



27TH ANNUAL REPORT 2013 - 14



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Mumbai, Maharashtra



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Ladh, Jhagadh, Aage Badh...

Jadhavgadh, Pune, Maharashtra



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Financial Highlights of the Company (Standalone)

₹ in lakhs

Particulars	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Income from operations	13,405.76	13,831.97	14,162.77	12,070.28	10,281.27	12,003.96	14,761.18	11,192.98	8,146.25	5,353.84	4,840.55
Other Income	2,273.30	2,455.29	2,229.04	257.56	1,082.76	644.22	505.93	89.81	87.83	49.37	56.10
Turnover	15,679.06	16,287.26	16,391.81	12,327.84	11,364.03	12,648.18	15,267.11	11,282.79	8,234.08	5,403.21	4,896.65
Total Expenditure	40,489.66	17,203.91	16,373.20	11,821.83	11,299.55	11,660.17	10,898.32	8,274.65	6,513.15	4,581.46	4,774.69
Profit/(loss) Before Tax	(24,810.60)	(916.65)	18.61	506.01	64.48	988.01	4,369.59	3,008.14	1,720.93	821.75	121.96
Taxation	(1,549.91)	(350.26)	(80.58)	349.10	(74.20)	421.92	1,628.93	949.94	163.02	411.34	50.24
Profit/(loss) After Tax	(23,260.69)	(566.39)	99.19	137.32	138.68	566.09	2,740.66	2,058.20	1,557.91	410.41	71.72
Equity Share Capital	2,417.26	1,968.19	1,968.19	1,562.97	1,378.59	1,378.59	1,378.59	1,378.59	1,378.59	1,133.14	1,133.14
Reserves and Surplus	1,418.95	22,642.61	23,209.01	17,576.78	15,134.70	14,996.02	14,817.79	12,547.95	10,875.76	6,604.18	6,318.74
Net-worth	3,542.28	24,316.87	24,883.26	19,139.75	16,513.29	16,374.61	16,196.38	13,926.54	12,248.33	7,720.97	7,407.72
Earning per Share (₹)	(111.67)	(2.97)	0.62	0.96	1.05	2.99	21.63	15.60	12.38	3.79	0.65
Book Value per Share (₹)	15.02	127.36	130.32	127.25	125.13	124.07	122.72	105.52	92.81	71.87	68.95
Return on Net Worth (percentage)	(656.66)	(2.33)	0.40	0.72	0.84	3.44	16.87	14.78	12.72	5.27	0.94
Dividend	-	-	-	-	-	12%	30%	25%	15%	10%	6%

**KAMAT HOTELS (INDIA) LIMITED
BOARD OF DIRECTORS**

Dr. Vithal Venketesh Kamat
Executive Chairman and Managing Director

Mrs. Rajyalakshmi Rao
Director

Mr. Vikram V. Kamat
Executive Director

Mr. Rohhan A. Divanji
Director

Mr. Dinkar D. Jadhav
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 4115

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

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NOTICE

Notice is hereby given that the Twenty-Seventh 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 Wednesday the 10th September, 2014 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited financial statement of the Company for the year ended on 31st March, 2014 and Reports of the Board and Auditors thereon.
2. To appoint a Director in place of Mr. Vikram V. Kamat, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. J. G. Verma and Company, Chartered Accountants, Mumbai registration number FRN: 111381W the retiring Statutory Auditors, be and are hereby reappointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed to between the Auditors and the Board of Directors of the Company plus reimbursement of actual out of pocket expenses."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof and the Companies (Incorporation) Rules, 2014, the Articles of Association of the Company be and are hereby amended by adopting, in lieu and substitution of the existing Articles of Association of the Company, the new set of Articles of Association of the Company as placed before the meeting duly initialled by the Chairman for identification purpose.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things as may be necessary to give effect to this resolution."

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 152, 190 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Articles of Association of the Company, Listing Agreements entered in to by the Company with the stock exchanges where the equity shares of the company are listed and subject to approval of the Central Government, Mr. Vikram V. Kamat (DIN 00556284) be and is hereby re-appointed as an Executive Director of the Company who shall be liable to retire by rotation, for a period of 3 years from 1st October, 2014 on the terms of appointment including remuneration and perquisites as set out in Item No. 5 of the annexed Statement under Section 102 of the Companies Act, 2013 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 V to the Companies Act, 2013 as amended from time to time or remuneration as may be 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 Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, Articles of Association of the Company, listing agreements entered in to by the Company with the stock exchanges where the equity shares of the company are listed, Mrs. Rajyalakshmi Rao (DIN 00009420) be and is hereby re-appointed as an Independent Director of the Company for a term commencing from 10th September, 2014 to 31st March, 2019 not liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013.

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."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, Articles of Association of the Company, Listing Agreements entered in to by the Company with the stock exchanges where the equity shares of the Company are listed, Mr. Rohhan A. Divanji (DIN: 05258069), who was appointed as an Additional Director of the Company w.e.f. 9th August, 2014 by the Board of Directors under Section 161 of the Companies Act, 2013 at its meeting held on 9th August, 2014 and who holds office as such upto the 27th Annual General Meeting and in respect of whom notice in writing along with requisite deposit under Section 160 of the Companies Act, 2013 has been received by the Company from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term commencing from the date of his appointment to 31st March, 2019, not liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013.

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."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Companies (Appointment and Qualification of Directors) Rules, 2014, Articles of Association of the Company, Listing Agreements entered in to by the Company with the stock exchanges where the

equity shares of the Company are listed, Mr. Dinkar D. Jadhav (DIN 01809881) who was appointed as an Additional Director of the Company w.e.f. 21st September, 2013 by the Board of Directors under Section 161 of the Companies Act, 2013 at its meeting held on 21st September, 2013 and who holds office as such upto the 27th Annual General Meeting and in respect of whom notice in writing along with requisite deposit under Section 160 of the Companies Act, 2013 has been received by the Company from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term commencing from the date of his appointment to 31st March, 2018 not liable to retire by rotation as per the provisions of Section 152(6) of the Companies Act, 2013.

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."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 197(10) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to approval of the Central Government, consent of the members of the Company be and is hereby accorded to waiver of excess remuneration of ₹ 24,71,541/- paid to Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company over and above the limits prescribed under Section 198 and 309 read with Schedule XIII of the Companies Act, 1956 during the period from 1st April, 2013 to 30th September, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company or any committee of Directors duly constituted by the Board be and is hereby authorized to do all acts deeds and things as may be considered necessary or required, furnish any clarifications, information and to settle any question, difficulty or doubt that may arise in this regard."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the ordinary resolution passed by the Company through postal ballot, result of which was declared on 30th December, 2008, pursuant to the provisions of Section 293(1) (d) of the Companies Act, 1956 consent of the Company be and is hereby accorded, to the Board of Directors of the Company under Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) to exercise the power to borrow, from time to time, any sum or sums of moneys (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) that may, together with the moneys already borrowed by the Company, exceeds, for the time being, the aggregate of the paid up share capital of the Company and its free reserves, provided that the total amount of monies borrowed together with the monies already borrowed by the Company shall not exceed the limit of ₹ 1,000/- Crores (Rupees One Thousand Crores only) over and above the total paid up share capital and free reserves of the Company for the time being.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee of Directors duly constituted by the Board be and is hereby authorised, in its absolute discretion, to do such acts, deeds or things as the Board of Directors or such Committee may consider it expedient, prudent and necessary in this regard."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT further to the Special Resolution passed by the shareholders of the Company at the 26th Annual General Meeting held on 21st September, 2013 according consent for appointment (including salary) of Mr. Vishal V. Kamat, a relative of Directors of the Company, to hold office or place of profit as the Chief Executive Officer (CEO) of Fort Jadhavgad, a Heritage Hotel, at Saswad Pune, a unit of the Company with effect from 1st December, 2012 and pursuant to the provisions of Section 188 and other provisions if any, of the Companies Act, 2013, the Companies (Meetings of Board and its Powers) Rules, 2014 and any other applicable laws, rules and regulations, approval of the Company be and is hereby accorded for Mr. Vishal V. Kamat, a relative of Directors of the Company, to hold office or place of profit as the CEO of Fort Jadhavgad, a Heritage Hotel, at Saswad Pune, unit of the Company and for payment of monthly gross salary of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only), w.e.f 1st April, 2014 alongwith other statutory benefits such as P.F., ESIC, Gratuity, Leave, Mediclaim and Personal Accident Policy etc., Leave Travel Allowance of ₹ 15,000/- per annum and on the other terms and conditions as mentioned in the letter of appointment issued to Mr. Vishal V. Kamat by the Company.

RESOLVED FURTHER THAT approval of the company be and is hereby also given for any alterations/variations in the terms of appointment including remuneration to Mr. Vishal V. Kamat in such manner as the Board of Directors of the Company may decide.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds or things as may be necessary or required to deal with the matter and take all such steps as may be necessary to give effect to this resolution."

**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: 9th August, 2014

**Mahesh Kandoi
Company Secretary**

NOTES:

- 1) (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) A person appointed as proxy shall act as a proxy on behalf of such member or number of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

- 2) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the 27th Annual General Meeting and ending with the conclusion of the said Annual General Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days of notice in writing of the intention so to inspect is given to the Company.

- 3) A Statement pursuant to Section 102 of the Companies Act, 2013 in relation to the special business of the meeting is annexed as Annexure I to the Notice.
- 4) The members or proxies are requested to bring with them the Annual Report as extra copy of the same will not be supplied at the meeting as per usual practice.
- 5) The Shareholders are requested to notify changes, if any, in their address to their depository participants in respect of their holding in electronic form and to the Registrars and Transfer Agents of the Company, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai-400078, Tel No. 25963838 and Fax No. 25946969, Email : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in in respect of their holding in physical form.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 2nd September, 2014 to Wednesday, 10th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
- 7) As per Section 205C of the Companies Act, 1956, the dividend remaining unclaimed for a period of 7 years from the date of transfer to unpaid dividend account in respect of financial year ended on 31st March, 2007 shall be transferred to Investor Education and Protection Fund (IEPF) by September, 2014. As per Section 124(6) of the Companies Act, 2013 all shares in respect of which unclaimed dividend has been transferred to IEPF shall also be transferred in the name of IEPF.

The members who have not encashed their dividend warrants so far for the financial year ended on 31st March, 2007 or any subsequent financial year are requested to approach the Company or its Registrars and Transfer Agents for revalidation of their dividend warrants. The claimant of shares/unclaimed dividend amount transferred to IEPF shall be entitled to claim transfer of shares /unclaimed dividend amount from IEPF.

- 8) Appointment /Re-appointment of Directors:

Mr. Vikram V. Kamat retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Mr. Vikram V. Kamat is proposed to be re-appointed as Executive Director of the Company. Mr. Dinkar D. Jadhav and Mr. Rohhan A. Divanji, Additional Directors of the Company are proposed to be appointed as Independent Directors of the Company. Mrs. Rajyalakshmi Rao is proposed to be re-appointed as Independent Director of the Company. The details pertaining to these Directors as required under Clause 49 (IV) (G) (i) of the Listing Agreement entered in to by the Company with the Stock Exchanges are furnished in Annexure II to the Notice.

- 9) In view of various advantages offered by the depository system, the members are requested to avail the facility of dematerialization of the Company's shares.
- 10) The members of the Company holding their shares in physical form or in dematerialized form, who have not registered their e-mail IDs and Mobile number with the Company or Depository Participant to receive documents like Notice, Annual Reports and alike correspondence through electronic mode, are requested to send their e-mail IDs and Mobile number either to the Company's id: cs@khil.com or Registrars and Transfer Agents or to Depository Participant.
- 11) Annual Reports 2014 are being sent by electronic mode only, to all the members whose email addresses are registered with the Company / Depository Participant, unless any member has requested for a physical copy of the same. Annual Reports 2014 are being sent by physical mode to those members who have not registered their email addresses with the Company.
- 12) The members are requested to handover the enclosed attendance slip duly signed as per their specimen signature(s) registered with the Company for admission to the meeting hall.
- 13) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Share Transfer Agents M/s. Link Intime India Private Limited.

- 14) **EVOTING:**

- l] Pursuant to Section 108 of the Companies Act, 2013 and in compliance with the provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreements, the Company is pleased to announce that all the business mentioned in the notice may be transacted through electronic voting system and the Company is providing facility by electronic means. E-voting is optional.

- II] For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating e-voting to enable the Shareholders of the Company to cast their votes electronically.
- III] The Board of Directors of the Company has appointed M/s V.V. Chakradeo & Co., Practising Company Secretary, Mumbai to conduct and scrutinize the e-voting process in a fair and transparent manner.
- IV] Process and manner of voting:
- (a) In case of Shareholders receiving e-mail from NSDL:
- (i) Open e-mail and open PDF file viz; "KHIL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (ii) In case any shareholder is already registered with NSDL for e-voting, then that shareholder can use the existing user ID and password for casting of vote and step no. (i) and (vi) be skipped.
 - (iii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>.
 - (iv) Click on Shareholder – Login
 - (v) Put user ID and password as mentioned in step (i) or (ii) above, as may be applicable. Click Login.
 - (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password.
 - (vii) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - (viii) Select "EVEN" (E-Voting Event Number) of Kamat Hotels (India) Limited.
 - (ix) Now you are ready for e-Voting as Cast Vote page opens.
 - (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xiii) Institutional shareholders (i.e. members other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail cs@khil.com with a copy marked to evoting@nsdl.co.in.
- (b) In case of Shareholders receiving PIN mailer by Post:
- (i) Initial password will be provided through a separate PIN Mailer.
 - (ii) Please follow steps (ii) to (xiii) above, to cast vote.
 - (iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V] In case of any query, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the Downloads sections of <https://www.evoting.nsd.com> or contact NSDL at the following Telephone No.: 022 24994600.
- VI] The e-voting period commences on 1st September, 2014 (9.00 a.m) and ends on 3rd September, 2014 (5.00 p.m). At the end of the voting period, the portal where votes are cast shall forthwith be blocked.
- VII] M/s. V. V. Chakradeo & Co. Practising Company Secretary, Mumbai, the scrutinizer will, on 6th September, 2014 i.e within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer's report of the votes cast in favour or against, if any and submit to Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company.
- VIII] The results declared along with the scrutinizer's report shall be placed on the website of the company and on the website of the RTA or NSDL within two days of passing of the resolution at the 27th Annual general meeting.
- IX] Subject to receipt of sufficient votes, the resolution shall be deemed to be passed on the date of the 27th Annual general meeting.

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

Place : Mumbai
Date: 9th August, 2014

**Mahesh Kandoi
Company Secretary**

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT SETTING OUT THE MATERIAL FACTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 4.

In order to make the Articles of Association of the Company in accordance with the relevant Sections under the Companies Act, 2013 and rules made thereunder, it is proposed to amend the existing Articles of Association of the Company by adopting a new set of Articles of Association of the Company. As per Section 14 of the Companies Act, 2013 the Company may alter its Articles of Association by passing a special resolution and hence resolution as set out at item No 4 of the accompanying Notice is proposed to be passed as a special resolution.

The Directors recommend the passing of the resolution set out at Item No. 4 of the accompanying Notice as a special resolution.

There is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

The Articles of Association of the Company are available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 10th September, 2014. The new set of Articles of Association will also be placed before the 27th Annual General Meeting.

ITEM NO. 5.

The shareholders had, at the 24th Annual General Meeting held on 24th September, 2011, appointed Mr. Vikram V. Kamat as Executive Director of the Company for a period of 3 years from 1st October, 2011. The tenure of Mr. Vikram V. Kamat as Executive Director would be ending on 30th September, 2014.

The Board of Directors, at its meeting held on 28th May, 2014, approved the re-appointment of Mr. Vikram V. Kamat as Executive Director for a period of 3 years from 1st October, 2014 on the following terms and conditions, subject to approval of the Central Government and members in general meeting:

Remuneration

Subject to approval of the Central Government, remuneration to Mr. Vikram V. Kamat in the form of salary will be paid during the period from 1st October, 2014 to 30th September, 2017 as under:

Period	1 st October, 2014 to 30 th September, 2015	1 st October, 2015 to 30 th September, 2016	1 st October, 2016 to 30 th September, 2017
Actual monthly remuneration (In Rupees)	3,00,000	3,50,000	4,00,000

The remuneration payable to Mr. Vikram V. Kamat during the period from 1st October, 2015 to 30th September, 2017, may be increased, subject to the maximum monetary limit of ₹ 5,00,000/- per month, by the Board, on the recommendation of the Nomination and Remuneration Committee and with the approval of the Central Government, if required.

The following perquisites shall not be included in the computation of the aforesaid 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 ₹ 50,000/- per annum will be reimbursed. In addition, Medclaim Coverage for self and family as per the rules of the Company will be available to Mr. Vikram V. Kamat.

ΩReimbursement 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 an 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 202 of the Companies Act, 2013.
- 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 V of the Companies Act, 2013 or remuneration as approved by the Central Government and as may be decided by the Board of Directors of the Company.
- Tenure: 1-10-2014 to 30-09-2017.

The above terms and conditions may be treated as written memorandum under Section 190 of the Companies Act, 2013.

The Directors recommend the passing of the resolution set out at Item No. 5 of the accompanying Notice as a special resolution.

Except Dr. Vithal V. Kamat, Executive Chairman and Managing Director and Mr. Vishal V. Kamat, Chief Executive Officer, Fort Jadhavgad, a unit of the Company and their relatives there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

STATEMENT PURSUANT TO POINT (iv) OF SECOND PROVISOR OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT OF RESOLUTION AT ITEM NO. 5.

I. GENERAL INFORMATION:

- (1) The nature of the industry : Hotels and Hospitality.
- (2) Date or expected date of commencement of commercial production: The Company was incorporated on 21st March, 1986 and has been in business of hotels and hospitality since inception.
- (3) The financial performance of the Company based on given indicator is as under:

	₹ in Lakhs	
	Current year 2013-14	Previous year 2012-13
Turnover	15,679.06	16,287.26
Profit	(23,260.69)	(566.39)
Dividend	-	-

- (4) Foreign investments or collaborations: The Company has no exports, foreign collaborations or foreign investments (except foreign exchange earnings from hotel guests).

II. INFORMATION ABOUT THE APPOINTEE:

- (1) Background Details:

Mr. Vikram V. Kamat was appointed as a Director of the Company with effect from 22nd July, 2006. Subsequently, he was appointed as Executive Director of the Company with effect from 1st October, 2008 for a period of three years which was later renewed for a period of three years with effect from 1st October, 2011.

Mr. Vikram V. Kamat is a Science graduate (BSc) with specialization 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.

- (2) Past Remuneration:

The remuneration to Mr. Vikram V. Kamat during the period from 1st October, 2011 to 30th September, 2014 was determined by the Board of Directors on the recommendation of Nomination and Remuneration Committee (formerly known as Remuneration Committee) within the maximum monetary limit approved by the shareholders by Special Resolution passed on 24th September, 2011. Following are the details of the remuneration paid in the past to Mr. Vikram V. Kamat:

Sr. No.	Financial Years	Amount (In Rupees)
1	2013-2014	30,00,000/-
2	2012-2013	30,00,000/-
3	2011-2012	25,80,000/-

- (3) Recognition or awards:
He was awarded Gold Medal in Hospitality in 2006 from Indira Gandhi National open University.
- (4) Job Profile and his suitability:
Mr. Vikram V. Kamat is associated with the Company for about eight years and he is managing and looking after finance, sales, operation and corporate affairs of the Company.
He is proficient in the hospitality related business which suits the need of the Company well.
- (5) Remuneration Proposed:
The remuneration proposed to be paid during the tenure of his re-appointment is detailed hereinabove under explanatory statement.
- (6) Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:
The proposed salary and other perquisites to Mr. Vikram V. Kamat is parallel and alike to remuneration of executives occupying similar posts in other companies in hotels and hospitality related business.
- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :
Except the remuneration and perquisites as stated above, shareholding of Mr. Vikram V. Kamat in the Company and his relation with Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company, Mr. Vishal V. Kamat, Chief Executive Officer, Fort Jadhavgad, a unit of the Company, he has no other direct or indirect pecuniary relationship with the Company.

III. OTHER INFORMATION:

- (1) Reasons of loss or inadequate profits:
The overall hotels and hospitality sector in the country is facing tough time. There has been substantial increase in the input cost including power, electricity, man power etc. whereas the ARR's are subdued due to pressure of competition, demand and supply disparity, cost cutting measures by corporates etc. There has been pressure in the occupancy rates also. This has adversely affected the business and the profitability of the Company. Further, due to high debts of the Company the burden of repayment of loan and interest thereon has contributed to loss and has caused severe cash crunch.
- (2) Steps taken or proposed to be taken for improvement:
Various cost cutting measures are implemented by the Company to reduce the expenses. Further, for reducing debts and improving the cash flow, the Company has been undertaking continuous efforts to sell its non strategic assets.
- (3) Expected increase in productivity and profits:
The profit of the Company is likely to remain inadequate for payment of managerial remuneration for few years. High debt and interest burden can be categorized as major internal factors for losses.

IV. DISCLOSURES:

The required, disclosures are mentioned in Annexure 'D' Corporate Governance.

ITEM NO. 6

Mrs. Rajyalakshmi Rao is B. Com., M.B.A. (Marketing) and M. S. (Advertising) from University of Illinois-Urbana Champaign (U. S. A.). She was a member of National Commission for Consumer Grievances Redressal, India and is a contributory to the cause of consumers. She has also been a member of various academic organizations.

Mrs. Rajyalakshmi Rao is holding office of Independent Director in the Company since 22nd January, 2005. She is proposed to be re-appointed as an Independent Director of the Company. Her association with the Company has benefited to the Company.

As per Section 149(10) of the Companies Act, 2013 which became effective from 1st April, 2014, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. As per explanation to Section 149(10) of the Companies Act, 2013, any tenure of independent director on the date of commencement of the Companies Act, 2013, that is, 1st April, 2014, shall not be counted as "term".

As per Section 152(4) of the Companies Act, 2013, Mrs. Rajyalakshmi Rao has, vide letter dated 28th May, 2014, furnished her Director Identification Number and declared that she is not disqualified to become Director under the Companies Act, 2013.

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

The terms and conditions of appointment of Mrs. Rajyalakshmi Rao is available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 10th September, 2014.

The Directors recommend the passing of the resolution set out at Item No. 6 of the accompanying Notice as a special resolution.

Except Mrs. Rajyalakshmi Rao, there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ITEM NO. 7

Mr. Rohhan A. Divanji is B.E.- Automobile and is an ardent entrepreneur with extensive product and e-commerce experience to his credit. From building sports data applications for web and mobile for global clients, he is one of the pioneers in the Indian e-commerce space. His forward thinking approach and ability to innovate are his key strengths.

Mr. Rohhan A. Divanji was appointed as an Additional Director by the Board of Directors of the Company with effect from 9th August, 2014 pursuant to Section 161 of the Companies Act, 2013. As per Section 161 of the Companies Act, 2013, he holds the office of Director upto the date of the forthcoming 27th Annual General Meeting.

As per Section 149(10) of the Companies Act, 2013 which became effective from 1st April, 2014, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report. As per explanation to the Section 149(10) of the Companies Act, 2013, any tenure of independent director on the date of commencement of the Companies Act, 2013, that is, 1st April, 2014, shall not be counted as "term".

The Company has received a notice in writing along with requisite security deposit from a member proposing the candidature of Mr. Rohhan A. Divanji as an Independent Director of the Company under the provisions of Section 160 of the Companies Act, 2013. As per Section 152(4) of the Companies Act, 2013, Mr. Rohhan A. Divanji has, vide letter dated 9th August, 2014, furnished his Director Identification Number and declared that he is not disqualified to become a Director under the Companies Act, 2013.

The Board opines that Mr. Rohhan A. Divanji fulfils the conditions for appointment of Independent Director specified in the Companies Act, 2013 and rules made there under and that he is independent of the management of the Company.

The terms and conditions of appointment of Mr. Rohhan A. Divanji is available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 10th September, 2014.

The Directors recommend the passing of the resolution set out at Item No. 7 of the accompanying Notice as special resolution.

Except Mr. Rohhan A. Divanji there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ITEM NO. 8.

Mr. Dinkar D. Jadhav is B.Sc. with Physics and Mathematics and has done diploma in Business Management. He has experience of working with Shipping Master Port of Calcutta, Semens Employment Office as Dy. Director, Ward Officer of Bombay Municipal Corporation, Municipal Corporation of Greater Bombay as Dy. Municipal Commissioner. He is presently working as Chairman, Senior Level Grievances Redressal Committee, MMRDA and as Chief Project Advisor in NGO called SEWA.

Mr. Dinkar D. Jadhav was appointed as an Additional Director of the Company by the Board at its meeting held on 21st September, 2013 pursuant to Section 260 of the Companies Act, 1956 to hold the office as an Independent Director. As per Section 260 of the Companies Act, 1956 and Section 161 of the Companies Act, 2013, he holds the office of Director upto the date of the forthcoming 27th Annual General Meeting.

The Company has received a notice in writing along with the requisite security deposit under the provisions of Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Mr. Dinkar D. Jadhav as an Independent Director of the Company. As per Section 152(4) of the Companies Act, 2013, Mr. Dinkar D. Jadhav has, vide letter dated 28th May, 2014, furnished his Director Identification Number and declared that he is not disqualified to become a Director under Companies Act, 2013.

The Board opines that Mr. Dinkar D. Jadhav fulfils the conditions for appointment of Independent Director specified in the Companies Act, 2013 and rules made there under and that he is independent of the management of the Company.

The terms and conditions of appointment of Mr. Dinkar D. Jadhav is available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 10th September, 2014.

The Directors recommend the passing of the resolution set out at Item No. 8 of the accompanying Notice as a special resolution.

Except Mr. Dinkar D. Jadhav, there is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ITEM NO. 9.

The Company has paid remuneration to Dr. Vithal V. Kamat for the period from 1st April, 2013 to 31st March, 2014 as per the recommendation of the Nomination and Remuneration Committee (formerly known as Remuneration Committee) and as approved by the Board of Directors and shareholders of the Company.

However, during the financial year 2013-2014 the Company has incurred loss.

As far as remuneration paid to Dr. Vithal V. Kamat during the period from 1st October, 2013 to 31st March, 2014 is concerned, the same is already approved by the Central Government vide its letter No. B85479178 / 3 / 2013 - CL-VII dated 10th January, 2014 in response to the application of the Company seeking approval for re-appointment of Dr. Vithal V. Kamat as Executive Chairman and Managing Director for a period of 3 years w.e.f 1st October, 2013 and payment of remuneration to him for the said period of 3 years as per the terms and conditions approved by the members by special resolution passed at the 26th Annual General Meeting held on 21st September, 2013.

Hence remuneration of ₹ 24,71,541/- paid to Dr. Vithal V. Kamat for the period from 1st April, 2013 to 30th September, 2013 was in excess of the limits laid down under the provisions of Section 198, 309 and Schedule XIII of the Companies Act, 1956 and is liable to be refunded to the

Company unless permission of the Central Government for waiver of recovery of excess remuneration under Section 197(10) of the Companies Act, 2013 is obtained.

The Board of Directors at its meeting held on 28th May, 2014, has given its approval to make an application to the Central Government under Section 197(10) of the Companies Act, 2013 for waiver of recovery of excess remuneration paid to Dr. Vithal V. Kamat for the period from 1st April, 2013 to 30th September, 2013.

The Directors recommend the passing of the resolution set out at Item No. 9 of the accompanying Notice as a special resolution.

Except Dr. Vithal V. Kamat, Executive Chairman and Managing Director, Mr. Vikram V. Kamat, Executive Director and Mr. Vishal V. Kamat, Chief Executive Officer, Fort Jadhavgad, a unit of the Company and their relatives there is no concern or interest, financial or otherwise of any other director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ITEM NO. 10.

The Central Government has, vide notification dated 12th September, 2013, notified, inter alia, Section 180 of the Companies Act, 2013.

As per Section 180 (1) (c) of the Companies Act, 2013 effective from 12th September, 2013, the Board of Directors should exercise, inter alia, the power to borrow money, where the money to be borrowed, together with the money already borrowed by the company exceeds aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business only with the consent of the Company by **SPECIAL RESOLUTION.**

The members had, through postal ballot, result of which was declared on 30th December, 2008, passed an **ORDINARY RESOLUTION** to authorise the Board of Directors pursuant to Section 293 (1) (d) of the Companies Act, 1956 to borrow moneys in excess of the company's aggregate paid up capital and free reserves subject, however, to a maximum limit of ₹ 1,000 crores (Rupees One Thousand Crores).

The Central Government has, vide general circular dated 25th March, 2014, given clarification with regard to applicability of Section 180 of the Companies Act, 2013. The Central Government has clarified, by the said circular, that the resolution passed under Section 293 of the Companies Act, 1956 prior to 12.09.2013 with reference to borrowings (subject to the limits prescribed) will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Act.

Hence, resolution at Item No. 10 of the accompanying notice is proposed to be passed as a SPECIAL RESOLUTION giving consent of the Company to the Board of Directors of the Company to borrow monies exceeding its aggregate paid up share capital and free reserves as mentioned in Section 180 (1) (c) of the Companies Act, 2013.

The directors recommend the passing of the resolution set out at Item No. 10 of the accompanying Notice as a special resolution.

There is no concern or interest, financial or otherwise of any director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ITEM NO. 11.

The shareholders had, at the 26th Annual General Meeting held on 21st September, 2013, accorded their consent by special resolution for appointment of Mr. Vishal V. Kamat, a relative of Directors of the Company, to hold office or place of profit as the Chief Executive Officer (CEO) of Fort Jadhavgad, a Heritage Hotel, at Saswad Pune, a unit of the Company with effect from 1st December, 2012 on a monthly gross salary of ₹ 1,00,000/- per month with power to the Board for alteration in the terms of appointment including remuneration subject to the ceiling prescribed in Section 314 of the Companies Act, 1956.

As per the recommendation of the Nomination and Remuneration Committee and decision of the Board of Directors of the Company taken at its meeting held on 28th May, 2014, monthly gross salary payable to Mr. Vishal V. Kamat is increased to ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) w.e.f 1st April, 2014 which is as per the terms of Special Resolution passed by the Shareholder on 21st September, 2013.

As per the general circular no. 32/2014 dated 23rd July, 2014 issued by the Ministry of Corporate Affairs, it is proposed to obtain your approval for the appointment of Mr. Vishal V. Kamat to office or place of profit and payment of remuneration as mentioned in resolution at Item No. 11 of the accompanying notice.

The particulars required under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 of related party transactions for which shareholders' approval is sought are as follows:

Particulars	
(a) name of the related party:	Mr. Vishal V. Kamat
(b) name of the director or key managerial personnel who is related, if any:	Dr. Vithal V. Kamat and Mr. Vikram V. Kamat
(c) nature of relationship:	Dr. Vithal V. Kamat – Father Mr. Vikram V. Kamat – Brother
(d) nature, material terms, monetary value and particulars of the contract or arrangement:	Payment of monthly gross salary of ₹ 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) per month w.e.f 1 st April, 2014 other statutory benefits such as P.F., ESIC, Gratuity, Leave, Medclaim and Personal Accident Policy etc., Leave Travel Allowance of ₹ 15,000/- per annum to Mr. Vishal V. Kamat, a related party who holds office or place of profit as the Chief Executive Officer of Fort Jadhavgad, a Heritage Hotel, at Saswad Pune, unit of the Company.
(e) any other information relevant or important for the members to take a decision on the proposed resolution:	-

The letter of appointment of Mr. Vishal V. Kamat is available for inspection by the members on all working days, except holidays at the registered office of the Company between 11.00 A.M. to 1.00 P.M. till 10th September, 2014.

The Directors recommend the passing of the resolution set out at Item No. 11 of the accompanying Notice as a special resolution.

Except Dr. Vithal V. Kamat, Executive Chairman and Managing Director and Mr. Vikram V. Kamat, Executive Director and their relatives, there is no concern or interest, financial or otherwise of any other director, key managerial personnel of the Company or their relatives in respect of the said resolution.

ANNEXURE II TO THE NOTICE

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

1. Name: **Mr. Vikram V. Kamat**

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

Directorships held in other companies:

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

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

2. Name: **Mrs. Rajyalakshmi Rao**

Mrs. Rajyalakshmi Rao is B. Com., M.B.A. (Marketing) and M. S. (Advertising) from University of Illinois-Urbana Champaign (U. S. A.). She was a member of National Commission for Consumer Grievances Redressal, India and is a contributory to the cause of consumers. She has also been a member of various academic organizations.

Directorships held in other Companies:

Rewas Ports Ltd., Satyam Computer Services Ltd., Tech Mahindra Ltd., Aon Global Insurance Brokers Pvt. Ltd.

Audit Committee Membership in other companies

NIL

Stakeholders Relationship Committee Membership in other public limited companies

NIL

Shareholding in Kamat Hotels (India) Ltd.

NIL

3. Name: **Mr. Rohhan A. Divanji**

Mr. Rohhan A. Divanji is B.E.- Automobile and is an ardent entrepreneur with extensive product and e-commerce experience to his credit. From building sports data applications for web and mobile for global clients, he is one of the pioneers in the Indian e-commerce space. His forward thinking approach and ability to innovate are his key strengths.

Directorships held in other Companies: FSY Designs Private Limited

Audit Committee Membership in other public limited companies : NIL

Stakeholders Relationship Committee Membership in other public limited companies : NIL

Shareholding in Kamat Hotels (India) Ltd. : NIL

4. Name: **Mr. Dinkar D. Jadhav**

Mr. Dinkar D. Jadhav is B. S. C with Physics and Mathematics and has done diploma in Business Management. He has experience of working with Shipping Master Port of Calcutta, Semens Employment Office as Dy. Director, Ward Officer of Bombay Municipal Corporation, Municipal Corporation of Greater Bombay as Dy. Municipal Commissioner. He is presently working as Chairman, Senior Level Grievances Redressal Committee, MMRDA and as Chief Project Advisor in NGO called SEWA.

Directorships held in other companies:

Kamats Holiday Resorts (Silvassa) Limited, Orchid Hotels Pune Pvt. Ltd

Audit Committee Membership in other companies –NIL, Stakeholders Relationship Committee Membership in other companies-NIL, Nomination and Remuneration Committee Membership in other companies-NIL Shareholding in Kamat Hotels (India) Ltd.- NIL.

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report together with the Audited financial statement of the Company for the year ended 31st March, 2014.

FINANCIAL SUMMARY

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

(₹ in lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Total Income	15,679.06	16,287.26
Profit Before Interest, Depreciation & Taxation	6,168.35	5,756.06
Less: Interest and Finance Charges (net)	5,735.27	5,950.64
Less: Depreciation	1,438.52	1,474.64
Profit Before Exceptional Item and Tax	(1,005.44)	(1,669.22)
Add/(Less): Exceptional Item	(23,805.16)	752.57
Profit Before Tax	(24,810.60)	(916.65)
Less: Provision for current tax	252.00	152.00
Less: Prior Period Adjustment - Income Tax	28.92	28.56
Add: Deferred tax	(1,830.83)	(530.82)
Profit After Tax but before Adjustments & Appropriations	(23,260.69)	(566.39)
Less: Prior Period Adjustments (Net)	-	-
Net / Loss Profit after tax	(23,260.69)	(566.39)
Amount proposed to be carried to reserves		
Add: Surplus Brought Forward from previous year	5,365.38	5,931.77
Balance carried over to Balance Sheet	(17,895.31)	5,365.38

STATE OF COMPANY'S AFFAIRS

The average occupancy level of The Orchid, Mumbai, was, around 60% as compared to 62% in the previous year. The average occupancy level of VITS Mumbai was around 70% as compared to 71% in the previous year. The Average Room Rate, during the year under review, was at ₹ 5,213/- at The Orchid, Mumbai as compared to ₹ 5,127/- in the previous year and at ₹ 3,148/- at VITS, Mumbai as compared to ₹ 3,281/- in the previous year.

The total turnover of the Company for the year was recorded at ₹ 15,679.06 lakhs (of which the turnover of ₹ 7,335.32 lakhs pertains to The Orchid, Mumbai, ₹ 2,762.05 lakhs to VITS, Mumbai and ₹ 5,581.69 lakhs to other units) as against ₹ 16,287.26 lakhs in the previous year, a decrease of around 3.73% over the last year. The Company has registered loss after tax of ₹ 23,260.69 lakhs as compared to loss of ₹ 566.39 lakhs in the previous year.

The Company has made a request to the lenders to amend the terms and conditions of Corporate Debt Restructuring package and the response from the lenders is awaited.

In view of loans taken by the Company from State Bank of India Ltd (SBI) becoming Non Performing Assets, SBI has, pursuant to the Assignment Agreement dated 30th June, 2014, assigned the said loans together with all its relevant rights, title and interest and underlying security interest, pledges and/or guarantees to Asset Care and Reconstruction Enterprises Limited with effect from 28th June, 2014. The Company has received loan recall notices and notices purportedly under Section 13(2) of SARFAESI Act, 2002 from some lenders and the matter is being dealt with by the Company appropriately.

DIVIDEND

In view of loss incurred by the Company during the year under review, the Board of Directors do not recommend any dividend for the financial year ended 31st March, 2014 (Previous year NIL).

MANAGEMENT / FRANCHISEE CONTRACTS

The Company is having management contracts for managing hotel and restaurant properties at Aurangabad, Pune, Bhubaneswar and Mahad (Discontinued w.e.f 01.04.2014). The Company is also having franchisee agreement for properties at Lotus Resort Silvassa, Vithal Kamats Original Family Restaurants at Titwala, Ale Phata, Trimbakeshwar, Shahapur, Solhapur, Hinjewadi and Mulsi – Dam (Paud).

Vithal Kamats Original Family Restaurants at Nashik has been closed during the current year in view of insignificant contribution by the unit of the Company.

INCREASE IN THE PAID UP SHARE CAPITAL OF THE COMPANY

During the year under review, the Company has allotted 28,61,035 equity shares of ₹ 10/- each on 21st September, 2013 pursuant to the Scheme of Arrangement and Amalgamation approved by the Hon'ble High Court of Judicature at Bombay. The Listing approval for the aforesaid equity shares was received from National Stock Exchange of India Limited on 4th October, 2013, Bombay Stock Exchange Limited on 14th October, 2013 and MCX Stock Exchange Limited on 18th October, 2013.

The shareholders of the Company had given their consent by Special Resolution passed through postal ballot on 14th August, 2013 to issue and allot equity shares of ₹ 10/- each fully paid up in the capital of the company to the extent of ₹ 22 crores on preferential basis as per the terms of Corporate Debt Restructuring (CDR) package approved by the CDR Empowered Group at its meeting held on 15th February, 2013. Accordingly, the Board of Director had, on 8th February, 2014, allotted 16,29,629 equity shares of ₹ 10/- each @ ₹ 135/- per equity share on preferential basis. The Listing approval for the aforesaid equity shares was received from National Stock Exchange of India Limited and MCX Stock Exchange Limited each on 19th February, 2014 and from Bombay Stock Exchange Limited on 3rd March, 2014.

Consequent upon allotment of equity shares as aforesaid, the paid up share capital of the Company has increased from ₹ 19.09 crores in the previous year to ₹ 23.58 crores.

DELISTING FROM MCX STOCK EXCHANGE LIMITED

The Board of Directors of the Company had, on 15th April, 2014 decided to delist the equity shares of the Company from MCX Stock Exchange Limited since no trading in the shares of the Company had taken place at the said stock exchange. Equity shares of the Company were delisted from MCX Stock Exchange w.e.f. 22nd May, 2014. The equity shares of the Company continue to remain listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited, recognized stock exchanges having nationwide terminals.

DISPOSAL OF ASSETS

During the year under review and in the current year also the Company has disposed few movable and immovable assets of the Company to meet the business needs.

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 following awards were received in the year under review:

Agarwal Group of Institution awarded Dr. Vithal V. Kamat for successful Businessmen Guidance and Interactions.

He was also awarded for Great Achievements and Contributions in the Business Industry, by the Sahayadri Channel at the 13th Sahayadri Navratna Sanman Sohla.

For gardens maintained by the Company:

Category	Location of garden	Position
Best Gardens attached to commercial establishments	Garden adjoining Bandra Fire Brigade	First prize
Best Public Garden	Garden maintained at Sion	Second prize
Best Footpath/road divider Gardens	Footpath garden at the Junction of Nehru road and the Western Express highway	Third prize
Best Gardens around Clubs/Guesthouses/Hotels	The Orchid's Main Porch garden	First prize
Best traffic island gardens	The Mahim Garden 'A child gives birth to a mother	Second prize
	Ambedkar Garden at Fort	Third Prize

Your Company has so far bagged 92 National and International Awards. Most of these awards have been won mainly because of the environmental awareness created by the flagship hotel, "The Orchid".

SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

As on 31st March, 2014 the Company had the following subsidiaries / joint ventures / associate companies:

Subsidiary Companies:

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

Joint Venture Company:

1. Ilex Developers & Resorts Limited

Associate Company:

1. Ilex Developers & Resorts Limited

During the year under review Jadhavgadhd Hotels Private Limited ceased to be a subsidiary of the Company.

Jadhavgadhd Hotels Private Limited, a wholly owned subsidiary of the Company, was closed under fast track exit (FTE) scheme of Ministry of Corporate Affairs since the said company was not having any business. The Ministry of Corporate Affairs, vide letter dated 19th March, 2014 has notified that the name of the said Company would be struck off from the register and the Company would be dissolved within 30 days from the date of the said letter.

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 companies 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 the 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).

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

A Policy for determining material subsidiary of the Company was formulated by the Board of Directors at its meeting held on 28th May, 2014.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Vikram V. Kamat retire by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Vikram V. Kamat was re-appointed as Executive Director of the Company at the 24th Annual General Meeting held on 24th September, 2011, for a period of 3 years from 1st October, 2011. He is proposed to be re-appointed as Executive Director for a period of 3 years from 1st October, 2014, subject to approval of the shareholders and the Central Government. The notice of the ensuing Annual General Meeting contains necessary resolution in this regard.

Mrs. Rajyalakshmi Rao is proposed to be re-appointed as an Independent Director of the Company for a term commencing from 10th September, 2014 to 31st March, 2019.

Mr. Dinkar D. Jadhav was appointed as an Additional Director of the Company by the Board of Directors on 21st September, 2013 pursuant to Section 260 of the Companies Act, 1956. It is proposed to appoint Mr. Dinkar D. Jadhav as an Independent Director of the Company for a term commencing from the date of his appointment to 31st March, 2018.

Mr. Rohhan A. Divanji was appointed as an Additional Director of the Company by the Board of Directors on 9th August, 2014 pursuant to Section 161 of the Companies Act, 2013. It is proposed to appoint Mr. Rohhan A. Divanji as an Independent Director of the Company for a term commencing from date of his appointment to 31st March, 2019.

Brief profile of Mr. Vikram V. Kamat, Executive Director, Mrs. Rajyalakshmi Rao, Mr. Dinkar D. Jadhav and Mr. Rohhan A. Divanji, Independent Directors of the Company are given in Annexure II to the Notice convening the ensuing 27th Annual General Meeting.

Mr. Ved Prakash Khurana ceased to be Director of the Company w.e.f. 21st September, 2013. Due to health reasons, Mr. Ramesh N. Shanbhag resigned as a Whole-time Director of the Company with effect from 30th August, 2013. Mr. S. S. Thakur resigned as a director of the Company with effect from 30th May, 2014. The Board of Directors place on record its sincere appreciation for the valuable support and guidance given by Mr. Ved Prakash Khurana, Mr. S. S. Thakur, and Mr. Ramesh N. Shanbhag to the Company during their tenure as Director of the Company.

DECLARATION BY INDEPENDENT DIRECTOR:

Mr. D. D. Jadhav, Mrs. Rajyalakshmi Rao and Mr. Rohhan A. Divanji, Independent Directors of the Company have given their respective declaration as required under Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and that they abide by the provisions specified in Schedule IV to the Companies Act, 2013. The Board has, taken on record the declarations received from Mr. D. D. Jadhav, Mrs. Rajyalakshmi Rao and Mr. Rohhan A. Divanji.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2013-14, seven meetings of the Board of Directors were held and one resolution was passed through circulation. The dates of Board meetings are given in the Corporate Governance section forming part of the Board's Report.

STATEMENT OF ANNUAL EVALUATION OF BOARD AND DIRECTORS

The Independent Directors at their separate meeting held on 28th May, 2014 without the attendance of non-independent directors and members of the management, reviewed the performance of non independent directors including Executive Chairman and Managing Director and the Board as a whole. The meeting also assessed the quality, quantity and timeliness of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform its duties.

The Board at its meeting held on 28th May, 2014, evaluated performance of the Independent Directors of the Company.

The individuals were evaluated on factors like leadership quality, attitude, initiatives and responsibility undertaken, decision making, commitment and achievements during the financial year.

The Board was evaluated based on factors like quality of discussion, transparency and timeliness of the information, adhering to good corporate governance practices etc.

NOMINATION AND REMUNERATION POLICY

A Policy on Nomination and Remuneration was formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at their respective meetings held on 22nd March, 2014.

The policy is posted on the website of the Company www.khil.com.

VIGIL MECHANISM

The Company has established a Vigil Mechanism for directors and employees to report genuine concerns. The vigil mechanism provide for adequate safeguards against victimization of person who use Vigil Mechanism and also provide for direct access to the Chairman of the Audit Committee.

The details of Vigil Mechanism is displayed on the website of the Company. www.khil.com.

RELATED PARTIES

The particulars of contract and arrangement with related parties is given in Note no. "34" of the financial statement.

Further, the policy on dealing with related party transactions was adopted by the Board at its meeting held on 28th May, 2014.

COMPOSITION OF AUDIT COMMITTEE

The composition of the Audit Committee as required to be disclosed under Section 177(8) of the Companies Act, 2013 is given in Corporate Governance Section (Annexure D) forming part of the Board's Report.

RISK MANAGEMENT:

A quarterly review report on compliance with Risk Management policy of the Company is placed before the Audit Committee of the Company.

During the year under review, no risk threatening the existence of the Company was identified.

DISCLOSURE OF PECUNIARY RELATIONSHIP

There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the year. Also no payments except sitting fees was made to any of the non-executive directors of the Company. No shares or convertible instruments are held by any of the non-executive directors.

EMPLOYEE STOCK OPTION SCHEME

During the year under review, no option under 'Employee Stock Option Scheme-2013' was granted or vested to any employee or directors of the Company.

PARTICULARS AS PER SECTION 217(A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND COMPANIES (PARTICULARS OF EMPLOYEES) AMENDMENT RULES, 2011.

The details are mentioned in Annexure 'A' to this report.

DEPOSITS

There was no deposit accepted by the Company with in the meaning of Section 58A of the Companies Act, 1956 and Rules made there under at the beginning of the year. During the year under review, the Company has neither invited nor accepted any deposit and no deposit was remaining unpaid or unclaimed as at the end of the year.

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 31st March, 2014 and of the loss 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: ₹ 1,269.53 Lakhs (Previous Year ₹ 1,264.25 Lakhs)
Utilization (including import of capital goods): ₹ 67.78 Lakhs (Previous Year ₹ 20.23Lakhs)

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
One shareholder having 500 equity shares	NIL	NIL	One shareholder having 500 equity shares

The voting rights on the shares in unclaimed suspense account shall remain frozen till the rightful owner of such shares claims the shares.

CORPORATE SOCIAL RESPONSIBILITY

Disclosures of Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 and a report on CSR as per rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in Annexure "B" forming part of this report.

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 Annexure "C" and "D" forming part of this report.

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.

EXPLANATION AND COMMENTS BY THE BOARD ON QUALIFICATION / RESERVATION / ADVERSE REMARK / DISCLAIMER MADE IN THE AUDITORS' REPORT

With regard to matter of emphasis no. 1 to 4 in the Auditor's report, the same are self explanatory and do not call for further explanation. Your attention is drawn to point number 3(b), 15 and 18 of the Annexure to the Auditor's report which are self explanatory and do not call for further explanation. As regards Auditor's observation in point 15 of the Annexure to the Auditor's report, the management is of the view that the same is not prejudicial to the interest of the Company.

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 Company's bankers, Financial Institutions, security trustees, Stock Exchanges, Department of Tourism, 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

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

Place: Mumbai
Date: 9th August, 2014

ANNEXURE 'A' TO THE BOARD'S REPORT.

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Board's Report for the year ended 31st March 2014.

Name	Designation	Qualifications	Remuneration (Rupees)	Experience Years	Age Years	Date of Commencement of employment	Particulars of last employment
Dr. Vithal V. Kamat	Executive Chairman & Managing Director	Dip. In Elect. Engg. (IV Sem.) Doctor of Science (Honoris Causa) by Padmashree Dr. D. Y. Patil University	96,00,000	41	62	01-04-1994	Plaza Hotels Pvt. Ltd. (Director)

Notes:

- a) The nature of employment is contractual.
- b) The remuneration shown above is gross and comprises of basic salary.
- c) 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.
- d) Relationship: Dr. Vithal V. Kamat, Executive Chairman and Managing Director is related to Mr. Vikram V. Kamat, Executive Director.

ANNEXURE 'B' TO THE BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT AS PER RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND DISCLOSURES AS PER SECTION 135(2) OF THE COMPANIES ACT, 2013

1. Corporate Social Responsibility (CSR) policy and its web link, projects proposed to be undertaken:

The CSR policy was recommended by the CSR Committee and adopted by the Board of Directors of the Company held on 22nd March, 2014. The CSR policy can be accessed on the website of the Company www.khil.com.

2. Composition of CSR Committee:

At the meeting of the Board of Directors of the Company held on 22nd March, 2014 the CSR Committee was constituted. At present, the following is the composition of CSR Committee:

1. Mr. Dinkar D. Jadhav
2. Mr. Rohhan A. Divanji
3. Mr. Vikram V. Kamat

3. Average net profit for the last three financial years was N.A (as there was loss in last two financial years)

4. The prescribed expenditure on CSR was N.A

5. Details of CSR spent during the financial year:

Amount to be spent for FY 2013-14: N.A

Amount unspent, if any: N.A

Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-Heads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumul-ative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1.	World Environment Week Celebrations	Environment sustainability and ecological balance	Borivali, Sanjay Gandhi National Park City Mall (Andheri), Hypercity Mall (Malad), Inorbit Mall (Malad), Oberoi Mall (Goregaon) Maharashtra, Mumbai	N.A.	1,500/-	1,500/-	Direct
2.	Blood Donation Camp	Promotion of health care	At The Hotel Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
3.	Nirmalya Composting Initiative- (Post Ganesh Festival)	Environment sustainability and ecological balance	Bandra to Dadar, Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
4.	Silent rally (Prior to Diwali)	Environment sustainability and ecological balance	Vile Parle, Maharashtra, Mumbai	N.A.	1,200/-	1,200/-	Direct
5.	Earth Hour 2013	Environment sustainability and ecological balance	At The Hotel, Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
6.	World Environment Day 2013 at Phoenix Market City Mall	Environment sustainability and ecological balance	Phoenix Market City Mall, Maharashtra, Mumbai	N.A.	2,200/-	2,200/-	Direct
7.	Electronic Waste Recycling Awareness Session	Environment sustainability and ecological balance	At The Hotel , Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
8.	World Earth Day	Environment sustainability and ecological balance	At The Hotel, Maharashtra, Mumbai	N.A.	1,828/-	1,828/-	Direct
9.	Beautification of Mumbai with 17 gardens	Environment sustainability and ecological balance	Maharashtra, Mumbai	N.A.	4,93,650/-	4,93,650/-	Direct
10.	Sparrow Conservation	Animal welfare	Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
11.	Employee Environment Awareness	Environment sustainability and ecological balance	At The Hotel, Maharashtra, Mumbai	N.A.	Nil	Nil	N.A.
12.	School student Visits to the Hotel	Environment sustainability, ecological balance and promotion of special education	At The Hotel , Maharashtra, Mumbai	N.A.	2,200/-	2,200/-	Direct
13.	Donation of books to Rajeev Foundation NGO	Promoting Education		N.A.	8,000/-	8,000/-	Direct

6. Reason for not spending amount: N.A

7. The CSR Committee states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Dr. Vithal V. Kamat
Executive Chairman and Managing Director

Dinkar D. Jadhav
Chairman of CSR Committee

**ANNEXURE 'C' TO THE BOARD'S REPORT
MANAGEMENT DISCUSSION AND ANALYSIS**

INDUSTRY STRUCTURE AND OUTLOOK

Overview of Economy:

The GDP growth of the Indian economy for the year 2013-14 is estimated at 4.9 % as a result of continued slowdown in the industrial sector and lower growth in trade, hotels, transport and communication, domestic structural constrains, weak investment, reduction in private consumption, inflationary pressures as well as global environment of uncertainties. However, with acceleration in the growth of exports and decline in imports mainly on account of depreciation of rupee, the trade deficit for 2013-14 has narrowed considerably. The value of rupee has been volatile throughout the year.

Although there was moderate improvement in inflation, much scope for further reduction is there.

Outlook:

As per report of Asian Development Bank, GDP growth of Indian economy is poised to accelerate to 5.5 per cent in 2014-15 on the back of improved performance in industry and services though it may take some time for the country to reach its potential growth rate. India's capacity for more rapid growth over the long term is high, with a promising outlook for labour, worker skills, capital, infrastructure and productivity.

As per the World Economic Outlook (WEO) update released by the International Monetary Fund, from 2014 onwards, global growth prospects are projected to improve over the medium term at a gradual pace. In India, factors like political stability and business friendly regime are giving hope for revival of investment and growth in the economy. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently, point to a better outlook which is reflected in surge in the capital market.

The hotel industry continues to bear the brunt of economic slowdown, room oversupply, squeezed ARR and lower occupancies. The situation is worse for the hotel properties with high component of debt in the cost of properties. A large number of hotel properties which have been conceived and built during boom time of the industry around 2007-08 at high land and construction cost are facing severe cash crunch, unable to service their debts and are up for sale in distress. In November, 2013 the Government has classified hotels with project cost of more than ₹ 200 crores each in any place in India and of any star rating and convention centers with project cost of more than ₹ 300 crore each as 'Infrastructure' for the purpose of lending by banks and select all India term-lending and refinancing institutions which shall be available for eligible projects for a period of three years. This is a prospective provision and a welcome step which will benefit new hotel projects. However, it does not give relief to the existing hotel projects facing liquidity crunch as a result of borrowings contracted in the boom time of the hotel industry at high interest rate with short term repayment schedule. As per news report published in a leading financial newspaper, close to 100 hotels are up for sale across the country but hardly any deal is taking place because of mismatch of expectations between buyers and sellers.

The other problem has been that with the current oversupply, the industry is competing on price. The overall negative sentiments in the business world have had its impact on the travel and hospitality spending of the corporate customers. Surge of supply and low demand had continued to put pressure on room rates and profitability of hotels. Low demand and increasing competition has led to compromise on the Average Room Rates (ARRs). Reduced ARR's might have encouraged domestic travel market, but still not enough to support and match the increasing supply. Costs of operations particularly manpower and power and fuel cost for hotels and hospitality are ever increasing while revenue side has continued to slither. This has led to cash crunch.

Foreign tourist arrival (FTAs) during 2013 were 68.48 lakhs with a growth of 4.1%, as compared to FTAs of 65.78 lakhs with a growth of 4.3% during 2012 over the corresponding period of 2011. Foreign Exchange Earnings (FEE) from tourism during 2013 were US\$ 18.133 billion with a growth of 2.2%, as compared to US\$ 17.737 billion with a growth of 7.1% during 2012 over the corresponding period of 2011.

Government Initiatives:

Various programmes, schemes, initiatives to encourage and promote tourism are undertaken by the Government of India, Ministry of Tourism. They provide financial assistance to the State Governments and Union Territories to organize various fairs, festivals and tourism related events. Sports events, cultural events, film related events, media events, travel marts and exhibitions are identified for providing exposure to the tourism industry. A new area of election tourism was developed under the umbrella of Tourism Development Corporation Society for foreigners who were keen on experiencing a slice of Indian elections and to create awareness. Ministry of Tourism has also identified film tourism as a niche tourism segment and announced several initiatives. Campaign under name of '777 days of the Indian Himalayas' was launched to promote tourism in Himalayas to attract international tourist. Golf tourism, polo tourism, rural tourism, cruise tourism, adventure tourism, medical tourism, wellness tourism, eco tourism, development of camp sites, promotion of caravan tourism and caravan camping parks, helicopter tourism are some of the products of Ministry of Tourism for promotion. To encourage quality, standard and service, Ministry of Tourism has scheme of approving travel agents, tour operators, adventure tour operators and tourist transport operators.

Favourable results in tourism industry are expected due to incredible India campaigns – "Find What You See" for foreign tourists and "Go Beyond" for domestic tourists, additional relaxation of tourist visa rules and a significant increase in the fund allocation for tourism in the 12 Plan Period (2012-2017). The scheme of granting tourist 'Visa on Arrival' has been a hit. To further enhance the tourism industry, the Government has taken various initiatives like Atithi Devo Bhava, Hunar Se Rozgar, setting up of Hospitality Development and Promotion Board for expeditious clearance of multiple approvals, encouraging transparency, for monitoring of hotel projects etc, participation in fairs and exhibitions, organizing seminars, workshops, road shows, advertising with travel agents / tour operators, inviting the media and travel trade to visit the country under the hospitality programme etc. Tax relief's like the five-year tax holiday for 2, 3 and 4 star category hotels located around all World Heritage sites and deduction under Section 35 AD of the Income Tax Act extended to new hotels of 2 star category and above anywhere in India have been boosting factors

for hotel sector.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Opportunities in hotels, hospitality, tourism industry are infinite. India is a readymade tourist destination with multiple options and topography suitable for different types of tourist. Festivals, historic and heritage locations attracts tourists from across the world. Indian culture, including yoga, ayurvedic medicine, hinduism and meditation interests international tourists. Number and variety of hotels are present and spread throughout the country to fulfill the demand of the tourists. Low cost for skilled and unskilled manpower also benefits the hotel industry.

In spite of number of opportunities, factors like high cost and formalities for acquisition of land, high and cascading taxes, delays in receipt of approval, corruption, lack of infrastructure and proper transport facilities in some area, security and safety of tourist, maintenance and cleanliness of tourist location, begging and cheating etc. acts as deterring factors and concerns for the tourism industry.

Political turbulence, terrorism, communal riots, racism, natural calamity, epidemics are few threats to the 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 ₹ 15,679.06 lakhs for the financial year ended on 31st March, 2014 as against the turnover of ₹ 16,287.27 lakhs for the previous financial year. The loss after taxes for the year under review was ₹ 23,260.69 lakhs as against loss after taxes of ₹ 566.39 lakhs for the previous year. The Average Room Rate, during the year under review was recorded at ₹ 5,213/- at The Orchid as compared to ₹ 5,127/- in the previous year and at ₹ 3,148/- at VITS as compared to ₹ 3,281/- 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, Chartered Accountants, Mumbai, M/s. R. D. A. and Associates, Chartered Accountants, Bhubaneswar and M/s. Suhas M. Joshi, Chartered Accountants, 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 1061 employees as on 31st March, 2014. 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 “D” TO THE BOARD’S 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 Board’s Report.

BOARD OF DIRECTORS

Composition, category of directors and their attendance at Board Meetings and last Annual General Meeting (AGM):

The Board of Directors has an optimum combination of executive and non-executive independent directors including one woman director. The Chairman of the Board is an executive director and not less than half of the Board comprises of independent directors as on 31st March, 2014. The Board comprises of five directors including two executive directors and three non-executive independent directors. The directors are eminent personalities in their respective fields like hoteliering, banking, finance, management, consumer laws 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 the Company attended	Last AGM Attendance (Yes/No)
Dr. Vithal V. Kamat	Executive Chairman & Managing Director (Promoter)	6	-	-	7	Yes
Mr. S. S. Thakur**	Independent Non-Executive Director	4	3	7	7	Yes
Mrs. Rajyalakshmi Rao	Independent Non-Executive Director	3	-	-	4	Yes
Mr. Vikram V. Kamat	Executive Director (Promoter)	4	-	-	7	Yes
Mr. Dinkar D. Jadhav#	Independent Non-Executive Director	2	-	-	4	N.A
Mr. Ved Prakash Khurana **	N.A	N.A	N.A	N.A	3	N.A
Mr. Ramesh N. Shanbhag**	N.A	N.A	N.A	N.A	2	N.A.
Mr. Rohhan A. Divanji #	Independent Non-Executive Director				N.A.	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 8 of the Companies Act, 2013 (Section 25 of the Companies Act, 1956), unlimited companies and companies where the director is an alternate director, as per Section 165 of the Companies Act, 2013.

**Mr. Ved Prakash Khurana ceased to be a director w.e.f. 21st September, 2013 and Mr. Ramesh N. Shanbhag and Mr. S. S. Thakur resigned as a Whole-time Director and Director of the Company w.e.f. 30th August, 2013 and 30th May, 2014 respectively.

#Mr. Dinkar D. Jadhav was inducted in the Board of the Company w.e.f 21st September, 2013 and Mr. Rohhan A. Divanji was inducted in the Board of the Company w.e.f 9th August, 2014.

During the financial year 2013-2014, seven Board meetings were held on 4th May, 2013, 25th May, 2013, 12th August, 2013, 21st September, 2013, 31st October, 2013, 8th February, 2014 and 22nd March, 2014. Leave of absence was granted to directors who could not attend the Board meetings.

No independent director of the Company is serving as independent director in more than seven listed companies. Further, no independent director of the company is serving as a whole time director in any listed company. Every director has informed the company about the committee positions he occupies in other companies. 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, whether listed or not. For the purpose of reckoning these limits, chairmanship and membership of the Audit Committee and the Stakeholders Relationship Committee alone have been considered.

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

BOARD'S FUNCTION AND PROCEDURE

The Board of Directors, in its meetings, focuses mainly on issues concerning policy and business strategies, major plans of actions, risk policy, annual budgets, monitoring implementation and corporate performance and also deals with important issues relating to business development, capital expenditure, internal controls, regulatory compliances and governance practices, selecting and compensating key managerial personnel of the company and overseeing succession plan, ensuring a transparent board nomination process with diversity of thought, experience, knowledge, perspective and gender in the board, monitoring and managing potential conflicts of interest of management, board members and shareholders, ensuring integrity of the company's accounting and financial reporting systems, and other matters which need to be considered by the Board for ensuring good corporate governance and enhancing the Company's networth 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 Agreements entered into between the Company and the Stock Exchanges.

AUDIT COMMITTEE

The Company has set up a qualified and independent Audit Committee. The present Chairman of the Committee, is Mr. Dinkar D. Jadhav, non-executive independent director. He has expertise in administration and management. Mr. Rohhan A. Divanji, non-executive independent director and Mr. Vikram V. Kamat, Executive Director are other members of the Committee. Mr. Dinkar D. Jadhav and Mr. Rohhan A. Divanji were inducted in the Audit Committee with effect from 21st September, 2013 and 9th August, 2014 respectively. Mr. Dinkar D. Jadhav is B.Sc. with Physics and Mathematics and has done diploma in Business Management. Mr. Rohhan A. Divanji is B.E.- Automobile and is an ardent entrepreneur with extensive product and e-commerce experience to his credit. From building sports data applications for web and mobile for global clients, he is one of the pioneers in the Indian e-commerce space. His forward thinking approach and ability to innovate are his key strengths.

Two third of the members of the Audit Committee are independent directors. All the members of the committee are financially literate and at least one member of the committee has accounting and related financial management expertise.

The terms of reference of the Audit Committee are in conformity with clause 49 of the Listing Agreement. Accordingly, the role of the Audit Committee is, inter-alia, to oversee the Company's financial reporting process and disclosure of its financial information, recommendation for appointment, remuneration and terms of appointment of auditors and reviewing their performance, approval for payment to statutory auditors for other services rendered by the statutory auditors, evaluation of internal control and risk management systems and compliance of generally accepted accounting principles, approval of related party transactions, scrutiny of inter corporate loans and investments, discussion with the internal auditors of any significant findings, discussion with statutory auditors about the nature and scope of audit, to look in to the reasons for substantial defaults in the payment to creditors and to review functioning of whistle blower mechanism/vigil Mechanism. During the year under review four meetings of the Audit Committee were held on 25th May, 2013, 12th August, 2013, 31st October, 2013 and 8th February, 2014. The composition of the Audit Committee alongwith attendance at its meetings is as follows:

Sr. No.	Name of the Member	Category	Meetings attended
1	Mr. Ved Prakash Khurana*	Chairman	2
2	Mr. S. S. Thakur**	Chairman	4
3	Mr. Dinkar D. Jadhav***	Chairman	2
4	Mr. Vikram V. Kamat	Member	4
5	Mr. Rohhan A. Divanji****	Member	-

* Ceased to be director w.e.f. 21st September, 2013.

** Resigned from office of Director w.e.f. 30th May, 2014

*** Inducted as Member of the Audit Committee w.e.f. 21st September, 2013 and appointed as Chairman w.e.f. 9th August, 2014.

**** Inducted as member of the Audit Committee w.e.f. 9th August, 2014.

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.

There has been no instance where the Board of Directors of the Company had not accepted any recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

Mr. Dinkar D. Jadhav, Mr. Vikram V. Kamat and Mr. Rohhan A. Divanji are members of the Nomination and Remuneration Committee. The name of the Remuneration Committee was changed to Nomination and Remuneration Committee as per the provisions of Section 178(1) of the Companies Act, 2013.

The scope and broad terms of reference of the Nomination and Remuneration Committee, include inter alia, the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. To identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in the Nomination and Remuneration policy.
3. To recommend to the Board, appointment and removal of Director, KMP (Key Managerial Personnel) and Senior Management Personnel.
4. To review the remuneration package of the executive directors and recommend suitable annual revision within the upper limit sanctioned by the members.
5. To recommend compensation, if any, to the non-executive directors in accordance with the Companies Act, 2013.
6. Such other powers, role and scope as may be provided under any Act, Rules, Regulation, listing agreement and other regulatory requirements.

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

Sr. No	Name of the Member	Category	Meetings Attended
1	Mr. S. S. Thakur (Resigned from the office of Director w.e.f 30 th May, 2014.)	Chairman	2
2	Mr. Ved Prakash Khurana (Ceased to be director w.e.f. 21 st September, 2013)	Member	1
3	Mr. Dinkar D. Jadhav*	Chairman	1
4	Mrs. Rajyalakshmi Rao	Member	NIL
5	Mr. Vikram V. Kamat**	Member	1
6	Mr. Rohhan A. Divanji ***	Member	N.A

* Inducted as a member of the Nomination and Remuneration Committee w.e.f. 21st September, 2013 and appointed as Chairman w.e.f. 9th August, 2014.

** Inducted as a member of the Nomination and Remuneration Committee w.e.f. 22nd March, 2014.

*** Inducted as member of the Nomination and Remuneration Committee w.e.f. 9th August, 2014.

Two meetings of the Nomination and Remuneration Committee were held on 25th May, 2013 and 22nd March, 2014. The Company Secretary, Mr. Mahesh Kandoi is secretary of the Committee.

Details of remuneration paid to the Executive Directors during the year 2013-14 are:

Name of the Director & Designation	Salary (₹)	Perquisites (including club fees)	Tenure/ Notice period / Severance fees
* Dr. Vithal V. Kamat Executive Chairman and Managing Director	96,00,000/-	10,69,841/-	Tenure: 1st October, 2013 to 30 th September, 2016 Notice Period: Six Months Severance fees: NIL
Mr. Ramesh N. Shanbhag Whole-time Director	14,90,323/-	7,62,465/-	N.A (Resigned as Whole-time Director of the Company w.e.f. 30 th August, 2013)
Mr. Vikram V. Kamat Executive Director	30,00,000/-	2,77,270/-	Tenure: 1 st October, 2011 to 30 th September, 2014 Notice Period: Three Months Severance fees: NIL

*Note: The Board of Directors of the Company has decided to make an application under Section 197(10) of the Companies Act, 2013 to the Central Government for waiver of recovery of remuneration paid in excess of the limit prescribed in para B of Section II(1) of Part II of Schedule XIII of the Companies Act, 1956 to Dr. Vithal V. Kamat, Executive Chairman and Managing Director during the period from 1st April, 2013 to 30th September, 2013.

The Central Government, vide its letter No. B77480861 / 3 / 2013 - CL-VII dated 21st November, 2013 permitted waiver of recovery of managerial remuneration paid in excess of the limits of Schedule XIII of the Companies Act, 1956 to Dr. Vithal V. Kamat, Executive Chairman and Managing Director of the Company during the financial year 2012-2013.

The Central Government vide its letter No. B85479178 / 3 / 2013 - CL-VII dated 10th January, 2014, approved the re-appointment of Dr. Vithal V. Kamat as Executive Chairman and Managing Director for the period from 1st October, 2013 to 30th September, 2016 and remuneration payable to him during the said period.

No payment of commission to the Executive and Non-Executive Directors was made for the period from 1st April, 2013 to 31st March, 2014.

DETAILS OF SITTING FEES PAID TO NON EXECUTIVE DIRECTORS

Name of the Director	Amount in ₹
Mr. S. S. Thakur	2,30,000
Mr. Ved Prakash Khurana	1,10,000
Mr. Dinkar D. Jadhav	1,25,000
Mrs. Rajyalakshmi Rao	80,000
Total	5,45,000

No Bonus, stock options, or performance linked incentives were provided to any of the Directors of the Company during the period from 1st April, 2013 to 31st March, 2014.

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The name of Shareholders Grievance Committee was changed to Stakeholders Relationship Committee as per the provisions of Section 178(5) of the Companies Act, 2013.

The composition of the Stakeholders Relationship Committee and attendance of the members at its Meeting are as under:

Sr. No.	Name of the Member	Category	Meeting Attended
1	Mr. Ved Prakash Khurana (Ceased to be a director w.e.f 21 st September, 2013)	Chairman	1
2	Mr. Ramesh N. Shanbhag (Resigned as a Whole-time Director of the Company w.e.f 30 th August, 2013)	Member	1
3*	Mr. Dinkar D. Jadhav, Non Executive Independent Director	Chairman	N.A*
4	Mr. Vikram V. Kamat, Executive Director	Member	N.A*

*Mr. Dinkar D. Jadhav was inducted as Chairman and M. Vikram V. Kamat was inducted as a member of the Stakeholders Relationship Committee w.e.f 21st September, 2013.

A meeting of the Stakeholders Relationship Committee was held on 25th May, 2013, during the financial year 2013-2014.

The Company Secretary, Mr. Mahesh Kandoi is 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 Stakeholders Relationship Committee.

The scope and broad terms of reference of the Stakeholders Relationship 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 6 shareholders' complaints, which were promptly responded and resolved to the satisfaction of the concerned shareholders. As on 31st March, 2014 there were no pending shareholders' complaints with the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company, in terms of the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, has constituted a Corporate Social Responsibility (CSR) Committee at the Board Meeting held on 22nd March, 2014.

The composition of the CSR Committee and attendance of the members at its Meeting are as under:

Sr. No.	Name of the Member	Category	Meeting Attended
1.	Mr. S. S. Thakur, Non Executive Independent Director	Chairman (upto 30 th May, 2014)	1
2.	Mr. Dinkar D. Jadhav, Non Executive Independent Director	Chairman	1
3.	Mr. Vikram V. Kamat, Executive Director	Member	1
4.	Mr. Rohhan A. Divanji, Non Executive Independent Director	Member (w.e.f. 9 th August, 2014)	N.A

One meeting of the CSR Committee was held on 22nd March, 2014 during the financial year 2013-2014.

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

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

Particulars	FY-2010-2011 AGM	Court Convened Meeting	FY-2011-2012 AGM	FY-2012-2013 AGM
Date	24 th September, 2011	24 th September, 2011	15 th September, 2012	21 st September, 2013
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	"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
Time	2.00 p.m.	4.00 p.m.	3.00 p.m.	3.30 p.m.

Two Special Resolutions were passed at the Annual General Meeting held on 24th September, 2011. No Special Resolution was passed at the Annual General Meeting held on 15th September, 2012. Five Special Resolutions were passed at the Annual General Meeting held on 21st September, 2013.

POSTAL BALLOT

The following resolutions were passed through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with the 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
23 rd March, 2013	14 th August, 2013	Resolution No. 1: Special Resolution under regulation 10(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011 for approval of Corporate Debt Restructuring Package	No. of votes cast in favour of resolution: -17787032 (99.9962%) No. of votes against the resolution: -682 (0.0038%) Carried with requisite majority.
23 rd March, 2013	14 th August, 2013	Resolution No. 2: Special Resolution under Section 81(1A) of the Companies Act, 1956	No. of votes cast in favour of resolution: -17786982 (99.9975%) No. of votes against the resolution: -452 (0.0025%) Carried with requisite majority.

Mr. V. V. Chakradeo, Company Secretary in whole-time practice, was appointed as Scrutinizer and conducted the Postal Ballot exercise.

No Special Resolution is proposed to be conducted through Postal Ballot.

SUBSIDIARY COMPANIES

Mr. Dinkar D. Jadhav, an Independent Director of the Company was appointed as a Director on the Board of Directors of the material non listed Indian subsidiary of the Company, Orchid Hotels Pune Private Limited with effect from 31st October, 2013. The minutes of the Board meetings of all the subsidiary companies are periodically placed before the meetings of the Board of Directors of the Company. The company has formulated a policy for determining 'material' subsidiaries of the Company.

DISCLOSURES

CEO and CFO Certification:

The Executive Chairman and 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. 34 of the Notes to the Financial Statement 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.

Compliance:

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.

Whistle Blower/Vigil Mechanism:

The Vigil Mechanism for directors and employees to report genuine concerns and for providing adequate safeguards against victimization of person who use Vigil Mechanism and also to provide for direct access to the Chairman of the Audit Committee was formulated and adopted by the Board of Directors of the Company at its meeting held on 22nd March, 2014. The same is posted on the website of the Company. No personnel has been denied access to the Audit Committee.

The Company is compliant with all the mandatory clauses of the Listing Agreement.

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 Board's 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 or Business Standard and Marathi Daily Navshakti or Mumbai Lakshadweep newspaper.

The Company's Annual Report is posted on the website www.khil.com.

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

The shareholders can contact the Company Secretary for necessary information through the following routes:

Telephone No. : 022 26164000; Fax No. : 022 26164115; Email id: cs@khil.com; Website : www.khil.com

GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting

Date : 10th September, 2014

Time: 3.00 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 2013 –2014	28 th May, 2014 (B M)*
Unaudited 1 st quarter Results (June 30, 2014)	9 th August, 2014
Mailing of Annual Report	on or before 16 th August, 2014
Annual General Meeting	10 th September, 2014
Unaudited 2 nd quarter Results (September 30, 2014)	8 th November, 2014 (B M)*
Unaudited 3 rd quarter Results (December 31, 2014)	7 th February, 2015 (B M)*
Unaudited 4 th quarter Results (March 31, 2015)	By 30 th April, 2015 (B M)*
In case of audited results for the financial year 2014-15	By 30 th May, 2015 (B M)*

* (B M) – Board Meeting

3. Dates of book closure: from Tuesday 2nd September, 2014 to Wednesday, 10th September, 2014 (both days inclusive)

4. Dividend payment date for Dividend 2013-2014: -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 all the Stock Exchanges upto the financial year 2014-2015.

6. Stock Market Price Data

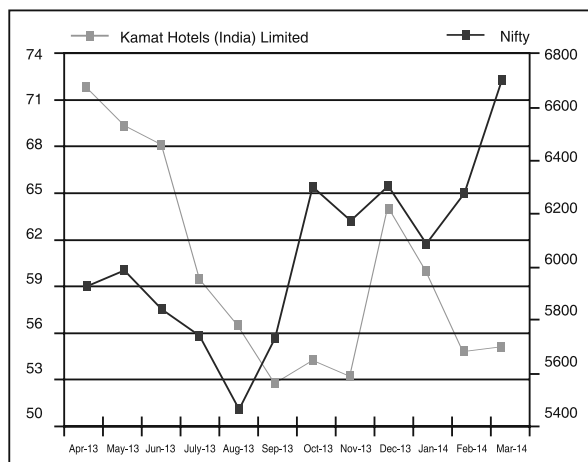
Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited		MCX Stock Exchange Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2013	86.00	63.55	80.00	67.65	-	-
May 2013	74.40	66.15	73.00	65.45	-	-
June 2013	82.90	66.00	77.00	67.30	-	-
July 2013	70.75	55.00	70.45	56.25	-	-
August 2013	66.50	54.00	66.00	53.00	-	-
September 2013	62.75	50.20	61.95	51.40	-	-
October 2013	60.00	52.10	62.25	52.50	-	-
November 2013	63.75	49.00	59.95	50.60	-	-
December 2013	80.60	49.20	76.05	52.25	-	-
January 2014	65.50	55.00	65.90	56.25	-	-
February 2014	62.85	51.10	60.00	52.25	-	-
March 2014	62.35	53.15	62.85	52.40	-	-

7. Performance in comparison to Nifty and Sensex:

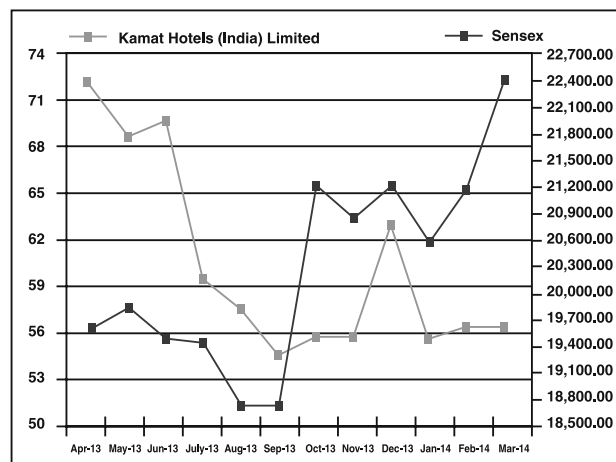
National Stock Exchange (Nifty):

Bombay Stock Exchange (Sensex):

National Stock Exchange (Nifty):



Bombay Stock Exchange (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 Registrars and Share Transfer Agents 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 shares 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:

Dr. Vithal V. Kamat - Executive Chairman and Managing 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 31st March, 2014.

Shareholding of Nominal Value ₹		Number of Shareholders	% of Total	Nominal value ₹	% of Total
1	5,000	6531	94.0660	7367240	3.1238
5,001	10,000	234	3.3703	1917280	0.8130
10,001	20,000	92	1.3251	1447130	0.6136
20,001	30,000	30	0.4321	738940	0.3133
30,001	40,000	13	0.1872	437600	0.1855
40,001	50,000	7	0.1008	337000	0.1429
50,001	1,00,000	12	0.1728	904590	0.3836
Above 1,00,001		24	0.3457	222690800	94.4243
Total		6943	100.0000	235840580	100.0000

Category of Shareholdings as on 31st March, 2014.

Category	Shares	% of Total
Promoter and Promoter group	1,43,61,960	60.8969
Directors and their Relatives (other than Promoter)	-	-
Mutual Fund	1,000	0.0042
NRI/OCBs	80,42,924	34.1032
Public:		
- Corporate Bodies	60,698	0.2574
- Individual and Others	11,17,476	4.7383
Total	2,35,84,058	100.00

11. Dematerialisation of Shares

As on 31st March, 2014, 2,32,47,896 equity shares (98.57% 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. 28th May, 2001 as per the notification issued by the SEBI. The relative ISIN NO. allotted to the company is INE967C01018.

12. Outstanding GDRs/ ADRs / Warrants or convertible instruments:

Currently, there are no outstanding FCCB/GDRs/ADRs/Warrants and Convertible instruments.

13. Location of Hotels / Restaurants:

- The Orchid, 70-C, Nehru Road, Vile Parle (E), Mumbai – 400 099, Tel. No. 91-22 – 26164040.
- VITS- Mumbai Dhanodham, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai-400 059, Tel.No. 022 –61517555.
- Fort Jadhavgadh, Jadhav Wadi, Saswad, Pune-412301, Tel. No. 02115-238475/305200.
- VITS Nashik, Near Nasardi Bridge, Nashik Pune Road, Nashik – 422001, Tel. No. 0253 2413376 / 0253 6636999.
- Lotus Konark, Ramchandi, Orissa, Tel. No. (06758) 236161 / 62 / 63.

6. Fort Mahodadhi Palace, Puri, Odisha, Tel: +91 (6752) 220 440 / 220 880.
7. Lotus Resort Goa, Beach Road, Via Maria Hall, Vaswaddo, Benaulim, Salcete Goa - 403 716. India. Tel: 0832-2771175 / 6 / 8 / 9.
8. Vithal Kamats Original Family Restaurants at:
- i) 37/2, Mumbai-Goa Highway, Near Karnala Bird Sanctuary, Village Chinchvan, Panvel, District Raigad 410206, Mobile-9004075986.
 - ii) Pride Manor- Shaan Complex, Village Sawarkhand, Mastan Naka, NH 08, Manor, Taluka Palghar, District Thane 401403, Mobile-9987573840.
 - iii) Treeo Manor- NH 08, Manor, Taluka Palghar, District Thane 401 403, Mobile-9987579826.
 - iv) Near Toll Plaza at Post Wagunde, Budruk, Pune-Nagar Road 414301, Mobile- 9987573823.
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: 022 26164115, 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 the 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 31st March, 2014, as envisaged in clause 49 of the listing agreement with stock exchanges.
16. Disclosure of relationship between directors:
- | Name of the Director | Relationship |
|---|---|
| Dr. Vithal V. Kamat, Executive Chairman and Managing Director | Father of Mr. Vikram V. Kamat, Executive Director |
- ON BEHALF OF BOARD OF DIRECTORS**
- Dr. Vithal V. Kamat**
Executive Chairman and Managing Director
- Place : Mumbai
Date : 9th August, 2014

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 31st March, 2014 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: 9th August, 2014

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KAMAT HOTELS (INDIA) LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **KAMAT HOTELS (INDIA) LIMITED**, ("the Company") which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 31st March, 2014;
- (ii) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Matter of Emphasis

1. Attention is invited to Note No. 15.1 to the financial statements with regard to investment made and loan and interest receivable from Orchid Hotels Pune Private Limited, a wholly owned subsidiary of the Company and provision of ₹ 23,844.56 lakhs made for doubtful amounts and no provision required for any diminution in the value of investment of ₹ 9,327.75 lakhs in the aforesaid subsidiary.
2. Attention is invited to Note No. 27.3 to the financial statements with regard to payment of excess remuneration of ₹ 24.72 lakhs to the Executive Chairman and Managing Director of the Company for the period from 1st April, 2013 to 30th September, 2013, which is subject to approval of the Central Government for which the Company has proposed to make an application for waiver of recovery of excess remuneration after the same is approved by the shareholders in the ensuing Annual General Meeting.
3. Attention is invited to Note No. 6.4 (a) to the financial statements with regard to default in repayment of part of the secured loans and interest thereon to the extent of ₹ 21,136.67 lakhs by 31st March, 2014 covered under CDR approval. The Company has made an application for restructuring the restructured loans and unpaid interest, which is pending disposal. Pending disposal of this application, no adjustment has been made in the accounts in respect of the above default and the loans and unpaid interest have continued to be classified under current maturities under the head "Current Liabilities".
4. Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) 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;

- (b) 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;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- (e) 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 31st March, 2014 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Act.

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

J.G.VERMA
Partner
Membership No. 5005

Mumbai: 28th May, 2014

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of **Kamat Hotels (India) Limited** for the year ended 31st March, 2014. We report that:

- 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 the going concern status.
- 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. In respect of the loans, secured or unsecured granted to companies, firms or other parties covered in the Register maintained under Register 301 of the Companies Act, 1956:
 - (a) The Company has given an unsecured loan of ₹19,646.40 lakhs (maximum balance ₹ 19,654.26 lakhs) to one of its wholly owned subsidiaries, viz. Orchid Hotels Pune Private Limited (OHPPL). Due to adverse factors, which have affected the financial position of OHPPL, there were defaults in repayment of loan and interest to its lenders and accordingly, the lenders of OHPPL declared it a non-productive asset during the year under report. In view of these developments, the aforesaid loan and outstanding interest thereon have been classified by the Company as doubtful of recovery and a provision has been made in the accounts for the year under report.
 - (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the above loan are *prima facie* not prejudicial to the interest of the Company *except to the extent mentioned above*.
 - (c) The above loan was not due for refund during the year and accordingly our comments on the regularity of receipt of the principal amount of this loan are not given. Interest has been charged upto 31st December, 2013 *but not recovered*. *No interest has been charged for the period thereafter as the loan was considered doubtful of recovery as mentioned above*.
 - (d) There was no overdue amount in excess of Rupees one lakh in respect of the principal amount of the loan given by the Company. The outstanding interest receivable as at 31st March, 2014 was ₹ 4,198.16 lakhs, which has been provided for as doubtful of recovery.
 - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Register 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (e) to 4 (iii) (g) of the Order are not applicable.

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, in our opinion, (a) 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 though *there has been a slight delay in a few cases*. According to the information and explanations given to us, there are no amounts payable in respect of undisputed statutory dues as at 31st March, 2014 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:

Name of the Stature / Nature of the dues and period	Amount involved (₹ in lakhs)	Forum where dispute is pending
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2006-07	10.73 ^(a)	Income Tax Appellate Tribunal
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2008-09	126.19 ^(b)	Income Tax Appellate Tribunal
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2008-09 (pertaining to an erstwhile Company merged with the Company in the previous year)	10.02 ^(c)	Income Tax Appellate Tribunal
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2010-11	10.69 ^(b)	Commissioner of Income-tax (Appeals)
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2010-11 (pertaining to an erstwhile Company merged with the Company in the previous year)	6.56	Commissioner of Income-tax (Appeals)
Income-tax on regular assessment under Income Tax Act, 1961 - Assessment year 2011-12	8.94 ^(d)	Commissioner of Income-tax (Appeals)
VAT on regular assessment under Maharashtra Value Added Tax Act, 2002 – Year 2005-06	15.40 ^(e)	Joint Commissioner of Sales-tax (Appeals)
VAT on regular assessment under Maharashtra Value Added Tax Act, 2002 – Year 2006-07	18.64	Joint Commissioner of Sales-tax (Appeals)
VAT on regular assessment under Maharashtra Value Added Tax Act, 2002 – Year 2008-09	15.95 ^(e)	Joint Commissioner of Sales-tax (Appeals)
VAT on regular assessment under Maharashtra Value Added Tax Act, 2002 – Year 2009-10	61.71	Joint Commissioner of Sales-tax (Appeals)

(a) A sum of ₹ 2.28 lakhs has been recovered by the Department against this demand.

(b) These demands have been fully recovered by the Department.

- (c) A sum of ₹ 8.78 lakhs has been recovered by the Department against this demand.
- (d) A sum of ₹ 8.69 lakhs has been recovered by the Department against this demand.
- (e) A sum of ₹ 2.00 lakhs has been deposited by the Company against this demand, pending disposal of appeal.
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 under report or immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, *the Company has defaulted in (i) payment of interest of ₹1,674.61 lakhs to a financial institution and banks consisting of delays of 1day to 60 days, which have been paid before the year-end; (ii) payment of principal of ₹ 5.02 lakhs and interest of Rs. 669.13 lakhs to a financial institution and banks consisting of delays of 1 day to 32 days, which were outstanding at the year end; and (iii) repayment of principal loan of ₹ 3,913.45 lakhs to a financial institution and ₹ 16,107.78 lakhs to banks, which were due for payment by 31st March, 2014 in terms of the Corporate Debt Restructuring (CDR) approved by the CDR Empowered Group as explained in Note 6.4(a) of Notes to Financial Statements.* The Company has not borrowed any money by way of debentures.
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. *The Company has given a guarantee of ₹ 20,434.00 lakhs to a bank for a secured loan taken by its wholly owned subsidiary, viz. Orchid Hotels Pune Private Limited (OHPPL). OHPPL defaulted in repayment of loan and payment of interest to the said bank during the year and accordingly it was declared a non-performing asset by the said bank and proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 have been initiated against the subsidiary by the said bank. Considering the aforesaid development which took place during the year coupled with various adverse factors being faced by the said subsidiary and the fact that said guarantee is not covered by any security, the same, in our opinion, is prejudicial to the interest of the Company.* In our opinion, the terms and conditions on which the Company has given other guarantee for loan taken by a joint venture company from bank, are *prima facie* not prejudicial to the interest of the Company.
16. According to the information and explanations given to us, no new term loans were raised by the Company during the year under report and accordingly our comments on the utilization of the loans are not applicable.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that the Company has not raised any funds on short term basis which have been used during the year for long term investment.
18. The Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 as follows: (i) 28,61,035 equity shares to the shareholders of Kamat Holiday Resorts Private Limited, Kamats Restaurants Private Limited and Kamats Holiday Resorts (Silvassa) Limited under the Composite Scheme of Arrangement and Amalgamation in terms of Section 391 and 394 of the Act duly approved by the High Court vide Order dated 13th January, 2012; and (ii) 16,29,629 equity shares to two promoter companies pursuant to the scheme of Corporate Debt Restructuring during the year. In our opinion, the price at which these shares have been allotted is not prejudicial to the interest of the Company.
19. The Company has not issued debentures and hence the clause (xix) of Paragraph 4 of the Order is not applicable.
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: 28th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	NOTE	AS AT 31ST MARCH, 2014	₹ In Lakhs AS AT 31ST MARCH, 2013
<u>EQUITY AND LIABILITIES:</u>			
Shareholders' Funds:			
(a) Share Capital	3	2,417.26	1,968.19
(b) Reserves and Surplus	4	1,418.95	22,642.61
		3,836.21	24,610.80
Share Application Money Pending Allotment	5	185.00	2,186.10
Non-Current Liabilities:			
(a) Long Term Borrowings	6	21,344.03	21,771.59
(b) Deferred Tax Liabilities (Net)	7	541.19	2,372.02
(c) Other Long Term Liabilities	8	2,679.59	3,416.72
(d) Long Term Provisions	9	139.32	145.54
		24,704.13	27,705.87
Current Liabilities:			
(a) Short Term Borrowings	10	767.27	754.56
(b) Trade Payables	11	2,123.24	1,865.40
(c) Other Current Liabilities	12	25,395.40	23,941.33
(d) Short Term Provisions	13	111.54	128.05
		28,397.45	26,689.34
TOTAL		57,122.79	81,192.11
<u>ASSETS:</u>			
Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets	14	35,215.65	36,621.38
(ii) Intangible Assets	14	48.12	60.70
(iii) Capital Work-in-Progress	14	16.59	117.52
		35,280.36	36,799.60
(b) Non-Current Investments	15	9,879.84	9,879.84
(c) Long Term Loans and Advances	16	401.62	20,509.36
(d) Other Non-Current Assets	17	8,150.77	8,189.60
		53,712.59	75,378.40
Current Assets:			
(a) Current Investments	18	5.00	5.00
(b) Inventories	19	412.73	429.95
(c) Trade Receivables	20	1,502.43	1,199.45
(d) Cash and Bank Balances	21	793.46	736.97
(e) Short Term Loans and Advances	22	643.11	1,032.94
(f) Other Current Assets	23	53.47	2,409.40
		3,410.20	5,813.71
TOTAL		57,122.79	81,192.11
SIGNIFICANT ACCOUNTING POLICIES	2		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 to 38		

As per our report of even date

For **J. G. Verma & Co.**
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Kurian Chandu
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

	NOTE	YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
INCOME:			
Revenue from Operations	24	13,405.76	13,831.97
Other Income	25	2,273.30	2,455.29
Total Revenue		15,679.06	16,287.26
EXPENSES:			
Cost of Food and Beverages Consumed	26	1,371.68	1,529.65
Employee Benefit Expenses	27	3,269.46	3,567.56
Other Expenses	28	4,869.57	5,433.99
Total Expenses		9,510.71	10,531.20
Profit before Finance Costs, Depreciation, Exceptional Items and Tax:		6,168.35	5,756.06
Less: Finance Costs	29	5,735.27	5,950.64
Depreciation and Amortisation Expenses	14	1,438.52	1,474.64
Profit/(Loss) Before Exceptional Items and Tax		(1,005.44)	(1,669.22)
Exceptional Items	30	(23,805.16)	752.57
Profit/(Loss) Before Tax		(24,810.60)	(916.65)
Tax Expense:			
Current Tax		252.00	152.00
Prior Period Adjustments - Income Tax		28.92	28.56
Deferred Tax	7	(1,830.83)	(530.82)
		(1,549.91)	(350.26)
Profit /(Loss) for the year		(23,260.69)	(566.39)
Earning Per Equity Share of face value of ₹ 10/- each:			
Basic (in ₹)	32	(111.67)	(2.97)
Diluted (in ₹)	32	(111.67)	(2.97)
SIGNIFICANT ACCOUNTING POLICIES	2		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 to 38		

As per our report of even date

For **J. G. Verma & Co.**
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Kurian Chandu
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	₹ in Lakhs	
	YEAR ENDED	
	31st March 2014	31st March 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the year before tax and adjustments	(24,810.60)	(916.65)
<i>Adjustments for:</i>		
Depreciation	1,438.52	1,474.64
Amortisation of Advance Time Share Membership	(73.86)	(73.80)
(Profit) / Loss on Sale/Discard of Fixed Assets / Operating Supplies	52.29	(1,411.17)
Liabilities and Provisions written Back	(135.02)	(55.04)
Provision for Employee Benefits	9.18	85.19
Provision for Wealth Tax	0.92	1.60
Provision for Doubtful Deposits	-	488.62
Incomplete Project Expenses written off	241.73	207.93
Provision for Doubtful Loans (Subsidiary)	19,646.40	-
Provision for Doubtful Interest Receivable (Subsidiary)	4,198.16	-
Forfeiture of Advance for Property	(300.00)	-
Provision for Doubtful Debts and Advances	158.07	103.39
Dividend income	(0.13)	(0.51)
Interest income	(2,034.75)	(2,311.88)
Interest Expenses	5,735.27	5,950.64
Operating profit before working capital changes	4,126.18	3,542.96
Trade Receivables and Loans and Advances	(348.51)	41.46
Inventories	0.69	(8.68)
Trade Payables and Provisions	(645.76)	757.99
Cash generated from operations	3,132.60	4,333.73
Direct taxes refund received (Net of payments)	493.40	75.77
Net cash generated from operating activities	3,626.00	4,409.50
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress and Capital Advances)	(245.11)	(546.72)
Sale Proceeds of Puri Hotel on Transfer / reassignment	-	2,000.00
Sale Proceeds of Fixed Assets	48.33	707.68
Forfeiture of Advance for Property	300.00	-
Investments sold during the year	-	0.05
Investments made during the year	-	(0.01)
Loan to Subsidiary Company	2.59	(4,121.33)
Investments in Subsidiary Companies	-	(1,301.00)
Margin Money with Banks	84.99	530.94
Interest Received	192.52	1,725.41
Dividend Received	0.13	0.51
Net cash generated from / (used in) investing activities	383.45	(1,004.47)

**CASH FLOW STATEMENT (31.03.2014) CONTD..
PARTICULARS**

	₹ in Lakhs	
	YEAR ENDED	
	31st March 2014	31st March 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	-	1,667.00
Repayment of long term borrowings	(531.43)	(1,844.64)
Proceeds from short term borrowings	12.71	3,709.73
Repayment of short term borrowings	(396.52)	(5,623.31)
Share Application Money Received / Proceeds from Issue of Fresh Equity	485.00	1,900.00
Interest paid	(3,435.57)	(3,226.46)
Dividend paid	(2.19)	(2.62)
Net cash used in financing activities	(3,868.00)	(3,420.30)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	141.47	(15.26)
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (Opening Balance)	516.24	531.50
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (Closing Balance)	657.71	516.24
Components of Cash and Cash Equivalents		
- Balance with Banks	597.35	423.57
-Cash on hand	52.67	35.12
- Cheques on hand	7.36	57.21
- Foreign Exchange in hand	0.33	0.34
Total Cash and Cash Equivalents (Note No. 21)	657.71	516.24

SIGNIFICANT ACCOUNTING POLICIES

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
FINANCIAL STATEMENTS**

Note 2

Note 1 to 38

As per our report of even date

For **J. G. Verma & Co.**
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Kurian Chandu
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1 CORPORATE INFORMATION:

Kamat Hotels (India) Limited ("the Company" or "Kamats") was incorporated in India on 21st 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.

Kamats is operating in hospitality sector, with its hotels and restaurants located in the states of Maharashtra (Mumbai, Nashik, Pune, Murud, Manor, Panvel and Wagunde), Goa (Benaulim) and Orissa (Puri, Ramchandi). Kamats also manages hotels and restaurants owned by others at Aurangabad, Pune, Thane, Kalyan, Shahpur, Nashik, Mulsi Dam and Solapur.

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") which comprises mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified), the provisions of the Companies Act, 1956 (to the extent applicable) and guidelines issued by SEBI. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires 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 recognized prospectively in the current and future periods.

2.3 Fixed Assets, Depreciation and Amortisation:

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 ₹ 5,000/- are depreciated in full in the year of purchase.

2.4 Impairment:

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 Statement of Profit and Loss as per the terms of the respective lease agreement.

2.6 Investments:

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Non-Current investments are carried at cost less any, diminution in value, other than temporary, determined separately for each individual investment.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

2.7 Inventories:

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

2.8 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 service 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.

2.9 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.

2.10 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 Statement of Profit and Loss for 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 Statement of Profit and Loss. 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 31st 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.

2.11 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 Statement of Profit and Loss. 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.

2.12 Provisions, Contingent Liabilities and Contingent Assets:

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. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.13 Employee Benefits:

Contribution to Provident Fund, which is a defined contribution scheme, is recognised as an expense in the Statement of Profit and Loss 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

The Company contributes to a Group Gratuity Scheme administered by the Life Insurance Corporation of India. The Contributions are charged to the Statement of Profit and Loss. 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 Statement of Profit and Loss.

2.14 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 supported by convincing evidence, 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.

2.15 Prior Period Adjustments, Exceptional and Extraordinary Items and Changes in Accounting Policies:

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

2.16 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.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ In Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
3 SHARE CAPITAL :			
AUTHORISED:			
	3,42,50,000 (Previous Year 3,42,50,000) Equity Shares of ₹ 10/- each.	3,425.00	3,425.00
		3,425.00	3,425.00
ISSUED, SUBSCRIBED AND PAID UP			
	1,90,93,394 (Previous Year 1,90,93,394) Equity Shares of ₹ 10/- each	1,909.34	1,909.34
	Add: 28,61,035 (Previous Year Nil) Equity Shares of ₹ 10/- each (Allotted on amalgamation) [Refer Note 5.1(a)]	286.11	-
	Add: 28,61,035 (Previous Year Nil) Equity Shares of ₹ 10/- each (Allotted pursuant to CDR scheme) [Refer Note 5.2 and 6.4 (b)]	162.96	-
		2,358.41	1,909.34
	Add: Forfeited Shares Account (Amount originally paid up)	58.85	58.85
	Total	2,417.26	1,968.19

3.1 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the shareholders.

3.2 During the year the Company allotted 28,61,035 (Previous Year Nil) Equity Shares of ₹10/- each as fully paid up to the shareholders of erstwhile Kamat Holiday Resorts Private Limited and Kamats Restaurants Private Limited merged with the Company and shareholders of Kamats Holiday Resorts (Silvassa) Limited as a consideration for merger of its Lotus Goa Resorts during the year 2011-12 [Refer Note 5.1 (a)],

3.3 During the year the Company further allotted 16,29,629 (Previous Year Nil) Equity Shares of ₹ 10/- each as fully paid up at a premium of ₹ 125/- per Equity Share to two promoters owned Companies towards meeting part of promoters' obligation under CDR Scheme (Refer Note 5.2)

3.4 The details of Shareholders holding more than 5% shares:

Name of Shareholder	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	No of Shares	% held	No of Shares	% held
Kamat Holdings Private Limited	15,00,000	6.36	15,00,000	7.86
Plaza Hotels Private Limited	35,35,545	14.99	32,15,927	16.84
Indira Investments Private Limited	15,63,794	6.63	15,29,100	8.01
Dr. Vithal V. Kamat	32,54,990	13.80	10,57,376	5.54
Clearwater Capital Partners Cyprus Limited	76,28,149	32.34	76,28,149	39.95

3.5 The reconciliation of the number of shares outstanding is set out below:

Particulars	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
	No of Shares	No of Shares
Equity Shares at the beginning of the year	1,90,93,394	1,90,93,394
Add: Equity Shares issued to shareholders of merged companies on amalgamation	28,61,035	-
Add: Equity Shares issued to promoters owned companies under CDR Scheme)	16,29,629	-
Equity Shares at the end of the year	2,35,84,058	1,90,93,394

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ In Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
4 RESERVES AND SURPLUS:			
Capital Reserve:			
As per last accounts		13.87	13.87
Capital Redemption Reserve:			
As per last accounts		266.50	266.50
Securities Premium Account:			
As per last accounts	12,949.70		12,949.70
Add: On issue of shares under CDR Scheme (Refer Note 3.3 and 5.2)	<u>2,037.04</u>		<u>-</u>
		14,986.74	12,949.70
General Reserve:			
As per last accounts		3,767.09	3,767.09
Amalgamation Reserve			
As per last accounts [Refer Note 5.1(c)]		<u>280.06</u>	<u>280.06</u>
Surplus in the Statement of Profit and Loss		19,314.26	17,277.22
As per last accounts	5,365.38		5,931.77
Add / (Less): Profit / (Loss) for the year	<u>(23,260.69)</u>		<u>(566.39)</u>
		(17,895.31)	5,365.38
Total		<u>1,418.95</u>	<u>22,642.61</u>
5 SHARE APPLICATION MONEY PENDING ALLOTMENT (Refer Note 5.2)		185.00	2,186.10
Total		<u>185.00</u>	<u>2,186.10</u>

- 5.1**
- (a) In terms of the "Composite Scheme of Arrangement and Amalgamation" ("the Scheme") for (i) Amalgamation of Kamat Holiday Resorts Private Limited (KHRPL) and Kamats Restaurants Private Limited (KRPL) into the Company; and (ii) Demerger of 'Lotus Resort Goa Undertaking' (Lotus Resort, Goa) of Kamats Holiday Resorts (Silvassa) Limited (KHRSL) and merger thereof into the Company, as approved by the Shareholders of the Company in the court convened meeting held on 24th September, 2011 and subsequently sanctioned by the Hon'ble High Court of Judicature at Bombay under Section 391 and 394 of the Companies Act, 1956 vide its Order dated 13th January, 2012, a certified copy thereof has been filed with the Registrar of Companies on 25th February, 2012, all the assets and liabilities of the said erstwhile KHRPL and KRPL and all the assets and liabilities pertaining to Lotus Resort Goa erstwhile undertaking of KHRSL were transferred and vested in the Company with effect from the appointed date being 1st April, 2011 and the aforesaid Scheme has been given effect to in the accounts for the previous year ended 31st March, 2012.
- Pursuant to the Scheme the Company allotted 28,61,035 Nos equity shares of ₹ 10/- each to the promoters of KHRPL, KRPL and KHRSL on 21st September, 2013.
- (b) As directed by the High Court, the Company has made an application to the Superintendent of Stamps for the purpose of adjudication of stamp duty payable on the Scheme of Arrangement and Amalgamation. Provision for stamp duty payable will be made in the books of accounts on completion of adjudication by the stamp authorities, the amount of which is presently unascertainable.
- (c) In terms of the Order dated 13th January, 2012 passed by the Hon'ble High Court of Judicature at Bombay under Section 391 and 394 of the Companies Act, 1956, the above reserve is not available for distribution as dividend by the Company.
- 5.2** The Company has received share application money of ₹ 1900.00 lakhs from two promoter-owned companies in the previous year and further ₹ 485.00 lakhs in the current year for meeting part of promoters' obligation under CDR scheme. The Company allotted 16,29,629 Equity Shares of ₹ 10/- each fully paid up at a premium of ₹ 125/- per share to these companies on 8th February, 2014 and accordingly ₹ 2200.00 lakhs has been transferred to Share Capital and Securities Premium Account during the year leaving a balance of ₹ 185.00 lakhs as Share Application Money against which further shares will be allotted in due course of time.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

6 LONG-TERM BORROWINGS	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	Non Current	Current	Non Current	Current
SECURED:				
A Term Loans from Banks (Refer Note 6.1)	11,307.78	16,716.07	10,876.39	16,108.16
B Term Loans under Structured Mezzanine Credit Facility from Banks (Refer Note 6.2)	5,865.79	884.89	6,745.43	293.29
C Term Loan from a Financial Institution (Refer Note 6.3)	-	3,913.45	-	3,814.76
D Term Loans From Others (Refer Note 6.3)	4,170.46	1,435.72	4,149.77	1,431.89
Total	21,344.03	22,950.13	21,771.59	21,648.10

- 6.1** Term loans from Banks are secured by a first ranking pari-passu 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 / second 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 and VITS, Nashik, Credit Card receivables, equitable mortgage of hotel property at Lotus Goa, mortgage / hypothecation of Land and Building / other Movable assets of the Lotus Resorts, Silvassa owned by promoter group company, pledge of Equity Shares of the Company held by promoters, pledge of Equity Shares of the Subsidiary companies viz. Orchid Hotels Pune Pvt. Ltd., Kamats Restaurants (India) Pvt. Ltd., Fort Jadhavgadh Hotels Pvt. Ltd. and Fort Mahodadhivivas Palace Pvt. Ltd. and certain Associate Companies viz. ILEX Developers and Resorts Ltd. Plaza Hotels Pvt. Ltd. and Kamat Holiday Resorts (Silvassa) Ltd. and personal and corporate guarantees of certain promoter directors and entities.
- 6.2** Term Loans under Structured Mezzanine Credit Facility from Banks are secured by first ranking pari-passu charge on lands at "The Orchid" at Vile Parle (East) (owned by Plaza Hotels Private Limited) together with hotel buildings and all appurtenances thereon, Credit Card receivables personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.
- 6.3** Term loans from Financial Institution and Others are secured by first ranking pari-passu 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 / second ranking pari-passu mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets there at, Credit Card receivables, pledge of Equity Shares of the Company held by promoters, pledge of Equity Shares of the Subsidiary companies viz. Orchid Hotels Pune Pvt. Ltd., Kamats Restaurants (India) Pvt. Ltd., Fort Jadhavgadh Hotels Pvt. Ltd. and Fort Mahodadhivivas Palace Pvt. Ltd. and certain Associate Companies viz. ILEX Developers and Resorts Ltd., Plaza Hotels Pvt. Ltd. and Kamat Holiday Resorts (Silvassa) Ltd. and personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.
- 6.4** Under the Corporate Debt Restructuring (CDR) Scheme sanctioned by the Corporate Debt Restructuring Empowered Group wide sanction letter dated 12th March, 2013:
- Out of restructured debts of ₹ 33,636.36 lakhs (Previous year ₹ 33,636.36 lakhs) as above, debts aggregating to ₹ 19,614.37 lakhs (Previous year ₹ 21,092.36 lakhs) to be repaid by 31st March, 2014 out of sale proceeds of stipulated assets of the Company and balance ₹ 11,796.90 Lakhs (Previous Year ₹ 11,913.00 lakhs) to be restructured as term loans repayable in monthly instalments from 1st April, 2014 till year 2020 and ₹ 718.00 lakhs (Previous year ₹ 718.00 lakhs) as working capital-cash credit. Unpaid Interest of ₹ 4,533.44 lakhs (Previous Year ₹ 5,055.00 lakhs) on restructured debts to be converted into Funded Interest Term Loan and ₹ 1,522.30 lakhs (Previous Year ₹ 1808.00 lakhs) to be repaid by 31st March, 2014 out of sale of stipulated assets of the Company and balance ₹ 3,011.14 lakhs (Previous Year ₹ 3,247.00 lakhs) will be repaid in 42 monthly installments from 1st April, 2014. Despite best efforts by the Company, the stipulated assets could not be sold and consequently the above repayments could not be made by 31st March, 2014. The Company has submitted a proposal for further restructuring the debts vide letter dated 18th February, 2014 to the CDR lenders, which is awaiting disposal. Pending disposal of the same, no adjustment has been made in the accounts in respect of the above default and the aforesaid portion of the debts, which was due for repayment during the year, continued to be shown as "current maturity" under "Current Liabilities" in Note 12
 - Promoters to bring in contribution of ₹ 3,000.00 lakhs in the company in a phased manner; out of which ₹ 2385.00 lakhs has already been brought in till 31st March, 2014 (Refer Note 5.2)
 - Company is obliged to create second pari passu charge on assets of the Orchid Hotels Pune Private Limited (OHPPL) (which is pending due to rejection of permission by the lenders of OHPPL).
 - CDR lenders have a right to convert into equity shares of the Company either or part of the defaulted interest and principal and upto 20% of the debts outstanding beyond seven years from the date of letter of approval.
 - In terms of the Letter of Approval dated 12th March, 2013 issued by the Corporate Debt Restructuring Cell, unpaid interest on various existing term loans for a period of 15 months from 1st April, 2012 to 30th June, 2013 is to be converted into Funded Interest Term Loan. The Company has converted an amount of ₹ 4,533.44 Lakhs in respect of unpaid interest upto 31st March, 2014 into Term Loan. An amount of ₹ 54.00 lakhs (Previous Year ₹ 380.54 lakhs) is under reconciliation with some lenders in respect of interim payments made by the Company during the pendency of its CDR application. Adjustments, if any, will be made on reconciliation and/or confirmation by those lenders.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

6.5 Maturity Profile of Term Loans from Banks and others and rate of interest are as set out below (after considering revisions made under CDR Package as discussed in Note 6.4 above.

	Maturity Profile (₹ in Lakhs)				
	Rate of Interest (p.a)	1-2 Years	2-3 Years	3-4 Years	Above 4 Years
Term Loans from Banks	10.50% to 14.50%	1,122.59	1,214.59	1,455.61	7,515.00
Term Loans under Structured Mezzanine	14.25%	1,466.45	1,759.74	2,639.60	-
Term Loans From Others	10.50% to 14.50%	543.30	638.20	950.66	2,038.30

6.6 Out of the above loans, comprising of both non-current and current portion, loans aggregating to ₹ 44,294.17 lakhs (Previous year ₹ 43,419.69 lakhs) have been guaranteed by directors and others.

6.7 Particulars of period and amount of continuing default as on the Balance Sheet date in repayment of loans, both non-current and current portion and interest.

31st March, 2014

	Non-Current	Current	Interest	Period of delays
				From - To Days
A Term Loans from Banks	-	-	1,876.14	1 - 60
B Term Loans under Structured Mezzanine Credit Facility from Banks	-	5.02	163.46	2
C Term Loan from a Financial Institution	-	-	304.15	3 - 60
D Term Loans From Others	-	1.19	329.47	1 - 60

6.8 During the year 2012-13, the Company has not defaulted any repayment of loans or interest on borrowings.

7 DEFERRED TAX LIABILITY:

Deferred tax Liability

Related to Fixed Assets

Total

Deferred tax Assets

Expenses allowable for tax purpose on payment basis

Provision for Employee Benefits

Provision for Doubtful Debts

Provision for doubtful Interest Receivable

Merger Expenses

Short Term Capital Loss

Long Term Capital Loss

Total

Deferred Tax Liability (net) after adjustments

Incremental Deferred Tax (asset) / charge for the year

8 OTHER LONG-TERM LIABILITIES:

Deferred Sales Tax Liability (Refer Note 8.1)

Security Deposits - Others

Security Deposits from Joint Venture Company (Refer Note 8.2)

Time Share Membership- Refundable

Income received in Advance (Time Share)

Total

₹ In Lakhs

	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
	4,023.24	3,838.87
	4,023.24	3,838.87
	1,898.92	1,261.54
	81.10	88.46
	116.44	92.33
	1,362.09	-
	2.04	3.06
	3.27	3.27
	18.19	18.19
	3,482.05	1,466.85
	541.19	2,372.02
	(1,830.83)	(530.82)
	100.00	100.97
	50.63	44.15
	80.00	700.00
	1,661.00	1,710.80
	787.96	860.80
	2,679.59	3,416.72

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- 8.1** 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.
- 8.2** The Company has received Long term trade deposit of ₹ 80.00 lakhs (Previous Year ₹ 700.00 lakhs) from Ilex Developers & Resorts Limited, a jointly controlled entity, as a security for the hotel property given for development and expansion for a period of 20 years.

	AS AT 31ST MARCH, 2014	₹ In Lakhs AS AT 31ST MARCH, 2013
9 LONG-TERM PROVISIONS:		
Provision for Employee Benefits- Earned Leave (Refer Note No.27.1.3)	139.32	145.54
Total	139.32	145.54
10 SHORT-TERM BORROWINGS		
SECURED:		
Working Capital Facility from Banks (Refer Note 10.1)	717.72	705.01
UNSECURED:		
Loans and Advances from Others	49.55	49.55
Total	767.27	754.56

- 10.1** Working Capital loan from a Bank is secured by hypothecation of entire stock and book debts (excluding credit card receivables and receivables of 127 rooms - The Orchid Expansion) of the Company and second charge by mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat pledge of shares on pari passu basis with other CDR lenders and personal and

	AS AT 31ST MARCH, 2014	₹ In Lakhs AS AT 31ST MARCH, 2013
11 TRADE PAYABLES:		
Micro, Small and Medium Enterprises	42.01	76.77
Others	2,031.22	1,733.12
Payable to related parties	50.01	55.51
Total	2,123.24	1,865.40

- 11.1** 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:

	AS AT 31ST MARCH, 2014	₹ In Lakhs AS AT 31ST MARCH, 2013
Dues remaining unpaid at the year end:		
- Principal	42.01	76.77
- Interest	8.31	3.17
Interest paid in terms of Section 16 of the Act	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	4.44	7.79
Amount of interest accrued and remaining unpaid at the year end	8.31	3.17
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	0.16	0.40

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ In Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
12 OTHER CURRENT LIABILITIES:		
Current Maturities of Long-Term Debts: (Refer Note 6.4)		
From Banks (Refer Note 6.1)	16,716.07	16,108.16
From Banks - under Structured Mezzanine Credit Facility (Refer Note 6.2)	884.89	293.29
From Financial Institution (Refer Note 6.3)	3,913.45	3,814.76
From Others (Refer Note 6.3)	1,435.72	1,431.89
	22,950.13	21,648.10
Creditors for Capital Expenditure	67.63	377.72
Advance from customers	215.07	238.62
Income Received in Advance (Time Share)	73.86	73.80
Income Received in Advance (Others)	85.73	102.88
	159.59	176.68
Bank Balance Overdrawn	0.97	170.77
Interest Accrued And Due	871.01	187.42
Interest Accrued But Not Due	254.15	220.57
	1,125.16	407.99
Unpaid / Unclaimed Dividends (Refer Note 12.1)	9.65	11.83
Other Payables (Refer Note 12.2)	867.20	909.62
	-	-
Total	25,395.40	23,941.33

12.1 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as on 31st March, 2014.

12.2 Includes employees dues, statutory dues and security deposits.

	₹ In Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
13 SHORT-TERM PROVISIONS:		
Provision for Employee Benefits- Gratuity (Refer Note No. 27.1.2)	59.10	56.95
Employee Benefits- Earned Leave (Refer Note 27.1.3)	51.52	69.50
Provision for Wealth Tax (Net of payments)	0.92	1.60
Total	111.54	128.05

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Description	GROSS BLOCK-COST / BOOK VALUE			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1st April, 2013	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31st March, 2014	As at 1st April, 2013	For the year	Deductions / adjustments during the year	As at 31st March, 2014	As at 31st March, 2013
I) TANGIBLE									
Land									
a) Freehold	3,405.23	-	-	3,405.23	-	-	-	3,405.23	3,405.23
b) Leasehold	31.27	-	-	31.27	0.03	0.03	-	31.21	31.24
Sub-Total	3,436.50	-	-	3,436.50	0.03	0.03	-	3,436.44	3,436.47
Buildings									
a) Freehold	9,599.45	-	-	9,599.45	2,347.13	206.18	-	7,046.14	7,252.32
b) Improvements to Buildings under Long Term Contracts	26,450.54	44.21	20.72	26,474.03	4,066.07	760.42	4.59	21,652.13	22,384.47
Sub-Total	36,049.99	44.21	20.72	36,073.48	6,413.20	966.60	4.59	28,698.27	29,636.79
Plant and Equipment	5,566.43	35.78	23.23	5,578.98	2,740.25	290.08	16.44	2,565.09	2,826.18
Furniture and Fixtures	1,983.37	10.67	32.93	1,961.11	1,657.00	117.40	32.19	1,742.21	326.37
Vehicles	336.23	6.56	136.81	205.98	193.42	25.73	77.16	141.99	142.81
Office Equipment	411.01	4.50	27.64	387.87	158.25	23.90	27.24	154.91	252.76
Sub-Total	8,297.04	57.51	220.61	8,133.94	4,748.92	457.11	153.03	3,080.94	3,548.12
Total	47,783.53	101.72	241.33	47,643.92	11,162.15	1,423.74	157.62	35,215.65	36,621.38
II) INTANGIBLE									
Computer Softwares	187.46	2.59	1.79	188.26	126.76	14.78	1.40	140.14	60.70
Total	187.46	2.59	1.79	188.26	126.76	14.78	1.40	140.14	60.70
Grand Total	47,970.99	104.31	243.12	47,832.18	11,288.91	1,438.52	159.02	35,263.77	36,682.08
Previous Year Total	48,537.57	705.03	1,271.59	47,970.99	9,980.35	1,474.64	166.08	31,682.08	38,557.22
CAPITAL WORK-IN-PROGRESS									
Capital Work-In-Progress (Note 14.2)	117.52	(56.84)	44.09	16.59	-	-	-	16.59	117.52
Previous Year Total	596.48	205.89	684.85	117.52	-	-	-	117.52	596.48

NOTES:

- 14.1 Buildings include (i) cost of residential flats of ₹ 43.71 lakhs (Prev. year ₹ 43.71 lakhs) and (ii) cost of shares of ₹ Nil (Prev. Year ₹ Nil) in Co-operative Housing Society and Owners Condominium representing ownership right, and Cost of residential flats of ₹ 32.53 lakhs (Prev. Year ₹ 32.53 lakhs) as part of proposed hotel project at Nagpur.
- 14.2 Capital work-in-progress includes expenses Staff Cost ₹ Nil (Prev. Year ₹ 10.76 lakhs); Travelling Expenses by Directors ₹ Nil (Prev. Year ₹ 1.90 lakhs); Interest on Fixed Loans ₹ Nil (Prev. Year ₹ Nil); General Expenses ₹ 2.63 lakhs (Prev. Year ₹ 15.94 lakhs); Licence, Rates & Taxes ₹ Nil (Prev. Year ₹ 3.36 lakhs); Legal & Professional Charges ₹ Nil (Prev. Year ₹ 13.16 lakhs); Postage & Telephone Charges ₹ Nil (Prev. Year ₹ 0.01 lakhs); Printing & Stationery ₹ Nil (Prev. Year ₹ 0.01 lakhs); Finance Charges ₹ Nil (Prev. Year ₹ 0.09 lakhs); Advertisement Charges ₹ 0.12 lakhs (Prev. Year ₹ 0.44 lakhs); Consultancy Fees ₹ Nil (Prev. Year ₹ 3.57 lakhs); Building Under Construction ₹ 6.70 lakhs (Prev. Year ₹ 17.41 lakhs); Furniture & Fixtures ₹ 4.62 lakhs (Prev. Year ₹ 4.12 lakhs); Plant & Machinery ₹ Nil (Prev. Year ₹ 8.33 lakhs); FCCB Expenses ₹ Nil (Prev. Year ₹ 37.90 lakhs); Repairs & Maintenance ₹ 0.50 lakhs (Prev. Year ₹ Nil)

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

			₹ In Lakhs	
			AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
15 NON-CURRENT INVESTMENTS				
Number	Face value per unit			
A. Trade Investments In Joint Venture Companies				
Fully Paid Equity Shares (Unquoted)				
2,66,500	₹ 10	- Ilex Developers & Resorts Limited	533.00	533.00
(2,66,500)				
B. Trade Investments In Subsidiary Companies				
Fully Paid Equity Shares (Unquoted)				
1,17,64,706	₹ 10	-Orchid Hotels Pune Private Limited (Refer Note 15.1 and 15.2)	9,327.75	9,327.75
(1,17,64,706)				
10,000	₹ 10	- Fort Jadhavgadh Hotels Private Limited	1.00	1.00
(10,000)				
10,000	₹ 10	- Green Dot Restaurants Private Limited	1.00	1.00
(10,000)				
10,000	₹ 10	- Fort Mahodadhinivas Palace Private Limited	1.00	1.00
(10,000)				
10,000	₹ 10	- Kamats Restaurant (India) Private Limited	1.00	1.00
(10,000)				
			9,864.75	9,864.75
C. Non Trade Investments				
Fully paid up equity shares (Quoted)				
50	₹ 10	-Royal Orchid Hotels Limited	0.03	0.03
(50)				
Fully paid up equity shares (Unquoted)				
10010	₹ 10	-The Satara Sahakari Bank Limited	5.01	5.01
(10010)				
Tax Saving Bonds (Unquoted)				
200	₹ 5000	ICICI Tax Saving Bonds (Maturing On 16.11.2017)	10.00	10.00
(200)				
Investments in Government Securities				
		6 Year NSC (Maturity on 18.08.2016)	0.05	0.05
			9,879.84	9,879.84
Total Non-Current Investments				
Aggregate amount quoted Investments				
			0.03	0.03
			0.02	0.01
Aggregate amount of unquoted Investments				
			9,879.81	9,879.81

15.1 The Company has made a strategic and long term investment of ₹ 9327.75 lakhs in the shares of Orchid Hotels Pune Private Limited (OHPPL), a wholly owned subsidiary of the Company. Further, a loan of ₹ 19,646.40 lakhs and outstanding interest thereon for the period upto December, 2013 of ₹ 4,198.16 lakhs is recoverable from OHPPL. OHPPL has been declared a non-performing asset by its lender due to defaults in paying the loan dues. OHPPL is also facing other adverse factors which have severely affected its financial position. Considering these adverse factors, the Company has made a provision for ₹ 23,844.56 lakhs towards recovery of loan and interest dues upto December, 2013 during the year. Since the loan is considered doubtful of recovery, interest on the outstanding loan is not recognized as income for the period after December, 2013 considering prudence. Further, considering the present value of the assets and future projections of the OHPPL, the management believes that there is no diminution in the value of investment in OHPPL and accordingly there is no need to make any provision at present. This will be evaluated on a going forward basis for any further changes.

15.2 Out of 1,17,64,706 (Previous Year 1,17,64,706), 77,25,485 (Previous Year 57,64,701) shares have been pledged by the Company to lenders as a security for loans taken by the Company and 35,29,411 (Previous Year 35,29,411) shares have been pledged by the Company to lenders as a security for loan taken by the Subsidiary Company (Refer Note 6.1 and 6.3)

15.3 Figures in brackets are in respect of previous year.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ In Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
16 LONG-TERM LOANS AND ADVANCES:		
(Unsecured, good, unless otherwise stated)		
Capital Advances (include ₹ 208.65 lakhs)	226.65	355.70
(Previous Year ₹ 203.65 lakhs) considered doubtful)		
Less: Provision for doubtful advances	208.65	203.65
	18.00	152.05
Inter Corporate Deposit- Considered Doubtful	200.00	200.00
Less: Provision for Doubtful Deposits	200.00	200.00
	-	-
Loans and Advances to related parties:		
Orchid Hotels Pune Private Limited (Subsidiary)	19,646.40	19,648.99
(Maximum balance during the year ₹ 19,654.26 lakhs (Previous Year ₹ 19,648.99 lakhs)) (Refer note 15.1) (considered doubtful (Previous year ₹ Nil.))		
Less: Provision for Doubtful Loan	19,646.40	-
	-	19,648.99
Payment of Taxes (Less Provisions) (Refer Note 16.1)	382.16	458.16
MAT Credit Entitlement	-	249.51
Prepaid Expenses	1.46	0.65
Total	401.62	20,509.36

16.1 Payment of Taxes is net of provision for tax of ₹ 266.98 lakhs (Previous Year ₹ 363.10 lakhs) and further after adjusting ₹ 249.51 lakhs (Previous year ₹152.00 lakhs) for MAT credit availed during the year.

	₹ In Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
17 OTHER NON-CURRENT ASSETS:		
(Unsecured, good unless otherwise stated)		
Security Deposits	114.52	144.65
Long Term Deposits for Hotel and Other Properties (includes ₹ 488.62 lakhs (Previous year ₹ 488.62 lakhs) considered doubtful)	8,524.87	8,533.57
Less: Provision for doubtful deposit	488.62	488.62
	8,036.25	8,044.95
Total	8,150.77	8,189.60

17.1 The above deposits include ₹ 80.00 Crores (Previous Year ₹ 80.00 Crores) paid to Plaza Hotels Private Limited for hotel properties (a Company wherein some directors of the Company are directors).

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ In Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
18	CURRENT INVESTMENTS		
	Investments in Mutual Funds- Unquoted		
	SBI PSU FUND 50,000 (Previous Year 50,000) Units of ₹ 10/- each fully paid up (NAV - ₹ 3.88 lakhs (Previous Year ₹ 3.82 lakhs))	5.00	5.00
	Total	5.00	5.00
19	INVENTORIES:		
	(At lower of weighted average cost and net realisable values)		
	Raw Materials and Others		
	- Food and Beverages	128.07	107.80
	- Stores and Operating Supplies	284.66	322.15
	Total	412.73	429.95
20	TRADE RECEIVABLES:		
	(Unsecured, good, unless otherwise stated)		
	Unsecured:		
	- Over Six Months [₹ 358.89 lakhs (Previous year ₹ 284.49 lakhs) considered doubtful]	784.28	619.61
	- Other Debts [₹ Nil (Previous year ₹ 0.08 lakhs) (considered doubtful)]	1,077.04	864.41
		1,861.32	1,484.02
	Less: Provision for Doubtful Debts	358.89	284.57
	Total	1,502.43	1,199.45
20.1	Includes due from Orchid Hotels Pune Private Limited (wholly owned Subsidiary) (Unsecured good)	19.38	39.28
20.2	Includes due from Ilex Developers and Resorts Limited (Joint venture company)	18.36	0.08
21	CASH AND BANK BALANCES:		
	Cash and Cash Equivalents:		
	- Balance with Banks	597.35	423.57
	- Cash on hand	52.67	35.12
	- Cheques on hand	7.36	57.21
	- Foreign Exchange in hand	0.33	0.34
	Sub-total	657.71	516.24
	Other Bank Balances:		
	- Margin Money in Fixed Deposits with Banks	126.11	208.90
	- Dividend Bank Accounts	9.64	11.83
	Sub-total	135.75	220.73
	Total	793.46	736.97
22	SHORT TERM LOANS AND ADVANCES:		
	(Unsecured, good)		
	- Loans and Advances to Employees	0.03	0.80
	- Deposits including Balances with Government and other agencies	45.24	16.61
	- Advance Payment of Taxes (Net)(Refer Note 22.1)	380.44	830.87
	- Prepaid Expenses	131.16	135.55
	- Others (Refer Note 22.2)	86.24	49.11
	Total	643.11	1,032.94

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- 22.1 Payment of taxes is net of provision for tax of ₹ 1,004.25 lakhs (Previous Year ₹ 928.20 Lakhs).
22.2 Include advances to suppliers and for expenses.

	AS AT 31ST MARCH, 2014	₹ In Lakhs AS AT 31ST MARCH, 2013
23 OTHER CURRENT ASSETS:		
(Unsecured good) (unless otherwise stated)		
- Interest Receivable from related parties (Refer Note 23.1)(considered doubtful) (Previous year Nil).	4,198.16	2,355.25
Less: Provision for Doubtful Interest receivable	4,198.16	-
	-	2,355.25
- Interest Receivable on Bank Deposits and Investments	53.47	54.15
Total	53.47	2,409.40
23.1 This amount is due from Orchid Hotels Pune Private Limited wholly owned (Subsidiary) (Refer Note 15.1)		

	YEAR ENDED (₹ In Lakhs)	
	31ST MARCH, 2014	31ST MARCH, 2013
24 REVENUE FROM HOTEL OPERATIONS:		
Revenue from Operations:		
Rooms	6,587.78	7,573.23
Food and Beverages	5,291.50	4,820.01
Income from Time Share Business (Refer Note 24.1)	390.93	364.38
Management and Consultancy Fees	234.62	238.14
Sub total	12,504.83	12,995.76
Other Operating Revenue:		
Swimming Pool and Health Club	60.78	41.02
Conference and Banqueting Services	244.49	211.14
Internet and Telephone	14.00	20.79
Laundry Services	53.29	51.19
Car Rental and Transportation	105.29	116.36
Membership- Sales Promotion Schemes	207.82	231.83
Licence Fees - Shops and Offices	133.46	134.85
Miscellaneous Services	82.86	30.85
Sub total	901.99	838.03
Less: Excise Duty relating to sale of Food and Beverages	1.06	1.82
Total	13,405.76	13,831.97
24.1 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 Times Share members is recognized as income.		

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
25 OTHER INCOME:		
Interest Earned		
Interest on Long Term Investments	7.45	6.57
Interest from Banks on deposits	9.89	27.94
Interest from subsidiary on loan (Refer Note 15.1)	1,843.10	2,271.31
Interest from Others	174.31	6.05
	2,034.75	2,311.87
Gain on Foreign Exchange	3.73	9.03
Dividend on Long Term Investments	0.13	0.51
Liabilities and Provisions written back (Refer Note 25.1)	135.02	55.04
Licence Fees-Other Properties	75.75	71.07
Other Non Operating Income	23.92	7.77
Total	2,273.30	2,455.29

25.1 Liabilities and Provisions written back include ₹ 24.20 lakhs (Previous Year ₹ Nil) towards excess provisions for leave encashment, no longer required, written back.

26 COST OF FOOD AND BEVERAGE CONSUMED:		
Opening Stock	107.80	110.47
Add: Purchases	1,391.95	1,526.98
	1,499.75	1,637.45
Less: Closing Stock	128.07	107.80
Total	1,371.68	1,529.65

26.1 Particulars of imported and indigenous food and beverages consumed:		
Value - Imported	35.37	1.28
- Indigenous	1,336.31	1,528.37
	1,371.68	1,529.65
Percentage - Imported	2.58%	0.08%
- Indigenous	97.42%	99.92%
	100.00%	100.00%

27 EMPLOYEE BENEFITS EXPENSE:		
Salaries and Wages	2,888.91	3,062.40
Contribution to Provident and other Funds	137.56	157.56
Provision for Gratuity (Refer Note No.27.1.2)	9.18	52.05
Provision for Leave Encashment (Refer Note No. 27.1.3)	-	33.14
Staff Welfare Expenses	233.81	262.41
Total	3,269.46	3,567.56

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

27.1.1. Defined Contribution Plan:

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

Contributions to Provident Fund	135.88	155.87
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27.1.2 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 recognised in the same manner as gratuity.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Gratuity (Funded)		
a Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	242.66	203.99
Current Service Cost	37.31	36.25
Interest Cost	19.41	17.34
Actuarial (gain) / loss	(33.19)	13.50
Benefit Paid	(55.61)	(28.42)
Defined Benefit obligation at year end	210.58	242.66
b. Reconciliation of opening and closing balance of fair value of plan assets		
Fair value of plan assets at beginning of the year	185.71	172.49
Expected return on plan assets	16.16	14.83
Employers Contribution	7.02	26.61
Benefit Paid	(55.61)	(28.42)
Actuarial (gain) / loss	(1.80)	0.20
Fair value of plan assets at year end	151.48	185.71
Actual return on plan assets	16.16	14.83
c Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March, 2014	151.48	185.71
Present value of obligation as at 31st March ,2014	210.58	242.66
Amount recognised in Balance Sheet	59.10	56.95
d Net Gratuity and other cost for the year		
Current Service Cost	37.31	36.25
Interest Cost	19.41	17.34
Expected return on plan assets	(16.16)	(14.83)
Actuarial (gain)/loss	(31.39)	13.29
Net Cost	9.17	52.05
e Investment Details	% invested	% invested
L I C Group Gratuity (Cash Accumulation) Policy	100	100
f Actuarial assumptions		
Mortality Table (L.I.C)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	9.29%	8.00%
Expected rate of return on plan assets (per annum)	8.70%	8.70%
Rate of escalation in salary (per annum)	6.50%	6.50%
Employers Best estimate of expected contribution for next year	59.10	56.95

The estimates 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.

The expected rate of return on plan asset is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risk, historical results of return on plan assets and the Company's policy for plan assets management.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ In Lakhs	
		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
27.1.3	Leave encashment (Non Funded)		
	Reconciliation of opening and closing balances of Defined Benefit obligation		
a	Defined Benefit obligation at beginning of the year		
	Defined Benefit obligation at beginning of the year	215.04	181.90
	Actuarial (gain) / loss	(24.20)	33.14
	Defined Benefit obligation at year end	190.84	215.04
b.	Reconciliation of fair value of assets and obligations		
	Present value of obligation as at 31st March, 2014	190.84	215.04
	Amount Recognised in Balance Sheet	190.84	215.04
c	Expenses recognised during the year		
	Actuarial (gain)/loss	(24.20)	33.14
	Net Cost	(24.20)	33.14
27.2	Managerial Remuneration :		
	Remuneration to Managing and Whole Time Directors (₹ 96.00 lakhs to Managing Director) (Previous Year ₹ 96 Lakhs) (Refer Note 27.3)	146.90	162.00
	Contribution to Provident Fund	13.64	15.58
	Perquisites	0.64	0.57
	Sub-total	161.18	178.15
	Directors Sitting Fees	5.45	8.15
	Total	166.63	186.30

27.3 Payment of remuneration to Dr. Vithal V. Kamat, Executive Chairman and Managing Director (CMD) for the period from 1st October, 2010 to 30th September, 2013 was approved by the shareholders of the Company in the Annual General Meeting held on 25th September, 2010. However, in view of loss for the year ended 31st March, 2014, there is an excess remuneration of ₹ 24.72 lakhs for the period from 1st April, 2013 to 30th September, 2013 (Previous year ₹ 48.78 lakhs for full year) paid to CMD and in terms of the decision of the Remuneration Committee in its meeting held on 28th May, 2014, 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. Remuneration for the subsequent period from 1st October, 2013 and onwards has already been approved by the shareholders in the Annual General Meeting held on 21st September, 2013 and by the Central Government vide approval dated 10th January, 2014, which is valid till 30th September, 2016.

		₹ In Lakhs	
		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
28	OTHER EXPENSES:		
	OPERATING EXPENSES:		
	Heat, Light and Power	1,523.25	1,462.75
	Rent	121.09	149.31
	Licences, Rates and Taxes	450.54	623.52
	Repairs to Buildings	83.35	104.40
	Repairs to Plant and Machinery	184.69	200.63
	Repairs to Others	88.76	137.65
	Expenses on Apartments and Boards	428.30	462.70
	Replacements of Crockery, Cutlery, Linen, etc.	80.39	87.89
	Washing and Laundry Expenses	72.43	187.39
	Water Charges	152.22	123.02
	Sub-Total	3,185.02	3,539.26

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
OTHER EXPENSES CONTD...

		₹ In Lakhs	
		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
GENERAL EXPENSES:			
Advertisement, Publicity and Sales Promotion		289.79	317.24
Travel Agents' Commission		133.46	114.66
Discount to Collecting Agents		102.45	95.99
Management/Licence Fees and Royalty		133.32	118.66
Loyalty Programme Expenses		14.85	41.82
Band and Music Expenses		92.20	158.98
	Sub-Total	766.07	847.35
ADMINISTRATIVE AND OTHER EXPENSES:			
Communication Expenses		88.02	96.00
Printing and Stationery		61.94	74.93
Legal and Professional charges		159.89	316.66
Directors' Sitting fees		5.45	8.15
Travelling and Conveyance		165.75	155.89
Insurance		38.80	44.96
Bad Debts		77.59	2.17
Provision for Doubtful debts		80.48	101.22
Auditors' Remuneration		12.50	12.74
Sales Tax/Vat /Luxury Tax etc. including assessment dues		101.35	97.76
Loss on Sale/Discard of Operating Supplies (Net)		15.30	-
Loss on Sale/Discard of Fixed Assets		18.12	-
Prior Periods Expenses		33.22	15.73
Miscellaneous Expenses		60.07	121.17
	Sub-Total	918.48	1,047.38
	Total	4,869.57	5,433.99
28.1	The Municipal Corporation of Greater Mumbai (MCGM) has raised an additional demand for property tax of ₹ 56.91 lakhs (Previous Year ₹ 216.96 lakhs) for the year 2013-2014 in respect of Company hotels and offices based on newly introduced capital value method during the previous year. The Company has filed objections to the said valuation which are pending disposal by MCGM. Pending such disposal, the Company has made provision for the same and adjustment, if any will be made on disposal of Company's objections.		
28.2	Auditors' Remuneration		
	- As Audit Fees	8.50	8.50
	- Taxation Matters	2.05	2.55
	- Other Services	1.25	1.05
	- Out of Pocket Expenses	0.20	0.20
	- Service Tax (net of Input tax credit availed)	0.50	0.44
	Total	12.50	12.74
29	FINANCE COSTS:		
	Interest Expense	5,680.02	5,767.74
	Other Borrowing Costs	55.25	182.90
	Total	5,735.27	5,950.64

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

YEAR ENDED

	31ST MARCH, 2014	31ST MARCH, 2013
30 EXCEPTIONAL ITEMS:		
INCOME:		
Surplus on transfer of Puri Hotel unit to Subsidiary	-	1,246.87
Profit on disposal of certain non-productive Fixed Assets	-	221.96
Forfeiture of Advance for Property - Bhubaneswar (Refer Note.30.1)	300.00	-
Input Service tax Credit of earlier year available to the Company	-	40.62
	300.00	1,509.45
Less: EXPENSES:		
Loss on Write-off of Fixed Assets of certain unviable units of the Company	17.64	60.33
Loss on Write-off of Operating Supplies of certain unviable units of the Company	1.23	-
Incomplete Hotel Projects Expenses Written Off	241.73	207.93
Provision for doubtful deposit for Hotel Project (Refer Note 30.2)	-	488.62
Provision for Doubtful Loans/ (OHPPL) (Refer Note 15.1)	19,646.40	-
Provision for Doubtful Interest receivable (OHPPL) (Refer Note 15.1)	4,198.16	-
	24,105.16	756.88
Total	(23,805.16)	752.57

30.1 The Company had executed an Agreement-cum-Memorandum of Undertaking with a party to dispose off its VITS Hotel, Bhubaneswar on 27th April, 2013 on as is where basis for an agreed consideration, against which an earnest money deposit of ₹ 300.00 lakhs was paid by the said party pending completion of stipulated obligations by both the parties to complete the sale, which was to be adjusted against the agreed sale consideration. The Company completed its obligations but the said party did not complete its obligations under the above agreement within the agreed time and time was the essence of the agreement. Accordingly and as provided in the aforesaid agreement, the deal has come to end and the above earnest money deposit has been forfeited by the Company during the year ended 31st March, 2014 and included as an item of Exceptional income.

30.2 In terms of the Memorandum of Understanding with a Public Trust owning a plot of land in Mumbai, the Company had paid ₹ 488.62 lakhs as security deposit and incurred expenditure of ₹ 207.93 lakhs for a proposed hospitality project on the said land in earlier years. The owner did not fulfill his obligation to complete the infrastructure for the aforesaid project despite follow up by the Company. In view of inordinate delay in the project, the expenditure incurred on the said incomplete project has been written off and a provision has been made in the previous year for the deposit paid to the said party. In the meantime, the Company had initiated legal proceedings against the owners by filing Arbitration Application before the Bombay High Court for appointment of Arbitrator. The Bombay High Court vide order dated 22nd February, 2013 has referred the matter to a sole arbitrator. The Company filed its Statement of Claims before the arbitrator. The owners also filed their reply and also made a counter claim for compensation and interest thereon before the arbitrator besides claiming that the claim of the Company was barred by limitation of time. Subsequently, vide letter dated 12th September, 2013, the arbitrator resigned and the matter could not proceed further thereafter. The Company is contemplating to approach the High Court again for directions. Adjustments, if any, to the expenditure written off and provision made as above, will be made on disposal / conclusion of the Arbitration Proceedings in the above matter.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

31 Contingent Liabilities and Commitments.

	₹ In Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
I Contingent liabilities:		
A Claims Against Company /Disputed liabilities not acknowledged as debts.		
i) Disputed Income Tax Demand	164.53	743.50
ii) Disputed MVAT Demand	111.69	-
iii) Open import Licence	38.18	75.61
iv) Claims against the Company not acknowledged as debt.	59.00	66.29
v) Other Matters disputed	94.48	17.72
B Guarantees:		
i) Corporate guarantee given to a bank given in respect of credit facilities availed by Subsidiary Company.	20,434.00	20,434.00
ii) Counter Guarantees issued by the Company to secure Bank Guarantees.	43.11	111.40
C Other Money for which the Company is contingently liable.		
i) Obligation towards payments to project creditors of subsidiary company.	-	64.01
ii) Monetary value of unredeemed points in respect of Guest Loyalty program for Sales Promotion.	0.27	26.98
D Refer Note 30.2 in respect of dispute regarding Bandra-Kurla Project		
II Commitments.		
A Estimated amount of capital commitments to be executed on capital accounts and not provided for (net of advances)	1.20	14.22
B Other Commitments		
i) Undertaking given by the Company in favour of a lender to repay the loan to the extent of 50% of sale proceeds of the Assets sold.	1,736.82	3,106.19
ii) Commitment to the V Privilege Scheme members for providing Hospitality services during the year 2013-14 as per membership sale value	80.33	67.70
iii) Obligations under CDR Scheme to the lenders to repay part of the term loans and funded interest term loan out of the sale proceeds of specified assets of the Company by 31st March, 2014, though the specified asset could not be sold as stipulated. The Company has given a proposal to the CDR lenders to repay the dues which is not yet disposed off.	22,500.00	22,500.00
iv) The Company has put up an STP Unit on an adjacent immovable property owned by Kamats Amusements Private Limited in earlier years for its Orchid Hotel, Mumbai and continues to use the same. The Company is obliged to compensate appropriately to the owner for such user of property as explained in the Explanatory Statement under section 393 of the Companies Act, 1956 to the notice convening the meeting of the shareholders of the Company on 22nd October 2005 pursuant to Bombay High Court Order dated 2nd September 2005 and as approved by the Board of Directors of the Company in the meeting held on 26th July 2008. The modalities are being worked out.		
v) Certain ex-employees of the Company have demanded re-instatement of their service along with arrears of wages, which is contested by the Company and the amount is indeterminate.		

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

32 Earnings Per Share

Basic and Diluted

Particulars

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Net Profit / (Loss) after tax as per Statement of Profit and Loss (₹ In lakhs)	(23,260.69)	(566.39)
No. of Shares issued	2,35,84,058	1,90,93,394
Nominal Value of Share (₹)	10	10
Weighted average no. of Shares – Basic	2,08,30,543	1,90,93,394
Weighted average no. of Shares – Diluted	2,28,34,693	2,19,89,132
Basic E.P.S. (₹) :	(111.67)	(2.97)
Diluted E.P.S. (₹): (See Note below)	(111.67)	(2.97)

Note: Since the Diluted EPS in the current year is anti-dilutive, the effect of anti-dilutive potential equity share is ignored in calculating diluted EPS in terms of Accounting Standard - 20 - Earnings per share (AS - 20)

33 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).

34 Related Party Disclosures:

Related Parties where control exists:

(a) **Subsidiary Companies:**

Orchid Hotels Pune Private Limited (Formerly B W Highway Star Private Limited)
Fort Jadhav Gadh Hotels Private Limited
Fort Mahodadhinivas Palace Private Limited
Kamats Restaurant (India) Private Limited
Green Dot Restaurants Private Limited

(b) **Fellow Subsidiary Company:**

Jadhav Gadh Hotels Private Limited - (Ceased to be a fellow subsidiary w.e.f 1st March, 2014).

(c) **Jointly Controlled Entity:**

Ilex Developers and Resorts Limited (Joint Venture)

(d) **List of Associate Companies where control exists and with whom transactions have taken place during the year:**

Plaza Hotels Private Limited
Kamats Holiday Resorts (Silvassa) Limited
Vishal Amusements Limited
Indira Investments Private Limited
Kamburger Foods Private Limited:
Kamat Eateries Private Limited
Kamats Amusements Private Limited
Talent Hotels Private Limited
Karaoke Amusements Private Limited
Karwar Hotels Private Limited

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Busybee Developers Private Limited

Grasshoppers Developers Private Limited

Nagpur Ecohotel Private Limited

VITS Hotels (Bhubaneswar) Private Limited

(e) Key Management Personnel and their relatives:

Dr. Vithal V. Kamat - Executive Chairman & Managing Director

Mr. Ramesh N. Shanbhag - Whole Time Director (Resigned during the year with effect from 30th August, 2013)

Mr. Vikram V. Kamat - Executive Director & also relative

Mrs. Vidya V. Kamat - Relative

Mr. Vishal V. Kamat - Chief Executive Officer of Fort Jadhavgadh, Pune and a relative

(f) Other Related parties where key managerial personnel are able to exercise significant influence and with whom transactions have been taken place during the year :

Vithal . V. Kamat HUF

(g) 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 31st March, 2014:

₹ In Lakhs					
Sr. No.	Nature of transactions	Subsidiary Company	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
1	Sale by rendering services including Management & Consultancy Fees	91.53 **(96.97)	36.91 (47.94)	Nil (Nil)	3.24 (6.59)
2	Consultancy Fees/Fees paid towards hotel property under Business Contract Agreement	21.89 (Nil)	89.35 (74.90)	Nil (Nil)	Nil (Nil)
3	Consideration received for re-assignment of Lease and transfer of Puri hotel unit	Nil (2,000.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Interest earned on Loans & Advances given (Refer Note 15.1)	1,843.10 (2,271.31)	Nil (Nil)	Nil (Nil)	Nil (Nil)
5	Purchase of goods & services	Nil (Nil)	Nil (Nil)	17.59 (29.23)	Nil (Nil)
6	Remuneration to Key Management Personnel	Nil (Nil)	Nil (Nil)	173.56 (182.36)	Nil (Nil)
7	Loan given	10.49 (4,152.40)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8	Loans Recovered during the year	Nil (0.07)	Nil (0.07)	Nil (Nil)	Nil (Nil)
9	Loans Repaid during the year	Nil (Nil)	Nil (34.69)	Nil 0.66	Nil (Nil)
10	Deposits Repaid during the year	Nil (Nil)	620.00 (Nil)	Nil 0.66	Nil (Nil)
11	Interest Recovered during the Year	Nil (1,656.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
12	Share Application Money received	Nil (Nil)	485.00 (1,900.00)	Nil (Nil)	Nil (Nil)
13	Equity Shares allotted during the year	Nil (Nil)	449.07 (Nil)	Nil (Nil)	Nil (Nil)

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

Sr. No.	Nature of transactions	Subsidiary Company	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
14	Investments in Shares	Nil (1,301.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
15	Corporate Guarantee / Personal Guarantee provided CDR obligation (to the extent of loan outstanding)	24,755.00 (Nil)	38,583.00 (Nil)	38,583.00 (Nil)	Nil (Nil)
16	Balance outstanding at the year end:				
(a)	Investments in Shares / Share application money	9,331.75 (9,331.75)	533.00 (533.00)	Nil (Nil)	Nil (Nil)
(b)	Share application money pending allotment	Nil	185.00 (1,959.55)	Nil (225.46)	Nil (1.10)
(c)	Loan to Subsidiary (Refer Note 16)	19,646.40 (19,648.99)	Nil (Nil)	Nil (Nil)	Nil (Nil)
(d)	Accounts receivable (Refer Note 23)	4,229.54 (2,394.52)	18.36 (0.08)	Nil (Nil)	Nil (Nil)
(e)	Deposit paid includes Under Business Contract Agreement	Nil (Nil)	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
(f)	Long Term Trade Deposit received towards Business Contract Agreement.	Nil (Nil)	80.00 (700.00)	Nil (Nil)	Nil (Nil)
(g)	Amounts Payable	8.60 (Nil)	30.44 (26.94)	Nil (3.82)	Nil (Nil)
(h)	Mortgage Created by Associate Company on its immovable property to secure the borrowings of the Company.	Nil (Nil)	Nil (46.88)	Nil (Nil)	Nil (Nil)
(i)	Undertaking given by the Associate companies in favour of IL&FS towards repayment of loan from 50% of Sale Proceeds of their immovable properties.	Nil (Nil)	4,213.18 (4,643.81)	Nil (Nil)	Nil (Nil)
(j)	Corporate Guarantee issued by the Company in favour of banks on behalf of Subsidiary /Joint Venture Companies	20,434.00 (20,434.00)	1,000.00 (1,000.00)	Nil (Nil)	Nil (Nil)
(k)	Corporate Guarantee / Personal Guarantee provided to the lenders (to the extent of loan outstanding at the year end)	Nil (Nil)	40,770.26 (36,958.74)	54,634.30 (58,487.05)	Nil (Nil)
(l)	Corporate Guarantee / Personal Guarantee provided CDR obligation (to the extent of loan outstanding)	63,338.00 (Nil)	38,583.00 (Nil)	38,583.00 (Nil)	Nil (Nil)
(m)	Company has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneswar in favour of a Bank on behalf of an Associate Company.	Nil (Nil)	799.68 (799.68)	Nil (Nil)	Nil (Nil)

*Relatives of Key Management Personnel: Mrs. Vidya V. Kamat (wife of Dr. Vithal V. Kamat and mother of Mr. Vikram V. Kamat), and Mr. Vishal V Kamat (Son of Dr. Vithal V. Kamat and brother of Mr. Vikram V. Kamat).

** Figures in brackets are for previous year.

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

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

Name of Related Party	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Subsidiaries		
Orchid Hotels Pune Private Limited		
- Sale of Goods and Services	91.53	96.97
- Interest earned on Loans & Advances (Refer Note 15.1)	1,843.10	2,271.31
- Interest recovered during the year	Nil	1,656.00
- Loan given	10.49	4,152.40
- Investments in Shares	Nil	1,300.00
- Investment balance at year end	9,331.75	9,327.75
- Loan given balance at year end (₹ 19,646.40 lakhs considered doubtful (Previous year ₹ Nil)	19,646.40	19,648.99
- Amounts recoverable at year end (₹ 4,198.16 lakhs considered doubtful (Previous year ₹ Nil)	4,229.54	2,394.52
- Corporate Guarantees issued to a Bank on behalf of the Subsidiary Company	20,434.00	20,434.00
- Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons.	24,755.00	Nil
Jointly Controlled Entity		
ILEX Developers & Resorts Limited		
- Sale of Goods and Services	31.29	41.04
- Security Deposit refunded during the year	620.00	Nil
- Investment balance at year end	533.00	533.00
- Security Deposit taken, balance at year end	80.00	700.00
- Amounts recoverable at year end	18.36	0.08
-Corporate Guarantee issued to a Bank on behalf of Jointly Controlled Entity	1,000.00	1,000.00
-Equitable Mortgage of immovable property in favour of Bank on behalf of Jointly Controlled Entity	799.68	440.75
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Specified Companies:		
Plaza Hotels Private Limited		
- Fees paid towards hotel property under Business Contract Agreement	89.35	74.90
- Deposit paid Under Business Contract Agreement for hotels	8,000.00	8,000.00
- Amounts Payable	30.44	20.79
- Corporate Guarantee provided by the above for securing loans taken by the Company	34,531.26	31,989.90
- 3,19,618 Equity shares of ₹ 10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	431.48	Nil
-Undertaking given towards repayment of Loan	1,837.92	1,412.30
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Kamats Holiday Resorts (Silvassa) Limited		
- Corporate Guarantee provided by the above for securing loans taken by the Company	6,239.00	4,968.85
-Mortgage Created on immovable property to secure the borrowings of the Company.	-	46.88

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Kamats Amusements Private Limited		
- Share Application money credited for issue of Shares on merger	-	20.51
- 2,05,128 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	276.92	Nil
Talent Hotels Private Limited		
- Undertaking given towards repayment of Loan	2,375.26	2,231.51
Karwar Hotels Private Limited		
- Loan Repaid	Nil	33.68
- Undertaking given towards repayment of Loan	Nil	275.81
Busybee Developers Private Limited		
- Undertaking given towards repayment of Loan	Nil	567.83
Grasshoppers Developers Private Limited		
-Undertaking given towards repayment of Loan	Nil	156.35
Nagpur Ecohotel Private Limited.		
- Share Application money received pending allotment	Nil	1,350.00
- 10,00,000 Equity shares of ₹ 10/- Equity shares allotted during the year as per CDR at a premium of ₹125/- per share	1,350.00	Nil
Vits Hotels (Bhubaneshwar) Private Limited.		
- Share Application money received pending allotment	185.00	550.00
- Share Application money received during the year	485.00	550.00
- 6,29,629.63 Equity shares of ₹ 10/- Equity shares allotted during the year as per CDR at a premium of ₹125/- per share.	850.00	Nil
Fort Mahodadhinivas Palace Private Limited.		
- Sale/reassignment of Puri Hotel unit	Nil	2,000.00
- Fees paid towards hotel property under Business Contract Agreement	21.89	Nil
- Amounts payable	8.60	Nil
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Fort Jadhav Gadh Hotels Private Limited		
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Kamats Restaurant (India) Private Limited		
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Key Management Personnel and relatives:		
Dr. Vithal V. Kamat		
- Remuneration (Refer Note. 27.3)	105.93	105.58
- Royalty paid for brand	17.59	29.23
- Amounts Payable	Nil	3.82

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ In Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
- Share Application money credited for issue of Shares on merger	Nil	218.66
- 21,86,640 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	2,951.96	Nil
- Personal Guarantee provided by him for securing loans taken by the Company	42,371.53	45,919.69
-Joint Personal Guarantee issued to Banks/Lenders on behalf Company as per CDR obligatons with executive Director	38,583.00	Nil
Vishal V. Kamat		
- Remuneration	12.38	4.21
- Personal Guarantee provided by him for securing loan taken by the Company	1,413.31	1,333.42
Vikram V. Kamat		
- Remuneration	32.76	32.76
- Personal Guarantee provided by him for securing loan taken by the Company	10,849.46	11,233.94
-Joint Personal Guarantee issued to Banks/Lenders on behalf Company as per CDR obligatons	38,583.00	Nil
Ramesh N. Shanbhag		
- Remuneration (Resigned during the year with effect from 30th August, 2013)	22.48	39.81
Other Related Parties:		
Vithal V. Kamat-HUF		
- Gross Sale of services including Management & Consultancy Fees	3.24	6.59
- Share Application money credited for issue of Shares on merger	Nil	1.10
- 10,974 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	14.81	Nil
-Unsecured loan taken during the year- Transfer from Merger company	Nil	45.58
- Deposit paid includes Under Business Contract Agreement	25.00	25.00

35 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:

Payable within one year -	58.21	60.56
Payable later than one year but not later than five years -	216.15	221.73
Payable after five years -	378.89	432.01

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

Receivable within one year -	113.05	160.61
Receivable later than one year but not later than five years -	40.22	72.81
Receivable after five years -	-	26.00

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

36 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:

Name of the Company	Country of Incorporation	Holding (%)	Amount of Interest based on the audited results for the year ended 31st March 2014.			
			Assets		Liabilities	
			Income	Expenditure		
Ilex Developers & Resorts Limited (Refer Note 36.2)	India	32.92 (32.92)	1,164.73 (1,280.05)	792.31 (872.42)	212.15 (209.66)	262.75 (274.60)

(₹ In Lakhs)

36.1 Figures in the bracket are for previous year.

36.2 The Company has received Long Term trade Deposit of ₹ 700.00 lakhs (Previous Year ₹ 700.00 lakhs) from the above Company as a security for the hotel property given for development and expansion for a period of twenty years out of which ₹ 620.00 lakhs (Previous year Nil) has been refunded during the year by mutual consent.

37 Additional Information

a Value of Imports

	₹ In Lakhs	
	31ST MARCH, 2014	31ST MARCH, 2013
Provisions , Wines etc.	35.37	1.28
Spare Parts	Nil	Nil
Capital Goods	Nil	1.53

b Expenditure in Foreign Currency (on accrual basis)

Commission to Travel Agents, Membership and Subscription, Internet / Website Charges, Bank Charges, Annual Listing Fees, Advertisement etc.	32.41	17.42
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c 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 non-resident shareholders are as follows:

(a) Number of non-resident shareholders	329	370
(b) Number of Equity Shares held	80,44,716	63,65,060
(c) Amount of Dividend remittable and paid	Nil	Nil
(d) Year to which dividend relates	NA	NA

d Earnings in Foreign Exchange

For Hotel Services rendered (As certified by the Management)	1,269.53	1,264.25
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38 Figures of the previous year have been regrouped /reclassified wherever necessary to conform to the Current year's presentation.

As per our report of even date

For **J. G. Verma & Co.**
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Kurian Chandoy
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KAMAT HOTELS (INDIA) LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KAMAT HOTELS (INDIA) LIMITED, ("the Company") its Subsidiaries, (i) Orchid Hotels Pune Private Limited; (ii) Fort JadhavgadH Hotels Private Limited; (iii) Fort Mahodadhivivas Palace Private Limited; (iv) Kamats Restaurants (India) Private Limited; (v) Jadhavgarh Hotels Private Limited; and (vi) Green Dot Restaurants Private Limited and its Jointly Controlled Entity, Ilex Developers and Resorts Limited (collectively referred to as "the Group") which comprise Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedure that are appropriate in the circumstances, but nor for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entity as noted below, the consolidated financial statements give the information required by the Act 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 Consolidated Balance Sheet, of the state of the affairs of the Group as at 31st March, 2014;
- (ii) In the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (iii) In the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Matter of Emphasis

1. Attention is invited to Note No. 26.3 to the consolidated financial statements with regard to payment of excess remuneration of ₹ 24.72 lakhs to the Executive Chairman and Managing Director of the Company for the period from 1st April, 2013 to 30th September, 2013, which is subject to approval of the Central Government for which the Company has proposed to make an application for waiver of recovery of excess remuneration after the same is approved by the shareholders in the ensuing Annual General Meeting.
2. Attention is invited to Note No. 5.4 (a) to the consolidated financial statements with regard to default in repayment of part of the secured loans and interest thereon to the extent of ₹ 21,136.67 lakhs by 31st March, 2014 covered under CDR approval. The Company has made an application for restructuring the restructured loans and unpaid interest, which is pending disposal. Pending disposal of this application, no adjustment has been made in the accounts in respect of the above default and the loans and unpaid interest have continued to be classified under current maturities under the head "Current Liabilities".
3. Our opinion is not qualified in respect of these matters.

Report on Other Matters

We did not audit the financial statements of the subsidiaries and the jointly controlled entity whose financial statements reflect total assets (net) of ₹ 1,642.91 lakhs as at 31st March, 2014, total revenue of ₹ 2,717.68 lakhs and net cash outflows amounting to ₹ 79.19 lakhs (negative) 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 subsidiaries and jointly controlled entity, is based solely on the report of other auditor.

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

J.G. VERMA
Partner
Membership No. 5005

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

	NOTE	AS AT 31ST MARCH, 2014	₹ in Lakhs AS AT 31ST MARCH, 2013
<u>EQUITY AND LIABILITIES:</u>			
Shareholders' Funds:			
(a) Share Capital	2	2,417.26	1,968.19
(b) Reserves and Surplus	3	10,272.78	12,464.08
		12,690.04	14,432.27
Share Application Money Pending Allotment	4	185.00	2,186.10
Non-Current Liabilities:			
(a) Long Term Borrowings	5	24,363.17	42,967.58
(b) Deferred Tax Liabilities (Net)	6	—	407.22
(c) Other Long Term Liabilities	7	2,662.07	3,186.28
(d) Long Term Provisions	8	162.61	164.10
		27,187.85	46,725.18
Current Liabilities:			
(a) Short Term Borrowings	9	776.46	754.56
(b) Trade Payables	10	3,055.99	2,800.40
(c) Other Current Liabilities	11	44,891.53	26,840.06
(d) Short Term Provisions	12	121.57	132.29
		48,845.55	30,527.31
TOTAL		88,908.44	93,870.86
<u>ASSETS:</u>			
Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets	13	71,146.87	73,519.45
(ii) Intangible Assets	13	52.63	67.21
(iii) Capital Work-In-Progress	13	177.63	3,625.77
(iv) Goodwill on Consolidation		3,218.50	3,218.50
		74,595.63	80,430.93
(b) Deferred Tax Assets (Net)	6	808.54	—
(c) Non-Current Investments	14	15.09	15.09
(d) Long Term Loans and Advances	15	490.46	940.11
(e) Other Non-Current Assets	16	8,288.96	8,311.73
		84,198.68	89,697.86
Current Assets:			
(a) Current Investments	17	5.00	5.00
(b) Inventories	18	512.09	518.72
(c) Trade Receivables	19	1,604.73	1,325.30
(d) Cash and Bank Balances	20	908.99	993.67
(e) Short Term Loans and Advances	21	1,622.62	1,270.04
(f) Other Current Assets	22	56.33	60.27
		4,709.76	4,173.00
TOTAL		88,908.44	93,870.86
SIGNIFICANT ACCOUNTING POLICIES	1		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS 2 to 37

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Kurian Chandoy
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	NOTE	YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
INCOME:			
Revenue from Operations	23	16,026.51	16,850.37
Other Income	24	453.46	211.36
Total Revenue		16,479.97	17,061.73
EXPENSES:			
Cost of Food and Beverages Consumed	25	1,873.39	2,009.41
Employee Benefits Expense	26	3,882.75	4,259.12
Other Expenses	27	6,175.94	6,922.93
Total Expenses		11,932.08	13,191.46
Profit before Finance Costs, Depreciation, Exceptional Items and Tax:		4,547.89	3,870.27
Less: Finance Costs	28	7,248.43	8,489.07
Depreciation and Amortisation Expenses	13	2,496.20	2,421.18
Profit/(Loss) Before Exceptional Items and Tax		(5,196.74)	(7,039.98)
Exceptional Items	29	39.40	(494.30)
Profit/(Loss) Before Tax		(5,157.34)	(7,534.28)
Tax Expense:			
Current Tax		257.85	161.00
Prior Period Adjustments – Income Tax		28.92	28.55
Deferred Tax	6	(1,215.77)	(1,487.74)
		(929.00)	(1,298.19)
Profit/(Loss) for the year		(4,228.34)	(6,236.09)
Earning Per Equity Share of face value of ₹ 10/- each			
Basic (In ₹)	31	(20.30)	(32.66)
Diluted (In ₹)	31	(20.30)	(32.66)
SIGNIFICANT ACCOUNTING POLICIES	1		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	2 to 37		

As per our report of even date

For J. G. Verma & Co.

Chartered Accountants

J. G. Verma

Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat

Executive Chairman & Managing Director

Kurian Chandoy

Chief Financial Officer

Vikram V. Kamat

Executive Director

Mahesh Kandoi

Company Secretary

Mumbai: 28th May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) for the year before tax and adjustments	(5,157.33)	(7,534.27)
<i>Adjustments for:</i>		
Depreciation	2,496.20	2,421.18
Amortisation of Expense	0.34	0.22
Amortisation of Advance Time Share Membership	(73.86)	(73.81)
(Profit) / Loss on Sale/Discard of Fixed Assets / Operating Supplies	52.29	(164.29)
Liabilities and Provisions written Back	(148.35)	(55.04)
Provision for Employee Benefits	17.26	90.78
Provision for Wealth Tax	0.92	1.60
Provision for Doubtful Debts and Deposits	159.97	592.02
Incomplete Project Expenses written off	241.73	207.93
Forfeiture of Advance for Property	(300.00)	–
Dividend income	(0.13)	(0.51)
Interest income	(202.99)	(58.43)
Interest Expenses	7,248.39	8,489.07
Earlier Year Expenses	7.62	–
Operating profit before working capital changes	4,342.06	3,916.45
Trade Receivables and Loans & Advances	(609.43)	(247.55)
Inventories	(9.90)	(14.35)
Trade Payables and Provisions	(733.29)	785.77
Cash generated from operations	2,989.44	4,440.32
Direct taxes refund received (Net of payments)	450.09	43.00
Net cash generated from operating activities	3,439.53	4,483.32
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress and Capital Advances)	(409.40)	(4,778.15)
Movement in Loans & Advances	111.31	306.41
Sale Proceeds of Fixed Assets	48.33	707.68
Forfeiture of Advance for Property	300.00	–
Investments sold during the year	–	0.05
Investments made during the year	–	(0.01)
Investments in Subsidiary Companies	–	(1,300.00)
Margin Money with Banks	146.96	530.94
Interest Received	206.91	85.90
Dividend Received	0.13	0.51
Net cash generated from / (used in) investing activities	404.24	(4,446.67)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

₹ in Lakhs

YEAR ENDED

	31ST MARCH, 2014	31ST MARCH, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	681.12	9,690.58
Repayment of long term borrowings	(804.03)	(3,550.81)
Proceeds from short term borrowings	12.71	3,751.96
Repayment of short term borrowings	(396.51)	(5,623.31)
Share Application Money Received / Proceeds from Issue of Fresh Equity	485.00	1,900.00
Interest paid	(3,757.59)	(6,129.52)
Dividend paid	(2.19)	(2.62)
Net cash generated from / (used in) financing activities	(3,781.49)	36.28
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	62.28	72.93
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (Opening Balance)	642.85	569.92
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (Closing Balance)	705.13	642.85
Components of Cash and Cash Equivalents		
– Balance with Banks	636.05	542.61
– Cash on hand	61.39	42.69
– Cheques on hand	7.36	57.21
– Foreign Exchange in hand	0.33	0.34
Total Cash and Cash Equivalents (Note No. 20)	705.13	642.85

SIGNIFICANT ACCOUNTING POLICIES

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
FINANCIAL STATEMENTS**

Note 1

Note 2 to 37

As per our report of even date

For J. G. Verma & Co.

Chartered Accountants

J. G. Verma

Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat

Executive Chairman & Managing Director

Kurian Chandoy

Chief Financial Officer

Vikram V. Kamat

Executive Director

Mahesh Kandoi

Company Secretary

Mumbai: 28th May, 2014

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1 Principles of Consolidation and Significant Accounting Policies:

1.1 Principles of Consolidation:

The Consolidated Financial Statements relate to Kamat Hotels (India) Limited ("the Company"), its subsidiaries and jointly controlled entity. The Company, its subsidiaries and jointly controlled entity together constitute "the Group".

(a) The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiaries 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 Subsidiaries and the Jointly Controlled Entity used in the consolidation are drawn upto the same reporting date as that date of the Company, i.e. 31st March, 2014. The excess of cost to the Company of its investment in the Subsidiaries 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 Subsidiaries 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.

There is no Minority Interest as all the subsidiaries are wholly owned subsidiaries.

(b) The list of Subsidiaries 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 Companies:

Name of the Company :	(1)	Orchid Hotels Pune Private Limited (Formerly known as B W Highway Star Private Limited)
Country of Incorporation :		India
Holding % :		100% (83.33% upto 20th February 2013)
Name of the Company :	(2)	Kamat Restaurants (India) Private Limited
Country of Incorporation :		India
Holding % :		100%
Name of the Company :	(3)	Fort Jadhavgadh Hotels Private Limited
Country of Incorporation :		India
Holding % :		100%
Name of the Company :	(4)	Jadhavgadh Hotels Private Limited
Country of Incorporation :		India
Holding % :		100% Subsidiary of Fort Jadhavgadh Hotels Private Limited (Ceased to be a fellow subsidiary w.e.f 1st March, 2014).
Name of the Company :	(5)	Fort Mahodadhivivas Palace Private Limited
Country of Incorporation :		India
Holding % :		100%
Name of the Company :	(6)	Green Dot Restaurants Private Limited
Country of Incorporation :		India
Holding % :		100%

ii) Jointly Controlled Entity:

Name of the Company :	(7)	Ilex Developers & Resorts Limited
Country of Incorporation :		India
Holding % :		32.92%

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1.2 Basis for preparation of financial statements:

The Consolidated Financial Statements relate to Kamat Hotels (India) Limited ('the Company'), its Subsidiaries, Jointly Controlled Entity, as at 31st March, 2014. The Company, its subsidiaries and jointly controlled entity 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.

1.3 Significant Accounting Policies:

1.3.1 Fixed Assets, Depreciation and Amortisation:

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 ₹ 5,000/- are depreciated in full in the year of purchase.

1.3.2 Impairment:

The carrying amounts of the Group 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.

1.3.3 Leases:

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

1.3.4 Investments:

Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long term (Non – Current) investments are carried at cost less any, diminution in value, other than temporary, determined separately for each individual investment.

1.3.5 Inventories:

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

1.3.6 Revenue Recognition:

The Group 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 service 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.

1.3.7 Export Benefits Entitlement:

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

1.3.8 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Companies Accounting Standards) Amendment Rules 2009 and Accounting Standard 11 'The Effects of change in Foreign Exchange Rates' (AS-11) notified by the Government of India on 31st 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.

1.3.9 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 Statement of Profit and Loss. 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.

1.3.10 Provisions, Contingent Liabilities and Contingent Assets:

The Group 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. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.3.11 Employee Benefits:

Contribution to Provident Fund, which is a defined contribution scheme, is recognised as an expense in the Statement of Profit and Loss in the year in which the related service is rendered.

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

The Group contributes to a Group Gratuity Scheme administered by the Life Insurance Corporation of India. The Contributions are charged to the Statement of Profit and Loss. 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 Statement of Profit and Loss.

1.3.12 Taxes on Income:

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 supported by convincing evidence, 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.

1.3.13 Prior Period Adjustments, Exceptional and Extraordinary Items and Changes in Accounting Policies:

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

1.3.14 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.

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

2 SHARE CAPITAL :

AUTHORISED:

3,42,50,000 (Previous Year 3,42,50,000) Equity Shares of ₹ 10/ – each.

AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
3,425.00	3,425.00
3,425.00	3,425.00
ISSUED, SUBSCRIBED AND PAID UP	
1,90,93,394 (Previous Year 1,90,93,394) Equity Shares of ₹ 10/ – each, fully paid up	1,909.34
Add: 28,61,035 (Previous Year Nil) Equity Shares of ₹ 10/ – each (Allotted on amalgamation) [Refer Note 4.1 (a)]	–
Add: 16,29,629 (Previous Year Nil) Equity Shares of ₹ 10/ – each (Allotted as per CDR Scheme) [Refer Note 4.2 and 5.4 (b)]	–
2,358.41	1,909.34
58.85	58.85
2,417.26	1,968.19

Add: Forfeited Shares Account (Amount originally paid up)

Total

2.1 Terms/ rights attached to equity shares

The Group has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Group declares and pays dividend in Indian rupees.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the shareholder.

2.2 During the year Company allotted 28,61,035 (Previous Year Nil) Equity Shares of ₹ 10/ – each as fully paid up to the shareholders of erstwhile Kamat Holiday Resorts Private Limited and Kamats Restaurants Private Limited merged with the Company and shareholders of Kamats Holiday Resorts (Silvassa) Limited as a consideration for merger of its Lotus Goa Resorts during the year 2011-12 [Refer Note 4.1(a)]

2.3 During the year the Company further allotted 16,29,629 (Previous Year Nil) Equity Shares of ₹ 10/ – each as fully paid up at a premium of ₹ 125/ – per Equity Share to two promoters owned Companies towards meeting part of promoters' obligation under CDR Scheme (Refer Note 4.2)

2.4 The details of Shareholders holding more than 5% shares:

Name of Shareholder	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	No of Shares	% held	No of Shares	% held
Kamat Holdings Private Limited	15,00,000	6.36	1,500,000	7.86
Plaza Hotels Private Limited	35,35,545	14.99	32,15,927	16.84
Indira Investments Private Limited	15,63,794	6.63	15,29,100	8.01
Dr. Vithal V. Kamat	32,54,990	13.80	10,57,376	5.54
Clearwater Capital Partners Cyprus Limited	76,28,149	32.34	76,28,149	39.95

2.5 The reconciliation of the number of shares outstanding is set out below:

Particulars

Equity Shares at the beginning of the year
Add: Equity Shares issued to shareholders of merged companies on amalgamation
Add: Equity Shares issued to promoters owned companies under CDR Scheme)
Equity Shares at the close of the year

AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
No of Shares	No of Shares
1,90,93,394	1,90,93,394
28,61,035	–
16,29,629	–
2,35,84,058	1,90,93,394

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
3 RESERVES AND SURPLUS:		
Capital Reserve:		
As per last accounts	13.87	13.87
Capital Redemption Reserve:		
As per last accounts	266.50	266.50
Securities Premium Account:		
As per last accounts	12,949.70	12,949.70
Add: On issue of shares under CDR Scheme [Refer Note 2.3 and 4.2]	2,037.04	-
	14,986.74	12,949.70
General Reserve:		
As per last accounts	3,767.09	3,767.09
Amalgamation Reserve		
As per last accounts [Refer Note 4.1(c)]	280.06	280.06
Sub-total	19,314.26	17,277.22
Surplus / (Deficit) in the Statement of Profit and Loss		
As per last accounts	(4,813.14)	1,088.12
Add / (Less) : Profit / (Loss) for the year	(4,228.34)	(6,236.09)
Sub-total	(9,041.48)	(5,147.97)
Add : Transferred to Minority Interest	-	334.83
	(9,041.48)	(4,813.14)
Total	10,272.78	12,464.08
4 SHARE APPLICATION MONEY PENDING ALLOTMENT (Refer Note 4.1 & 4.2)	185.00	2,186.10
	185.00	2,186.10
4.1 (a) In terms of the "Composite Scheme of Arrangement and Amalgamation" ("the Scheme") for (i) amalgamation of Kamat Holiday Resorts Private Limited (KHRPL) and Kamats Restaurants Private Limited (KRPL) into the Company; and (ii) Demerger of 'Lotus Resort Goa Undertaking' (Lotus Resort, Goa) of Kamats Holiday Resorts (Silvassa) Limited (KHRSL) and merger thereof into the Company, as approved by the Shareholders of the Company in the court convened meeting held on 24th September, 2011 and subsequently sanctioned by the Hon'ble High Court of Judicature at Bombay under Section 391 and 394 of the Companies Act, 1956 vide its Order dated 13th January, 2012, a certified copy thereof has been filed with the Registrar of Companies on 25th February, 2012, all the assets and liabilities of the said erstwhile KHRPL and KRPL and all the assets and liabilities pertaining to Lotus Resort Goa erstwhile undertaking of KHRSL were transferred and vested in the Company with effect from the appointed date being 1st April, 2011 and the aforesaid Scheme has been given effect to in the accounts for the previous year ended 31st March, 2012. Pursuant to the Scheme the Company allotted 28,61,035 Nos equity shares of Rs.10/- each to the promoters of KHRPL, KRPL and KHRSL on 21st September, 2013.		
(b) As directed by the High Court, the Company has made an application to the Superintendent of Stamps for the purpose of adjudication of stamp duty payable on the Scheme of Arrangement and Amalgamation. Provision for stamp duty payable will be made in the books of accounts on completion of adjudication by the stamp authorities, the amount of which is presently unascertainable.		
(c) In terms of the Order dated 13th January, 2012 passed by the Hon'ble High Court of Judicature at Bombay under Section 391 and 394 of the Companies Act, 1956, the above reserve is not available for distribution as dividend by the Company.		
4.2 The Company has received share application money of ₹1900.00 lakhs from two promoter-owned companies in the previous year and further ₹ 485.00 lakhs in the current year for meeting part of promoters' obligation under CDR scheme. The Company allotted 16,29,629 Equity Shares of ₹10/- each fully paid up at a premium of ₹ 125/- per share to these companies on 8th February, 2014 and accordingly ₹ 2200.00 lakhs has been transferred to Share Capital and Securities Premium Account during the year leaving a balance of ₹185.00 lakhs as Share Application Money against which further shares will be allotted in due course of time.		

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	AS AT 31ST MARCH, 2014		AS AT 31ST MARCH, 2013	
	Non- Current Portion	Current Maturities	Non- Current Portion	Current Maturities
5 LONG-TERM BORROWINGS				
SECURED:				
A Term Loans from Banks (Refer Note 5.1)	11,940.73	34,199.17	27,050.58	18,018.41
B Term Loans under Structured Mezzanine Credit Facility from Banks (Refer Note 5.2)	5,865.79	884.89	6,745.43	293.29
C Term Loan from a Financial Institution (Refer Note 5.3)	-	3,913.45	-	3,814.76
D Term Loans From Others (Refer Note 5.3)	4,170.46	1,435.72	4,149.77	1,431.89
UNSECURED:				
From Related Parties (Refer Note 5.8)	2,386.19	-	5,021.80	-
Total	24,363.17	40,433.23	42,967.58	23,558.35

- 5.1 (a)** Term loans of ₹ 28,023.86 lakhs (Previous Year ₹ 26,984.55 lakhs) from Banks other than those covered in (b) and (c) below are secured by a first ranking pari-passu 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 / second 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 and VITS, Nashik, Credit Card receivables, equitable mortgage of hotel property at Lotus Goa, mortgage / hypothecation of Land and Building / other Movable assets of the Lotus Resorts, Silvassa owned by promoter group company, pledge of Equity Shares of the Company held by promoters, pledge of Equity Shares of the Subsidiary companies viz. Orchid Hotels Pune Pvt. Ltd., Kamats Restaurants (India) Pvt. Ltd., Fort Jadhavgad Hotels Pvt. Ltd. and Fort Mahodadhivivas Palace Pvt. Ltd. and certain Associate Companies viz. ILEX Developers and Resorts Ltd. Plaza Hotels Pvt. Ltd. and Kamat Holiday Resorts (Silvassa) Ltd. and personal and corporate guarantees of certain promoter directors and entities.
- (b)** Term loans of ₹ 17,421.31 Lakhs (Previous Year ₹ 17,360.00 Lakhs) taken by a subsidiary company from a bank is secured by first charge on all movable and immovable fixed assets of the Subsidiary Company both present and future, secured by exclusive charge by way of hypothecation of the stocks, current assets including book debts, bills receivables both present and future, pledge of 30% share holding of subsidiary company guaranteed by corporate guarantee of holding company, corporate guarantees of certain promoter group company and personal guarantees of some Directors. These loans have been assigned by the Bank to Aseet Reconstruction Company (India) Limited vide Assignment Agreement dated 27th September, 2013.
- (c)** Term loan of ₹ 2,110.37 Lakhs (Previous Year ₹ 2,200.60 lakhs) taken by Joint venture company from a Bank is secured by (i) equitable mortgage of Land & Building and proposed additions to the 4 Star hotel building at Bhubaneshwar, Orissa owned by the holding company ii) First Charge on entire assets of the joint venture company and hypothecation of hotel equipments and furniture of the proposed 4 star hotel located at Bhubaneshwar Orissa iii) Corporate guarantee of holding company and promoter group company, iv) Personal guarantee of Dr. Vithal V. Kamat and Mrs. Vidya V. Kamat, Directors of the company. The term loan has been restructured during the previous year on the following terms and conditions:
- (i) Unavailed portion of ₹ 727.00 Lakhs of Term Loan has been cancelled (ii) Company has to bring 15% of sacrifice amount (iii) Royalty is not payable to Kamat Hotels (India) Limited till the term loan is repaid, (iv) Promoters to bring in ₹100.00 Lakhs in the Company in a phased manner in the form of equity/premium, (v) Concessional rate of interest @12.50% p.a. is applicable on loan.
- 5.2** Term Loans under Structured Mezzanine Credit Facility from Banks are secured by first ranking pari-passu charge on lands at "The Orchid" at Vile Parle (East) (owned by Plaza Hotels Private Limited) together with hotel buildings and all appurtenances thereon, Credit Card receivables personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.
- 5.3** Term loans of ₹ 3,913.45 lakhs (Previous year ₹ 3,814.76 lakhs) from Financial Institution and Others of ₹ 5,606.18 lakhs (Previous year ₹ 5,581.66 lakhs) are secured by first ranking pari-passu 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 / second ranking pari-passu mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets there at, Credit Card receivables, pledge of Equity Shares of the Company held by promoters, pledge of Equity Shares of the Subsidiary companies viz. Orchid Hotels Pune Pvt. Ltd., Kamats Restaurants (India) Pvt. Ltd., Fort Jadhavgad Hotels Pvt. Ltd. and Fort Mahodadhivivas Palace Pvt. Ltd. and certain Associate Companies viz. ILEX Developers and Resorts Ltd., Plaza Hotels Pvt. Ltd. and Kamat Holiday Resorts (Silvassa) Ltd. and personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

5.4 Under the Corporate Debt Restructuring (CDR) Scheme sanctioned by the Corporate Debt Restructuring Empowered Group vide sanction letter dated 12th March, 2013:

(a) Out of restructured debts of ₹ 33,636.36 lakhs (Previous year ₹ 33,636.36 lakhs) as above, debts aggregating to ₹ 19,614.37 lakhs (Previous year ₹ 21,092.36 lakhs) to be repaid by 31st March, 2014 out of sale proceeds of stipulated assets of the Company and balance ₹ 11,796.90 Lakhs (Previous Year ₹ 11,913.00 lakhs) to be restructured as term loans repayable in monthly instalments from 1st April, 2014 till year 2020 and ₹ 718.00 lakhs (Previous year ₹ 718.00 lakhs) as working capital-cash credit. Unpaid Interest of ₹ 4,533.44 lakhs (Previous Year ₹ 5,055.00 lakhs) on restructured debts to be converted into Funded Interest Term Loan and ₹ 1,522.30 lakhs (Previous Year ₹ 1808.00 lakhs) to be repaid by 31st March, 2014 out of sale of stipulated assets of the Company and balance ₹ 3,011.14 lakhs (Previous Year ₹ 3,247.00 lakhs) will be repaid in 42 monthly installments from 1st April, 2014.

Despite best efforts by the Company, the stipulated assets could not be sold and consequently the above repayments could not be made by 31st March, 2014. The Company has submitted a proposal for further restructuring the debts vide letter dated 18th February, 2014 to the CDR lenders, which is awaiting disposal. Pending disposal of the same, no adjustment has been made in the accounts in respect of the above default and the aforesaid portion of the debts, which was due for repayment during the year, continued to be shown as "current maturity" under "Current Liabilities" in Note 12

(b) Promoters to bring in contribution of ₹ 3,000.00 lakhs in the company in a phased manner; out of which ₹ 2385.00 lakhs has already been brought in till 31st March, 2014 (Refer Note 5.2)

(c) Company is obliged to create second pari passu charge on assets of the Orchid Hotels Pune Private Limited (OHPPL) (which is pending due to rejection of permission by the lenders of OHPPL).

(d) CDR lenders have a right to convert into equity shares of the Company either or part of the defaulted interest and principal and upto 20% of the debts outstanding beyond seven years from the date of letter of approval.

(e) In terms of the Letter of Approval dated 12th March, 2013 issued by the Corporate Debt Restructuring Cell, unpaid interest on various existing term loans for a period of 15 months from 1st April, 2012 to 30th June, 2013 is to be converted into Funded Interest Term Loan. The Company has converted an amount of ₹ 4,533.44 Lakhs in respect of unpaid interest upto 31st March, 2014 into Term Loan. An amount of ₹ 54.00 lakhs (Previous Year ₹ 380.54 lakhs) is under reconciliation with some lenders in respect of interim payments made by the Company during the pendency of its CDR application. Adjustments, if any, will be made on reconciliation and/or confirmation by those lenders.

5.5 Maturity Profile of Term Loans from Banks and others and rate of interest are as set out below (after considering revisions made under CDR Scheme :

	Rate of Interest (p.a)	Maturity Profile			₹ in Lakhs
		1-2 Years	2-3 Years	3-4 Years	
Term Loans from Banks	10.50% to 14.50%	1,190.07	1,305.77	1,591.31	7,853.58
Term Loans under Structured Mezzanine Credit Facility from Banks	14.25%	1,466.45	1,759.74	2,639.61	-
Term Loans From Others	10.50% to 14.50%	543.30	638.20	950.66	2,038.30

5.6 Out of the above loans, comprising of both non-current and current portion, loans aggregating to ₹ 62,410.21 lakhs (Previous year ₹ 61,504.13 lakhs) have been guaranteed by directors and others.

5.7 Particulars of period and amount of continuing default as on the Balance Sheet date in repayment of loans, both non-current and current portion and interest.

	31st March, 2014			₹ in Lakhs
	Non-Current	Current	Interest	
A Term Loans from Banks	-	28.43	1,942.28	1 - 89
B Term Loans under Structured Mezzanine Credit Facility from Banks	-	5.02	163.46	2
C Term Loan from a Financial Institution	-	-	304.15	3 - 60
D Term Loans From Others	-	1.19	329.47	1 - 60

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		31st March, 2013			₹ in Lakhs
		Non-Current	Current	Interest	Period of delays From - To Days
A	Term Loans from Banks	-	896.10	1,515.69	1 - 89
B	Term Loans under Structured Mezzanine Credit Facility from Banks	-	-	-	-
C	Term Loan from a Financial Institution	-	-	-	-
D	Term Loans From Others	-	-	-	-

5.8 Unsecured Loans from related parties are interest free and repayable after one year with mutual consent.

		₹ in Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
6	DEFERRED TAX LIABILITY:		
	Deferred tax Liability		
	Related to Fixed Assets	6,923.14	5,869.59
	Total	6,923.14	5,869.59
	Deferred tax Assets		
	Expenses allowable for tax purpose on payment basis	1,934.07	1,285.33
	Provision for Employee Benefits	81.09	88.46
	Provision for Doubtful Debts	116.44	92.33
	Merger Expenses	2.04	3.06
	Short Term Capital Loss	3.27	3.27
	Long Term Capital Loss	18.19	18.19
	Unabsorbed Depreciation /Business Loss	5,576.58	3,971.73
	Total	7,731.68	5,462.37
	Deferred Tax Liability (net) after adjustments	(808.54)	407.22
	Incremental Deferred Tax (asset)/charge for the year	(1,215.76)	(1,487.74)
7	OTHER LONG-TERM LIABILITIES:		
	Deferred Sales Tax Liability (Refer Note 7.1)	100.00	100.97
	Security Deposits - Others	59.45	44.15
	Security Deposits from Joint Venture Company (Refer Note 7.2)	53.66	469.56
	Time Share Membership- Refundable	1,661.00	1,710.80
	Income received in Advance (Time Share)	787.96	860.80
	Total	2,662.07	3,186.28

7.1 The Group 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.

7.2 The Group has received Long term trade deposit of ₹ 80.00 Lakhs (Previous Year ₹ 700.00 Lakhs) from Ilex Developers & Resorts Limited, a jointly controlled entity, as a security for the hotel property given for development and expansion for a period of 20 years.

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ in Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
8	LONG-TERM PROVISIONS:		
	Provision for Employee Benefits- Gratuity (Refer Note No.26.1.2)	15.21	8.21
	Provision for Employee Benefits- Earned Leave (Refer Note No.26.1.3)	147.40	155.89
	Total	162.61	164.10
9	SHORT-TERM BORROWINGS		
	SECURED:		
	Working Capital Facility from Banks (Refer Note 9.1)	717.72	705.01
	UNSECURED:		
	Loans and Advances from Others	58.74	49.55
	Total	776.46	754.56
9.1	Working Capital loan from a Bank is secured by hypothecation of entire stock and book debts (excluding credit card receivables and receivables of 127 rooms - The Orchid Expansion) of the Company and second charge by mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat pledge of shares on pari passu basis with other CDR lenders and personal and corporate guarantees of certain promoter directors and entities.		
10	TRADE PAYABLES:		
	Micro, Small and Medium Enterprises (Refer Note 10.1)	42.01	76.77
	Others	2,975.30	2,667.62
	Payable to related parties	38.68	56.01
	Total	3,055.99	2,800.40
10.1	Micro, Small and Medium Enterprises as defined under MSMED Act, 2006 have been identified by the Group 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:		
	Dues remaining unpaid at the year end:		
	- Principal	42.01	76.77
	- Interest	8.31	3.17
	Interest paid in terms of Section 16 of the Act	-	-
	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	4.44	7.79
	Amount of interest accrued and remaining unpaid at the year end	8.31	3.17
	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	0.16	0.40

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
11 OTHER CURRENT LIABILITIES:		
Current Maturities of Long-Term Debts: (Refer Note 5.4)		
From Banks (Refer Note 5.1)	34,199.17	18,018.41
From Banks - under Structured Mezzanine Credit Facility (Refer Note 5.2)	884.89	293.29
From Financial Institution (Refer Note 5.3)	3,913.45	3,814.76
From Others (Refer Note 5.3)	1,435.72	1,431.89
	40,433.23	23,558.35
Creditors for Capital Expenditure	269.98	748.91
Advance from customers	280.53	309.57
Income Received in Advance (Time Share)	103.41	73.80
Income Received in Advance (Others)	85.73	102.88
	189.14	176.68
Bank Balance Overdrawn	181.13	392.64
Interest Accrued And Due	2,311.01	411.14
Interest Accrued But Not Due	261.33	252.76
	2,572.34	663.90
Unpaid / Unclaimed Dividends (Refer Note 11.1)	9.65	11.83
Other Payables (Refer Note 11.2)	955.53	978.18
Total	44,891.53	26,840.06
11.1 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2014.		
11.2 Includes employees dues, statutory dues and security deposits.		
12 SHORT-TERM PROVISIONS:		
Provision for Employee Benefits- Gratuity (Refer Note No. 26.1.2)	59.84	57.08
Employee Benefits- Earned Leave (Refer Note 26.1.3)	54.96	71.46
Provision for Wealth Tax (net of payments)	0.92	3.75
Provision for Income Tax (net of payments)	5.85	-
Total	121.57	132.29

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

13. FIXED ASSETS :

Description	GROSS BLOCK-COST / BOOK VALUE		DEPRECIATION / AMORTISATION		NET BLOCK	
	As at 1st April, 2013	Additions / adjustments during the year	As at 1st April, 2013	For the year	As at 31st March, 2014	As at 31st March, 2013
₹ in Lakhs						
I) TANGIBLE						
Land						
a) Freehold	3,405.22	-	-	-	3,405.22	3,405.22
b) Leasehold	31.28	-	0.03	0.03	31.22	31.25
Sub-Total	3,436.50	-	0.03	0.03	3,436.44	3,436.47
Buildings						
a) Freehold	9,599.45	-	2,347.13	206.19	2,553.32	7,252.32
b) Improvements to Buildings under Long Term Contracts	60,769.61	175.71	5,213.80	1,553.73	6,762.95	55,555.81
Sub-Total	70,369.06	175.71	7,560.93	1,759.92	9,316.27	62,808.13
Plant and Equipment	9,677.16	40.96	3,448.25	507.47	3,939.26	6,228.91
Furniture and Fixtures	2,376.10	11.51	1,743.24	154.80	1,865.85	632.86
Vehicles	336.23	6.56	193.42	25.73	141.99	142.81
Office Equipment	458.01	4.86	187.74	31.46	191.96	270.27
Sub-Total	12,847.50	63.89	5,572.65	719.46	6,139.06	7,274.85
Total	86,653.06	239.60	13,133.61	2,479.41	15,455.39	73,519.45
II) INTANGIBLE						
a) Computer Softwares	199.87	2.59	132.66	16.79	148.04	67.21
Total	199.87	2.59	132.66	16.79	148.04	67.21
Grand Total	86,852.93	242.19	13,266.27	2,496.20	15,603.43	73,586.66
Previous Year Total	85,266.71	2,857.82	11,011.15	2,421.19	13,266.27	73,586.66
Capital Work-in-Progress (Note 13.2)	3,625.77	(30.42)	-	-	177.63	3,625.77
Previous Year Total	737.52	3,607.53	-	-	-	737.52

NOTES:

Buildings include (i) cost of residential flats of ₹ 43.71 lakhs (Prev. year ₹ 43.71 lakhs) and (ii) cost of shares of ₹ Nil (Prev. Year ₹ Nil) in Co-operative Housing Society and Owners Condominium representing ownership right, and Cost of residential flats of ₹ 32.53 lakhs (Prev. Year ₹ 32.53 lakhs) as part of proposed hotel project at Nagpur.

13.1

Capital work-in-progress includes expenses Staff Cost ₹ Nil (Prev. Year ₹ 29.41 lakhs); Travelling Expenses by Directors ₹ Nil (Prev. Year ₹ 0.67 lakhs); by Others ₹ Nil (Prev. Year ₹ 2.76 lakhs); Interest on Fixed Loans ₹ 57.29 (Prev. Year ₹ 3,401.66); General Expenses ₹ 2.63 lakhs (Prev. Year ₹ 22.10 lakhs); Licence, Rates & Taxes ₹ Nil (Prev. Year ₹ 5.37 lakhs); Legal & Professional Charges ₹ 0.53 (Prev. Year ₹ 26.98 lakhs); Postage & Telephone Charges ₹ Nil (Prev. Year ₹ 0.26 lakhs); Printing & Stationery ₹ Nil (Prev. Year ₹ 0.32 lakhs); Finance Charges ₹ Nil (Prev. Year ₹ 0.63 lakhs); Advertisement Charges ₹ 0.12 lakhs (Prev. Year ₹ 0.49 lakhs); Consultancy Fees ₹ Nil (Prev. Year ₹ 6.44 lakhs); Building Under Construction ₹ 8.70 lakhs (Prev. Year ₹ 78.39 lakhs); Furniture & Fixtures ₹ 4.62 lakhs (Prev. Year ₹ 4.12 lakhs); Plant & Machinery ₹ Nil (Prev. Year ₹ 8.35 lakhs); FCCB Expenses ₹ Nil (Prev. Year ₹ 37.90 lakhs); Repairs & Maintenance ₹ 0.50 lakhs (Prev. Year ₹ Nil)

13.2

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
(₹ in Lakhs)

			AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
14	NON-CURRENT INVESTMENTS			
	Face Value			
	Number	per Unit		
		Non Trade Investments		
		Fully paid up equity shares (Quoted)		
	50	₹ 10 -Royal Orchid Hotels Limited	0.03	0.03
	(50)			
		Fully paid up equity shares (Unquoted)		
	10,010	₹ 10 -The Satara Sahakari Bank Limited	5.01	5.01
	(10,010)			
		Tax Saving Bonds (Unquoted)		
	200	₹ 5,000 ICICI Tax Saving Bonds (Maturing On 16.11.2017)	10.00	10.00
	(200)			
		Investments in Government Securities		
		6 Year NSC (Maturity on 18.08.2016)	0.05	0.05
		Total Non-Current Investments	15.09	15.09
		Aggregate amount quoted Investments		
		– Cost	0.03	0.03
		– Market Value	0.02	0.01
		Aggregate amount of unquoted Investments		
		– Cost	15.06	15.06

14.1 Figures in brackets are in respect of previous year.

15 LONG-TERM LOANS AND ADVANCES:

(Unsecured, good, unless otherwise stated)

Capital Advances [(include ₹ 208.65 Lakhs) (Previous Year ₹ 203.65 Lakhs) considered doubtful]	226.65	387.76
Less: Provision for doubtful advances	208.65	203.65
	18.00	184.11
Inter Corporate Deposit- Considered Doubtful	200.00	200.00
Less: Provision for Doubtful Deposits	200.00	200.00
	-	-
Payment of Taxes (Less Provisions) (Refer Note 15.1)	470.98	505.85
MAT Credit Entitlement	-	249.51
Prepaid Expenses	1.48	0.64
Total	490.46	940.11

15.1 Payment of Taxes is net of provision for tax of ₹ 275.98 lakhs (Previous Year ₹ 363.10 lakhs) and further after adjusting ₹ 249.51 lakhs (Previous year ₹152.00 lakhs) for MAT credit availed during the year.

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	₹ in Lakhs	
	AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
16 OTHER NON-CURRENT ASSETS:		
(Unsecured, good unless otherwise stated)		
Security Deposits	252.38	266.26
Long Term Deposits for Hotel and Other Properties [includes ₹ 488.62 Lakhs (Previous year ₹ 488.62 Lakhs) considered doubtful (Refer Note 16.1 and Note 29.2)]	8,524.87	8,533.57
Less: Provision for doubtful deposits	488.62	488.62
	8,036.25	8,044.95
Preliminary Expenses	0.33	0.48
Share issue Expenses	-	0.04
Total	8,288.96	8,311.73
16.1 The above deposits include ₹ 80.00 Crores (Previous Year ₹ 80.00 Crores) paid to Plaza Hotels Private Limited for hotel properties (a Company wherein some directors of the Group are directors).		
17 CURRENT INVESTMENTS		
Investments in Mutual Funds – Unquoted		
SBI PSU FUND 50,000 (Previous Year 50,000) Units of ₹ 10/ – each fully paid up (NAV – ₹ 3.88 Lakhs) (Previous Year ₹ 3.82 Lakhs)	5.00	5.00
Total	5.00	5.00
18 INVENTORIES:		
(At Lower of weighted average cost and net realisable values)		
Raw Materials and Others		
– Food and Beverages	166.12	126.24
– Stores and Operating Supplies	345.97	392.48
Total	512.09	518.72
19 TRADE RECEIVABLES:		
(Unsecured, good, unless otherwise stated)		
Unsecured:		
– Over Six Months ₹ 361.05 Lakhs (Previous year ₹ 284.83 Lakhs) (considered doubtful)	791.78	298.40
– Other Debts ₹ Nil (Previous year ₹ 0.07 Lakhs) (considered doubtful)	1,174.00	1,311.73
	1,965.78	1,610.13
Less: Provision for Doubtful Debts	361.05	284.83
Total	1,604.73	1,325.30
19.1 Includes due from Ilex Developers and Resorts Limited (Joint venture company)	12.31	Nil
20 CASH AND BANK BALANCES:		
Cash and Cash Equivalents:		
– Balance with Banks	636.05	542.61
– Cash on hand	61.39	42.69
– Cheques on hand	7.36	57.21
– Foreign Exchange in hand	0.33	0.34
Sub-total	705.13	642.85
Other Bank Balances:		
– Margin Money in Fixed Deposits with Banks	194.21	338.99
– Dividend Bank Accounts	9.65	11.83
Sub-total	203.86	350.82
Total	908.99	993.67

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ in Lakhs	
		AS AT 31ST MARCH, 2014	AS AT 31ST MARCH, 2013
21	SHORT TERM LOANS AND ADVANCES: (Unsecured good)		
	- Loans and Advances to Employees	0.17	1.35
	- Deposits including Balances with Government and other agencies	45.24	16.61
	- Advance Payment of Taxes (Net)(Refer Note 21.1)	380.27	830.69
	- Prepaid Expenses	310.45	301.83
	- Others (Refer Note 21.2)	886.49	119.56
	Total	1,622.62	1,270.04

21.1 Payment of taxes is net of provision for tax of ₹ 1,007.44 Lakhs (Previous Year ₹ 931.39 Lakhs).

21.2 Include advances to suppliers and for expenses.

22	OTHER CURRENT ASSETS: (Unsecured good)		
	- Interest Receivable on Bank Deposits and Investments	56.26	60.00
	- Preliminary Expenses	0.07	0.07
	- Share issue Expenses	-	0.20
	Total	56.33	60.27

		₹ in Lakhs	
		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
23	REVENUE FROM OPERATIONS:		
	Revenue from Hotel Operations:		
	Rooms	7,709.02	8,863.88
	Food and Beverages	6,647.15	6,243.95
	Income from Time Share Business (Refer Note 23.1)	390.93	364.38
	Management and Consultancy Fees	185.42	176.12
	Sub total	14,932.52	15,648.33
	Other Operating Revenue:		
	Swimming Pool and Health Club	60.79	41.02
	Conference and Banqueting Services	265.67	512.35
	Internet and Telephone	14.73	21.16
	Laundry Services	63.28	66.95
	Car Rental and Transportation	117.57	131.10
	Membership- Sales Promotion Schemes	207.82	235.49
	Licence fees - Shops and Offices	165.84	159.25
	Miscellaneous Services	199.35	36.54
	Sub total	1,095.05	1,203.86
	Less: Excise Duty relating to sale of Food and Beverages	1.06	1.82
	Total	16,026.51	16,850.37

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
24	OTHER INCOME:		
	Interest Earned		
	Interest on Long Term Investments	7.45	6.57
	Interest from Banks	10.88	43.44
	Interest from Others	174.69	8.42
		<u>203.02</u>	<u>58.43</u>
	Gain on Foreign Exchange	4.80	9.09
	Dividend on Long Term Investments	0.13	0.51
	Liabilities and Provisions written back (Refer Note 24.1)	149.12	63.75
	Licence Fees-Other Properties	75.75	71.07
	Other Non Operating Income	20.64	8.51
	Total	<u><u>453.46</u></u>	<u><u>211.36</u></u>

24.1 Liabilities and Provisions written back include ₹ 24.94 Lakhs (Previous Year ₹ Nil) towards excess provisions for leave encashment, no longer required, written back.

25	COST OF FOOD AND BEVERAGE CONSUMED:		
	Opening Stock	126.24	112.88
	Add: Purchases	1,913.27	2,022.77
	Less: Closing Stock	166.12	126.24
	Total	<u><u>1,873.39</u></u>	<u><u>2,009.41</u></u>

25.1	Particulars of imported and indigenous food and beverages consumed:		
	Value - Imported	35.37	1.28
	indigenous	1,838.02	2,008.13
		<u><u>1,873.39</u></u>	<u><u>2,009.41</u></u>
	Percentage - Imported	1.89%	0.06%
	- indigenous	98.11%	99.94%
		<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

26	EMPLOYEE BENEFITS EXPENSE:		
	Salaries and Wages	3,437.64	3,693.02
	Contribution to Provident and other Funds	160.45	183.74
	Provision for Gratuity (Refer Note No.26.1.2)	16.78	55.85
	Provision for Leave Encashment (Refer Note No. 26.1.3)	0.48	34.92
	Staff Welfare Expenses	267.40	291.59
	Total	<u><u>3,882.75</u></u>	<u><u>4,259.12</u></u>

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

26.1.1 Defined Contribution Plan:

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

Contributions to Provident Fund	158.77	182.05
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NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Gratuity (Funded)		
a Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	242.66	203.99
Current Service Cost	37.31	36.25
Interest Cost	19.41	17.34
Actuarial (gain) / loss	(33.19)	13.50
Benefit Paid	(55.61)	(28.43)
Defined Benefit obligation at year end	210.58	242.66
b Reconciliation of opening and closing balance of fair value of plan assets		
Fair value of plan assets at beginning of the year	185.71	172.49
Expected return on plan assets	16.16	14.83
Employers Contribution	7.02	26.61
Benefit Paid	(55.61)	(28.43)
Actuarial (gain) / loss	(1.80)	0.21
Fair value of plan assets at year end	151.47	185.71
Actual return on plan assets	16.16	14.83
c Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March, 2014	151.47	185.71
Present value of obligation as at 31st March ,2014	210.58	242.66
Amount recognised in Balance Sheet	59.10	56.95
d Net Gratuity and other cost for the year		
Current Service Cost	37.31	36.25
Interest Cost	19.41	17.34
Expected return on plan assets	(16.16)	(14.83)
Actuarial (gain)/loss	(31.39)	13.29
Net Cost	9.18	52.05
e Investment Details	% invested	% invested
L I C Group Gratuity (Cash Accumulation) Policy	100	100
f Actuarial assumptions		
Mortality Table (L.I.C)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	9.29%	8.50%
Expected rate of return on plan assets (per annum)	8.70%	8.70%
Rate of escalation in salary (per annum)	6.50%	6.50%
Employers Best estimate of expected contribution for next year	59.10	56.95
The estimates 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.		
The expected rate of return on plan asset is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risk, historical results of return on plan assets and the Group's policy for plan assets management.		
Gratuity (Non Funded)		
a Change in Present Value of Obligation		
Present value of the obligation at beginning of the year	8.34	7.11
Current Service Cost	3.97	4.56
Interest Cost	0.76	0.37
Actuarial (Gain) / Loss on Obligation	2.87	(1.13)
Benefit Paid	-	-
Present value of the obligation at the end of the year	15.95	8.34

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
b Amounts Recognised in the Balance Sheet:		
Present value of Obligation at the end of the year	15.95	8.34
Fair value of Plan Assets at the end of the year	-	-
Net Obligation at the end of the year	15.95	8.34
c Amounts Recognised in the Statement of Profit and Loss:		
Current Service Cost	3.97	4.56
Interest cost on Obligation	0.76	0.37
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the year	2.87	(1.13)
Net Cost	7.60	3.80
d Actuarial assumptions		
Discount rate	9.10%	8.50%
Expected Rate of Return on Plan Assets	--	--
Salary Escalation Rate	7.00%	6.50%
Mortality Table (LIC)	Indian Assured Lives (2006-08) Ultimate	(1994-96) Ultimate
26.1.3 Leave Encashment (Non Funded)		
Reconciliation of opening and closing balances of Defined Benefit obligation		
a Defined Benefit obligation at beginning of the year		
Defined Benefit obligation at beginning of the year	227.34	215.04
Opening Balance transferred from merger companies	-	-
Current Service Cost	5.75	3.52
Interest Cost	0.82	0.08
Benefit Paid	4.77	(0.49)
Actuarial (gain) / loss	(26.79)	(8.22)
Defined Benefit obligation at year end	202.36	209.92
b Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March, 2014	202.36	209.92
Amount Recognised in Balance Sheet	202.36	209.92
c Expenses recognised during the year		
Current Service Cost	5.75	3.52
Interest Cost	0.82	0.08
Actuarial (gain)/loss	(26.79)	(8.22)
Net Cost	(20.22)	(4.62)
26.2 Managerial Remuneration :		
Remuneration to Managing and Whole Time Directors (₹ 96 lakhs to Managing Director) (Previous Year ₹ 96 Lakhs) (Refer Note 26.3)	146.90	162.00
Contribution to Provident Fund	13.64	15.58
Perquisites	0.64	0.57
Sub-total	161.18	178.15
Directors Sitting Fees	5.45	8.15
Total	166.63	186.30

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
26.3	Payment of remuneration to Dr. Vithal V. Kamat, Executive Chairman and Managing Director (CMD) for the period from 1st October, 2010 to 30th September, 2013 was approved by the shareholders of the Company in the Annual General Meeting held on 25th September, 2010. However, in view of loss for the year ended 31st March, 2014, there is an excess remuneration of ₹ 24.72 lakhs for the period from 1st April, 2013 to 30th September, 2013 (Previous year ₹ 48.78 lakhs for full year) paid to CMD and in terms of the decision of the Remuneration Committee in its meeting held on 28th May, 2014, 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. Remuneration for the subsequent period from 1st October, 2013 and onwards has already been approved by the shareholders in the Annual General Meeting held on 21st September, 2013 and by the Central Government vide approval dated 10th January, 2014, which is valid till 30th September, 2016.		
27	OTHER EXPENSES:		
	OPERATING EXPENSES:		
	Heat, Light and Power	2,050.67	2,003.06
	Rent	324.72	338.89
	Licences, Rates and Taxes (Refer Note 27.1)	584.98	782.70
	Repairs to Buildings	104.01	127.51
	Repairs to Plant and Machinery	226.94	247.54
	Repairs to Others	97.97	154.50
	Expenses on Apartments and Boards	511.49	600.09
	Replacements of Crockery, Cutlery, Linen, etc.	89.10	93.52
	Washing and Laundry Expenses	99.29	226.23
	Water Charges	181.93	164.93
	Sub-Total	4,271.10	4,738.97
	GENERAL EXPENSES:		
	Advertisement, Publicity and Sales Promotion	300.52	334.69
	Travel Agents' Commission	161.14	144.63
	Discount to Collecting Agents	118.52	113.90
	Management/Licence Fees and Royalty	111.73	118.66
	Loyalty Programme Expenses	14.85	41.82
	Band and Music Expenses	110.16	177.91
	Sub-Total	816.92	931.61
	ADMINISTRATIVE AND OTHER EXPENSES:		
	Communication Expenses	104.64	114.78
	Printing and Stationery	74.42	90.67
	Legal and Professional charges	170.73	363.58
	Directors' Sitting fees	5.45	8.15
	Travelling and Conveyance	180.62	169.00
	Insurance	52.55	57.64
	Bad Debts	77.59	2.17
	Provision for Doubtful debts	82.38	101.22
	Auditors' Remuneration (Refer Note 27.2)	13.60	14.04
	Sales Tax / Vat / Luxury Tax etc. including assessment dues	166.30	171.20
	Loss on Sale/Discard of Fixed assets (Net)	18.12	-
	Loss on Sale/Discard of Operating Supplies	15.30	-
	Prior Period Expenses	46.15	17.24
	Miscellaneous Expenses	80.07	142.66
	Sub-Total	1,087.92	1,252.35
	Total	6,175.94	6,922.93

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ in Lakhs	
		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
		₹ in Lakhs	
27.1	The Municipal Corporation of Greater Mumbai (MCGM) has raised an additional demand for property tax of ₹ 56.91 lakhs (Previous Year ₹ 216.96 lakhs) for the year 2013-2014 in respect of Company hotels and offices based on newly introduced capital value method during the previous year. The Company has filed objections to the said valuation which are pending disposal by MCGM. Pending such disposal, the Company has made provision for the same and adjustment, if any will be made on disposal of Company's objections.		
27.2	Auditors' Remuneration		
	- As Audit Fees	9.35	9.70
	- Taxation Services	2.17	1.67
	- Other Services	1.27	2.03
	- Out of Pocket Expenses	0.20	0.20
	- Service Tax (net of Input tax credit availed)	0.61	0.44
	Total	13.60	14.04
28	FINANCE COSTS:		
	Interest Expense	7,193.18	8,306.17
	Other Borrowing Cost	55.25	182.90
	Total	7,248.43	8,489.07
29	EXCEPTIONAL ITEMS:		
	INCOME:		
	Profit on disposal of certain non-productive Fixed Assets	-	221.96
	Forfeiture of Advance for Property - Bhubaneshwar (Income) (Refer Note 29.1)	300.00	-
	Input Service tax Credit of earlier year available to the Company	-	40.62
		300.00	262.58
	Less: EXPENSES:		
	Loss on Write-off of Fixed Assets of certain unviable units of the Company	17.64	60.33
	Loss on Write-off of operating supplies of certain unviable units of the Company	1.23	-
	Incomplete Hotel Project Expenses Written Off	241.73	207.93
	Provision for doubtful deposit for Hotel Project (Refer Note No. 29.2)	-	488.62
		260.60	756.88
	Total	39.40	(494.30)
29.1	The Company had executed an Agreement-cum-Memorandum of Undertaking with a party to dispose off its VITS Hotel, Bhubaneswar on 27th April, 2013 on as is where basis for an agreed consideration, against which an earnest money deposit of ₹ 300.00 lakhs was paid by the said party pending completion of stipulated obligations by both the parties to complete the sale, which was to be adjusted against the agreed sale consideration. The Company completed its obligations but the said party did not complete its obligations under the above agreement within the agreed time and time was the essence of the agreement. Accordingly and as provided in the aforesaid agreement, the deal has come to end and the above earnest money deposit has been forfeited by the Company during the year ended 31st March, 2014 and included as an item of Exceptional income.		
29.2	In terms of the Memorandum of Understanding with a Public Trust owning a plot of land in Mumbai, the Company had paid ₹ 488.62 lakhs as security deposit and incurred expenditure of ₹ 207.93 lakhs for a proposed hospitality project on the said land in earlier years. The owner did not fulfill his obligation to complete the infrastructure for the aforesaid project despite follow up by the Company. In view of inordinate delay in the project, the expenditure incurred on the said incomplete project has been written off and a provision has been made in the previous year for the deposit paid to the said party. In the meantime, the Company had initiated legal proceedings against the owners by filing Arbitration Application before the Bombay High Court for appointment of Arbitrator. The Bombay High Court vide order dated 22nd February, 2013 has referred the matter to a sole arbitrator. The Company filed its Statement of Claims before the arbitrator. The owners also filed their reply and also made a counter claim for compensation and interest thereon before the arbitrator besides claiming that the claim of the Company was barred by limitation of time. Subsequently, vide letter dated 12th September, 2013, the arbitrator resigned and the matter could not proceed further thereafter. The Company is contemplating to approach the High Court again for directions. Adjustments, if any, to the expenditure written off and provision made as above, will be made on disposal / conclusion of the Arbitration Proceedings in the above matter.		

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

		YEAR ENDED	
		31ST MARCH, 2014	31ST MARCH, 2013
30	Contingent Liabilities and Commitments.		
	I Contingent liabilities:		
	A Claims Against Group / Disputed liabilities not acknowledged as debts.		
	i) Disputed Income Tax Demand	164.53	743.50
	ii) Disputed MVAT Demand	111.69	Nil
	iii) Open import License	1,046.92	1,490.13
	iv) Claims against the Group not acknowledged as debt.	371.22	378.52
	v) Other Matters disputed	94.48	17.72
	B Guarantees:		
	i) Corporate guarantee given to a bank given in respect of credit facilities availed by Subsidiary Company.	20,434.00	20,434.00
	ii) Counter Guarantees issued by the Group to secure Bank Guarantees.	43.11	111.40
	C Other Moneys for Which the Group is contingently liable.		
	i) Obligation towards payments to project creditors of subsidiary company.	Nil	64.01
	ii) Monetary value of unredeemed points in respect of Guest Loyalty program for Sales Promotion.	0.27	26.98
	D Refer Note 29.2 in respect of dispute regarding Bandra-Kurla Project		
	II Commitments.		
	A Estimated amount of capital commitments to be executed on capital accounts and not provided for (net of advances)	8.59	86.91
	B Other Commitments		
	i) Undertaking given by the Group in favour of a Financial Institution to repay the loan to the extent of 50% of sale proceeds of the Assets sold.	1,736.82	3,106.19
	ii) Commitment to the V Privilege Scheme members for providing Hospitality services during the year 2013-14 as per membership sale value	80.33	67.70
	iii) Obligations under CDR Scheme to the lenders to repay part of the term loans and funded interest term loan by sale of specified assets of the Group by 31st March, 2014.	22,500.00	22,500.00
	iv) The Group has put up an STP Unit on an adjacent immovable property owned by Kamats Amusements Private Limited in earlier years for its Orchid Hotel, Mumbai and continues to use the same. The Group is obliged to compensate appropriately to the owner for such user of property as explained in the Explanatory Statement under section 393 of the Companies Act, 1956 to the notice convening the meeting of the shareholders of the Group on 22nd October 2005 pursuant to Bombay High Court Order dated 2nd September 2005 and as approved by the Board of Directors of the Group in the meeting held on 26th July 2008. The modalities are being worked out.		
	v) Certain ex-employees of the Company have demanded re-instatement of their service along with arrears of wages, which is contested by the Company.		
31	Earnings Per Share		
	Basic and Diluted		
	Net Profit / (Loss) after tax as per Statement of Profit and Loss (Rupees)	(4,228.34)	(6,236.08)
	No. of Shares issued	2,35,84,058	1,90,93,394
	Nominal Value of Share (Rupees)	10	10
	Weighted average no. of Shares – Basic	2,08,30,543	1,90,93,394
	Weighted average no. of Shares – Diluted	2,28,34,693	2,19,89,132
	Basic E.P.S. (Rupees) :	(20.30)	(32.66)
	Diluted E.P.S. (Rupees): (See Note below)	(20.30)	(32.66)

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

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

32 Segment Reporting

The Group 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) Rules, 2006.

33 Related Parties Disclosures:

Related Parties where control exists:

(a) List of Associates Companies where control exists and with whom transactions have taken place during the year:

Plaza Hotels Private Limited
Kamats Holiday Resorts (Silvassa) Limited
Vishal Amusements Limited
Indira Investments Private Limited
Kamburger Foods Private Limited:
Kamat Eateries Private Limited
Kamats Amusements Private Limited
Talent Hotels Private Limited
Karaoke Amusements Private Limited
Karwar Hotels Private Limited
Busybee Developers Private Limited
Grasshoppers Developers Private Limited
Nagpur Ecohotel Private Limited
VITS Hotels (Bhubaneswar) Private Limited

(b) Key Management Personnel and their relatives:

Dr. Vithal V. Kamat - Executive Chairman & Managing Director
Mr. Ramesh N. Shanbhag - Whole Time Director (Resigned during the year with effect from 30th August, 2013)
Mr. Vikram V. Kamat - Executive Director & also relative
Mrs. Vidya V. Kamat - Relative
Mr. Vishal V. Kamat - Chief Executive Officer of Fort Jadhavgadh, Pune and a relative

(c) Other Related parties where key managerial personnel are able to exercise significant influence and with whom transactions have been taken place during the year :

V. V. Kamat HUF

(d) Summary of transactions during the year with Related Parties entered into on commercial basis in the interest of the Group and approved by the Board and status of outstanding balances as on 31st March, 2014:

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		₹ in Lakhs		
Sr. No.	Nature of transactions	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
1	Sale by rendering services including Management & Consultancy Fees	26.61 (34.43)	Nil (Nil)	3.24 (6.59)
2	Consultancy Fees/Fees paid towards hotel property under Business Contract Agreement	89.35 (74.90)	Nil (Nil)	Nil (Nil)
3	Purchase of goods & services	20.96 (Nil)	20.33 (29.23)	Nil (Nil)
4	Remuneration to Key Management Personnel	Nil (Nil)	173.56 (182.36)	Nil (Nil)
5	Loan Recovered during the year	Nil (0.07)	Nil (Nil)	Nil (Nil)
6	Loans Repaid during the year	35.29 (34.69)	Nil (0.66)	0.40 (Nil)
7	Loans Taken during the year	431.00 (Nil)	Nil (Nil)	Nil (Nil)
8	Advances Repaid during the year	25.00 (Nil)	Nil (Nil)	Nil (Nil)
9	Deposits Repaid during the year	415.90 (Nil)	Nil (Nil)	Nil (Nil)
10	Share Application Money received	485.00 (1,900.00)	Nil (Nil)	Nil (Nil)
11	Equity Shares Allotted during the year	449.07 (Nil)	Nil (Nil)	Nil (Nil)
12	Advances given on Capital/Current Accounts	634.44 (Nil)	Nil (Nil)	Nil (Nil)
13	Corporate Guarantee / Personal Guarantee provided CDR obligation (to the extent of loan outstanding)	25,881.48 (Nil)	38,583.00 (Nil)	Nil (Nil)
14	Balance outstanding at the year end:			
(a)	Share application money pending allotment	185.00 (1,959.55)	Nil (225.46)	Nil (1.10)
(b)	Accounts receivable	646.76 (0.05)	Nil (Nil)	Nil (Nil)
(c)	Deposit paid includes Under Business Contract Agreement	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
(d)	Long Term Trade Deposit received towards Business Contract Agreement.	53.66 (469.56)	Nil (Nil)	Nil (Nil)
(e)	Amounts Payable	445.65 (26.94)	30.44 (3.82)	Nil (43.24)
(f)	Mortgage Created by Associate Company on its immovable property to secure the borrowings of the Company.	Nil (46.88)	Nil (Nil)	Nil (Nil)
(g)	Undertaking given by the Associate companies in favour of IL&FS towards repayment of loan from 50% of Sale Proceeds of their immovable properties.	4,213.18 (4,643.81)	Nil (Nil)	Nil (Nil)
(h)	Corporate Guarantee issued by the Group in favour of banks on behalf of Joint Venture Group	1,000.00 (1,000.00)	Nil (Nil)	Nil (Nil)
(i)	Corporate Guarantee / Personal Guarantee provided by Plaza Hotels Private Limited / Kamats Holiday Resorts (Silvassa) Limited / Executive Chairman & Managing Director and Executive Director (to the extent of loan outstanding at the year end)	40,770.26 (36,958.74)	54,634.30 (58,487.05)	Nil (Nil)
(j)	Corporate Guarantee / Personal Guarantee provided CDR obligation (to the extent of loan outstanding)	25,881.48 (Nil)	38,583.00 (Nil)	Nil (Nil)
(k)	Company has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneshwar in favour of a Bank on behalf of Joint Venture Company	799.68 (799.68)	Nil (Nil)	Nil (Nil)
(l)	Corporate Guarantee/ Personal Guarantee Provided to bank to secure the borrowings of the Group	3,000.00 (3,000.00)	5,273.00 (3,000.00)	Nil (Nil)

*Relatives of Key Management Personnel: Mrs. Vidya V. Kamat (wife of Dr. Vithal V. Kamat and mother of Mr. Vikram Kamat), and Mr. Vishal V Kamat (Son of Dr. Vithal V. Kamat and brother of Mr. Vikram V Kamat).

** Figures in brackets are for previous year.

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
(m) Statement of Material Transactions:		
Name of Related Party		
Specified Companies:		
Plaza Hotels Private Limited		
- Fees paid towards hotel property under Business Contract Agreement	89.35	74.90
- Deposit paid Under Business Contract Agreement for hotels	8,000.00	8,000.00
- Amounts Payable	30.44	20.79
- Corporate Guarantee provided by the above for securing loans taken by the Group	34,521.26	33,989.90
- Corporate Guarantee provided by the above for securing loans taken by the Company	431.48	Nil
- Undertaking given towards repayment of Loan	1,837.92	1,412.30
- Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Kamats Holiday Resorts (Silvassa) Limited		
- Corporate Guarantee provided by the above for securing loans taken by the Group	6,239.00	4,968.85
- Mortgage Created on immovable property to secure the borrowings of the Group.	Nil	46.88
-Joint Corporate Guarantee issued to Banks/Lenders on behalf a holding company as per CDR obligatons with other Associate Companies	38,583.00	Nil
Kamats Amusements Private Limited		
- Share Application money credited for issue of Shares on merger	Nil	20.51
- 2,05,128 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	276.92	Nil
Talent Hotels Private Limited		
- Undertaking given towards repayment of Loan	2,375.26	2,231.51
Karwar Hotels Private Limited		
- Loan Repaid	Nil	33.68
- Undertaking given towards repayment of Loan	Nil	275.81
Busybee Developers Private Limited		
- Undertaking given towards repayment of Loan	Nil	567.83
Grasshoppers Developers Private Limited		
- Undertaking given towards repayment of Loan	Nil	156.35
Nagpur Ecohotel Private Limited.		
- Share Application money received pending allotment	Nil	1,350.00
- 10,00,000 Equity shares of ₹ 10/- Equity shares allotted during the year as per CDR at a premium of ₹ 125/- per share	1,350.00	Nil
Vits Hotels (Bhubaneshwar) Private Limited.		
- Share Application money received pending allotment	185.00	550.00
- Share Application money received during the year	485.00	550.00
- 6,29,629.63 Equity shares of ₹ 10/- Equity shares allotted during the year as per CDR at a premium of ₹125/- per share.	850.00	Nil

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Key Management Personnel and Management:		
Dr. Vithal V. Kamat		
- Remuneration (Refer Note 26.3)	105.93	105.58
- Royalty paid for brand	20.39	29.72
- Amounts Payable	3.24	3.82
- Share Application money credited for issue of Shares on merger	Nil	218.66
- 21,86,640 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	2,951.96	Nil
- Personal Guarantee provided by him for securing loans taken by the Group	45,371.53	48,919.69
- Joint Personal Guarantee issued to Banks/Lenders on behalf Company as per CDR obligations with executive Director	38,583.00	Nil
Vishal V. Kamat		
- Remuneration	12.38	4.21
- Personal Guarantee provided by him for securing loan taken by the Group	1,413.31	1,333.42
Vikram V. Kamat		
- Remuneration	32.76	32.76
- Personal Guarantee provided by him for securing loan taken by the Group	10,849.46	11,233.94
- Joint Personal Guarantee issued to Banks/Lenders on behalf Company as per CDR obligations	38,583.00	Nil
Ramesh N. Shanbhag		
- Remuneration (Resigned during the year with effect from 30th August, 2013)	22.48	39.81
Other Related Parties:		
Vithal V. Kamat-HUF		
- Gross Sale of services including Management & Consultancy Fees	3.24	6.59
- Share Application money credited for issue of Shares on merger	Nil	1.10
- 10,974 Equity shares of ₹10/- each allotted during the year as per the scheme of merger at a premium of ₹125/- per share.	14.81	Nil
- Unsecured loan taken during the year- Transfer from Merger company	Nil	45.58
- Deposit paid includes Under Business Contract Agreement	25.00	25.00

34 Leases

The Group'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 Group:

Payable within one year -	317.91	320.26
Payable later than one year but not later than five years -	1,254.95	1,260.53
Payable after five years -	13,104.19	13,417.01
The Group also has given shops and other spaces on Leave and Licence basis in respect of which future minimum licence fees receipts expected:		
Receivable within one year -	154.44	175.79
Receivable later than one year but not later than five years-	182.28	133.42
Receivable after five years -	-	26.00

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
35 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 :	Illex Developers & Resorts Limited	
Percentage of Interest :	32.92%	
ASSETS		
Fixed Assets (Net Block)	925.78	946.72
Deferred Tax Assets (Net)	65.83	50.44
Long Term Loans and Advances	30.47	255.37
Other Non-Current Assets	0.04	0.05
Current Assets	142.62	27.48
LIABILITIES		
Reserves and Surplus	345.78	380.99
Long Term Borrowings	632.95	681.29
Long Term Provisions	3.42	4.12
Current Liabilities	155.94	187.01
Turnover	212.15	209.66
Profit/(loss) before Taxation	(50.60)	(64.94)
Deferred Tax Asset	15.39	19.96
Profit/(loss) after Taxation	(35.21)	(44.98)
Proposed Dividend	Nil	Nil
36 STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY.		
a) Orchid Hotels Pune Private Limited		
ASSETS		
Fixed Assets (Net Block)	41,833.04	44,240.10
Deferred Tax Assets (Net)	2,634.90	1,914.36
Long Term Loans and Advances	133.72	128.74
Current Assets	1,228.46	742.65
LIABILITIES		
Capital	1,176.47	1,176.47
Reserves and Surplus	86.67	1,635.92
Long Term Borrowings	20,023.94	38,154.12
Long Term Provisions	19.86	14.44
Current Liabilities	24,523.18	6,044.90
Turnover	2,481.20	2,897.21
Profit/(loss) before Taxation	(2,269.79)	(3,065.83)
Deferred Tax Asset	720.54	936.97
Profit/(loss) after Taxation	(1,549.26)	(2,128.86)
Proposed Dividend	Nil	Nil
b) Kamats Restaurants (India) Private Limited		
ASSETS		
Other Non-Current Assets	0.13	0.15

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
Current Assets	0.80	1.00
LIABILITIES		
Capital	1.00	1.00
Reserves and Surplus	(0.24)	(0.14)
Long Term Borrowings	0.14	0.25
Current Liabilities	0.03	0.03
Turnover	Nil	Nil
Profit/(loss) before Taxation	(0.10)	(0.09)
Deferred Tax Asset	Nil	Nil
Profit/(loss) after Taxation	(0.10)	(0.09)
Proposed Dividend	Nil	Nil
c) Fort Mahodadhinivas Palace Private Limited		
ASSETS		
Fixed Assets (Net Block)	1,963.25	2,000.59
Other Non-Current Assets	0.12	0.14
Long Term Loans and Advances	2.43	Nil
Current Assets	18.37	8.82
LIABILITIES		
Capital	1.00	1.00
Reserves and Surplus	(24.93)	(0.50)
Other Long Term Liabilities	2,017.33	2,009.02
Current Liabilities	1.86	0.03
Turnover	24.33	Nil
Profit/(loss) before Taxation	(35.53)	(0.35)
Deferred Tax Asset	11.10	Nil
Profit/(loss) after Taxation	(24.43)	(0.35)
Proposed Dividend	Nil	Nil
d) Fort Jadhavgadh Hotels Private Limited		
ASSETS		
Other Non-Current Assets	0.05	0.12
Current Assets	0.06	1.07
LIABILITIES		
Capital	1.00	1.00
Reserves and Surplus	(1.22)	(0.17)
Long Term Borrowings	0.30	0.30
Current Liabilities	0.03	0.06
Turnover	Nil	Nil
Profit/(loss) before Taxation	(1.05)	(0.12)
Deferred Tax Asset	Nil	Nil
Profit/(loss) after Taxation	(1.05)	(0.12)
Proposed Dividend	Nil	Nil

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lakhs

	YEAR ENDED	
	31ST MARCH, 2014	31ST MARCH, 2013
e) Green Dot Restaurants Private Limited		
ASSETS		
Other Non-Current Assets	0.02	0.06
Current Assets	41.68	26.47
LIABILITIES		
Capital	1.00	1.00
Reserves and Surplus	29.74	19.08
Long Term Provisions	5.86	4.00
Current Liabilities	5.09	2.46
Turnover	42.85	33.40
Profit/(loss) before Taxation	16.52	28.08
Current Tax	5.85	9.00
Profit/(loss) after Taxation	10.67	19.08
Proposed Dividend	Nil	Nil

37 Figures of the previous year have been regrouped / reclassified wherever necessary to conform to the Current year's presentation.

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

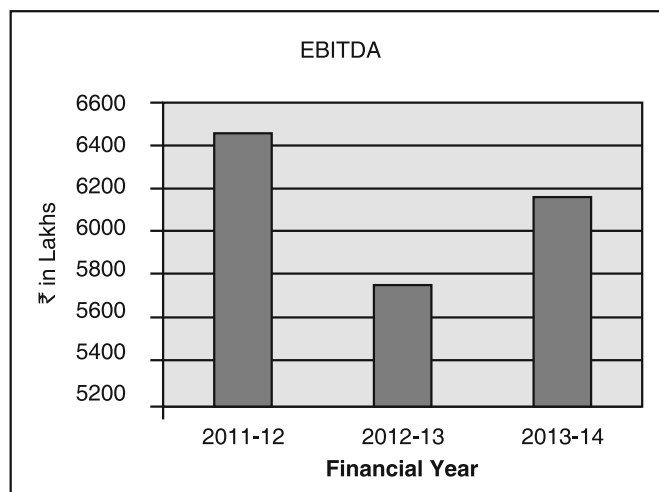
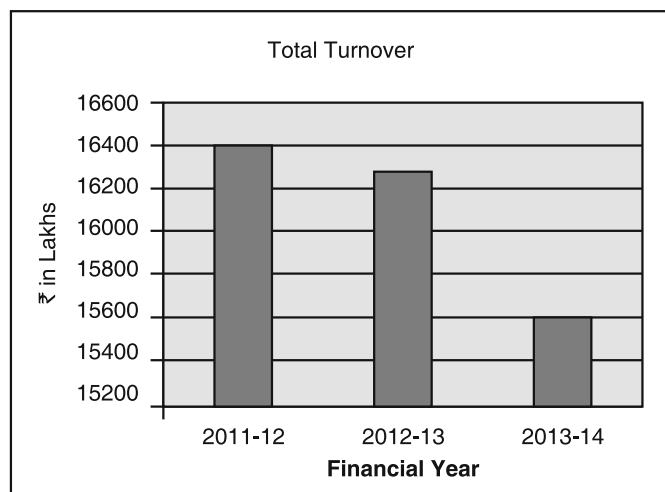
Kurian Chandu
Chief Financial Officer

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Mumbai: 28th May, 2014

PERFORMANCE BAR CHARTS (STANDALONE)



VITS
Guest. Rest. Bar.
Luxury Business Hotels



MUMBAI, MAHARASHTRA



NASHIK, MAHARASHTRA



ALRANGABAD, MAHARASHTRA



PUNE, MAHARASHTRA



BHUBANESWAR, ORISSA

LOTUS RESORTS
Chill. With Temppal.



**SILVASSA,
UNION TERRITORY**



GOA



KONARK, ORISSA



THE
ORCHID[®]
— FIVE STAR ECOTEL HOTEL —
FRIENDLY. EGG-FRIENDLY
100% Eco-Friendly Environment Certified
ISO 14001:2015 & ISO 9001:2015
MUMBAI, MAHARASHTRA



THE
ORCHID[®]
— FIVE STAR ECOTEL HOTEL —
FRIENDLY. EGG-FRIENDLY
100% Eco-Friendly Environment Certified
ISO 14001:2015 & ISO 9001:2015
PUNE, MAHARASHTRA



Fort
JadhavGADH
A Green Heritage Hotel
Ladh, Jhagadh, Aaga Badh...
PUNE, MAHARASHTRA



Fort
Mahodadhi
A Green Heritage Hotel
PURI, ORISSA



KAMAT HOTELS (INDIA) LIMITED

CIN No: L55101MH1986PLC039307

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

Tel No. 022 2616 4000 Fax No. 022 26164115; Email : cs@khil.com Website : www.khil.com

Attendance Slip

27th Annual General Meeting on 10th September, 2014.

Regd. Folio/D.P. ID & Client ID	
Name and Address of the Shareholder	
Joint Shareholder(s)	
No. of Shares Held	

I /We hereby record my/our presence at the Twenty-Seventh Annual General Meeting of the members of **Kamat Hotels (India) Limited** 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 Wednesday the 10th September, 2014 at 3.00 p.m.

Please complete the Folio/ DP ID-Client ID No. and name, sign this Attendance Slip in the below mentioned table and hand it over at the attendance verification counter at the entrance of the meeting Hall.

.....
Member’s Folio/DP ID/ Client ID No.	Member’s/Proxy’s name in block letters	Member’s/ Proxy’s Signature

ELECTRONIC VOTING PARTICULARS

Electronic Voting Sequence Number	User ID	Password

Note: Please read the instructions printed in note no. 14 to the notice of 27th Annual General Meeting dated 9th August, 2014. The voting period starts from 1st September, 2014 (9.00 a.m) and ends on 3rd September, 2014 (5.00 p.m). The voting module will be disabled by NSDL for voting thereafter.



KAMAT HOTELS (INDIA) LIMITED
CIN No: L55101MH1986PLC039307

Form No. MGT-11
Proxy form
[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Registered Office : KHIL House, 70-C, Nehru Road, Near Santacruz Airport, Vile Parle (East), Mumbai- 400 099, Maharashtra, India.
Tel No. 022 2616 4000 Fax No. 022 26164115; Email : cs@khil.com Website : www.khil.com

Name of the Member(s)	
Registered Address	
Email ID:	
Folio No /DP ID Client ID No.	

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name: -----E-mail Id: -----

Address: -----

-----Signature:-----

or failing him/her

2. Name: -----E-mail Id: -----

Address: -----

-----Signature:-----

or failing him/her

3. Name: -----E-mail Id: -----

Address: -----

-----Signature:-----

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual general meeting of the Company, to be held on the 10th day of September, 2014 at 3.00 p.m. at "Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional *	
		For	Against
	Ordinary Business		
1.	Adoption of Audited financial statement for the year ended on 31 st March, 2014 and Reports of the Board and Auditors thereon.		
2.	Appoint a Director in place of Mr. Vikram V. Kamat, who retires by rotation and being eligible offers himself for re-appointment.		
3.	Re-appointment of Auditors and fix their remuneration.		
	Special Business		
4.	Adopting new set of Articles of Association of the Company.		
5.	Re-appointment of Mr. Vikram V. Kamat as Executive Director of the Company who shall be liable to retire by rotation, for a period of 3 years from 1 st October, 2014.		
6.	Re-appointment of Mrs. Rajyalakshmi Rao as an Independent Director of the Company.		
7.	Appointment of Mr. Rohhan A. Divanji as an Independent Director of the Company.		
8.	Appointment of Mr. Dinkar D. Jadhav as an Independent Director of the Company.		
9.	Consent of member to apply to Central Government for waiver of excess remuneration paid to Dr. Vithal V. Kamat during the period from 1 st April, 2013 to 30 th September, 2013.		
10.	Consent of members to the Board of Directors to borrow monies.		
11.	Approval of the Company for Salary to Mr. Vishal V. Kamat, and ratification and approval of his appointment as the Chief Executive Officer of Fort Jadhavgadh, a unit of the Company.		

Signed this..... day of..... 2014

Signature of shareholder

Affix Revenue
Stamp

Signature of Proxy holder(s)

Note: 1 This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2* It is optional to put a '✓' in the appropriate column in front of the resolutions indicated in the table above. If you leave the 'For' or 'Against' column blank against any or all resolution(s), your proxy will be entitled to vote in the manner he / she thinks appropriate.