

KAMAT HOTELS (INDIA) LIMITED

70-C, Nehru Road, Vile Parle (East), Mumbai - 400 099

BALANCE SHEET AS AT 31ST MARCH, 2003

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SOURCES OF FUNDS:</u>				
SHAREHOLDERS' FUNDS:				
Share Capital	A	113,313,600		113,313,600
Reserves & Surplus	B	<u>626,115,540</u>	739,429,140	<u>641,063,220</u> 754,376,820
LOAN FUNDS:				
Secured Loans	C	912,042,946		883,545,366
Unsecured Loans	D	<u>90,920,580</u>	1,002,963,526	<u>97,437,898</u> 980,983,264
DEFERRED TAX LIABILITY (NET)			41,181,992	37,289,566
TOTAL			<u>1,783,574,658</u>	<u>1,772,649,650</u>
<u>APPLICATION OF FUNDS:</u>				
FIXED ASSETS:				
E				
Gross Block (At Cost)		1,768,425,920		1,731,569,208
Less: Depreciation		<u>173,898,823</u>		<u>132,746,681</u>
Net Block		1,594,527,097		1,598,822,527
Capital Work-In-Progress		<u>31,893,310</u>		<u>31,893,310</u>
		1,626,420,407	1,626,420,407	1,630,715,837
INVESTMENTS:				
	F		1,714,100	1,711,000
CURRENT ASSETS, LOANS & ADVANCES:				
G				
Inventories		16,892,521		15,226,990
Sundry Debtors		25,116,104		23,435,975
Cash & Bank Balances		59,861,506		41,889,506
Loans & Advances		158,868,944		143,963,346
		<u>260,739,075</u>		<u>224,515,817</u>
Carried Forward			<u>1,628,134,507</u>	<u>1,632,426,837</u>

BALANCE SHEET CONTD...

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward			1,628,134,507	1,632,426,837
Brought Forward		260,739,075		224,515,817
LESS: CURRENT LIABILITIES & PROVISIONS:	H	<u>113,964,227</u>		<u>102,879,923</u>
NET CURRENT ASSETS:			146,774,848	121,635,894
MISCELLANEOUS EXPENDITURE: (To the extent not written off)	I		8,665,303	18,586,919
TOTAL			<u>1,783,574,658</u>	<u>1,772,649,650</u>

**SIGNIFICANT ACCOUNTING POLICIES &
NOTES ON ACCOUNTS:**

M

Signature on the above Balance Sheet & Schedule "A" to "I" and "M".

As per our report of even date

For J. G. VERMA & CO.
Chartered Accountants

For ANAY GOGTE & CO.
Chartered Accountants

V. V. Kamat
Chairman & Managing Director

J.G. Verma
Partner

A. R. Gogte
Proprietor

K. P. Kannampilly
Wholetime Technical Director

P.R. Hinduja
General Manager-Finance

Mrs. V. K. Kumar
Company Secretary

Directors

Mumbai: 28th July, 2003

KAMAT HOTELS (INDIA) LIMITED

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>INCOME:</u>				
Rooms, Restaurants, Bar, Banquets & Other Income	J		458,650,910	454,460,477
TOTAL			<u>458,650,910</u>	<u>454,460,477</u>
<u>EXPENDITURE:</u>				
Operating & General Expenses	K		267,290,989	258,425,389
Interest and Financial Charges	L		143,416,671	152,022,388
Depreciation			42,753,119	42,024,404
TOTAL			<u>453,460,779</u>	<u>452,472,181</u>
PROFIT FOR THE YEAR BEFORE TAX			5,190,131	1,988,296
Less: Provision for Current Tax (Including Wealth Tax)		410,300		163,000
Provision for Deferred Tax (Including Rs.11,13,788/- fo Previous year) (Previous Year Rs.Nil)		<u>3,713,599</u>		<u>1,743,084</u>
			<u>4,123,899</u>	<u>1,906,084</u>
PROFIT AFTER TAX BUT BEFORE ADJUSTMENTS			1,066,232	82,212
LESS: PRIOR PERIOD ADJUSTMENTS (NET) [Including for Tax of Rs. 47,368/-](Prev.year Rs. 1,72,048/-)			356,688	(147,959)
NET PROFIT AFTER ADJUSTMENTS			<u>709,544</u>	<u>230,171</u>
ADD: SURPLUS BROUGHT FORWARD FROM LAST YEAR			485,802	627,056
ADD: TRANSFERRED FROM GENERAL RESERVE			5,000,000	5,000,000
TOTAL			<u>6,195,346</u>	<u>5,857,227</u>

Contd...

PROFIT & LOSS ACCOUNT CONTD...(31.03.2003)

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
APPROPRIATIONS:				
Proposed Dividend on Equity Shares [Tax free (Subject to tax for Prev. year)]		5,371,425		5,371,425
Tax on Proposed Dividend		688,214		-
		<hr/>	6,059,639	<hr/> 5,371,425
Balance Profit Carried to Balance Sheet			135,707	485,802
TOTAL			<hr/> <hr/> 6,195,346	<hr/> <hr/> 5,857,227
Basic and Diluted Earnings Per Share	M (10)		0.07	0.02

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:

M

Signature on the above Profit & Loss Account & Schedule "J" to "M".

As per our report of even date

For J. G. VERMA & CO.
Chartered Accountants

For ANAY GOGTE & CO.
Chartered Accountants

V. V. Kamat
Chairman & Managing Director

J.G. Verma
Partner

A. R. Gogte
Proprietor

K. P. Kannampilly
Wholetime Technical Director

P.R. Hinduja
General Manager-Finance

Mrs. V. K. Kumar
Company Secretary

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Mumbai: 28th July, 2003

KAMAT HOTELS (INDIA) LIMITED

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "A"</u>		
<u>SHARE CAPITAL:</u>		
AUTHORISED:		
1,55,00,000 Equity Shares of Rs. 10/- each.	155,000,000	155,000,000
1,45,00,000 Cum. Red. Preference Shares of Rs. 10/- each	145,000,000	145,000,000
TOTAL	<u>300,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP:		
1,07,42,850 Equity Shares of Rs. 10/- each, fully paid up	107,428,500	107,428,500
Forfeited Shares Account	5,885,100	5,885,100
TOTAL	<u>113,313,600</u>	<u>113,313,600</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
SCHEDULE "B"			
RESERVES & SURPLUS:			
SHARE PREMIUM ACCOUNT			
As per last accounts	564,473,900		564,473,900
Less: Deduction during the year (Refer Note 11 of Significant Accounting Policies)	<u>9,418,758</u>	555,055,142	<u>-</u> 564,473,900
DEBENTURE REDEMPTION RESERVE:			
As per last accounts	500,000		60,000,000
Less: Transferred to General Reserve	<u>-</u>	500,000	<u>59,500,000</u> 500,000
CAPITAL REDEMPTION RESERVE:			
As per last accounts		26,650,000	26,650,000
GENERAL RESERVE:			
As per last accounts	48,953,518		30,000,000
Add: Transferred from Debenture Redemption Reserve	<u>-</u> 48,953,518		<u>59,500,000</u> 89,500,000
Less: Deferred Tax Liability on Initial Adoption (Refer Note 11 (b) on Accounts)	<u>178,827</u> 48,774,691		<u>35,546,482</u> 53,953,518
Less: Transferred to Profit & Loss Account	<u>5,000,000</u>	43,774,691	<u>5,000,000</u> 48,953,518
Surplus as per Profit & Loss Account		135,707	485,802
TOTAL		<u>626,115,540</u>	<u>641,063,220</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "C"</u>			
<u>SECURED LOANS:</u>			
1. DEBENTURES:			
5,850 (Prev. Year 12,00,000) 14% Fully Secured Non-Convertible Debentures of Rs. 100/- each. (Note 1)	585,000		120,000,000
Less: 2,550 (Prev. Year 11,94,150) Debentures redeemed during the year	<u>255,000</u> 330,000		<u>119,415,000</u> 585,000
Less: Allotment Money unpaid by others	<u>102,500</u>		<u>102,500</u>
		227,500	482,500
2. TERM LOANS:			
A. FINANCIAL INSTITUTIONS:			
1. Industrial Development Bank of India: [Limit Rs. 37.75 Crores] (Note 2)		357,500,000	367,500,000
2. SICOM Limited (Limit Rs. 18.50 Crores) (Note 3)		160,600,000	170,200,000
B. FROM A BANK:			
(a) Medium Term Loan (Limit Rs. 14.00 Crores) [Note 2]		128,446,790	135,846,790
(b) Corporate Term Loan (Limit Rs. 24.00 Crores) [Note 2]		237,441,932	-
(c) Term Loan (Limit 25.00 Crores) (Note 4) (Repaid)		-	181,237,810
3. CASH CREDIT FACILITY FROM A BANK (Note 5)		23,882,604	23,209,424
4. HOUSING LOAN FROM HOUSING DEVELOPMENT FINANCE CORPORATION LTD. (Limit Rs. 7.00 Lakhs) (Note 6)		75,640	247,360
5. INTEREST ACCRUED & DUE		3,868,480	4,821,482
TOTAL		<u>912,042,946</u>	<u>883,545,366</u>

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
SCHEDULE "F"			
INVESTMENTS:			
LONG TERM - TRADE (AT COST)			
EQUITY SHARES (QUOTED)			
1	Bank of Punjab Limited 26,100 Equity Shares of Rs. 10/- each, fully paid up.	261,000	261,000
2	Fortune Financial Services Limited 39,700 Equity Shares of Rs. 10/- each, fully paid up.	1,191,000	1,191,000
3	Indusind Bank Limited 1,600 Equity Shares of Rs. 10/- each, fully paid up.	72,000	72,000
4	Punjab National Bank Limited 100 Equity Shares of Rs. 10/- each, fully paid up.(acquired during the year)	3,100	-
5	Suvarna Apparel & Fashion Exports Limited 10,000 Equity Shares of Rs. 10/- each, fully paid up.	100,000	100,000
		1,627,100	1,624,000
IN GOVERNMENT SECURITIES:			
	6 Years National Savings Certificates (Deposited with Government Departments to the extent of Rs. 32,000/-)	87,000	87,000
	TOTAL	1,714,100	1,711,000
Aggregate of quoted investments:			
	At Cost	1,627,100	1,624,000
	At Market Value	648,944	728,335
Aggregate of unquoted investments:			
	At Cost	87,000	87,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
SCHEDULE "G"			
CURRENT ASSETS, LOANS & ADVANCES:			
CURRENT ASSETS:			
INVENTORIES:			
(Valued and Certified by the Management)			
Food & Beverages	2,788,349		2,013,993
(At Cost/Weighted Average Cost)			
Stores & Operating Supplies	14,104,172		13,212,997
(At lower of Cost/weighted average cost and net realisable Value)			
		16,892,521	15,226,990
Sundry Debtors: (Unsecured, considered good, unless otherwise stated)			
Over six months (Incl. Rs.9,65,610./- considered doubtful)	4,187,549		2,724,986
Others	21,894,165		21,378,889
	26,081,714		24,103,875
Less: Provision for Doubtful Debts	965,610		667,900
		25,116,104	23,435,975
Cash & Bank Balances:			
On Hand (Including Cheques on hand)	13,646,282		10,249,591
With Scheduled Banks:			
Current Account	18,610,843		18,135,180
Deposit Account	27,600,000		13,500,000
	59,857,125		41,884,771
With Other Bank (See Note 20 on Accounts)	4,381		4,735
		59,861,506	41,889,506
LOANS & ADVANCES:			
(Unsecured, considered good, unless otherwise stated)			
Inter-Corporate Deposits (Secured) [See Note 16 (a) on Accounts]	20,000,000		20,000,000
Advances Recoverable in cash or kind or for value to be received	10,833,136		9,763,560
Interest receivable	22,494,209		22,610,406
Deposits	80,322,735		62,996,175
Prepaid Expenses	5,368,332		4,082,954
Staff Advances	1,006,092		667,076
Payment of Income-tax	18,844,440		23,843,175
		158,868,944	143,963,346
TOTAL		260,739,075	224,515,817

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "H"</u>			
<u>CURRENT LIABILITIES & PROVISIONS:</u>			
CURRENT LIABILITIES:			
Sundry Creditors (Include due to Directors Rs. 32,40,932/-) (Prev. Year Rs. 14,48,934/-)		76,216,377	56,804,437
Interest accrued but not due		15,318,517	21,478,482
Unclaimed Dividend		592,676	530,314
Advance against share application money		-	40,000
		<u>92,127,570</u>	<u>78,853,233</u>
PROVISIONS:			
Provision for Taxation	9,037,300		13,473,100
Provision for Gratuity	3,259,242		2,591,099
Provision for Earned Leave	3,480,476		2,591,066
Proposed Dividend	5,371,425		5,371,425
Tax on Proposed Dividend	<u>688,214</u>		-
		<u>21,836,657</u>	<u>24,026,690</u>
TOTAL		<u><u>113,964,227</u></u>	<u><u>102,879,923</u></u>

SCHEDULE "I"**MISCELLANEOUS EXPENDITURE:**

(To the extent not written off)

Share & Debenture Issue Expenses (Refer Note 11 of Significant Accounting Policies)		-	9,418,758
Pre-Operative Expenses		-	1,419,672
Deferred Revenue Expenses		8,665,303	7,748,489
TOTAL		<u><u>8,665,303</u></u>	<u><u>18,586,919</u></u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2003**

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "J"</u>			
<u>ROOMS, RESTAURANTS, BAR, BANQUETS AND OTHER INCOME:</u>			
1. a) Rooms, Restaurants, Banquets, and Other Services	397,286,516		406,567,468
[Include sale of food, beverages, etc. Rs. 9,74,41,862/- (Prev. Year 9,17,63,289/-)] (Tax deducted at source Rs.62,46,623/-) (Prev. year Rs. 41,56,993/-)			
b) Wines and Liquors	24,799,775		22,871,382
c) Communication Services	16,535,700		16,801,242
d) Management Fees (Tax Deducted at source Rs. 1,65,428) (Prev. Year Rs. Nil)	3,556,191		423,877
e) Income from Tours & Travel Division (Tax Deducted at source Rs. Nil) (Prev. Year Rs. 1,857/-)	-		523,753
f) Income from Institute of Hotel Management	3,232,250		2,814,675
		445,410,432	450,002,397
2. Other Income:			
a) Dividend (Gross) (Tax Deducted at source Rs. 3,798/-) (Prev. Year Rs. Nil)	36,170		129,820
b) Interest (Gross) (Tax Deducted at source Rs. 1,48,747/-) (Prev. Year Rs. 1,76,936/-)	1,878,273		1,289,518
c) Excess Provisions/Credits Written Back (Including Liabilities not payable, written back)	6,166,531		623,585
d) Shop Licence Fees (Tax Deducted at source Rs. 1,94,310/-) (Prev. Year Rs. 1,72,034/-)	841,165		766,642
f) Miscellaneous Income (Tax Deducted at source Rs. Nil) (Prev. Year Rs.22,811/-) (Refer Note 18 on Accounts)	4,318,339		1,648,515
		13,240,478	4,458,080
TOTAL		458,650,910	454,460,477

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2003**

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "K"</u>			
<u>OPERATING AND GENERAL EXPENSES:</u>			
1. OPERATING EXPENSES:			
(a) CONSUMPTION OF PROVISIONS, WINES & SMOKES:			
i) Provisions, Beverages (excluding Wines and Liquor) and Smokes			
Opening Stock	981,622		1,487,956
Purchases	28,878,978		27,041,698
	29,860,600		28,529,654
Less: Closing Stock	1,242,653		981,622
		28,617,947	27,548,032
ii) Wines and Liquor			
Opening Stock	1,032,371		1,075,229
Purchases	6,933,207		5,493,386
	7,965,578		6,568,615
Less: Closing Stock	1,545,696		1,032,371
		6,419,882	5,536,244
		35,037,829	33,084,276
(b) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries and Wages	49,805,274		48,169,014
Contribution to Provident and Employees State Insurance Fund	4,228,282		4,083,738
Provision for Leave Encashment	889,410		406,105
Provision for Gratuity	668,143		556,318
Remuneration to Staff deputed to the Company	7,910,809		6,329,548
Workmen and Staff Welfare Expenses	6,543,657		6,464,395
		70,045,575	66,009,118
Carried Forward		105,083,404	99,093,394

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2003**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		105,083,404	99,093,394
(c) OTHER OPERATING EXPENSES:			
Power & Fuel	29,736,553		25,946,916
Licences, Rates & Taxes	19,941,535		19,400,980
Repairs to Building	2,079,952		2,761,049
Repairs to Plant & Machinery	5,838,122		5,625,088
Repairs to Others	2,938,639		3,558,077
Replacements	3,329,601		2,632,766
Expenses on Apartment and Board	16,320,330		15,154,711
Expenses of Tours & Travels Division	-		438,058
Washing and Laundry (Net)	3,347,677		4,383,359
Water Charges	<u>2,001,252</u>		<u>2,666,904</u>
		85,533,661	82,567,908
2. GENERAL EXPENSES:			
Printing & Stationery	2,538,982		3,370,453
Expenses on Communication Services	5,438,661		6,707,065
Travelling & Conveyance	5,338,156		5,140,195
Insurance	2,914,545		2,123,025
Advertisement, Publicity & Sales Promotion	23,660,120		24,129,324
Royalty & Fees on Sales	6,500,223		6,484,394
Commission & Discount	9,332,722		10,706,462
Music Expenses	4,538,122		3,655,012
Legal, Professional & Consultancy Fees [Including fees to Managing Director Rs.30,00,000/- (Prev. Year 13,50,000/-)]	5,913,560		5,770,191
Sitting Fees	330,000		260,000
Carried Forward	<u>66,505,091</u>		<u>68,346,121</u>
Carried Forward		<u>190,617,065</u>	<u>181,661,302</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2003**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		190,617,065	181,661,302
Brought Forward	66,505,091		68,346,121
2. GENERAL EXPENSES (CONTD...) :			
Sales-tax / Luxury Tax assessment dues	227,848		16,822
Donations	19,705		28,852
Bad Debts & Irrecoverable amounts written off (net) (Including Provision for Doubtful Debts of Rs. 2,97,710/-) (Previous Year Rs. 4,43,884/-)	1,605,575		447,651
Amortisation of Expenses	1,766,781		4,316,417
Loss on sale of Investments	-		75,952
Loss on sale of Fixed Assets	963,054		-
General Expenses	<u>5,585,870</u>		<u>3,532,272</u>
		<u>76,673,924</u>	<u>76,764,087</u>
TOTAL		<u><u>267,290,989</u></u>	<u><u>258,425,389</u></u>

SCHEDULE "L"**INTEREST AND FINANCIAL CHARGES :**

On Fixed Loans (Including Prepayment Premium)		125,735,793	144,876,973
On Other Loans		15,365,878	5,955,415
Financial Charges		2,315,000	1,190,000
TOTAL		<u><u>143,416,671</u></u>	<u><u>152,022,388</u></u>

KAMAT HOTELS (INDIA) LIMITED**2002-2003****EARNING PER SHARE (31.03.2003)**

	RUPEES	PREV. YEAR RUPEES
Profit after tax	1,066,232.00	82,212.00
Less: Adjustments	<u>356,688.00</u>	<u>(147,959.00)</u>
	709,544.00	230,171.00
Less: Preference Dividend	-	-
Tax on Dividned	-	-
	<u>-</u>	<u>-</u>
	<u>709,544.00</u>	<u>230,171.00</u>
No. of Equity Shares	10,742,850.00	10,742,850.00
EPS	0.07	0.02

DILUTED EARNING PER SHARE (31.03.2003)

Profit after tax	709,544	
Add: Interest to IDBI	54,552,246	
Less: I. Tax @ 36.75%	<u>20,047,950</u>	
	34,504,296	
	<u>35,213,840</u>	
No. of Shares	10,742,850	
No. of shares to be issued to IDBI	<u>35,750,000</u>	
Total	<u>46,492,850</u>	
Diluted EPS	0.76	