

KAMAT HOTELS (INDIA) LIMITED

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

BALANCE SHEET AS AT 31ST MARCH, 2004

	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>631,874,267</u>	745,187,867	<u>626,115,540</u> 739,429,140
LOAN FUNDS:				
Secured Loans	C	909,289,543		912,042,946
Unsecured Loans	D	<u>97,257,052</u>	1,006,546,595	<u>90,920,580</u> 1,002,963,526
DEFERRED TAX LIABILITY (NET)			45,265,949	41,181,992
TOTAL			<u><u>1,797,000,411</u></u>	<u><u>1,783,574,658</u></u>
<u>APPLICATION OF FUNDS:</u>				
FIXED ASSETS:				
	E			
Gross Block (At Cost)		1,777,256,220		1,768,425,920
Less: Depreciation		<u>215,514,008</u>		<u>173,898,823</u>
Net Block		1,561,742,212		1,594,527,097
Capital Work-In-Progress		<u>33,022,305</u>		<u>31,893,310</u>
		1,594,764,517	1,594,764,517	1,626,420,407
INVESTMENTS:	F		1,664,100	1,714,100
CURRENT ASSETS, LOANS & ADVANCES:				
	G			
Inventories		20,334,770		16,892,521
Sundry Debtors		31,102,710		25,116,104
Cash & Bank Balances		74,680,009		59,861,506
Loans & Advances		169,850,839		158,868,944
Carried Forward		<u>295,968,328</u>		<u>260,739,075</u>
Carried Forward			<u>1,596,428,617</u>	<u>1,628,134,507</u>

BALANCE SHEET CONTD...

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward			1,596,428,617	1,628,134,507
Brought Forward		295,968,328		260,739,075
LESS: CURRENT LIABILITIES & PROVISIONS:	H	<u>99,812,238</u>		<u>113,964,227</u>
NET CURRENT ASSETS:			196,156,090	146,774,848
MISCELLANEOUS EXPENDITURE: (To the extent not written off)	I		4,415,704	8,665,303
TOTAL			<u>1,797,000,411</u>	<u>1,783,574,658</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

Mrs. V. K. Kumar
Company Secretary

Directors

Mumbai: 24th July, 2004

KAMAT HOTELS (INDIA) LIMITED

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>INCOME:</u>				
Rooms, Restaurants, Bar, Banquets & Other Income	J		489,665,649	458,650,910
TOTAL			<u>489,665,649</u>	<u>458,650,910</u>
<u>EXPENDITURE:</u>				
Operating & General Expenses	K		295,120,988	267,290,989
Interest and Financial Charges	L		138,605,005	143,416,671
Depreciation			43,743,294	42,753,119
TOTAL			<u>477,469,287</u>	<u>453,460,779</u>
PROFIT FOR THE YEAR BEFORE TAX			12,196,362	5,190,131
Less: Provision for Current Tax (Prev. Year incl. Wealth Tax)		940,000		410,300
Provision for Deferred Tax		4,083,957		3,713,599
			<u>5,023,957</u>	<u>4,123,899</u>
PROFIT AFTER TAX BUT BEFORE ADJUSTMENTS			7,172,405	1,066,232
LESS: PRIOR PERIOD ADJUSTMENTS (NET)			201,750	356,688
[Including for Tax of Rs. (1,276/-)](Prev. year Rs. 47,368/-)]				
NET PROFIT AFTER ADJUSTMENTS			<u>6,970,655</u>	<u>709,544</u>
ADD: PROFIT & LOSS ACCOUNT:				
SURPLUS BROUGHT FORWARD FROM LAST YEAR		135,707		485,802
PROPOSED DIVIDEND & TAX THEREON REVERSE		6,059,639		-
(Refer Note 17)				
			<u>6,195,346</u>	<u>485,802</u>
ADD: TRANSFERRED FROM GENERAL RESERVE			-	5,000,000
TOTAL			<u>13,166,001</u>	<u>6,195,346</u>

Contd...

PROFIT & LOSS ACCOUNT CONTD...(31.03.2004)

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
APPROPRIATIONS:				
Proposed Dividend on Equity Shares (Tax Free)		6,445,710		5,371,425
Tax on Proposed Dividend		825,857		688,214
			7,271,567	6,059,639
Balance Profit Carried to Balance Sheet			5,894,434	135,707
TOTAL			13,166,001	6,195,346
Basic and Diluted Earnings Per Share	M (9)		0.65	0.07

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
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Company Secretary

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Mumbai: 24th July, 2004

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, 2004

	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "A"</u>		
<u>SHARE CAPITAL:</u>		
AUTHORISED:		
15,500,000 Equity Shares of Rs. 10/- each.	155,000,000	155,000,000
14,500,000 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:		
10,742,850 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, 2004

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "B"</u>			
<u>RESERVES & SURPLUS:</u>			
SHARE PREMIUM ACCOUNT			
As per last accounts	555,055,142		564,473,900
Less: Deduction during the year	<u>-</u>		<u>9,418,758</u>
		555,055,142	555,055,142
DEBENTURE REDEMPTION RESERVE:			
As per last accounts		500,000	500,000
CAPITAL REDEMPTION RESERVE:			
As per last accounts		26,650,000	26,650,000
GENERAL RESERVE:			
As per last accounts	43,774,691		48,953,518
Less: Deferred Tax Liability on Initial Adoption	<u>-</u>		<u>178,827</u>
	43,774,691		48,774,691
Less: Transferred to Profit & Loss Account	<u>-</u>		<u>5,000,000</u>
		43,774,691	43,774,691
Surplus as per Profit & Loss Account		5,894,434	135,707
TOTAL		<u>631,874,267</u>	<u>626,115,540</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "C"</u>			
<u>SECURED LOANS:</u>			
1. DEBENTURES:			
3,300 (Prev. Year 5,850) 14% Fully Secured Non-Convertible Debentures of Rs. 100/- each. (Note 1)	330,000		585,000
Less: 1,450 (Prev. Year 2,550) Debentures redeemed during the year	<u>145,000</u> 185,000		<u>255,000</u> 330,000
Less: Allotment Money unpaid by others	<u>77,500</u>		<u>102,500</u>
		107,500	227,500
2. TERM LOANS:			
A. FINANCIAL INSTITUTIONS:			
1. Industrial Development Bank of India: (Limit Rs. 37.75 Crores) (Note 2)		-	357,500,000
2. SICOM Limited (Limit Rs. 18.50 Crores) (Note 2)		-	160,600,000
B. FROM BANKS:			
1. Medium Term Loan (Limit Rs. 14.00 Crores) (Note 3)		121,010,988	128,446,790
2. Corporate Term Loan (Limit Rs. 24.00 Crores) (Note 4)		211,715,405	237,441,932
3. Term Loan (Limit 14.08 Crores) (Forex Loan) (Note 5)		137,918,265	-
4. Term Loan (Limit 35.75 Crores) (Rupee Loan) (Note 5)		357,500,000	-
5. Term Loan (Limit 5.00 Crores) (Rupee Loan) (Note 6)		41,285,423	-
3. CASH CREDIT FACILITY FROM A BANK (Note 7)		35,741,559	23,882,604
4. HOUSING LOAN FROM HOUSING DEVELOPMENT FINANCE CORPORATION LTD. (Limit Rs. 7.00 Lakhs) (Note 8)		-	75,640
5. INTEREST ACCRUED & DUE		4,010,403	3,868,480
TOTAL		<u>909,289,543</u>	<u>912,042,946</u>

Contd...

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULES CONTD...

	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "D"</u>		
<u>UNSECURED LOANS:</u>		
1. Short Term Loans & Advances:		
From Banks (Due to issue of cheques)	1,712,578	139,733
2. Vehicle Loans from Banks	2,721,967	3,977,490
3. 12.50% 8,939,500 Unsecured Non-Convertible Debentures of Rs. 10/- each, fully paid up (Redeemable on 15.03.2005)	89,395,000	-
4. From Promoters	-	85,175,850
5. Security Deposits	3,427,507	1,627,507
TOTAL	<u>97,257,052</u>	<u>90,920,580</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "F"</u>			
<u>INVESTMENTS:</u>			
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.	3,100	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	1,627,100
IN GOVERNMENT SECURITIES:			
	6 Years National Savings Certificates (Deposited with Government Departments to the extent of Rs. 12,000/-) (Prev. year Rs. 32,000/-)	37,000	87,000
	TOTAL	1,664,100	1,714,100
Aggregate of quoted investments:			
	At Cost	1,627,100	1,627,100
	At Market Value	1,079,706	648,944
Aggregate of unquoted investments:			
	At Cost	37,000	87,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
SCHEDULE "G"			
CURRENT ASSETS, LOANS & ADVANCES:			
CURRENT ASSETS:			
INVENTORIES:			
(Valued and Certified by the Management)			
Food & Beverages	2,753,447		2,788,349
(At Cost/Weighted Average Cost)			
Stores & Operating Supplies	17,581,323		14,104,172
(At lower of Cost/weighted average cost and net realisable Value)			
		20,334,770	16,892,521
Sundry Debtors: (Unsecured, considered good, unless otherwise stated)			
Over six months (Incl. Rs.10,15,611/- considered doubtful) (Prev. year Rs. 9,65,610/-)	5,851,700		4,187,549
Others	26,266,621		21,894,165
	32,118,321		26,081,714
Less: Provision for Doubtful Debts	1,015,611		965,610
		31,102,710	25,116,104
Cash & Bank Balances:			
On Hand (Including Cheques on hand)	22,948,467		13,646,282
With Scheduled Banks:			
Current Account	16,470,271		18,610,843
Deposit Account	35,261,271		27,600,000
	74,680,009		59,857,125
With Other Bank (See Note 18 on Accounts)	-		4,381
		74,680,009	59,861,506
LOANS & ADVANCES:			
(Unsecured, considered good, unless otherwise stated)			
Inter-Corporate Deposits (Secured) [See Note 15 (a) on Accounts]	20,000,000		20,000,000
Advances Recoverable in cash or kind or for value to be received	17,580,189		10,833,136
Interest receivable	23,596,418		22,494,209
Deposits	85,677,147		80,322,735
Prepaid Expenses	4,217,472		5,368,332
Staff Advances	1,144,226		1,006,092
Payment of Income-tax	17,635,387		18,844,440
		169,850,839	158,868,944
TOTAL		295,968,328	260,739,075

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2004

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. 124,433/-) (Prev. Year Rs. 32,40,932/-)		73,306,431	76,216,377
Interest accrued but not due		395,110	15,318,517
Unclaimed Dividend		505,443	592,676
		74,206,984	92,127,570
PROVISIONS:			
Provision for Taxation	9,567,300		9,037,300
Provision for Gratuity	4,263,203		3,259,242
Provision for Earned Leave	4,503,184		3,480,476
Proposed Dividend (Refer Note 17)	6,445,710		5,371,425
Tax on Proposed Dividend	825,857		688,214
		25,605,254	21,836,657
TOTAL		99,812,238	113,964,227
<u>SCHEDULE "I"</u>			
<u>MISCELLANEOUS EXPENDITURE:</u>			
(To the extent not written off)			
Deferred Revenue Expenses		4,415,704	8,665,303
TOTAL		4,415,704	8,665,303

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2004**

	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	432,206,873		397,286,516
[Include sale of food, beverages, etc. Rs. 11,35,50,840/- (Prev. Year 9,74,41,862/-)] (Tax deducted at source Rs.48,58,732/-) (Prev. Year Rs. 62,46,623/-)			
b) Wines and Liquors	31,028,603		24,799,775
c) Communication Services	15,143,357		16,535,700
d) Management Fees (Tax Deducted at source Rs. 1,21,706/-) (Prev. Year Rs. 1,65,428/-)	2,202,635		3,556,191
e) Income from Institute of Hotel Management	<u>3,473,600</u>		<u>3,232,250</u>
		484,055,068	<u>445,410,432</u>
2. Other Income:			
a) Dividend (Gross) (Tax Deducted at source Rs. Nil) (Prev. Year Rs. 3,798/-)	19,805		36,170
b) Interest (Gross) (Tax Deducted at source Rs. 4,11,935/-) (Prev. Year Rs. 1,48,747/-)	2,543,090		1,878,273
c) Excess Provisions/Credits Written Back (Including Liabilities not payable, written back)	46,862		6,166,531
d) Shop Licence Fees (Tax Deducted at source Rs. 1,92,750/-) (Prev. Year Rs. 1,94,310/-)	925,596		841,165
f) Miscellaneous Income	2,075,228		4,318,339
		<u>5,610,581</u>	<u>13,240,478</u>
TOTAL		<u><u>489,665,649</u></u>	<u><u>458,650,910</u></u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2004**

	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	1,242,654		981,622
Purchases	32,018,943		28,878,978
	33,261,597		29,860,600
Less: Closing Stock	1,143,980	32,117,617	1,242,653
			28,617,947
ii) Wines and Liquor			
Opening Stock	1,545,695		1,032,371
Purchases	7,032,226		6,933,207
	8,577,921		7,965,578
Less: Closing Stock	1,609,467	6,968,454	1,545,696
		39,086,071	6,419,882
			35,037,829
(b) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries and Wages	53,199,584		49,805,274
Contribution to Provident and Employees State Insurance Fund	4,417,348		4,228,282
Provision for Leave Encashment	1,022,708		889,410
Provision for Gratuity	1,154,132		668,143
Remuneration to Personnel deputed to the Company	9,407,638		7,910,809
Workmen and Staff Welfare Expenses	8,805,117	78,006,527	6,543,657
Carried Forward		117,092,598	70,045,575
			105,083,404

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2004**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		117,092,598	105,083,404
(c) OTHER OPERATING EXPENSES:			
Power & Fuel	27,471,775		29,736,553
Licences, Rates & Taxes	21,087,578		19,941,535
Repairs to Building	2,108,651		2,079,952
Repairs to Plant & Machinery	7,182,642		5,838,122
Repairs to Others	4,696,158		2,938,639
Replacements	2,933,505		3,329,601
Expenses on Apartment and Board	16,629,356		16,320,330
Washing and Laundry (Net)	4,275,797		3,347,677
Water Charges	<u>2,489,194</u>		<u>2,001,252</u>
		88,874,656	85,533,661
2. GENERAL EXPENSES:			
Printing & Stationery	2,930,195		2,538,982
Expenses on Communication Services	7,535,909		5,438,661
Travelling & Conveyance	5,635,240		5,338,156
Insurance	2,907,437		2,914,545
Advertisement, Publicity & Sales Promotion	22,843,537		23,660,120
Royalty & Fees on Sales	7,095,567		6,500,223
Commission & Discount	10,598,871		9,332,722
Music Expenses	6,312,427		4,538,122
Legal & Professional Fees [Including fees to Managing Director Rs.30,00,000/- (Prev. Year 30,00,000/-)]	5,959,441		5,913,560
Financial Consultancy Charges	8,207,856		-
Sitting Fees	240,000		330,000
Carried Forward	<u>80,266,480</u>		<u>66,505,091</u>
Carried Forward		<u>205,967,254</u>	<u>190,617,065</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2004**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		205,967,254	190,617,065
Brought Forward	80,266,480		66,505,091
2. GENERAL EXPENSES (CONTD...) :			
Sales-tax / Luxury Tax etc. assessment dues	590,247		227,848
Donations	220,006		19,705
Bad Debts & Irrecoverable amounts written off (net) (Including Provision for Doubtful Debts of Rs.50,001/-) (Previous Year Rs. 297,710/-)	56,259		1,605,575
Amortisation of Expenses	481,667		1,766,781
Loss on sale of Fixed Assets (Net)	-		963,054
Premium paid for Sales Tax Deferral Benefit	3,333,332		-
General Expenses	<u>4,205,743</u>		<u>5,585,870</u>
		89,153,734	<u>76,673,924</u>
TOTAL		<u>295,120,988</u>	<u>267,290,989</u>

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

On Fixed Loans (Including Prepayment Premium)		119,081,784	125,735,793
On Other Loans		14,738,951	15,365,878
Financial Charges		4,784,270	2,315,000
TOTAL		<u>138,605,005</u>	<u>143,416,671</u>

