

KAMAT HOTELS (INDIA) LIMITED

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

BALANCE SHEET AS AT 31ST MARCH, 2005

	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>660,418,233</u>	773,731,833	<u>631,874,267</u> 745,187,867
LOAN FUNDS:				
Secured Loans	C	892,899,992		909,289,543
Unsecured Loans	D	<u>5,569,855</u>	898,469,847	<u>97,257,052</u> 1,006,546,595
DEFERRED TAX LIABILITY (NET)			79,273,359	45,265,949
TOTAL			<u><u>1,751,475,039</u></u>	<u><u>1,797,000,411</u></u>
<u>APPLICATION OF FUNDS:</u>				
FIXED ASSETS:				
	E			
Gross Block (At Cost)		1,813,443,544		1,777,256,220
Less: Depreciation		<u>259,459,390</u>		<u>215,514,008</u>
Net Block		1,553,984,154		1,561,742,212
Capital Work-In-Progress		<u>76,353,809</u>	1,630,337,963	<u>81,884,495</u> 1,643,626,707
INVESTMENTS:	F		1,639,100	1,664,100
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>				
	G			
Inventories		21,621,628		20,334,770
Sundry Debtors		41,548,791		31,102,710
Cash & Bank Balances		60,717,243		74,680,009
Loans & Advances		114,467,056		120,988,649
Carried Forward		<u>238,354,718</u>		<u>247,106,138</u>
Carried Forward			<u><u>1,631,977,063</u></u>	<u><u>1,645,290,807</u></u>

BALANCE SHEET CONTD...

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward			1,631,977,063	1,645,290,807
Brought Forward		238,354,718		247,106,138
LESS: CURRENT LIABILITIES & PROVISIONS:	H	<u>120,491,163</u>		<u>99,812,238</u>
NET CURRENT ASSETS:			117,863,555	147,293,900
MISCELLANEOUS EXPENDITURE: (To the extent not written off)	I		1,634,421	4,415,704
TOTAL			<u>1,751,475,039</u>	<u>1,797,000,411</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

G. N. Shenoy
Chief Financial Officer

R. V. Joshi
Company Secretary

Directors

Mumbai: 4th June, 2005

KAMAT HOTELS (INDIA) LIMITED

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>INCOME:</u>				
Rooms, Restaurants, Bar, Banquets & Other Income	J		540,321,544	489,665,649
TOTAL			<u>540,321,544</u>	<u>489,665,649</u>
<u>EXPENDITURE:</u>				
Operating & General Expenses	K		317,159,064	295,120,988
Interest and Financial Charges	L		96,505,953	138,605,005
Depreciation			44,481,154	43,743,294
TOTAL			<u>458,146,171</u>	<u>477,469,287</u>
PROFIT FOR THE YEAR BEFORE TAX			82,175,373	12,196,362
Less: Provision for Current Tax		7,120,000		940,000
Provision for Deferred Tax		34,007,410		4,083,957
Provision for Wealth Tax		7,200		-
			<u>41,134,610</u>	<u>5,023,957</u>
PROFIT AFTER TAX BUT BEFORE ADJUSTMENTS			41,040,763	7,172,405
LESS: PRIOR PERIOD ADJUSTMENTS (NET)			349,991	201,750
[Including for Tax of Rs. Nil (Prev.year Rs. 1,276/-)]				
NET PROFIT AFTER ADJUSTMENTS			<u>40,690,772</u>	<u>6,970,655</u>
ADD: PROFIT & LOSS ACCOUNT:				
SURPLUS BROUGHT FORWARD FROM LAST YEAR		5,894,434		135,707
PROPOSED DIVIDEND & TAX THEREON REVERSED		-		6,059,639
			<u>5,894,434</u>	<u>6,195,346</u>
TOTAL			<u>46,585,206</u>	<u>13,166,001</u>

Contd...

PROFIT & LOSS ACCOUNT CONTD...(31.03.2005)

	SCHEDULE	RUPEES	RUPEES	PREV. YEAR RUPEES
APPROPRIATIONS:				
Proposed Dividend on Equity Shares (Tax Free)		-		6,445,710
Interim Dividend on Equity Shares (Tax Free)		10,742,850		-
Tax on Proposed Dividend		-		825,857
Tax on Interim Dividend		1,403,956		-
			12,146,806	7,271,567
Balance Profit Carried to Balance Sheet			34,438,400	5,894,434
TOTAL			46,585,206	13,166,001
Basic and Diluted Earnings Per Share	M (9)		3.79	0.65

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
Wholtime Technical Director

G. N. Shenoy
Chief Financial Officer

R. V. Joshi
Company Secretary

Directors

Mumbai: 4th June, 2005

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, 2005

	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, 2005

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	555,055,142
DEBENTURE REDEMPTION RESERVE:			
As per last accounts	500,000		500,000
Less: Transferred to General Reserve	<u>400,000</u>		<u>-</u>
		100,000	500,000
CAPITAL REDEMPTION RESERVE:			
As per last accounts		26,650,000	26,650,000
GENERAL RESERVE:			
As per last accounts	43,774,691		43,774,691
Add: Transferred from Debenture Redemption Reserve	<u>400,000</u>		<u>-</u>
		44,174,691	43,774,691
Surplus in Profit & Loss Account		34,438,400	5,894,434
TOTAL		<u>660,418,233</u>	<u>631,874,267</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "C"</u>			
<u>SECURED LOANS:</u>			
1. DEBENTURES:			
(a) 1,850 (Prev. Year 3,300) 14% Fully Secured Non-Convertible Debentures of Rs. 100/- each. [Note 1(a)]	185,000		330,000
Less: 150 (Prev. Year 1,450) Debentures Redeemed during the year	<u>15,000</u> 170,000		<u>145,000</u> 185,000
Less: Allotment Money unpaid by others	<u>70,000</u> 100,000		<u>77,500</u> 107,500
Less: Transferred to Current Liabilities	<u>100,000</u>	-	<u>-</u> 107,500
(b) 8,939,500 (Prev. Year Nil) 12% Secured Non-Convertible Debentures of Rs. 10/- each (Issued during the year) [Note 1(b)]		89,395,000	-
		<u>89,395,000</u>	<u>107,500</u>
2. TERM LOANS:			
FROM BANKS:			
a) Medium Term Loan (Limit Rs. 14.00 Crores) (Note 2)		102,460,988	121,010,988
b) Corporate Term Loan (Limit Rs. 24.00 Crores) (Note 3)		181,102,979	211,715,405
c) Term Loan (Limit 14.08 Crores) (Forex Loan) (Note 4)		114,233,199	137,918,265
d) Term Loan (Limit 35.75 Crores) (Rupee Loan) (Note 4)		340,000,000	357,500,000
e) Term Loan (Limit 5.00 Crores) (Rupee Loan) (Note 5)		28,301,686	41,285,423
3. CASH CREDIT FACILITY FROM A BANK (Note 6)		35,139,019	35,741,559
4. INTEREST ACCRUED & DUE		2,267,121	4,010,403
TOTAL		<u><u>892,899,992</u></u>	<u><u>909,289,543</u></u>

Contd...

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

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)	982,209	1,712,578
2. Vehicle Loans from Banks	1,160,139	2,721,967
3. Nil (Prev. Year 8,939,500) 12.50% Unsecured Non-Convertible Redeemable Debentures of Rs. 10/- each, fully paid up (Redeemed on 15.03.2005)	-	89,395,000
4. Security Deposits	3,427,507	3,427,507
TOTAL	<u>5,569,855</u>	<u>97,257,052</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

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. 12,000/-)		12,000	37,000
TOTAL		1,639,100	1,664,100
Aggregate of quoted investments:			
At Cost		1,627,100	1,627,100
At Market Value		1,758,715	1,079,706
Aggregate of unquoted investments:			
At Cost		12,000	37,000

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

SCHEDULES CONTD...

	RUPEES	RUPEES	PREV. YEAR RUPEES
<u>SCHEDULE "G"</u>			
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>			
CURRENT ASSETS:			
INVENTORIES:			
(Valued and Certified by the Management)			
Food & Beverages	3,955,855		2,753,447
(At Cost/Weighted Average Cost)			
Stores & Operating Supplies	17,665,773		17,581,323
(At lower of Cost/weighted average cost and net realisable Value)			
		21,621,628	20,334,770
Sundry Debtors: (Unsecured, considered good, unless otherwise stated)			
Over six months (Incl. Rs.10,15,611/- considered doubtful) (Prev. year Rs. 10,15,611/-)	10,006,893		5,851,700
Others	32,557,509		26,266,621
	42,564,402		32,118,321
Less: Provision for Doubtful Debts	1,015,611		1,015,611
		41,548,791	31,102,710
Cash & Bank Balances:			
On Hand (Including Cheques on hand)	14,757,542		22,948,467
With Scheduled Banks:			
Current Account	36,785,489		16,470,271
Deposit Account	4,974,212		35,261,271
With Other Bank (See Note 16 on Accounts) Deposit Account	4,200,000		-
		60,717,243	74,680,009
LOANS & ADVANCES:			
(Unsecured, considered good, unless otherwise stated)			
Inter-Corporate Deposits (Secured) [Refer Note 14 (a & b) on Accounts]	20,000,000		20,000,000
Advances Recoverable in cash or kind or for value to be received	3,543,136		17,580,189
Interest receivable	22,181,037		23,596,418
Deposits	37,308,750		36,814,957
Prepaid Expenses	4,724,768		4,217,472
Staff Advances	1,453,177		1,144,226
Payment of Income-tax	25,256,188		17,635,387
		114,467,056	120,988,649
TOTAL		238,354,718	247,106,138

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2005

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. 81,902/-) (Prev. Year Rs. 1,24,433/-)		75,272,000	73,306,431
Interest Accrued But Not Due		416,129	395,110
Unclaimed Debentures		131,223	-
Unclaimed Dividend		589,461	505,443
Interim Dividend Payable (since paid)		10,742,850	-
		87,151,663	74,206,984
PROVISIONS:			
Provision for Taxation	16,694,500		9,567,300
Provision for Gratuity	4,580,886		4,263,203
Provision for Earned Leave	4,564,114		4,503,184
Provision for Contingencies [Refer Note 14 (b) on Accounts]	7,500,000		-
Proposed Dividend	-		6,445,710
Tax on Proposed Dividend	-		825,857
		33,339,500	25,605,254
TOTAL		120,491,163	99,812,238

SCHEDULE "I"**MISCELLANEOUS EXPENDITURE:**

(To the extent not written off)

Deferred Revenue Expenses		1,634,421	4,415,704
TOTAL		1,634,421	4,415,704

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2005**

	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	480,499,644		432,206,873
[Include sale of food, beverages, etc. Rs. 11,27,28,879/- (Prev. Year 11,35,50,840/-)] (Tax deducted at source Rs.42,89,464/-) (Prev. Year Rs. 48,58,732/-)			
b) Wines and Liquors	35,647,822		31,028,603
c) Communication Services	13,196,101		15,143,357
d) Management Fees (Tax Deducted at source Rs. 1,42,290/-) (Prev. Year Rs. 1,21,706/-)	2,502,383		2,202,635
e) Income from Institute of Hotel Management	3,537,854		3,473,600
		535,383,804	484,055,068
2. Other Income:			
a) Dividend (Gross) (Tax Deducted at source Rs. Nil) (Prev. Year Rs. Nil)	17,100		19,805
b) Interest (Gross) (Tax Deducted at source Rs. 1,87,654/-) (Prev. Year Rs. 4,11,935/-)	1,067,029		2,543,090
c) Excess Provisions/Credits Written Back (Including Liabilities not payable, written back)	46,792		46,862
d) Shop Licence Fees (Tax Deducted at source Rs. 2,12,906/-) (Prev. Year Rs. 1,92,750/-)	1,018,192		925,596
f) Miscellaneous Income	2,788,627		2,075,228
		4,937,740	5,610,581
TOTAL		540,321,544	489,665,649

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2005**

	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	1,143,980		1,242,654
Purchases	35,475,124		32,018,943
	36,619,104		33,261,597
Less: Closing Stock	2,057,561		1,143,980
		34,561,543	32,117,617
ii) Wines and Liquor			
Opening Stock	1,609,467		1,545,695
Purchases	8,042,870		7,032,226
	9,652,337		8,577,921
Less: Closing Stock	1,898,293		1,609,467
		7,754,044	6,968,454
		42,315,587	39,086,071
(b) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries and Wages	58,104,670		53,199,584
Contribution to Provident and Employees State Insurance Fund	4,765,576		4,417,348
Provision for Leave Encashment	60,930		1,022,708
Provision for Gratuity	1,100,599		1,154,132
Remuneration to Personnel deputed to the Company	10,802,286		9,407,638
Workmen and Staff Welfare Expenses	7,462,117		8,805,117
		82,296,178	78,006,527
Carried Forward		124,611,765	117,092,598

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2005**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		124,611,765	117,092,598
(c) OTHER OPERATING EXPENSES:			
Heat, Light & Power	28,673,458		27,471,775
Licences, Rates & Taxes	20,546,650		21,087,578
Repairs to Building	3,311,045		2,108,651
Repairs to Plant & Machinery	6,908,017		7,182,642
Repairs to Others	4,982,826		4,696,158
Replacements	3,857,702		2,933,505
Expenses on Apartment and Board	19,622,842		16,629,356
Washing and Laundry (Net)	4,671,195		4,275,797
Water Charges	<u>2,276,990</u>		<u>2,489,194</u>
		94,850,725	88,874,656
2. GENERAL EXPENSES:			
Printing & Stationery	2,565,820		2,930,195
Expenses on Communication Services	6,038,094		7,535,909
Travelling & Conveyance	6,254,449		5,635,240
Insurance	2,657,020		2,907,437
Advertisement, Publicity & Sales Promotion	25,601,155		22,843,537
Royalty & Fees on Sales	6,521,651		7,095,567
Commission & Discount	11,842,412		10,598,871
Music Expenses	7,043,348		6,312,427
Legal & Professional Fees [Including fees to Managing Director Rs.30,00,000/- (Prev. Year 30,00,000/-)]	9,429,879		5,959,441
Financial Consultancy Charges	-		8,207,856
Sitting Fees	260,000		240,000
Carried Forward	<u>78,213,828</u>		<u>80,266,480</u>
Carried Forward		<u>219,462,490</u>	<u>205,967,254</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2005**

	RUPEES	RUPEES	PREV. YEAR RUPEES
Brought Forward		219,462,490	205,967,254
Brought Forward	78,213,828		80,266,480
2. GENERAL EXPENSES (CONTD...) :			
Sales-tax / Luxury Tax etc. assessment dues	36,212		590,247
Donations	134,503		220,006
Bad Debts & Irrecoverable amounts written off (net) (Including Provision for Doubtful Debts of Rs.Ni) (Previous Year Rs. 50,001/-)	4,425,500		56,259
Amortisation of Expenses	481,666		481,667
Loss on sale of Fixed Assets (Net)	660,751		-
Premium paid for Sales Tax Deferral Benefit	1,666,666		3,333,332
Provision for Contingencies	7,500,000		-
General Expenses	<u>4,577,448</u>		<u>4,205,743</u>
		<u>97,696,574</u>	<u>89,153,734</u>
TOTAL		<u><u>317,159,064</u></u>	<u><u>295,120,988</u></u>

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

On Fixed Loans (Including Prepayment Premium)		79,516,073	119,081,784
On Other Loans		14,871,153	14,738,951
Financial Charges		2,118,727	4,784,270
TOTAL		<u><u>96,505,953</u></u>	<u><u>138,605,005</u></u>

KAMAT HOTELS (INDIA) LIMITED**2004-2005****EARNING PER SHARE (31.03.2005)**

	RUPEES	PREV. YEAR RUPEES
Profit after tax	41,040,763.00	7,172,405.00
Less: Adjustments	<u>349,991.00</u>	<u>201,750.00</u>
	40,690,772.00	6,970,655.00
Less: Preference Dividend	-	-
Tax on Dividned	-	-
	<u>-</u>	<u>-</u>
	<u><u>40,690,772.00</u></u>	<u><u>6,970,655.00</u></u>
No. of Equity Shares	10,742,850.00	10,742,850.00
EPS	3.79	0.65