earned leave, since it is provided on Actuarial Valuation of the Company's liability to all its employees.

**SCHEDULE “N” FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011. (Contd..)**

3. The Company has not paid/provided any Commission to any managerial personnel and therefore, the Computation of Net Profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956 has not been given.

**c) Earnings in foreign exchange:**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
For Hotel Services rendered (As certified by the Management)	1,217.70	1,525.87

**d) Expenditure in foreign currency (including provisions):**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Interest on Foreign Currency Convertible Bonds	180.15	468.27
Commission to Travel Agents, Membership & Subscription, Internet / Website Charges, Bank Charges, Annual Listing Fees, Advertisement etc.	74.09	16.25

**e) Dividend to Non-resident Shareholders:**

The Company has not made any remittance in Foreign Currencies on account of dividends during the year under report and does not have information as to the extent to which remittance in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividends paid to non-resident shareholders are as follows:

Particulars	Current Year	Previous Year
<b>Dividend (2009-10):</b>		
(a) Number of non-resident shareholders	366	400
(b) Number of Equity Shares held	25,40,729	10,20,423
(c) Amount of Dividend remittable and paid (Rs. in Lakhs)	Nil	12.25

**f) Value of Imports on CIF basis:**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
Capital Goods	9.41	9.22
Spare Parts	2.27	2.29
Provisions, Wines etc.	8.32	11.21

**g) Quantitative Information:**

In respect of the Company's turnover of Food & Beverages, it is not possible to give quantity-wise details of such turnover. The Government of India, Ministry of Corporate Affairs vide their Order No. 46/119/2009-CL-III dated 24th April, 2009 has exempted the Company from giving these particulars in the accounts for the financial year ending March 2009 to March 2011.

**For and on behalf of the board of directors**

<b>Vithal V. Kamat</b>	Executive Chairman & Managing Director
<b>Ramesh N. Shanbhag</b>	Wholetime Director
<b>Vikram V. Kamat</b>	Executive Director
<b>Kurian Chandu</b>	Chief Financial Officer
<b>Mahesh Kandoi</b>	Company Secretary

Mumbai: 28<sup>th</sup> May, 2011



**Information pursuant to Part IV of Schedule VI to the Companies Act, 1956:**

(Rupees in Thousands)

<b>I</b>	<b>Registration Details:</b>	
	CIN No.	L55101MH1986PLC039307
	State Code	11
	Balance Sheet date	31.03.2011
<b>II</b>	<b>Capital raised during the year:</b>	
	Public Issue	Nil
	Bonus Issue	Nil
	Right Issue	Nil
	Private Placement (Conversion of FCCBs)	18,438
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds:</b>	
	<b>Funds:</b>	
	Total Liabilities	67,23,920
	Total Assets	67,23,920
	<b>Sources of Funds:</b>	
	Paid up Capital	1,56,297
	Reserves & Surplus	17,57,678
	Secured Loans	35,45,330
	Unsecured Loans	8,96,523
	Long Term Trade Deposit	70,000
	Deferred Tax Liability (Net)	2,98,092
	<b>Application of Funds:</b>	
	Net fixed assets (incl. Capital work in progress)	38,21,220
	Investments	7,87,575
	Long Term Deposits	8,04,850
	Net Current Assets	13,10,275
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Nil
<b>IV.</b>	<b>Performance of the Company:</b>	
	Turnover (including other income)	12,32,784
	Total Expenditure	11,87,690
	Profit (+)/ Loss (-) before tax	50,601
	Profit (+) / Loss (-) after tax	13,732
	Earnings per equity share (in Rupees)	0.96
	Dividend on equity shares (Rate in %)	Nil
<b>V</b>	<b>Generic Names of Three Principal Products of Company:</b>	
	The Company is in the business of hoteliering and catering and timeshare, which is not covered under ITC classification.	

**For and on behalf of the board of directors**

<b>Vithal V. Kamat</b>	Executive Chairman & Managing Director
<b>Ramesh N. Shanbhag</b>	Wholetime Director
<b>Vikram V. Kamat</b>	Executive Director
<b>Kurian Chandy</b>	Chief Financial Officer
<b>Mahesh Kandoi</b>	Company Secretary

Mumbai: 28<sup>th</sup> May, 2011

## **Auditors' Report on Consolidated Financial Statements**

To  
The Board of Directors

### **Kamat Hotels (India) Limited**

1. We have audited the attached Consolidated Balance Sheet of KAMAT HOTELS (INDIA) LIMITED ("the Company"), its Subsidiary, B W HIGHWAY STAR PRIVATE LIMITED and its Jointly Controlled Entity, ILEX DEVELOPERS AND RESORTS LIMITED (collectively referred to as "the Group") as at 31<sup>st</sup> March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary and the jointly control entity whose financial statements reflect total assets (net) of Rs. 7,632.06 Lakhs as at 31<sup>st</sup> March, 2011, total revenue of Rs. 724.17 Lakhs and net cash flows amounting to Rs.65.99 Lakhs for the year then ended as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary and jointly controlled entity, is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) and Accounting Standard 27, (Financial Reporting of Interests in Joint Ventures) as notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company, its subsidiary and its jointly controlled entity included in the Consolidated Financial Statements, referred to in paragraph 3 above.
5. Subject to the above and based on our audit as aforesaid, and on consideration of separate reports on individual financial statements of the Company, its aforesaid subsidiary and jointly controlled entity referred to above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March, 2011;
  - ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For J.G.VERMA & CO.**  
*Chartered Accountants*  
(Registration No. 111381W)

**J.G.VERMA**  
*Partner*

*Membership No. 5005*

Mumbai: 28<sup>th</sup> May, 2011

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SOURCES OF FUNDS:</b>				
<b>SHAREHOLDERS' FUNDS:</b>				
Share Capital	A	1,562.97		1,378.59
Reserves and Surplus	B	15,597.14		14,294.09
			17,160.11	15,672.68
<b>MINORITY INTEREST</b>			1,224.51	1,598.18
<b>LOAN FUNDS:</b>				
Secured Loans	C	52,264.62		45,641.84
Unsecured Loans	D	9,222.64		12,531.04
			61,487.26	58,172.88
<b>LONG TERM TRADE DEPOSIT</b> (Note 1.7 of Schedule 'N')			469.56	234.78
<b>DEFERRED TAX LIABILITY (NET)</b> (Note 2.9 of Schedule 'N')			2,980.92	2,638.57
<b>TOTAL</b>			<b>83,322.36</b>	<b>78,317.09</b>
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS:</b>				
Gross Block	E	51,413.27		45,706.84
Less: Depreciation		9,270.65		7,782.70
Net Block		42,142.62		37,924.14
Capital Work-In-Progress		29,508.36		30,397.78
			71,650.98	68,321.92
<b>GOODWILL ON CONSOLIDATION</b>			1,915.61	1,767.55
<b>INVESTMENTS</b>	F		15.00	10.00
<b>FOREIGN CURRENCY MONETARY ITEM</b> <b>TRANSLATION DIFFERENCE ACCOUNT</b> (Note 2.4(a) of Schedule 'N')			-	1.23
<b>LONG TERM DEPOSITS</b>	G		8,048.50	8,048.50
<b>DEFERRED TAX ASSET (NET)</b> (Refer Note 2.9 of Schedule 'N')			451.98	-
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>				
Inventories	H	438.59		459.61
Sundry Debtors		1,217.01		1,050.54
Cash and Bank Balances		1,257.23		2,508.14
Loans and Advances		2,991.73		2,614.11
		5,904.56		6,632.40
<b>LESS: CURRENT LIABILITIES AND PROVISIONS:</b>	I			
Current Liabilities		4,420.89		6,274.13
Provisions		243.38		190.78
		4,664.27		6,464.91
<b>NET CURRENT ASSETS</b>			1,240.29	167.49
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off)			-	0.40
<b>TOTAL</b>			<b>83,322.36</b>	<b>78,317.09</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:</b>				
	N			

Signature on the above Balance Sheet and Schedules "A" to "I" and "N".

As per our report of even date

For J. G. VERMA & CO.  
Chartered Accountants

J. G. Verma  
Partner

Vithal V. Kamat  
Executive Chairman & Managing Director

Mahesh Kandoi  
Company Secretary

Ramesh N. Shanbhag  
Wholetime Director

Vikram V. Kamat  
Executive Director

Kurian Chandy  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCHEDULE	Rs. in Lakhs	Rs. in Lakhs (Except Figures of EPS)	Prev. Year Rs. in Lakhs
<b>INCOME:</b>				
Income from Hotel Operations	J		12,636.96	10,647.03
Other Income	K		259.49	1,086.78
<b>TOTAL</b>			<b>12,896.45</b>	<b>11,733.81</b>
<b>EXPENDITURE:</b>				
Operating and General Expenses	L		8,929.84	7,741.37
Interest and Finance Charges (Net)	M		3,722.38	3,518.09
Depreciation			1,505.92	1,486.64
<b>TOTAL</b>			<b>14,158.14</b>	<b>12,746.10</b>
<b>LOSS FOR THE YEAR BEFORE EXCEPTIONAL ITEM AND TAX:</b>			<b>(1,261.69)</b>	<b>(1,012.29)</b>
Add: Exceptional Items (Note 2.4(b) of Schedule 'N')			55.07	-
<b>LOSS FOR THE YEAR BEFORE TAX</b>			<b>(1,206.62)</b>	<b>(1,012.29)</b>
<b>Less: Provision for Tax:</b>				
Current Tax		182.00		103.00
Wealth Tax		7.40		7.60
		<b>189.40</b>		<b>110.60</b>
Add / (Less): Deferred Tax (Note 2.9 of Schedule 'N')		<b>108.94</b>		<b>(82.44)</b>
			<b>298.34</b>	<b>28.16</b>
Add: MAT Credit Entitlement			<b>(1,504.96)</b>	<b>(1,040.45)</b>
<b>LOSS AFTER TAX BUT BEFORE ADJUSTMENTS AND APPROPRIATION</b>			<b>182.00</b>	<b>103.00</b>
<b>LESS: PRIOR PERIOD ADJUSTMENTS:</b>			<b>(1,322.96)</b>	<b>(937.45)</b>
(Note 2.4 (c) of Schedule 'N')				
Prior Period Expenses		19.70		-
Less: Prior Period Credit for tax		0.11		-
			<b>19.59</b>	<b>-</b>
			<b>(1,342.55)</b>	<b>(937.45)</b>
ADD: LOSS ATTRIBUTABLE TO MINORITY INTEREST		107.31		124.04
ADD: ADJUSTMENT FOR PRE ACQUISITION RESERVES		<b>14.95</b>		<b>666.86</b>
			<b>122.26</b>	<b>790.90</b>
<b>LOSS AFTER TAX BUT AFTER ADJUSTMENTS:</b>			<b>(1,220.29)</b>	<b>(146.55)</b>
ADD: SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR			4,715.24	4,861.79
Less : Deferred Tax Assets on Initial Adoption (Note 2.9 of Schedule 'N')			218.57	-
<b>BALANCE PROFIT CARRIED TO BALANCE SHEET</b>			<b>3,713.52</b>	<b>4,715.24</b>
<b>EARNING PER SHARE (EPS)</b>				
<b>Earning Per Share (EPS) (Note 2.8 of Schedule 'N')</b>				
Basic EPS (Rs.)			(7.00)	(1.11)
Diluted EPS (Rs.)			(7.00)	(1.11)
<b>Number of Equity Shares used in Computing EPS</b>				
For Basic EPS			1,43,03,681	1,31,97,395
For Diluted EPS			1,90,93,395	1,67,34,995
<b>Nominal Value (Rupees per Share)</b>			10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:</b>	N			

Signature on the above Profit and Loss Account and Schedules "J" to "N"

As per our report of even date

For J. G. VERMA & CO.  
Chartered Accountants

J. G. Verma  
Partner

Vithal V. Kamat  
Executive Chairman & Managing Director

Mahesh Kandoi  
Company Secretary

Ramesh N. Shanbhag  
Wholtime Director

Vikram V. Kamat  
Executive Director

Kurian Chandy  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

## CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS	Year ended 31st March, 2011 Rs. in Lakhs	Year ended 31st March, 2010 Rs. in Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit / (Loss) before tax and adjustments	(1,206.62)	(1,012.29)
<i>Adjustments for:</i>		
Depreciation	1,505.92	1,486.64
Amortisation of Expenses	(3.13)	1.23
Amortisation of Advance Time Share Membership	(73.66)	(76.12)
Loss on Sale/Discard of Fixed Assets	14.31	6.05
(Profit) / Loss on Sale of Long Term Investment	-	(52.93)
Short / (Excess) Provision for IT Written Back	-	0.15
Liabilities and Provisions written Back	(0.02)	(870.57)
Expenses of Earlier Years	(19.70)	-
Provision for Employee Benefits	101.25	19.19
Provision for Loyalty Programmes	4.75	0.53
Bad Debts and Provision for Doubtful Debts and Advances	61.29	291.90
Dividend income	-	(0.80)
Interest income	(922.82)	(109.61)
Interest paid	3,724.99	3,592.02
Unrealized Exchange Loss/(Gain)	38.86	35.68
<b>Operating Profit Before Working Capital changes</b>	<b>3,225.42</b>	<b>3,311.07</b>
Trade and other receivables	230.71	1,296.01
Inventories	21.02	(66.43)
Trade Payables	146.97	5,872.48
<b>Cash generated from operations</b>	<b>3,624.12</b>	<b>10,413.13</b>
Direct taxes paid (Net of refunds)	(279.95)	(273.73)
<b>Net cash from operating activities</b>	<b>3,344.17</b>	<b>10,139.40</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work in Progress and capital advances)	(5,956.28)	(35,854.41)
Sale Proceeds of Fixed Assets	0.42	1.47
Deposits Refund/Paid (including for properties)	-	(5.00)
Proceeds from Long Term Deposits	234.78	234.78
Investments made during the year	(5.00)	-
Loan to Subsidiary Company	-	1,794.12
Advance given for Purchase of Shares of Subsidiary Company	(400.00)	(300.00)
Sale Proceeds of Long Term Investments	-	441.03
Interest Received	15.56	109.61
Dividend Received	907.25	0.80
<b>Net cash used in investing activities</b>	<b>(5,203.27)</b>	<b>(33,577.60)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from long term borrowings	15,860.93	37,193.79
Repayments of long term borrowings	(8,911.67)	(4,819.19)
Proceeds from short term borrowings	582.00	42.48
Repayments of short term borrowings	(1,686.01)	(4,008.73)
Interest paid	(5,233.50)	(3,545.12)
Dividend paid (including Tax on Dividend)	(0.44)	(184.66)
<b>Net cash used in financing activities</b>	<b>611.31</b>	<b>24,678.57</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,247.79)</b>	<b>1,240.37</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010 (Opening Balance)</b>	<b>2,145.03</b>	<b>904.66</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (Closing Balance)</b>	<b>897.24</b>	<b>2,145.03</b>
<b>ADD: CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (Marked Lien)</b>	<b>359.99</b>	<b>363.11</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (As per Schedule "H")</b>	<b>1,257.23</b>	<b>2,508.14</b>

Signature on the above Cash Flow Statement

As per our report of even date

**For J. G. VERMA & CO.**  
Chartered Accountants

**J. G. Verma**  
Partner

**Vithal V. Kamat**  
Executive Chairman & Managing Director

**Mahesh Kandoi**  
Company Secretary

**Ramesh N. Shanbhag**  
Wholetime Director

**Vikram V. Kamat**  
Executive Director

**Kurian Chandy**  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	<b>Rs. in Lakhs</b>	<b>Prev. Year Rs. in Lakhs</b>
<b><u>SCHEDULE "A"</u></b>		
<b><u>SHARE CAPITAL:</u></b>		
<b><u>AUTHORISED:</u></b>		
3,00,00,000 Equity Shares of Rs. 10/- each.	3,000.00	3,000.00
	<u>3,000.00</u>	<u>3,000.00</u>
<b><u>ISSUED, SUBSCRIBED AND PAID UP:</u></b>		
1,31,97,395 Equity Shares of Rs. 10/- each, fully paid up (Note 1 below).	1,319.74	1,319.74
Add: 18,43,810 Equity Shares of Rs. 10/- each, fully paid up allotted during the year (Note 2 below)	184.38	-
	<u>1,504.12</u>	<u>1,319.74</u>
Forfeited Shares Account	58.85	58.85
<b>TOTAL</b>	<u><b>1,562.97</b></u>	<u><b>1,378.59</b></u>
<b>Notes:</b>		
1. Of the above, 24,54,545 Equity Shares of Rs. 10/- each were allotted at par during the year ended 31st March, 2006 to the shareholders of erstwhile "The Himco (India) Limited" amalgamated with the Company pursuant to the Scheme of Amalgamation approved by the Bombay High Court vide Order dated 9th December, 2005.		
2. The Company allotted 18,43,810 Equity Shares of Rs. 10/- each as fully paid up at a premium of Rs.125/- per Equity Share to the FCCB holders on conversion of part of the FCCBs during the year.		
<b><u>SCHEDULE "B"</u></b>		
<b><u>RESERVES AND SURPLUS:</u></b>		
<b><u>SECURITIES PREMIUM ACCOUNT:</u></b>		
As per last accounts	5,550.55	5,550.55
Add: Additions during the year	2,304.77	-
(Note 2 of Schedule 'A' above)	<u>7,855.32</u>	<u>5,550.55</u>
<b><u>CAPITAL REDEMPTION RESERVE:</u></b>		
As per last accounts	266.50	266.50
<b><u>GENERAL RESERVE:</u></b>		
As per last accounts	3,761.80	3,761.80
<b><u>SURPLUS IN PROFIT AND LOSS ACCOUNT</u></b>	<u>3,713.52</u>	<u>4,715.24</u>
<b>TOTAL</b>	<u><b>15,597.14</b></u>	<u><b>14,294.09</b></u>
<b><u>SCHEDULE "C"</u></b>		
<b><u>SECURED LOANS:</u></b>		
<b>1. RUPEE TERM LOANS:</b>		
a) From a Financial Institution (Note 1 below)	4,062.50	2,187.50
b) From Banks (Note 2 below)	41,578.35	32,189.94
c) From Others (Note 2 below)	5,188.03	10,988.03
	<u>50,828.88</u>	<u>45,365.47</u>
<b>2. VEHICLE LOANS FROM A BANK</b>	-	0.29
<b>3. CASH CREDIT FACILITY FROM A BANK (Note 3 below)</b>	1,187.71	171.19
<b>4. INTEREST ACCRUED AND DUE</b>	248.03	104.89
<b>TOTAL</b>	<u><b>52,264.62</b></u>	<u><b>45,641.84</b></u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

### SCHEDULE "C" (CONTD...)

#### NOTES:

- (1) Term loan from Financial Institution is secured by first ranking *pari-passu* mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets there at and by personal guarantees of certain promoter directors.
- (2) Term loans from Banks and others are secured by a first charge on lands at "The Orchid" at Vile Parle (East) (owned by Plaza Hotels Private Limited) together with hotel buildings and all appurtenances thereon, first ranking *pari-passu* mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation on movable fixed assets of Company's hotels at Fort Jadhav Gadh Pune, Nagpur, Nashik and Sawantwadi, Credit Card receivables, equitable mortgage of hotel property at Lotus Goa owned by a promoter group entity, equitable mortgage of immovable property and proposed additions thereon, situated at Bhubaneswar, Orissa owned by Kamat Hotels (India) Limited (KHIL), first charge on entire assets of the Company and hypothecation of movables, first charge on all movable and immovable fixed assets of B W Highway Star Private Limited (BWHSP) both present and future, exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future, second charge on all immovable fixed assets of BWHSP, personal and corporate guarantees of certain promoter directors and entities and KHIL, and certain other collateral securities.
- (3) The Cash Credit Facility is secured by hypothecation of stocks and book debts of the company and first ranking *pari-passu* mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables and personal and corporate guarantees of certain promoter directors and entities.
- (4) Amount payable within one year Rs.6,198 Lakhs (Prev. Year Rs. 3,985 Lakhs).

### SCHEDULE "D"

#### UNSECURED LOANS:

	Rs. in Lakhs	Prev. Year Rs. in Lakhs
1. From Banks (Due to issue of cheques)	67.99	54.44
2. Long Term Loans from Others: 5.50% Foreign Currency Convertible Bonds (US \$ 12.37 Million) (Prev. Year US \$ 18 Million) (Note 1 below)	5,523.65	8,125.20
3. Advance Time-Share Membership Money Received (Refer Note in Schedule 'J')	2,898.72	3,065.21
4. Inter Corporate Deposits	607.28	1,161.19
5. Sales Tax Deferred (Note 2 below)	125.00	125.00
<b>TOTAL</b>	<b>9,222.64</b>	<b>12,531.04</b>

#### Notes:

1. Pursuant to the approval of Board of Directors in its meeting held on 30<sup>th</sup> April, 2006 and Special Resolution of the members in the 19<sup>th</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> September, 2006 the Company issued 5-year and 1-day, 5.50 % Foreign Currency Convertible Bonds (FCCBs) during the year ended 31<sup>st</sup> March, 2007 aggregating USD 18.00 million (Rs.7,956 Lakhs), with an option to the investors to convert the FCCBs into ordinary shares at Rs. 225/- per share (subject to price reset at minimum conversion price of Rs.170/- as per the terms of the issue of bonds) at any time from the Issue Date and ten business days prior to 14<sup>th</sup> March, 2012. The bonds are listed on the Singapore Exchange Securities Trading Limited, Singapore. Pursuant to the authority conferred by the Board of Directors of the Company, the Board at its meeting held on 10<sup>th</sup> June, 2010 agreed to reset the conversion price to Rs.135/- per share and for mandatory conversion of FCCBs within specified time frame into equity shares. The bondholders executed Supplemental Trust Deed on 13<sup>th</sup> August, 2010 and the bondholder(s) agreed for mandatory conversion of at least 4475 Bonds into shares within 3 months and all the outstanding bonds at any time prior to 1<sup>st</sup> December 2011. Pursuant to the Supplemental Trust Deed, the Foreign Currency Bondholders partially converted 5,629 bonds (FCCBs) into equity shares and accordingly the Board in its meeting held on 25<sup>th</sup> August, 2010, allotted 18,43,810 equity shares of Rs. 10/- each at a premium of Rs. 125/- per share. The said shares have been listed on BSE and NSE on 15<sup>th</sup> September, 2010.
2. The Company has deferred its sales tax liability in terms of entitlement granted for availing sales tax incentives issued by the Sales Tax Department, Maharashtra. This liability will be due in installments from the year 2013 to 2022.

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

**SCHEDULE "E"**

**FIXED ASSETS:**

Rs. in Lakhs

PARTICULARS	GROSS BLOCK (ATCOST)				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2010	ADDITIONS	DEDUCTIONS (Note 3 below)	AS AT 31.03.2011	UPTO 01.04.2010	FOR THE YEAR	DEDUCTIONS	TO-DATE	AS AT 31.03.2011	AS AT 31.03.2010
<b>(A) TANGIBLE ASSETS:</b>										
<b>Land:</b>										
Freehold Land	3,532.59	-	-	3,532.59	-	-	-	-	3,532.59	3,532.59
<b>Sub-Total</b>	3,532.59	-	-	3,532.59	-	-	-	-	3,532.59	3,532.59
<b>Buildings: (Note 1 below)</b>										
Freehold	10,018.83	38.59	18.81	10,038.61	1,767.28	214.37	-	1,981.65	8,056.96	8,251.55
Leasehold	4,190.01	4,185.47	-	8,375.48	105.68	87.37	-	193.05	8,182.43	4,084.33
Improvements to Hotel Buildings under Long Term Contracts	17,754.02	809.69	344.44	18,219.27	2,138.28	602.95	-	2,741.23	15,478.04	15,615.74
<b>Sub-Total</b>	31,962.86	5,033.75	363.25	36,633.36	4,011.24	904.69	-	4,915.93	31,717.43	27,951.62
Plant and Machinery	7,378.79	949.55	23.50	8,304.84	2,121.51	397.78	11.76	2,507.53	5,797.31	5,257.28
Furniture and Fixtures	1,886.41	89.86	-	1,976.27	1,371.26	117.03	-	1,488.29	487.98	515.16
Office Equipments	425.17	20.53	1.39	444.31	92.59	37.10	1.37	128.32	315.99	332.57
Vehicles	343.76	-	6.93	336.83	106.97	31.47	4.40	134.04	202.79	236.78
<b>Sub-Total</b>	10,034.13	1,059.94	31.82	11,062.25	3,692.33	583.38	17.53	4,258.18	6,804.07	6,341.80
<b>Total (A)</b>	45,529.58	6,093.69	395.07	51,228.20	7,703.57	1,488.07	17.53	9,174.11	42,054.09	37,826.01
<b>(B) INTANGIBLE ASSETS:</b>										
Computer Softwares	177.25	8.68	0.86	185.07	79.12	17.85	0.43	96.54	88.53	98.13
<b>Total (B)</b>	177.25	8.68	0.86	185.07	79.12	17.85	0.43	96.54	88.53	98.13
<b>Grand Total</b>	<b>45,706.83</b>	<b>6,102.37</b>	<b>395.93</b>	<b>51,413.27</b>	<b>7,782.69</b>	<b>1,505.92</b>	<b>17.96</b>	<b>9,270.65</b>	<b>42,142.62</b>	<b>37,924.14</b>
Previous Year Total	38,506.86	8,380.50	1,180.53	45,706.84	6,302.76	1,576.21	96.27	7,782.70	37,924.14	
Capital Work-in-Progress (Note 2 below)	30,397.78	-	889.42	29,508.36	-	-	-	-	29,508.36	30,397.78
Previous Year Total	4,588.73	28,395.53	2,586.48	30,397.78	-	-	-	-	30,397.78	

**NOTES:**

- Buildings include:
  - Cost of residential flats of Rs. 54.34 Lakhs (Prev. Year Rs. 54.34 Lakhs) and (ii) Cost of shares of Rs. 0.02 Lakhs (Prev. Year Rs. 0.02 Lakhs) in Co-operative Housing Society and Owners Condominium representing ownership right, and Cost of residential flats of Rs. 398.96 Lakhs (Prev. Year Rs. 407.28 Lakhs) as part of proposed hotel project at Nagpur.
  - B W Highway Star Private Limited has constructed two hotels on lease hold land belonging to Director of Sports and Youth Services, Govt. of Maharashtra under Concessionnaire Agreement dated 16th July 2007 for a term of 60 years.
- Capital work-in-progress includes:
  - Capital Advances/deposit for fixed assets Rs. 1,180.41 Lakhs (Prev. Year Rs. 973.86 Lakhs) in which included Rs. 488.62 Lakhs (Prev. Year Rs. 488.62 Lakhs) paid to Centre for Study of Social Change for Hotel Project at Bandra Kurla Complex, is after deducting provision for doubtful advance of Rs. 183.65 Lakhs (Prev. Year Rs. 183.65 Lakhs).
  - Capital Work-In-Progress pending allocation includes: Staff Cost Rs. 207.90 Lakhs (Prev. Year Rs. 58.41 Lakhs); Travelling Expenses by Directors Rs. 4.59 Lakhs (Prev. Year Rs. 4.59 Lakhs); Travelling Expenses by Others Rs. 6.30 Lakhs (Prev. Year Rs. 5.85 Lakhs); Interest on Fixed Loans Rs. 3,496.12 Lakhs (Prev. Year Rs. 1,917.17 Lakhs); General Expenses Rs. 2,758.46 Lakhs (Prev. Year Rs. 1,376.91 Lakhs); License, Rates & Taxes Rs. 40.15 Lakhs (Prev. Year Rs. 23.69 Lakhs); Legal & Professional Charges Rs. 98.91 Lakhs (Prev. Year Rs. 71.26 Lakhs); Postage & Telephone Charges Rs. 0.89 Lakhs (Prev. Year Rs. 0.53 Lakhs); Printing & Stationery Rs. 0.79 Lakhs (Prev. Year Rs. 0.46 Lakhs); Finance Charges Rs. 1,101.24 Lakhs (Prev. Year Rs. 217.08 Lakhs); Advertisement Charges Rs. 8.03 Lakhs (Prev. Year Rs. 8.01 Lakhs); Consultancy Fees Rs. 191.42 Lakhs (Prev. Year Rs. 166.99 Lakhs); Building Under Construction Rs. 18,593.27 Lakhs (Prev. Year Rs. 22,410.63 Lakhs); Furniture & Fixtures Rs. 145.90 Lakhs (Prev. Year Rs. 105.65 Lakhs); Plant & Machinery Rs. 2,695.38 Lakhs (Prev. Year Rs. 3,254.32 Lakhs); FCCB Expenses Rs. 72.68 Lakhs (Prev. Year Rs. 51.77 Lakhs); Lease Premium Rs. 423.30 Lakhs (Prev. Year Rs. 215.55 Lakhs); Property Tax Rs. 36.61 Lakhs (Prev. Year Rs. Nil); Carpets (WIP) Rs. 123.54 Lakhs (Prev. Year Rs. 150.17 Lakhs); Land Development cost Rs. 69.83 Lakhs (Prev. Year Rs. Nil).
- Deductions include Rs. 160.54 Lakhs (Prev. Year Rs. 1,045.71 Lakhs) representing Foreign Exchange Fluctuation Gain.

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "F"</b>			
<b>INVESTMENTS:</b>			
<b>LONG TERM - TRADE (AT COST)</b>			
<b>INVESTMENTS-OTHERS:</b>			
SBI PSU Fund - Growth 50,000 units of Rs.10/- each (NAV Rs.4.92 Lakhs)		5.00	-
ICICI Tax Saving Bonds (Maturing on 16th November 2017) (200 Bonds of Rs. 5000/- each)		10.00	10.00
<b>TOTAL</b>		<b>15.00</b>	<b>10.00</b>
<b>SCHEDULE "G"</b>			
<b>LONG TERM DEPOSITS:</b>			
Long Term Deposits for Hotel and Other properties		8,048.50	8,048.50
<b>TOTAL</b>		<b>8,048.50</b>	<b>8,048.50</b>
Note: The above deposits includes Rs. 80.00 crores paid to Plaza Hotels Pvt. Ltd. (A Company wherein some Directors of the Company are Directors.)			
<b>SCHEDULE "H"</b>			
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>			
<b>CURRENT ASSETS:</b>			
<b>Inventories:</b>			
(Valued and Certified by the Management)			
Food and Beverages		106.37	95.46
Stores and Operating Supplies		332.22	364.15
		<b>438.59</b>	<b>459.61</b>
<b>Sundry Debtors:</b> (Unsecured, considered goods, unless otherwise stated)			
Over six months (Incl. Rs.206.33 Lakhs considered doubtful)	397.90		377.90
(Prev. Year Rs. 182.65 Lakhs)			
Others	1,025.44		855.29
	<b>1,423.34</b>		<b>1,233.19</b>
Less: Provision for Doubtful Debts (Note 1 below)	<b>206.33</b>		<b>182.65</b>
		<b>1,217.01</b>	<b>1,050.54</b>
<b>Cash and Bank Balances:</b>			
On Hand (Including Cheques on hand Rs.8.06 Lakhs)	39.18		78.62
(Prev. Year Rs. 56.53 Lakhs)			
With Scheduled Banks on:			
Current Accounts	636.39		1,943.64
Call and Deposit Accounts (Marked lien up to Rs. 232.95 Lakhs)	434.29		465.10
(Prev. Year Rs. 238.92 Lakhs)			
Dividend Accounts	16.03		16.48
With an Other Bank on: (Note 2 below)			
Current Account	4.30		4.30
Fixed Deposit with Scheduled Bank on Margin Deposit	127.04		-
		<b>1,257.23</b>	<b>2,508.14</b>
<i>Carried forward</i>		<b>2,912.83</b>	<b>4,018.29</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "H" (CONTD...)</b>			
<i>Brought forward</i>		<b>2,912.83</b>	4,018.29
<b>LOANS AND ADVANCES:</b>			
(Unsecured, considered good, unless otherwise stated)			
Inter-Corporate Deposits - Considered doubtful	<b>200.00</b>		200.00
Less: Provision (Note 3 below)	<b>200.00</b>		200.00
	-		-
Advances Recoverable in cash or kind or for value to be received (include Rs.20 lakhs considered Doubtful (Previous Year Rs. Nil))	<b>695.55</b>		606.17
Less: Provision (Note 3 below)	<b>20.00</b>		-
	<b>675.55</b>		606.17
Advance for Purchase of Shares	<b>300.00</b>		300.00
Interest Receivable	<b>37.59</b>		32.01
Deposits	<b>318.57</b>		302.36
Prepaid Expenses	<b>176.88</b>		167.38
MAT Credit Entitlement	<b>389.00</b>		207.00
Staff Advances	<b>5.01</b>		1.18
Payment of Taxes (Net) (Note 4 below)	<b>1,089.13</b>		998.01
		<b>2,991.73</b>	2,614.11
<b>TOTAL</b>		<b>5,904.56</b>	6,632.40

**Notes:**

1. Provision for doubtful debts:- Opening Balance Rs.182.65 Lakhs; Addition Rs.23.68 Lakhs; Deduction Rs.Nil Lakhs; Closing Balance Rs. 206.33 Lakhs.
2. Balance with a Non-Scheduled Bank: Name of the Bank: The Dhanalakshmi Bank Limited  
In Current Account: Balance outstanding as on 31<sup>st</sup> March, 2011 Rs.4.30 Lakhs (Prev. Year Rs.4.30 Lakhs) and maximum amount outstanding at any time during the year Rs.4.30 Lakhs (Prev. Year Rs. 4.30 Lakhs).
3. Provision for doubtful Advance and Deposits:- Opening Balance Rs. 220.00 Lakhs; Addition Rs. 20.00 Lakhs; Deduction Rs. Nil; Closing Balance Rs. 220.00 Lakhs.
4. Payment of taxes is net of provisions for tax of Rs. 1,114.89 Lakhs (Prev. Year Rs. 950.01 Lakhs)

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b><u>SCHEDULE "I"</u></b>			
<b><u>CURRENT LIABILITIES AND PROVISIONS:</u></b>			
<b>CURRENT LIABILITIES:</b>			
Sundry Creditors:			
1. Dues to Micro & Small Enterprises (Note 2.13 of Schedule 'N')	12.18		29.07
2. Dues to other Creditors	3,030.78		4,847.51
		3,042.96	4,876.58
Security Deposits		124.72	137.98
Advance from Customers		478.84	285.89
Interest Accrued But Not Due		215.05	287.79
Unclaimed Dividend (Note 1 below)		15.96	16.40
Other Liabilities		543.36	669.49
<b>SUB-TOTAL (A)</b>		<b>4,420.89</b>	<b>6,274.13</b>
<b>PROVISIONS:</b>			
<b>Provision for Gratuity:</b>			
As per last accounts	37.40		51.41
Add/(Less): Transferred (Reduction) during the year	97.10		13.99
	134.50		65.40
Less: Contribution to LIC of India Gratuity Fund	51.73		28.00
		82.77	37.40
<b>Provision for Earned Leave:</b>			
As per last accounts	132.44		181.06
Add/(Less): Transferred (Reduction) during the year	2.48		(48.62)
		134.92	132.44
Provision for Loyalty Programmes (Note 2 below)		25.69	20.94
<b>SUB-TOTAL (B)</b>		<b>243.38</b>	<b>190.78</b>
<b>TOTAL [(A)+(B)]</b>		<b>4,664.27</b>	<b>6,464.91</b>

**Notes:**

1. There is no amount due and outstanding to be credited to Investors Education and Protection Fund.
2. The Company has loyalty programmes, which enable its customers to accumulate points based on their spends at the Company's hotels. Such points can be encashed at the Company's hotels or by purchase of merchandise. The above is the estimated liability against the loyalty programmes.

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

	<b>Rs. in Lakhs</b>	<b>Prev. Year Rs. in Lakhs</b>
<b>SCHEDULE "J"</b>		
<b>INCOME FROM HOTEL OPERATIONS:</b>		
a) Rooms, Restaurants, Banquets, and Other Services [Include sale of food, beverages, wine and liquor Rs. 4,413.48 Lakhs (Prev. Year Rs. 3,096.96 Lakhs) (Tax deducted at source Rs. 108.41 Lakhs) (Prev. Year Rs. 154.00 Lakhs)] [Net of Excise Duty of Rs. 3.98 Lakhs (Prev. Year Rs. 3.20 Lakhs)]	<b>12,146.93</b>	10,216.77
b) Income from Time-Share Business (See note below)	<b>255.62</b>	275.10
c) Management & Consultancy Fees (Tax deducted at source Rs. 9.55 Lakhs) (Prev. Year Rs. 16.66 Lakhs)	<b>232.14</b>	134.61
d) Other Operations	<b>2.27</b>	20.55
<b>TOTAL (A)</b>	<b>12,636.96</b>	10,647.03

**Note:**

The Company's business, inter-alia, is to sell Time Share and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fees is collected either in full upfront, or on a deferred payment basis. Out of the total membership fee, relevant portion reasonably attributable towards cost required to market Time Share, which is assessed and revised periodically, is recognized as Time Share income in the year in which the purchaser of Time Share becomes a member and the balance representing 'Advance towards members' facilities is being recognized as Time Share income equally over a period for which holiday facilities are provided commencing from the year in which the member is entitled to benefits of membership under the scheme. Annual subscription fee dues from timeshare members is recognized as income.

**SCHEDULE "K"**

**OTHER INCOME:**

a) Dividend (Gross)	-	0.80
b) Shop Licence Fees (Tax Deducted at source Rs. 0.76 Lakhs) (Prev. Year Rs. 1.16 Lakhs)	<b>41.26</b>	37.54
c) Gain on Foreign Exchange Difference (Net)	<b>16.01</b>	12.51
d) Leave and Licence Fees (Tax Deducted at source Rs. 5.83 Lakhs) (Prev. Year Rs. 0.64 Lakhs)	<b>58.26</b>	6.75
e) Surplus on Sale of Long Term Investments	-	52.93
f) Miscellaneous Income (Tax Deducted at source Rs. 1.54 Lakhs) (Prev. Year Rs. 1.01 Lakhs) (Note 2.3 and 2.14 (a) of Schedule 'N')	<b>143.96</b>	976.25
<b>TOTAL (B)</b>	<b>259.49</b>	1,086.78
<b>TOTAL [(A)+(B)]</b>	<b>12,896.45</b>	11,733.81



**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "L"</b>			
<b>OPERATING AND GENERAL EXPENSES:</b>			
<b>1. OPERATING EXPENSES:</b>			
<b>(a) CONSUMPTION OF PROVISIONS, WINES AND SMOKES:</b>			
Opening Stock	95.46		70.62
Purchases	1,235.75		921.17
	<u>1,331.21</u>		<u>991.79</u>
Less: Closing Stock	<u>106.37</u>		<u>95.46</u>
		<b>1,224.84</b>	<b>896.33</b>
<b>(b) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:</b>			
Salaries and Wages	2,487.16		2,069.29
Contribution to Provident and Employees State Insurance Fund	161.61		120.10
Provision for Leave Encashment	6.64		5.74
Retirement Gratuity	95.47		13.45
Workmen and Staff Welfare Expenses	<u>262.96</u>		<u>176.78</u>
		<b>3,013.84</b>	<b>2,385.36</b>
<b>(c) OTHER OPERATING EXPENSES:</b>			
Heat, Light and Power	1,100.29		1,220.42
Repairs to Building	91.34		76.85
Repairs to Plant and Machinery	175.09		141.30
Repairs to Others	152.96		133.06
Replacement of Operating Supplies	82.11		133.77
Expenses on Apartment and Board	671.69		504.88
Royalty and Fees on Sales	77.45		67.13
Commission and Discount	242.60		203.93
Music Expenses	123.82		124.35
RCI Time Share Membership Expenses	0.78		1.12
Washing and Laundry	185.98		147.54
Water Charges	<u>89.28</u>		<u>53.75</u>
		<b>2,993.39</b>	<b>2,808.10</b>
<b>2. GENERAL EXPENSES:</b>			
Rent	135.50		92.87
Licences, Rates and Taxes	359.68		333.51
Printing and Stationery	84.68		64.38
Expenses on Communication Services	101.25		89.38
Travelling and Conveyance	147.19		126.84
Insurance	42.39		34.79
Advertisement, Publicity and Sales Promotion	369.38		285.17
Legal and Professional Fees	247.36		157.88
Sitting Fees	<u>9.55</u>		<u>7.90</u>
Carried forward	<b>1496.98</b>		<b>1,192.72</b>
Carried forward		<b>7,232.07</b>	<b>6,089.79</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011.**

	Rs. in Lakhs	Rs. in Lakhs	Prev. Year Rs. in Lakhs
<b>SCHEDULE "L" (CONTD...)</b>			
<i>Brought forward</i>		<b>7,232.07</b>	6,089.79
<i>Brought forward</i>	<b>1496.98</b>		1,192.72
<b>2. GENERAL EXPENSES (CONTD...):</b>			
Sales-tax / Luxury Tax etc. including assessment dues	<b>25.51</b>		25.13
Donations	<b>0.48</b>		0.32
Bad Debts and Irrecoverable amounts written off (net)	<b>17.60</b>		3.69
Provision for Doubtful Debts / Advances	<b>43.69</b>		288.21
Amortisation of Expenses (Note 2.4(a) of Schedule 'N')	<b>0.92</b>		1.23
Loss on sale/discard of Fixed Assets (Net)	<b>21.62</b>		6.21
Auditors Remuneration	<b>12.98</b>		-
Miscellaneous Expenses	<b>77.99</b>		134.07
		<b>1,697.77</b>	1,651.58
<b>Total</b>		<b>8,929.84</b>	7,741.37
<b>SCHEDULE "M"</b>			
<b>INTEREST AND FINANCE CHARGES:</b>			
On Fixed Loans		<b>3,492.90</b>	3,292.29
On Other Loans		<b>99.98</b>	182.35
Other Borrowing Costs (Note 2.14(b) of Schedule 'N')		<b>170.96</b>	153.06
		<b>3,763.84</b>	3,627.70
<b>Less: Interest Income (Gross)</b>			
Deposit with Banks	<b>30.58</b>		97.76
Others	<b>10.88</b>		11.85
[Tax at source Rs. 112.69 Lakhs (Prev. Year Rs. 61.17 Lakhs)]		<b>41.46</b>	109.61
<b>Total</b>		<b>3,722.38</b>	3,518.09

**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS**

**1. Significant Accounting Policies:**

**1.1 Basis for preparation of financial statements:**

The Consolidated Financial Statements relate to **Kamat Hotels (India) Limited** ('the Company') its Subsidiaries, Jointly Controlled Entities and Associates, as at 31<sup>st</sup> March, 2011. The Company, its subsidiaries and jointly controlled entities constitute 'the Group'. The consolidated financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India ("Indian GAAP") and are in compliance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules 2006.

**1.2 Principles of Consolidation:**

- (a) The Consolidated Financial Statements have been prepared on the following basis:
- The financial statements of the Company and its Subsidiary have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard 21 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules 2006.
  - Interests in Jointly Controlled Entity have been accounted for by using the proportionate consolidation method as per Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures' as notified by the Companies (Accounting Standards) Rules 2006.
  - The financial statements of the Subsidiary and the Jointly Controlled Entity used in the consolidation are drawn upto the same reporting date as that date of the Company, i.e. 31<sup>st</sup> March, 2011.
  - The excess of cost to the Company of its investment in the Subsidiary and Jointly Controlled Entity over the Company's portion of equity, as at the date of making the investment, is treated as Goodwill on Consolidation.
  - The excess of Company's portion of equity of Subsidiary and Jointly Controlled Entity over the cost of acquisition of the respective investments, as at the date of making the investment, is treated as Capital Reserve.
  - Goodwill arising out of consolidation is not amortised. However the same is tested for impairment at each Balance Sheet date.
  - Minority Interest in the net assets of Subsidiaries consist of :
    - i) The amounts equity attributable to the minorities at the date on which investment in a subsidiary /Joint Venture is made, and;
    - ii) the minorities' share of the movements in equity since the date the parent subsidiary relationship came into existence.
- (b) The list of Subsidiary and Jointly Controlled Entity, which are included in the consolidation with their respective country of incorporation and the Group's holdings therein, is given below:-

**i) Subsidiary Company:**

Name of the Company	:	B W Highway Star Private Limited
Country of Incorporation	:	India
Holding %	:	79.16%
Date of becoming Subsidiary	:	21 <sup>st</sup> May 2009

**ii) Jointly Controlled Entity:**

Name of the Company	:	Ilex Developers & Resorts Limited
Country of Incorporation	:	India
Holding %	:	32.92%
Date of becoming Joint Venture	:	1 <sup>st</sup> March 2010

**1.3 Fixed assets and depreciation:**

Fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of acquisition includes inward freight, duties, taxes and other directly attributable incidental expenses including foreign exchange fluctuation gains / losses on depreciable assets and borrowing cost.

Depreciation on fixed assets is provided on the straight line method pro-rata to the period of use at the rates of

**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

depreciation prescribed in Schedule XIV to the Companies Act, 1956 which are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management's estimate of the useful life / remaining useful life. Buildings taken on lease and Leasehold Improvements are written off over the primary lease period. Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of purchase.

**1.4 Impairment:**

In accordance with Accounting Standard 28 Impairment of Assets (AS 28) as notified by the Companies (Accounting Standards) Rules 2006, the carrying amounts of the company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds, its recoverable amount.

**1.5 Leases:**

Lease payments under operating lease are recognised as an expense in the Profit and Loss Account as per the terms of the respective lease agreement.

Assets taken on finance lease are capitalized and finance charges are charged to Profit and Loss Account on accrual basis.

**1.6 Investments:**

Long term investments are carried at cost less any, diminution in value, other than temporary, determined separately for each individual investment.

**1.7 Long Term Deposits:**

Deposit amounts paid for acquiring management and other rights of enduring nature in the hotel and other properties owned by other parties for period exceeding ten years are classified as long term deposits.

Deposit amount received in respect of hotel & other properties owned by the Group for exploitation for a period exceeding ten years are classified as Long Term Trade Deposits.

**1.8 Inventories:**

Inventories are valued at lower of cost (weighted average basis) and net realizable value.

**1.9 Revenue Recognition:**

Revenues are derived primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue from fixed price contracts are recognized using the percentage completion method. Revenue yet to be billed is recognized as unbilled revenue. Amounts received on long term contracts are represented as advance billing and is recognized proportionately over the period of the contract. Reimbursement towards expenses incurred for providing services are included in the revenue and related expenses are shown separately. Sales and services are stated exclusive of taxes.

Interest income is recognized using the time proportion method based on the underlying interest rates. Dividends are recorded when the right to receive payment is established.

**1.10 Export Benefits Entitlement :**

Benefits arising out of Duty Free Scrips utilized for the acquisition of fixed assets are being adjusted against the cost of the related fixed assets.

**1.11 Foreign exchange transactions:**

Transactions in foreign currencies are recorded at the exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign currency transactions other than long term foreign currency items of assets and liabilities having a term of twelve months or more, and settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities denominated in foreign currency at the balance sheet date other than long term foreign currency items of assets and liabilities having a term of twelve months or more as discussed herein below, are translated at the year end exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account. Exchange differences relating to long term foreign currency items of assets and liabilities having a term of

**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

twelve months or more as covered in the Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11. The Effects of change in Foreign Exchange Rates (AS-11), notified by Government of India on 31<sup>st</sup> March 2009 in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the assets and depreciated over the balance useful life of the asset, and in other cases are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item in accordance with the aforesaid Notification (Refer Note 2.4 (a) of Schedule "N").

**1.12 Borrowing costs:**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. However, capitalization of such costs is suspended during extended periods in which active development of qualifying asset is interrupted. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized in the Profit and Loss Account. Interest income earned from temporary deposits out of borrowed money pending deployment of funds to the full extent or until qualifying assets is ready, is reduced from borrowing costs capitalized

**1.13 Provisions and contingent liabilities:**

Provision is created where there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

**1.14 Employee benefits:**

**(a) Provident Fund:**

Contribution to provident fund, which is a defined contribution scheme, is recognized as an expense in the profit and loss account in the year in which the contribution is made.

**(b) Compensated Absences:**

Provision for compensated absences is determined on the basis of actuarial valuation carried out by an independent actuary at the balance sheet date.

Contribution to a Group Gratuity Scheme administered by the Life Insurance Corporation of India. The Contributions are charged to the Profit and Loss Account. Provision is made for the difference between the actuarial valuation (determined as at the balance sheet date) and the funded balance on the basis of projected unit credit method carried out annually. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

**1.15 Taxation:**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

**1.16 Prior Period Adjustments, Extraordinary items and changes in Accounting Policies:**

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

**1.17 Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**2. Notes on Accounts :**

**2.1 Previous year comparatives:**

The figures for the previous year have been regrouped / rearranged wherever necessary.

**2.2 Contingent liabilities:**

- (a) Estimated amount of capital commitments to be executed on capital account and not provided for Rs.3,397.88 Lakhs (Previous Year Rs. 1,410.50 Lakhs) (Net of advances).
- (b) Disputed Income Tax Demand Rs. 731.29 Lakhs (Previous Year Rs.2.89 Lakhs):  
The above includes a disputed demand of Rs. 728.40 Lakhs (Previous Year Rs. Nil) raised on completion of assessment for assessment year 2008-09 during the year, which has been disputed by the Group in appeal, which is pending. Pending disposal of this appeal, the appeals of erstwhile The Himco (India) Limited, which got merged with the Group in earlier years have been decided in favour of the Group entitling it to the benefit of brought forward loss and unabsorbed depreciation, which can be set off against the income assessed for the assessment year 2008-09. On giving effect to these appeals and setting off the losses, etc., the disputed demand will be substantially reduced to Rs. 198.26 Lakhs. The matter is being followed up by the Group.
- (c) Open import licences Rs. 1,082.21 Lakhs (Previous Year Rs. 1,345.52 Lakhs) .
- (d) Obligation towards payments to project creditors for Rs.2,560.81 Lakhs (Previous Year Rs. 2792.60 Lakhs.)
- (e) Second charge on Hotel Property created in favour of Creditors for Rs. 1,700 Lakhs (Previous Year Rs. 1,857.22 Lakhs).
- (f) Counter Guarantees issued by the Company to secure Bank Guarantees Rs. 1,333.65 Lakhs (Previous Year Rs. 1,336.05 Lakhs).
- (g) Differential Interest payable on FCCBs on the basis of Yield To Maturity of 8.80% per annum, in the event of non-conversion of Bonds into equity Rs.Nil (Previous Year Rs.1,055.51 Lakhs)
- (h) Monetary value of unredeemed points in respect of Sales Promotion Scheme Rs.102.73 Lakhs (Previous Year Rs.83.73 Lakhs).

**2.3** The Group has been making provision for property tax based on bills raised by the local authorities from time to time. The Group had disputed the basis of assessment of rateable value of the Group's hotels at Vile Parle and Andheri, fixed by Mumbai Municipal Corporation in respect of property taxes, by filing appeals before an appropriate Court in earlier years. Appeals in respect of hotel at Vile Parle have either been disposed off by the Court during the previous year or withdrawn by the Group during the year, in view of receipt of approval by the local authorities for reduction of rateable value retrospectively. Accordingly, the excess provision for property tax for earlier years amounting to Rs. Nil (Previous Year Rs.677.91 Lakhs) has been written back during the year and included under Miscellaneous Income (Refer Schedule 'K'). The appeals in respect of the Group's hotel at Andheri are pending and adjustments, if any, in the books of accounts will be made on disposal of appeals.

**2.4 Prior Period Adjustments, Extraordinary items and changes in Accounting Policies:**

- (a) The Group has exercised the option granted vide Notification F.NO.17/33/2008-CL-V dated 31<sup>st</sup> March, 2009 issued by the Ministry of Corporate Affairs and, accordingly, the exchange difference/gain arising on revaluation of long term foreign currency monetary items for the year ended 31<sup>st</sup> March, 2011 has been recognized by deduction from the cost of the related assets of Rs. 160.54 Lakhs (Previous Year Gain of Rs. 1,045.71 Lakhs) so far it relates to depreciable capital assets and in other cases by transfer to “Foreign Currency Monetary Item Translation Difference Account” {“FCMITD Account”} to be amortized upto 31<sup>st</sup> March 2011. The Group has amortized Rs. 4.05 Lakhs (Previous Year Rs. 1.23 Lakhs) in the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and balance unamortized amount of Rs. Nil (Previous Year Rs.1.23 Lakhs) in the “FCMITD Account” has been carried forward to next year for being amortized as per the aforesaid Notification.
- (b) Exceptional item is in respect of Input Service Tax Credit of Rs. 55.07 Lakhs (Previous Year Rs.Nil) available to the Group in respect of cost of certain input services availed and charged to Profit and Loss Account in earlier years, which has been recognized in the current year based on experts' advice.
- (c) Prior period adjustments of Rs.19.59 Lakhs (Previous Year Rs. Nil) includes excess provision of Rs. 0.11 Lakhs (Previous Year Rs.Nil) income tax for earlier years and Rs.19.70 Lakhs (Previous Year Rs. Nil) in respect of certain expenses relating to earlier years.

**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**2.5 Segment Reporting:**

The Group's activities involve predominantly providing hospitality related services, which is considered to be a single business segment since these are subject to similar risks and returns. Further, services are not provided out of India and hence there are no reportable geographical segments. Accordingly, the financial statements are reflective of the information required by Accounting Standard 17 – Segment Reporting (AS-17) as notified by the Companies (Accounting Standards) Rule, 2006.

**2.6 Related Party Disclosures:**

**Related Parties where control exists:**

(a) Companies with common directors / shareholders:

Plaza Hotels Private Limited  
Kamats Development Private Limited  
Kamat Holiday Resorts Private Limited  
Kamats Holiday Resorts (Silvassa) Limited  
Vishal Amusements Limited  
Indira Investments Private Limited  
B W Highway Star Private Limited (Joint Venture) (upto 20<sup>th</sup> May 2009)  
Kamats Holdings Private Limited  
Kamat Hotels Private Limited  
Kamat Beachfront Hotels Private Limited  
Kamats Restaurants Private Limited

(b) Key Management Personnel -

Mr. Vithal V. Kamat - Executive Chairman & Managing Director  
Mr. Ramesh N. Shanbhag - Wholetime Director  
Mr. Vikram V. Kamat - Executive Director & also relative

(c) Other related parties with whom transactions have taken place during the year:

V. V.Kamat HUF -  
Unity Reality & Developers Ltd (investing party in B W Highway Star Private Limited – Subsidiary)

(d) Summary of transactions during the year with Related Parties entered into on commercial basis in the interest of the Company and approved by the Board and status of outstanding balances as on 31<sup>st</sup> March, 2011:

<b>(Rs in Lakhs)</b>				
<b>Sr. No.</b>	<b>Nature of transactions</b>	<b>Companies with common directors / shareholders</b>	<b>Key Management Personnel &amp; relatives*</b>	<b>Other related parties</b>
1	Gross Sale of services including Management & Consultancy Fees	8.45 (3.91)	Nil **	8.55 (Nil) (6.99)
2	Technical Consultancy Service Fees earned	Nil (85.89)	Nil (Nil)	Nil (Nil)
3	One Time Consideration received for Transfer of business.	Nil (0.20)	Nil (Nil)	Nil (Nil)
4	Purchase of goods & services	Nil (Nil)	5.25 (5.74)	Nil (Nil)
5	Consultancy Fees/Fees paid toward hotel property under Business Contract Agreement	75.98 (62.60)	Nil (Nil)	Nil (Nil)
6	Interest Earned on Loans & Advances given	Nil (39.48)	Nil (Nil)	Nil (Nil)



**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

<b>(Rs. in Lakhs)</b>				
<b>Sr. No.</b>	<b>Nature of transactions</b>	<b>Companies with common directors / shareholders</b>	<b>Key Management Personnel &amp; relatives*</b>	<b>Other related parties</b>
7	Interest paid	0.12 (47.13)	Nil (Nil)	Nil (43.10)
8	Dividend paid	Nil (105.83)	Nil (8.15)	Nil (1.67)
9	Security Deposit given / (Refunded)	Nil (5.00)	Nil (Nil)	Nil (Nil)
10	Investments in Shares/Share application money	Nil (0.40)	Nil (Nil)	Nil (Nil)
11	Preference shares redeemed/Sales of Investments	Nil (350.90)	Nil (Nil)	Nil (Nil)
12	Secured Non-convertible Redeemable Debentures repaid during the year	Nil (466.95)	Nil (Nil)	Nil (427.00)
13	Long Term Trade Deposit Taken	380.00 (115.22)	Nil (Nil)	Nil (Nil)
14	Advances given on Capital/Current Account	Nil (65.67)	Nil (Nil)	Nil (Nil)
15	<b>Balance outstanding at the year end:</b>			
(a)	Deposit paid incl. Under Business Contract Agreement	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
(b)	Amounts Payable	46.75 (10.50)	1.92 (7.88)	22.22 (23.70)
16	Corporate Guarantee / Personal Guarantee provided by Plaza Hotels Private Limited / Kamat Holiday Resorts (Silvassa) Ltd / Executive Chairman & Managing Director and Executive Director	51,289.76 (40,289.76)	56,789.76 (40,789.76)	Nil (Nil)
17	Company has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneswar in favour of a Bank on behalf of a Associate Company	440.75 (Nil)	Nil (Nil)	Nil (Nil)

\* Relatives of Key Management Personnel: Mrs. Vidya V. Kamat, and Ms. Vidita Kamat (wife and daughter of Mr. Vithal V. Kamat and mother and sister of Mr. Vishal Kamat and Mr. Vikram Kamat), Mrs. Sharda S. Kamat (sister of Mr. Vithal V. Kamat) and Mrs. Maya Shanbhag (wife of Mr. Ramesh N. Shanbhag).

\*\* Figure in brackets are for previous year.

**(e) Statement of Material Transactions:**

<b>(Rs in Lakhs)</b>		
<b>Name of Related Party</b>	<b>Current Year</b>	<b>Previous Year</b>
<b>Companies with Common Directors / Shareholders</b>		
<b>Vishal Amusements Limited-</b>		
Redemption of preference Shares	Nil	350.00
<b>Plaza Hotels Private Limited</b>		
- Fees paid towards hotel property under Business Contract Agreement	67.81	62.60
- Interest Paid	Nil	16.85
- Dividend Paid	Nil	38.59
- Secured Non -convertible Redeemable Debentures redeemed	Nil	166.95

SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)

(e) Statement of Material Transactions (contd..)

Name of Related Party	(Rs. in Lakhs)	
	Current Year	Previous Year
- Deposit paid incl. Under Business Contract Agreement	8,000.00	8,000.00
- Amounts Payable	43.51	10.48
- Corporate Guarantee provided by the above for securing loans taken by the Company/Group	45,789.76	35,789.76
<b>Kamats Holiday Resorts (Silvassa) Limited</b>		
- Interest Paid	Nil	15.14
- Secured Non-convertible Redeemable Debentures redeemed	Nil	150.00
- Corporate Guarantee provided by the above for securing loans taken by the Company	4,500.00	4,500.00
<b>Kamat Holiday Resorts Private Limited</b>		
- Interest Paid	Nil	15.14
- Secured Non-convertible Redeemable Debentures redeemed	Nil	150.00
- Inter Corporate Deposit taken	380.00	Nil
<b>Kamats Restaurants Private Limited</b>		
- One time consideration received for transfer of business to sister concern	Nil	0.20
Technical Consultancy Fees paid	8.17	Nil
Amounts Payable	2.45	Nil
<b>Kamats Holdings Private Limited</b>		
- Dividend Paid	Nil	18.00
<b>Indira Investments Private Limited</b>		
- Dividend Paid	Nil	18.35
<b>Kamats Development Private Limited</b>		
- Security Deposit refunded	Nil	5.00
<b>Key Management Personnel &amp; Relatives</b>		
<b>Vithal V. Kamat</b>		
- Royalty paid for Brand	4.65	4.54
- Amounts Payable	1.92	7.88
- Personal Guarantee provided by him for securing loans taken by the Company / Group	51,789.76	38,289.76
<b>Vishal V. Kamat</b>		
- Personal Guarantee provided by him for securing loans taken by the Company / Group	2,500.00	2,500.00
<b>Vikram V. Kamat</b>		
- Personal Guarantee provided by him for securing loans taken by the Company / Group	2,500.00	Nil
<b>Mrs. Maya Shanbhag</b>		
- Purchase of Goods and Services	0.60	1.20
<b>Other Related Parties</b>		
<b>Vithal V. Kamat-HUF</b>		
- Gross Sale of services including Management and Consultancy Fees	8.55	6.99
- Interest paid	Nil	43.10
- Secured Non-convertible Redeemable Debentures Redeemed	Nil	427.00
-Interest payable on NCD	22.22	23.70

**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**2.7 Leases:**

The Group's significant leasing arrangements are in respect of operating leases for premises. These leasing arrangements, which are not non-cancellable, range between eleven months and nine years generally or longer and are usually renewable by mutual consent on mutually agreeable terms.

The aggregate lease rentals payable are charged as rent and aggregate licence fees income from shops and other spaces on leave and licence basis are shown as Licence Fees.

Future commitments in respect of minimum lease payments payable for non-cancellable operating leases (other than land) entered into by the Group:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Payable within one year –	<b>475.81</b>	465.45
Payable later than one year but not later than five years –	<b>1,893.38</b>	1,881.38
Payable after five years -	<b>17,573.42</b>	18,143.86

The Group also has finance leasing arrangements in respect of vehicles. Future commitments in respect of minimum installments payable under Finance schemes:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Minimum Installments		
Payable within one year –	<b>Nil</b>	0.29
Payable later than one year but not later than five years –	<b>Nil</b>	Nil
Present value of Minimum installments		
Payable within one year –	<b>Nil</b>	0.28
Payable later than one year but not later than five years –	<b>Nil</b>	Nil

The Group has given shops and other spaces on Leave and Licence basis in respect of which future minimum licence fees receipts expected:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Receivable within one year –	<b>104.82</b>	96.39
Receivable later than one year but not later than five years –	<b>75.50</b>	124.83
Receivable after five years -	<b>Nil</b>	Nil

**2.8 Earnings per share:**

**Basic & Diluted:**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Profit after tax as per Accounts: (Rs. in Lakhs)	<b>(1,001.72)</b>	(146.55)
No. of Shares issued	<b>1,43,03,681</b>	1,31,97,395
Nominal Value of Share (Rupees)	<b>10.00</b>	10.00
Weighted average no. of Shares – Basic	<b>1,43,03,681</b>	1,31,97,395
Weighted average no. of Shares – Diluted	<b>1,90,93,395</b>	1,67,34,995
<b>Basic E.P.S. (Rupees) : (Rupees)</b>	<b>(7.00)</b>	(1.11)
<b>Diluted E.P.S. (Rupees): (See Note below)</b>	<b>(7.00)</b>	(1.11)

Note: Since the Diluted EPS was anti-dilutive, the effect of anti-dilutive potential equity share is ignored in calculating diluted EPS in terms of AS – 20

**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**2.9 Deferred Tax:**

a) Major Components of Deferred Tax Asset and Deferred Tax Liability:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
<b>Deferred tax liability</b>		
Difference in depreciation.	2,998.46	2,751.40
Loss on Foreign Exchange under AS-11 Notification	201.64	243.12
<b>Total</b>	<b>3,200.10</b>	<b>2,994.52</b>
<b>Deferred tax assets</b>		
Expenses allowable for tax purpose on payment basis	111.96	64.95
Unabsorbed Depreciation / Business Loss	34.42	227.00
Long Term Capital Loss	9.04	9.04
Provision for doubtful debts	63.75	54.96
<b>Total</b>	<b>219.17</b>	<b>355.95</b>
<b>Deferred Tax Liability (net)</b>	<b>2,980.92</b>	<b>2,638.57</b>
<b>Incremental Liability</b>	<b>342.35</b>	

b) Major Components of Deferred Tax Asset and Deferred Tax Liability:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
<b>Deferred tax liability</b>		
Difference in depreciation.	492.67	Nil
<b>Total</b>	<b>492.67</b>	<b>Nil</b>
<b>Deferred tax asset</b>		
Expenses allowable for tax purpose on payment basis	(17.05)	Nil
Unabsorbed Depreciation / Business Loss	961.70	Nil
Long Term Capital Loss	Nil	Nil
Provision for doubtful debts	Nil	Nil
<b>Total</b>	<b>944.65</b>	<b>Nil</b>
<b>Deferred Tax Asset (net)</b>	<b>451.98</b>	<b>Nil</b>
<b>Incremental Asset</b>	<b>451.98</b>	

**2.10 Employee Benefits:**

The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized and charged off for the year are as under:

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Contribution to Provident Fund	130.81	94.53

**Defined Benefit Plan – Gratuity**

**(a) Kamat Hotels (India) Limited:**

The employees’ gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**(b) B W Highway Star Private Limited / Ilex Developers & Resorts Limited:**

The above companies account for the net present value of their obligation for gratuity benefits based on an independent actuarial valuation determined on the basis of the Projected Unit Credit method carried out annually. Actuarial gains and losses are recognised in the Profit and Loss Account immediately.

**Defined Benefit Plan – Compensated Absences:**

Provision for compensated absences is determined on the basis of an independent actuarial valuation carried out at the Balance Sheet date.

**Gratuity (Funded):**

Particulars	Current Year (Rs. in Lakhs)	Previous Year (Rs. in Lakhs)
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	140.21	136.46
Current Service Cost	35.08	24.49
Interest Cost	3.02	2.10
Actuarial (gain) / loss	37.43	25.14
Benefits paid	(5.80)	(47.97)
Defined Benefit obligation at year end	209.94	140.21
<b>b. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	90.94	79.49
Expected return on plan assets	9.59	6.50
Employer contribution	49.63	26.05
Benefits Paid	(5.80)	(47.97)
Actuarial gain/(loss)	7.05	(26.86)
Fair value of plan assets at year end	137.31	90.94
Actual return on plan assets	9.59	6.50
<b>c. Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets as at 31 <sup>st</sup> March, 2011	137.31	90.94
Present value of obligation as at 31 <sup>st</sup> March, 2011	209.94	140.21
Amount recognised in Balance Sheet	75.53	51.73
<b>d. Net Gratuity and other cost for the year</b>		
Current Service Cost	35.08	24.49
Interest Cost	3.02	2.10
Expected return on plan assets	(9.59)	(6.50)
Actuarial (gain) / loss	37.43	25.14
Net Cost	65.93	45.22
<b>e. Investment Details</b>	<b>% invested</b>	<b>% invested</b>
L.I.C. Group Gratuity (Cash Accumulation) Policy	100	100
<b>f. Actuarial assumptions</b>		
Mortality Table (L.I.C.)	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>
Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	9.15%	9.15%
Rate of escalation in salary (per annum)	5%	5%
Employers Best estimate of expected contribution for next year	75.53	51.73

**SCHEDULE "N" FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**Gratuity (Non Funded):**

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous year (Rs. in Lakhs)</b>
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	1.59	Nil
Current Service Cost	1.77	1.59
Interest Cost	0.13	Nil
Actuarial (gain) / loss	(1.22)	Nil
Benefits paid	Nil	Nil
Defined Benefit obligation at year end	2.26	1.59
<b>b. Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets as at 31 <sup>st</sup> March, 2011	2.26	1.59
Present value of obligation as at 31 <sup>st</sup> March, 2011	2.26	1.59
Amount recognised in Balance Sheet	Nil	Nil
<b>c. Net Gratuity and other cost for the year</b>		
Actuarial (gain) / loss	(1.22)	Nil
Current Service Cost	1.77	0.79
Interest Cost	0.13	Nil
Net Cost	0.67	0.79
<b>d. Actuarial assumptions</b>		
Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	5%	5%

**Compensated Absences (Non Funded):**

<b>Particulars</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
<b>a. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	132.44	182.28
Current Service Cost	4.49	3.68
Interest Cost	0.34	Nil
Benefits paid	(0.10)	Nil
Actuarial (gain) / loss	(2.26)	(53.52)
Defined Benefit obligation at year end	134.92	132.44
<b>b. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31 <sup>st</sup> March, 2011	134.92	132.44
Amount recognised in Balance Sheet	134.92	132.44
<b>c. Expenses recognised during the year</b>		
Actuarial (gain) / loss	(2.26)	(53.52)
Current Service Cost	4.49	0.42
Interest Cost	0.34	Nil
Net Cost	2.57	(53.10)

**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

The estimated of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary and relied upon by the auditors.

**2.11** The Proportionate share of assets, Liabilities, Income and expenditure in the Jointly Controlled Entity included in these consolidated Financial Statements are given below:

Name of the Jointly Controlled Entity	:	Ilex Developers & Resorts Limited
Percentage of Interest	:	32.92%

	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
<b>ASSETS</b>		
Fixed Assets (Net Block)	<b>968.92</b>	483.60
Deferred Tax Assets (Net)	<b>8.75</b>	0.64
Current Assets, Loans and Advances	<b>31.85</b>	1.30
Miscellaneous Expenditure	<b>Nil</b>	0.92
<b>LIABILITIES</b>		
Reserves and Surplus	<b>Nil</b>	Nil
Secured Loans	<b>689.79</b>	Nil
Unsecured Loans	<b>Nil</b>	17.25
Current Liabilities and Provisions	<b>45.26</b>	59.38

**2.12 Statement Pursuant to Section 212(8) of The Companies Act, 1956, Relating to Subsidiary Company.**

	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
<b>ASSETS</b>		
Fixed Assets (Net Block)	<b>33,880.93</b>	32,257.98
Deferred Tax Assets (Net)	<b>443.23</b>	Nil
Current Assets, Loans and Advances	<b>599.38</b>	565.51
Profit and Loss Account	<b>1,459.94</b>	1,163.36
<b>LIABILITIES</b>		
Capital	<b>1,176.47</b>	1,176.47
Reserves and Surplus	<b>6,379.63</b>	6,379.63
Secured Loans	<b>16,121.53</b>	16,121.53
Unsecured Loans	<b>10,414.06</b>	5,147.65
Current Liabilities and Provisions	<b>2,291.78</b>	4,361.57
Turnover	<b>614.32</b>	435.48
Profit/(loss) before Taxation	<b>(739.80)</b>	(608.00)
Deferred Tax Asset	<b>224.65</b>	Nil
Profit/(loss) after Taxation	<b>(515.15)</b>	(608.00)
Proposed Dividend	<b>Nil</b>	Nil



**SCHEDULE “N” FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011. (Contd..)**

**2.13** Micro, Small and Medium enterprises as defined under MSMED Act, 2006 have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

<b>Particular</b>	<b>Current Year (Rs. in Lakhs)</b>	<b>Previous Year (Rs. in Lakhs)</b>
Dues remaining unpaid at the year end:		
- Principal	<b>12.60</b>	25.22
- Interest	<b>4.41</b>	3.84
Interest paid in terms of Section 16 of the Act	<b>Nil</b>	Nil
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	<b>0.56</b>	3.31
Amount of interest accrued and remaining unpaid at the year end	<b>4.41</b>	3.85
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	<b>0.12</b>	0.19

- 2.14.** (a) Miscellaneous Income of Rs. 292.02 Lakhs (Previous Year Rs. 968.89 Lakhs) includes Insurance claim of Rs. 21.25 Lakhs (Previous Year Rs. 27.65 lakhs) and Excess Provision and Sundry Credits written back of Rs. 50.85 Lakhs (Previous Year Rs. 199.65 Lakhs).
- (b) Other Borrowing Costs of Rs. 170.97 Lakhs (Previous Year Rs. 153.06 Lakhs) in Schedule ‘M’ include Rs. 38.86 Lakhs (Previous Year Rs. Nil) being notional foreign exchange loss of the nature referred to in clause 4 (e) of Accounting Standard 16 - Borrowing Costs (AS 16) as notified by the Companies (Accounting Standards) Rule, 2006.

**Signature on the above Consolidated Accounts**

**Vithal V. Kamat**  
Executive Chairman & Managing Director

**Ramesh N. Shanbhag**  
Wholtime Director

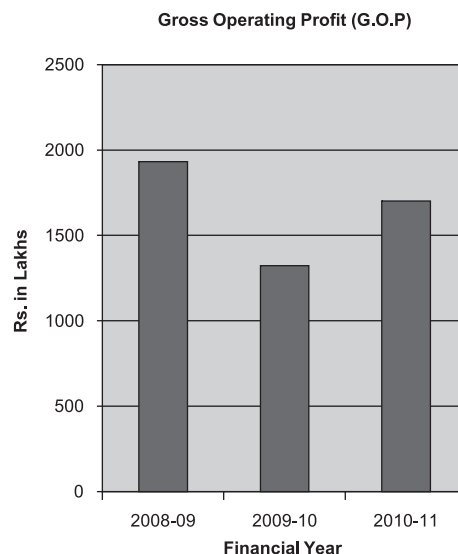
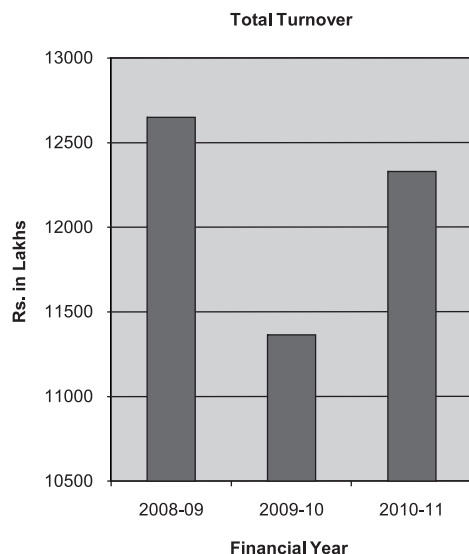
**Vikram V. Kamat**  
Executive Director

**Mahesh Kandoi**  
Company Secretary

**Kurian Chandy**  
Chief Financial Officer

Mumbai: 28<sup>th</sup> May, 2011

**PERFORMANCE BAR CHARTS (STANDALONE)**





**MUMBAI, MAHARASHTRA**



**NAGPUR, MAHARASHTRA**



**NASHIK, MAHARASHTRA**



**AURANGABAD, MAHARASHTRA**



**PUNE, MAHARASHTRA**



**BHUBANESWAR, ORISSA**



**DELHI**



**MURUD HARNAI,  
MAHARASHTRA**



**SILVASSA,  
UNION TERRITORY**



**ARONDA,  
MAHARASHTRA**



**GOA**



**KONARK, ORISSA**



**UDAIPUR, RAJASTHAN**



THE  
**ORCHID**<sup>®</sup>  
— FIVE STAR ECOTEL HOTEL —  
FRIENDLY. ECO-FRIENDLY

ECOTEL<sup>®</sup> - The Hallmark of Environmentally Sensitive Hotels  
A Unit of Kamat Hotels (India) Ltd.

**MUMBAI, MAHARASHTRA**



THE  
**ORCHID**<sup>®</sup>  
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ECOTEL<sup>®</sup> - The Hallmark of Environmentally Sensitive Hotels  
A Unit of Kamat Hotels (India) Ltd.

**PUNE, MAHARASHTRA**



Fort  
**Jadhav GADHI**  
A Gadhi Heritage Hotel

Ladh, Jhagadh, Aage Badh...

**PUNE, MAHARASHTRA**



Fort  
**Mahodadhi**  
A Gadhi Heritage Hotel

**PURI, ORISSA**





## KAMAT HOTELS (INDIA) LIMITED

### ATTENDANCE SLIP

**Registered Office:** KHIL House, 70-C, Nehru Road,  
Near Santacruz Airport, Vile Parle (East), Mumbai - 400 099

DP Id**	
---------	--

Master Folio No.	
------------------	--

Client Id**	
-------------	--

No. of Share(s) held	
----------------------	--

I hereby record my presence at the Twenty-Fourth Annual General Meeting of the Company 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 24<sup>th</sup> September, 2011 at 2.00 p.m.

NAME OF SHAREHOLDER/PROXY\* .....

SIGNATURE OF SHAREHOLDER/PROXY\* .....

\* Strike out whichever is not applicable

\*\* Applicable for investors holding shares in electronic form

Note: Shareholder / Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand it over at the entrance of the Meeting venue duly signed.



## KAMAT HOTELS (INDIA) LIMITED

### PROXY FORM

**Registered Office:** KHIL House, 70-C, Nehru Road,  
Near Santacruz Airport, Vile Parle (East), Mumbai - 400 099

DP Id**	
---------	--

Master Folio No.	
------------------	--

Client Id**	
-------------	--

No. of Share(s) held	
----------------------	--

I/We .....of .....  
being a Member/Members of the above named Company hereby appoint ..... of  
..... or failing him/her..... of  
..... or failing him/her..... of  
..... as my / our proxy to attend and vote for me / us on my / our  
behalf at the Twenty-Fourth Annual General Meeting of the Company to 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 24<sup>th</sup> September, 2011 at 2.00 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2011

Please affix  
Re.1 Revenue  
Stamp here

\*\* Applicable for investors holding shares in electronic form.

Signature

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the Commencement of the Meeting.