



25TH ANNUAL REPORT 2011 - 12



THE **ORCHID**
— FIVE STAR SCOTEL HOTEL —
FRIENDLY. SO FRIENDLY.
100% - 100% of 100% Green Hotel
The Green Star 2010

Mumbai, Maharashtra



VITS
— Guest. Rest. Best. —
Luxury Business Hotels

Mumbai, Maharashtra



Fort **JadhavGADH**
A Goan Heritage Hotel
Ladh, Jhagadh, Aage Badh...

Jadhavgad, Pune, Maharashtra



LOTUS RESORTS
— Chill. Still. Tranquil. —

Goa

Financial Highlights of the Company (Standalone)

₹ in lakhs

Particulars	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Income from operations	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	4,454.10	4,500.02
Other Income	2,229.04	257.56	1,082.76	644.22	505.93	89.81	87.83	49.37	56.10	132.41	44.58
Turnover	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	4,586.51	4,544.60
Total Expenditure	9,916.79	11,876.90	11,299.55	11,831.88	10,725.91	8,274.65	6,513.15	4,581.46	4,774.69	4,534.61	4,524.72
Profit Before Tax	18.61	506.01	64.48	988.01	4,369.59	3,008.14	1,720.93	821.75	121.96	51.90	19.88
Taxation	(80.58)	349.10	(74.20)	421.92	1,628.93	949.94	163.02	411.34	50.24	41.24	19.06
Profit After Tax	99.19	137.32	138.68	566.09	2,740.66	2,058.20	1,557.91	410.41	71.72	10.66	0.82
Equity Share Capital	1,968.19	1,562.97	1,378.59	1,378.59	1,378.59	1,378.59	1,378.59	1,133.14	1,133.14	1,133.14	1,133.14
Reserves and Surplus	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	6,261.16	6,410.63
Net-worth	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	7,307.64	7,357.89
Earning per Share (₹)	0.62	0.96	1.05	2.99	21.63	15.60	12.38	3.79	0.65	0.07	0.02
Book Value per Share (₹)	130.32	127.25	125.13	124.07	122.72	105.52	92.81	71.87	68.95	68.02	68.49
Return on Net Worth (percentage)	0.40	0.72	0.84	3.44	16.87	14.78	12.72	5.27	0.94	0.10	0.03
Dividend	-	-	-	0.12	0.30	0.25	0.15	0.10	0.06	-	0.05

KAMAT HOTELS (INDIA) LIMITED
BOARD OF DIRECTORS

Dr. Vithal Venketesh Kamat
Executive Chairman & Managing Director

Mr. S. S. Thakur
Director

Mr. Ramesh N. Shanbhag
Whole-Time Director

Mr. Ved Prakash Khurana
Director

Mr. Vikram V. Kamat
Executive Director

Mrs. Rajyalakshmi Rao
Director

Mr. T. M. Mohan Nambiar
Director

Mr. Aswini Sahoo
Nominee Director

AUDITORS

M/s. J. G. Verma & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Mahesh Kandoi

BANKERS

Canara Bank

Andhra Bank

State Bank of India

Allahabad Bank

Axis Bank

Oriental Bank of Commerce

Kotak Mahindra Bank

REGISTERED OFFICE

KHIL House, 70-C, Nehru Road,
Near Santacruz Airport,
Vile Parle (East), Mumbai – 400 099.
Maharashtra, India.
Tel No. 2616 4000 Fax No. 2616 4201
Email: cs@khil.com
Website: www.khil.com

REGISTRARS AND SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai – 400 078.
Tel No. 2596 3838 Fax No. 2594 6969

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NOTICE

Notice is hereby given that the Twenty-Fifth Annual General Meeting of the members of **Kamat Hotels (India) Limited** will be held at "Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056 on Saturday the 15th September, 2012 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss and Cash Flow Statement for the year ended on 31st March, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Rajyalakshmi Rao, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. S. S. Thakur, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

**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.

**Mahesh Kandoi
Company Secretary**

Place : Mumbai.
Date: 26th May, 2012

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) The instrument appointing proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) 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.
- 4) 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 – 400 078 Tel No.25963838 and Fax No. 25946969 in respect of their holding in physical form.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 4th September, 2012 to Saturday, 15th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
- 6) As per Section 205C of the Companies Act, 1956, the interim dividend declared during the financial year 2004-2005 was transferred to the Investor Education and Protection Fund (IEPF) on 24th May, 2012. It may be noted that no claim shall lie against the Company or IEPF in respect of the unclaimed dividend transferred to the IEPF on 24th May, 2012. The Members who have not encashed their dividend warrants so far for the financial year ended on 31st March, 2006 or any subsequent financial year are requested to approach the Company or its Registrars and Transfer Agents for revalidation of their dividend warrants.
- 7) Appointment /Re-appointment of Directors:
Mrs. Rajyalakshmi Rao and Mr. S. S. Thakur retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. The details pertaining to these Directors as required under Clause 49 (IV) (G) (i) of the Listing Agreement signed by the Company with the Stock Exchanges are furnished in Annexure I to the Notice.
- 8) In view of various advantages offered by the depository system, the members are requested to avail the facility of dematerialisation of the Company's shares.
- 9) The members of the Company holding their shares in physical form or in dematerialized form, who have not registered their e-mail IDs and Mobile number with the Company as per "GO GREEN" initiative taken by the Company to send documents like Notice, Annual Reports and alike correspondence to the members of the Company through electronic mode, are requested to send their e-mail IDs and Mobile number to the Company's id: shareholders@khil.com.
- 10) 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.

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

Place : Mumbai
Date : 26th May, 2012

**Mahesh Kandoi
Company Secretary**

ANNEXURE I TO THE NOTICE

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

1. 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 organisations.

Directorships held in other Companies:

Rewas Ports Ltd.
Mahindra Satyam Ltd.
Maddad The Helping Hand

Audit Committee Membership in other Public Limited companies

NIL

Shareholders' Grievance Committee Membership in other public limited companies

NIL

Shareholding in Kamat Hotels (India) Ltd.

NIL

2. Name: **Mr. S. S. Thakur**

Mr. S. S. Thakur has held important positions in his long professional career in the field of banking and foreign exchange. He was the Controller of Foreign Exchange, Reserve Bank of India, Senior Adviser of United Nations Development Programme (UNDP) and founder Chairman of HDFC Bank. After serving the Reserve Bank of India in different capacities, Mr. S. S. Thakur joined the U. N. International Civil Service as Senior Adviser, UNDP and worked in Zambia as Adviser to the Governor, Bank of Zambia for 6 years. He was thereafter appointed as the Chairman of HDFC Bank and worked in that capacity for 7 years. He was holding the position of Chairman of Central Depository Services (India) Ltd. upto August, 2010. Currently, he is a Director on the Board of Directors of several companies, apart from Kamat Hotels (India) Limited, as indicated hereunder:

Directorships held in other Companies:

Shrenuj and Company Ltd.
DSP BlackRock Trustee Company Pvt. Ltd.
Quantum Information Services Pvt Ltd.
Kotak Mahindra Old Mutual Life Insurance Ltd.
HDFC Securities Ltd.
Urban Infrastructure Venture Capital Ltd.
KEC International Ltd.
Quantum Advisors Pvt. Ltd.
KLG Capital Services Ltd.
MCX Stock Exchange Ltd.
Harirani Investment and Trading Private Limited
Responsive Industries Ltd.
Equitymaster Agora Research Pvt. Ltd.
Atlas Documentary Facilitators Company Pvt. Ltd.

Audit Committee Membership in other public limited companies

HDFC Securities Ltd.
Shrenuj and Company Ltd.
Kotak Mahindra Old Mutual Life Insurance Ltd.
KEC International Ltd.
KLG Capital Services Ltd.
Responsive Industries Ltd.

Shareholders' Grievance Committee Membership in other public limited companies

1

Shareholding in Kamat Hotels (India) Ltd.

NIL

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Annual Report for the silver jubilee year together with the Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS

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

(₹ in lakhs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Total Income	16,391.81	13,235.09
Profit Before Interest, Depreciation & Taxation	6,475.02	5,019.30
Less: Interest and Finance Charges (net)	4,969.77	3,344.26
Less: Depreciation	1,360.21	1,251.09
Profit Before Exceptional Item and Tax	145.04	423.95
Add/(Less): Exceptional Item	(126.43)	55.07
Profit Before Tax	18.61	479.02
Less: Provision for current tax	14.00	182.00
(Less)/Add: deferred tax	80.58	(341.70)
Add: MAT credit entitlement	14.00	182.00
Net Profit After Tax	99.19	137.32
Add: Surplus Brought Forward from previous year	5,693.17	5,555.85
Add: Transferred on Amalgamation	139.42	-
Balance carried over to Balance Sheet	5,931.78	5,693.17

YEAR IN RETROSPECT

During the year under review, total income of the Company has increased as compared to the previous financial year. The average occupancy level of The Orchid, Mumbai, with expanded capacity, was, around 62% as compared to 69% in the previous year. The Average Occupancy level of VITS Mumbai was around 79% as compared to 83% in the previous year. The Average Room Rate, during the year under review, was however lower at ₹ 5,521/- at The Orchid, Mumbai as compared to ₹ 6,482/- in the previous year and at ₹ 3,410/- at VITS, Mumbai as compared to ₹ 3,525/- in the previous year. The total turnover of the Company for the year was recorded at ₹ 16,391.81 lakhs (of which the turnover of ₹ 7,297.77 lakhs pertains to The Orchid, Mumbai, ₹ 3,221.18 lakhs to VITS, Mumbai and ₹ 5,872.86 lakhs to other units) as against ₹ 13,235.09 lakhs in the previous year, an increase of around 23.85% over the last year. The Company has registered profit after tax of ₹ 99.19 lakhs as compared to profit of ₹ 137.32 lakhs in the previous year, a decrease of around 27.77% over the last year. The 'Orchid Expansion', Mumbai which started its operation in the previous year is smoothly integrated with the existing property and is doing well. During the year under review, new banquet facilities were started at "The Orchid", Mumbai and VITS, Mumbai.

DIVIDEND

With a view to conserve resources to meet the existing financial commitments, the Board of Directors do not recommend any dividend for the financial year ended 31st March, 2012 (Previous year NIL).

MANAGEMENT / FRANCHISEE / LEASE CONTRACTS

The Company has management contracts for managing hotel properties at Aurangabad, Pune, Baroda, Mahad and Bhubaneswar. The Company also has franchisee agreements for properties at Lotus Aronda, Lotus Silvassa, Apurva Veg Treat – Vithal Kamats, Nashik, Hotel Manali Palace – Vithal Kamats, Titwala and Planet 50-50 – Vithal Kamats, Vasai and conducting agreement for Vithal Kamats, Sanpada.

During the year under review, management agreements for managing hotel properties at Udaipur, Karwar and Delhi were discontinued. The lease agreements / hotel business at VITS Nagpur, Tourist Reception Center, Sawantwadi, Parikud Palace – Orissa and few restaurants were discontinued because these properties were not generating significant income for the Company.

OTHER PROPERTIES

During the year under review, the Company disposed of its properties situated at Amaravati to reduce the debts. Moreover, sale of immovable properties situated at Baddi, Raipur, Coimbatore, Kottayam-Kerala, Nagpur is in pipeline to further ease the debt and interest burden on the Company.

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:

First Prize in Best Traffic Island Category was granted to The Orchid for its Ambedkar Garden maintained on Madam Cama Road, Mumbai.

The Orchid was proud recipient of the Best Green Washroom Award organized by 'Washrooms and Beyond'.

The G-Cube Award for Good Green Governance by Srishti Publications for the year 2011 was bagged by The Orchid.

VITS, Mumbai bagged in the Golden Star Award for 'Hotel of the Year', 'Best Learning and Development Center' and 'Most Admired Restaurant and F&B Retail of the year'.

The Executive Chairman and Managing Director of the Company was honored with the degree of Doctor of Science (Honoris Causa) by Padmashree Dr. D. Y. Patil University on 13th April, 2012. He was also conferred with 'The Golden Star-Lifetime Achievement Award' by the Stars of the Industry group.

Your Company has so far bagged 53 national and 25 international awards. Most of these awards have been won mainly because of the environmental awareness created by the flagship hotel, "The Orchid".

SUBSIDIARY COMPANIES:

The name of B W Highway Star Private Limited, subsidiary company has been changed to Orchid Hotels Pune Private Limited (OHPPL) with effect from 13th April, 2012. Presently, 83.33% paid up share capital of OHPPL is registered in the name of the Company and as per the Share Purchase Agreement dated 8th February, 2010, the remaining 16.67% paid up share capital of OHPPL will be transferred to the Company in February, 2013. 'The Orchid', Pune and 'VITS', Pune, units of OHPPL increased the number of operational rooms and other facilities during the year under review. Further, the "Orchid Convention Center" the largest pillarless convention center in Maharashtra set up by OHPPL with capacity to accommodate approximately 5,000 guests, parking upto 200 cars commenced its operation during the year under review. The "Orchid Convention Center" is suitable for trade fairs, conferences and exhibitions.

Fort Mahodadhi Palace Private Limited, Kamats Restaurants (India) Private Limited and Fort Jadhavgadh Hotels Private Limited became 100% subsidiaries of the Company in the financial year 2011-2012 and Jadhavgadh Hotels Private Limited became 100% subsidiary of the Company during the current year.

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 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).

DIRECTORS

Mrs. Rajyalakshmi Rao and Mr. S. S. Thakur retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

The notice of the ensuing Annual General Meeting contains necessary agenda in this regard.

Brief profiles of Mrs. Rajyalakshmi Rao and Mr. S. S. Thakur, Directors retiring by rotation are given in Annexure I to the Notice convening the ensuing 25th Annual General Meeting.

CONVERSION OF FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

During the year under review, the entire outstanding FCCBs were converted into equity shares of the Company at a conversion price of ₹ 135/- per equity share in two tranches as detailed below-

Sr. No.	Date of Conversion of FCCBs into Equity Shares	No. of FCCBs converted	No. of equity shares allotted in the capital of the Company upon conversion of FCCBs
1.	23 rd November, 2011	6,405	20,97,993
2.	30 th January, 2012	5,966	19,54,196
	Total	12,371	40,52,189

As a result, the paid up capital of the Company was increased from ₹ 15,04,12,050/- divided in to 1,50,41,205 equity shares of ₹ 10/- each fully paid up to ₹ 19,09,33,940/- divided into 1,90,93,394 equity shares of ₹ 10/- each fully paid up.

The equity shares allotted upon conversion of FCCBs are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

OPEN OFFER

Consequent upon conversion of entire outstanding FCCBs into equity shares, the erstwhile FCCB holder, together with person acting in concert (Acquirer), had acquired shares, which entitle them to exercise more than 25% of the voting rights in the Company. Accordingly, the Acquirer had made Public Announcement on 11th January, 2012 under Regulation 15(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SEBI (SAST) Regulations, 2011) making an Open Offer to the shareholders of the Company for acquisition of 26% i.e. 49,64,283 equity shares on post conversion equity share capital of the Company pursuant to Regulation 3(1) of SEBI (SAST) Regulations, 2011 at a price of ₹ 135/- per equity share. The draft letter of offer dated 23rd January, 2012 was filed by the Acquirer through manager to the offer with the Securities and Exchange Board of India under regulation 16(1) of SEBI (SAST) Regulations, 2011. The matter is under process in SEBI.

AMALGAMATION

During the year under review, the Hon'ble High Court of judicature at Bombay has, on 13th January, 2012, sanctioned the Scheme of Arrangement and Amalgamation between the Company and Kamat Holiday Resorts Private Limited, Kamats Restaurants Private Limited (amalgamating companies) and Kamats Holiday Resorts (Silvassa) Limited (demerged company) as approved by the shareholders of the Company at the Court convened meeting held on 24th September, 2011. Upon coming into effect of the above mentioned Scheme of Arrangement and Amalgamation, the authorized share capital of the Company has increased from ₹ 30 crores to ₹ 34.25 crores.

Since the amalgamating companies/demerged company have well established, cash rich debt free business of resorts and restaurants, the amalgamation will benefit the Company.

As per regulation 26(2) (c) of the SEBI (SAST), 2011, the Company shall not, during the offer period, issue or allot unissued securities entitling the holder to voting rights. The offer made by the Acquirer, erstwhile FCCB holder, is currently open. Hence, allotment of 28,61,035 equity shares of ₹ 10/- each fully paid up to the equity shareholders of Kamat Holiday Resorts Private Limited and Kamats Restaurants Private Limited and Kamats Holiday Resorts (Silvassa) Limited as per the Scheme of Arrangement and Amalgamation is pending.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended and forming part of the Directors' Report for the year ended 31st March, 2012 is given in Annexure "A" to the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
2. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the financial year ended on that date.
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the Directors' knowledge and ability.
4. That the annual accounts have been prepared on a going concern basis.

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

- a) Conservation of Energy: The Company continued energy conservation efforts during the year. It has closely monitored power consumption and running hours on day to day basis, thus resulting in optimum utilization of energy. The hotel is fitted with energy saving devices to conserve energy in the long run.
- b) Technology Absorption: The activities of the Company at present do not involve technology absorption and research and development.
- c) Foreign exchange earnings and outgo:
Earnings: ₹ 923.12 Lakhs (Previous Year ₹ 1217.70 Lakhs)
Utilization (including import of capital goods): ₹ 56.56 Lakhs (Previous Year ₹ 274.24 Lakhs)

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

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

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

The Orchid, Asia's first eco-friendly five star hotel and flagship unit of the Company, has constantly been undertaking several initiatives towards its pursuit for better environment. The Orchid has been maintaining 18 gardens in the city spreading the message of green Mumbai. It has adopted gardens and traffic islands around the city for beautification purposes and to improve the overall environment of Mumbai. The Orchid's Green Team celebrated World Environment by distributing free saplings of plants like *Chlorophyllum*, Money Plant and *Singonium*. In order to increase awareness among the employees, the Green Team of The Orchid organized several events during the year, namely Poster Competition, Wealth out of Waste Competition, Quiz competition, Photography competition, Screening of Documentaries on the environment. The Orchid is one of the few hotels to invite students of schools and colleges and sensitize the new generation about various environmental issues and spread environmental awareness.

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

Besides, your company has undertaken several other initiatives towards its corporate social responsibility like organizing silent rally prior to the festival of Diwali to urge the public to reduce air and noise pollution, distribution of bird feeders, donation of garments and fabrics to Nav Nirman Foundation, an NGO dedicated to rehabilitation of drug and alcohol addicts, celebration of 'Earth Day' with children at Tata Memorial Hospital and initiation of Nirmalya Project in co-operation with Municipal Corporation of Greater Mumbai to convert waste into valuable vermicompost.

'GO GREEN' INITIATIVE:

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and issued Circular No. 18/2011 dated 29.04.2011) permitting companies to send various notices / documents to their shareholders through electronic mode. Keeping in view the underlying theme of the circulars issued by MCA, your Company has decided to send all communications / documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc., in electronic form unless otherwise requested in writing by shareholders.

AUDITORS

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

EMPLOYEE RELATIONS

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

ACKNOWLEDGEMENTS

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

ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 26th May, 2012

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

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Directors' Report for the year ended 31st March, 2012.

Name	Designation	Qualification	Remuneration (₹)	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.)	90,00,000/-	39	60	01-04-1994	Plaza Hotels Pvt. Ltd. (Director)

Notes:

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

ANNEXURE 'B' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT, INDUSTRY STRUCTURE, DEVELOPMENT AND OUTLOOK

Amid turbulent and uncertain time in global economy due to euro zone crisis, civic unrest in few middle east countries, flood in Thailand, rising crude oil prices, instability in rupee exchange rate and volatile domestic industrial output, India's real GDP growth rate for the year 2011-12 has been revised downward to 6.9% from 8.0%. The GDP growth rate in 2012-13 is expected to be around 7% which is of concern since the 12th Plan has envisaged GDP growth rate of 9%.

The flow of investment in India has been hampered due to high inflation and interest rates, volatile foreign exchange rate, infrastructural impediments, and slower pace of reforms. According to the data released by SEBI, net investment by foreign institutional investors (FIIs) during 2011-12 was the lowest in the last three years. The retrospective tax provisions in the budget proposal have triggered howls of protest from investors. Though inflation has moderated to some extent risks to inflation are still on upside. To boost growth and to get back to the fast growth trajectory, lower interest rate, removal of structural impediments, business friendly fiscal policies and accelerated reforms are expectations of industry.

The hotel industry which largely depends upon discretionary spending by corporate sector is intrinsically linked to economic growth of the country. A strong underlying economy is pre-requisite for sustained recovery in the hotel industry. In the year 2010-11 the hotel and tourism industry was under process of slow recovery and evolving from support derived from increasing demand or occupancy in spite of increased room supply. The slow down in the economy marred the growth of hotels and tourism industry in 2011-12. ARR's have been largely subdued around previous year levels. On inflation adjusted basis average revenue-per-available-room (RevPARs) was lower in 2011-12 as compared to the previous year. Since hotel industry is a capital intensive industry, high interest regime and rising input cost have adversely affected the bottom-line of many players in the hotel industry. Despite slow down in economy, foreign tourist arrivals (FTA) to India grew by 8.8% to 62.9 lakh tourists during calendar year 2011 though it was lower than the growth of 11.8% in the previous year. The domestic tourists continue to support demand across the country during the current financial year. Segments such as leisure, commercial and MICE witness interest from domestic travelers.

The experts in hospitality sector remain optimistic on the long term growth story of hotel and hospitality sector despite intermittent down turns in the economy. India, with huge burgeoning young and affluent middle class, is considered very lucrative market in the world and therefore several global as well as domestic hotel majors are making investment commitment in the country. The sector is likely to witness healthy growth in the years to come. The growth in the sector is largely expected from domestic travel – business or leisure due to several factors like improved demographics, increased aspirational spending, rising affluence, present under penetration, proliferation of low cost airlines etc. With customers becoming more demanding and price conscious, the budget and mid-market segments will be the growth drivers and hence investments by domestic as well as international players are gradually increasing towards budget and mid-market segments. The budget and mid market segment offers various advantages like, lower investment and debts, faster break-even vis-a-vis luxury space; hotels have reasonably low price points that can be maneuvered according to market conditions, thereby leveraging higher occupancies and higher return on capital employed (RoCE) etc.

Tourism is one of the sectors which contribute largely to the GDP growth of the country along with foreign exchange earnings. It has potential to encourage other economic factors through its forward and backward linkages, creates development in infrastructure, and generates large scale employment directly and indirectly for diverse section in society for specialized and unskilled man power.

Recognizing the importance of tourism, the Ministry of Tourism, Government of India has taken up various initiatives to boost tourism sector. The Ministry has set up offices overseas to generate market for tourism in India and to increase India's share of global tourism market. Various campaigns like Incredible India, Atithi Devo Bhavah, Clean India, Visa on Arrival, efforts like participation in trade fairs and exhibitions, organizing seminars, workshops, road shows, advertising in the print and electronic media, extending financial support for events organized at national and international level that have potential for the promotion of tourism have been initiated. Further, concepts like golf tourism, polo tourism, rural tourism, cruise tourism, adventure tourism, medical tourism, wellness tourism, eco tourism, camp sites, caravan tourism, heliport tourism are encouraged. Also, fiscal incentives like permission of 100% FDI in hotel sector, deduction under Section 35AD of the Income Tax Act upto 100% for establishing new hotels of 2 star category and above in respect of expenditure of capital nature, five-year tax holiday for determined categories of hotels at certain locations to attract hospitality chains to build more hotels are few measures taken up by the Government.

The major hurdle for new hotel projects regarding multiple clearance and approval is expected to ease with setting up of Hospitality Development and Promotion Board at central level with main function to monitor and facilitate clearances / approvals for hotel projects both at central and state government levels in a time-bound manner and a single window for receiving applications for various clearances and reviewing hotel project policies. This will certainly encourage the growth of hotel / hospitality infrastructure in the country.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

Tourism sector is one of the strongest sectors contributing to the socio-economic development of the country, but has its own hurdles and gets affected by sensitive environmental changes. Factors like plethora of tax, lack of uniform luxury tax in various states, inflation and increase in food and fuel costs, capital intensive nature of hotel projects and long gestation period for construction of new hotels, limited availability of land, low FSI, poor infrastructure in some areas, safety and hygiene issues around tourist attraction or heritage places affect the smooth functioning of the sector.

Issues like demand-supply mismatch with respect to manpower and managing them, escalation of man power cost, high attrition rate and periodic training to maintain the standards, compensations, acts of nature leading to unanticipated cost, high costs for maintenance of properties are some of the operational concerns.

Risks like terrorist attacks, riots, epidemics, delay in reforms, political uncertainty, imminent destruction of local ecology, high level of pollution affects the tourism industry in long run. 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 ₹ 16,391.81 lakhs for the financial year ended on 31st March, 2012 as against the turnover of ₹ 13,235.09 lakhs for the previous financial year. The profit after taxes for the year under review was ₹ 99.19 lakhs as against ₹ 137.32 lakhs for the previous year. The Average Room Rate, during the year under review was recorded at ₹ 5,521/- at The Orchid as compared to ₹ 6,482/- in the previous year and at ₹ 3,410/- at VITS as compared to ₹ 3,525/- 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 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 1,486 employees as on 31st March, 2012. The Company values its employees as its key assets. Efforts are made on an ongoing basis to improve the efficiency of the employees by way of training, providing them with better working conditions and keeping them motivated at all times. Employees are provided opportunity to grow and prosper. The authority and responsibility chain is clearly defined and the employees are free to convey their ideas and suggestions to their superiors. Team meetings are held at frequent intervals to improve communication and interactions between the employees.

CAUTIONARY STATEMENT

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

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

COMPANY’S PHILOSOPHY

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

BOARD OF DIRECTORS

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

The Board of Directors has an optimum combination of executive, non-executive and independent directors. The Chairman of the Board is an executive director and not less than half of the Board comprises of independent directors as on 31st March, 2012. The Board comprises of eight directors including three executive directors, four independent non executive directors and a nominee director. The directors are eminent personalities in their respective fields like, hoteliering, banking, finance, management, accounting and general administration. This combination has helped the company to take the benefit of rich experience and expertise of the directors in their core areas of competence.

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

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

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

During the financial year 2011-2012, ten Board meetings were held on 28th May, 2011, 6th August, 2011, 24th September, 2011, 5th November, 2011, 17th November, 2011, 13th December, 2011, 20th January, 2012, 4th February, 2012, 15th February, 2012 and 28th March, 2012. Leave of absence was granted to directors who could not attend the Board meetings.

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

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

BOARD PROCEDURE

The Board of Directors, in its meetings, focuses mainly on issues concerning policy and business strategies and deals with important issues relating to business development, internal controls, regulatory compliance and other matters which need to be considered by the Board for ensuring good corporate governance and enhancing the Company's 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 Agreement entered into between the Company and the Stock Exchanges.

AUDIT COMMITTEE

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

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

During the year under review four meetings of the Audit Committee were held on 28th May, 2011, 6th August, 2011, 5th November, 2011 and 4th February, 2012. 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	4
2	Mr. S. S. Thakur	Member	4
3	Mr. T. M. Mohan Nambiar	Member	4

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

REMUNERATION COMMITTEE

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

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

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

Sr. No.	Name of the Member	Category	Meeting Attended
1	Mr. S. S. Thakur	Chairman	1
2	Mr. Ved Prakash Khurana	Member	1
3	Mr. T. M. Mohan Nambiar	Member	1

A meeting of the Remuneration Committee was held on 28th May, 2011. The Company Secretary, Mr. Mahesh Kandoi is currently the secretary of the Committee.

Details of remuneration paid to executive Directors during the year 2011-12:

Name of the Director & Designation	Salary (₹)	Perquisites	Tenure/ Notice period / severance fees
* Dr. Vithal V. Kamat Executive Chairman and Managing Director	90,00,000	9,10,008	Tenure: 1 st October, 2010 to 30 th September, 2013 Notice Period: Six Months Severance fees: NIL
Mr. Ramesh N. Shanbhag Whole-time Director	33,00,000	3,59,600	Tenure: 1 st October, 2010 to 30 th September, 2013 Notice Period: Three Months Severance fees: NIL
Mr. Vikram V. Kamat Executive Director	25,80,000	2,46,240	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 309(5B) of the Companies Act, 1956 to the Central Government for waiver 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 financial year 2011-2012.

The Central Government vide its letter No. B13402466 / 4 / 2011 - CL-VII dated 15th September, 2011 in exercise of powers conferred on it under Section 309(5B) of the Companies Act, 1956, 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, Managing Director of the Company during the financial year 2010-2011.

No payment of commission to the Executive and Non Executive Directors was made for the period from 1st April, 2011 to 31st March, 2012 considering the financial performance of the Company during the said period.

DETAILS OF SITTING FEES PAID TO NON EXECUTIVE DIRECTORS

Name of the Director	Amount in ₹
Mr. S. S. Thakur	2,85,000
Mr. Ved Prakash Khurana	2,90,000
Mr. T. M. Mohan Nambiar	2,65,000
Mrs. Rajyalakshmi Rao	1,60,000
Total	10,00,000

No Bonus, stock options, or performance linked incentives were provided to any of the Directors of the Company during the period from 1st April, 2011 to 31st March, 2012.

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

Name	No. of Shares	No. of Convertible Instruments
Mr. S. S. Thakur	NIL	NIL
Mr. V. P. Khurana	NIL	NIL
Mrs. Rajyalakshmi Rao	NIL	NIL
Mr. T. M. Mohan Nambiar*	1,021	NIL

* Only shareholding as first Joint holder is given.

SHAREHOLDERS' GRIEVANCE COMMITTEE

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

Sr. No.	Name of the Members	Category	Meeting Attended
1	Mr. Ved Prakash Khurana	Chairman	1
2	Mr. Ramesh N. Shanbhag	Member	1

A meeting of the Shareholders' Grievance Committee was held on 28th May, 2011, during the financial year 2011-2012.

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

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

The scope and broad terms of reference of the Shareholders' Grievance 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 18 shareholders' complaints, which were promptly responded and resolved to the satisfaction of the concerned shareholders. As on 31st March, 2012 there were no pending share transfers with the Company.

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

Particulars	FY-2008-2009 AGM	Extra- Ordinary General Meeting	FY-2009-2010 AGM	FY-2010-2011 AGM	Court Convened Meeting
Date	26 th September, 2009	10 th June, 2010	25 th September, 2010	24 th September, 2011	24 th September, 2011

Particulars	FY-2008-2009 AGM	Extra- Ordinary General Meeting	FY-2009-2010 AGM	FY-2010-2011 AGM	Court Convened Meeting
Location	"Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai - 400 056	Hotel VITS, Dhanodham, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai- 400 059	"Shubham Hall", Landmark Building, Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai - 400 056	"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	3.00 p.m.	3.00 p.m.	3.00 p.m.	2.00 p.m.	3.00 p.m.

Two Special Resolutions were passed at each of the Annual General Meetings held on 26th September, 2009, 25th September, 2010 and 24th September, 2011 and one Special Resolution was passed at the Extra-Ordinary General Meeting held on 10th June, 2010.

POSTAL BALLOT

The following resolutions were passed through Postal Ballot, pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011. 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
7 th March, 2012	17 th April, 2012	Resolution No. 1: Special Resolution under Section 293 (1) (a) of the Companies Act, 1956 and regulation 26(2)(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers), Regulations, 2011	No. of votes cast in favour of resolution: -1,00,20,006 (99.97 %) No. of votes against the resolution: -3,190 (0.03 %) Carried with requisite majority.
7 th March, 2012	17 th April, 2012	Resolution No. 2: Special Resolution under Section 372A of the Companies Act, 1956	No. of votes cast in favour of resolution: -1,00,18,921 (99.96 %) No. of votes against the resolution: -3,775 (0.04 %) 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. Ved Prakash Khurana, an independent director of the Company was appointed as a Director on the Board of Directors of the non listed Indian subsidiary of the Company (Orchid Hotels Pune Private Limited erstwhile B W Highway Star Private Limited) with effect from 11th May, 2010. The minutes of the Board meetings of the subsidiary companies are placed before the meetings of the Board of Directors 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. 35 of Notes on 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.

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

There is no formal Whistle Blower Policy but no employee is denied access to the Audit Committee or the Board.

The Company is compliant with all the mandatory clauses.

Code of Conduct:

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

Risk Management

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

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

MEANS OF COMMUNICATION

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

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

The Company's Balance Sheet is posted on the website "www.khil.com".

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

The Company had released one news updates for the first half of year under review to the analysts. The same is available on the website of the Company.

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

Telephone No. : 022 2616 4000; Fax No. : 022 2616 4201; Email : cs@khil.com; Website : www.khil.com

GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting
Date : 15th September, 2012
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 2011 –2012	26 th May, 2012 (B M)*
Unaudited 1st quarter Results (June 30, 2012)	11 th August, 2012
Mailing of Annual Report	on or before 15 th August, 2012
Annual General Meeting	15 th September, 2012
Unaudited 2nd quarter Results (September 30, 2012)	3 rd November, 2012 (B M)*
Unaudited 3rd quarter Results (December 31, 2012)	9 th February, 2013 (B M)*
Unaudited 4th quarter Results (March 31, 2013)	By 30 th April, 2013 (B M)*
In case of audited results for the financial year 2012-13	By 30 th May, 2013 (B M)*

* (B M) – Board Meeting
3. Dates of book closure: from Tuesday 4th September, 2012 to Saturday, 15th September, 2012 (both days inclusive).
4. Dividend payment date for Dividend 2011-2012: -N.A.-
5. Listing of Equity Shares on Stock Exchanges and Market Price Data

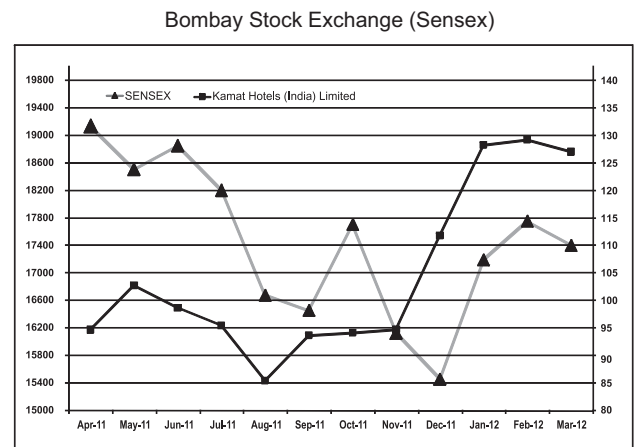
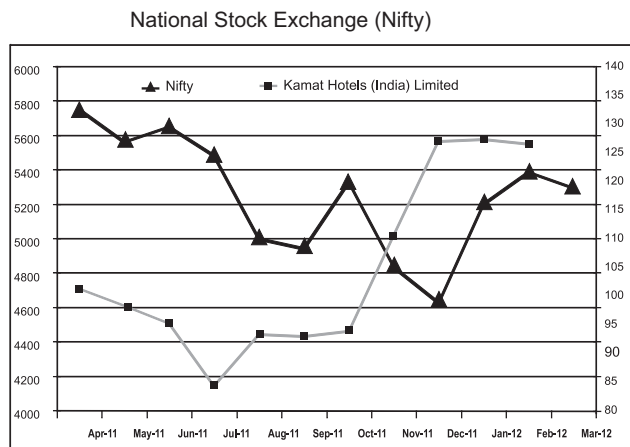
<u>Name of the Stock Exchange(s)</u>	<u>Stock Code/Symbol</u>
Bombay Stock Exchange Limited	526668
National Stock Exchange of India Limited	KAMAT HOTEL

The Company has paid listing fee to both the Stock Exchanges upto the financial year 2012-2013.

6. Stock Market Price Data

Month	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2011	108.80	92.00	108.80	91.55
May 2011	107.55	81.55	107.40	84.00
June 2011	103.50	83.00	103.50	88.20
July 2011	103.70	93.30	107.00	92.70
August 2011	96.00	76.30	96.30	73.85
September 2011	101.55	82.60	101.60	82.30
October 2011	96.80	89.00	97.25	88.20
November 2011	119.50	91.75	134.00	90.40
December 2011	111.50	80.10	111.40	80.10
January 2012	128.55	106.65	129.00	107.10
February 2012	128.00	125.25	127.90	125.55
March 2012	132.50	124.00	132.90	118.25

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

- Dr. Vithal V. Kamat - Executive Chairman and Managing Director
- Mr. Ramesh N. Shanbhag - Whole-time Director
- Mr. Vikram V. Kamat - Executive Director

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

10. Distribution of Shareholdings as on 31st March, 2012.

Shareholding of Nominal Value ₹		Number of Shareholders	% of Total	Nominal value ₹	% of Total
1	5,000	7,686	91.8938	90,89,940	4.7608
5,001	10,000	349	4.1727	28,88,470	1.5128
10,001	20,000	146	1.7456	22,06,400	1.1556
20,001	30,000	47	0.5619	11,97,600	0.6272
30,001	40,000	26	0.3109	9,06,950	0.4750
40,001	50,000	22	0.2630	10,35,800	0.5425
50,001	1,00,000	36	0.4304	27,59,000	1.4450
Above 1,00,001		52	0.6217	17,08,49,780	89.4811
Total		8,364	100	19,09,33,940	100

Category of Shareholdings as on 31st March, 2012.

Category	Shares	% of Total
Promoter and Promoter group	98,71,296	51.7001
Directors and their Relatives (other than Promoter)	3,372	0.0177
Mutual Fund	1,500	0.0078
NRI/OCBs	64,24,051	33.6454
Public:		
- Corporate Bodies	9,09,166	4.7617
- Individual and Others	18,84,009	9.8673
Total	1,90,93,394	100.0000

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

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

12. Dematerialisation of Shares

As on 31st March, 2012, 1,87,27,433 equity shares (98.08% 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.

13. Location of Hotels / Restaurants:

1. The Orchid, 70-C, Nehru Road, Vile Parle (E), Mumbai – 400 099, Tel. No. 91-22 – 26164040.
2. VITS- Mumbai Dhanodham, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai-400 059 Tel.No. 022 – 28270707.
3. Fort Jadhavgadh, Jadhav Wadi, Saswad, Pune - 412301, Tel. No. 02115-238475/305200.
4. VITS Nashik, Near Nasardi Bridge, Nashik Pune Road, Nashik - 422001 Tel. No. 0253 2413376.
5. Lotus Konark, Ramchandi, Orissa, Tel. No. 06758236161 / 62 / 63.
6. Fort Mahodadhi Palace, Puri, Orissa, Tel: +91 (6752) 220 440 / 220 880.
7. Lotus Beach Resort, Murud Harnai, Dapoli, Tel: 02358-234828 / 234582 / 698151
8. Lotus Resort Goa, Beach Road, Via Maria Hall, Vaswaddo, Benaulim, Salcete Goa - 403 716. India. Tel: 0832-2771175 / 6 / 8 / 9.
9. Vithal Kamats (Restaurant) at:
 - i) Shop.No.2 Mangal Arambh Building, Off S.V. Road, Kora Kendra Layout, Borivali (West) 400 092, Tel-022 28983891.
 - ii) Shiv Krupa Building, Sector-3. Opp. Kharghar Railway Station, Kharghar, Mobile-9987579806.
 - iii) C/O Jayaraj Rane Sriraam Wadi. Nh-17 At/Po-Kudal, District- Sindhudurg Pin-416520, Mobile- 9987904113.
 - iv) Ruchira Nashik- Suman Vihar Near Cbs, Old Agra Road, Opposite SBI, Nasik 422001, Mobile-9004397910.
 - v) Goa Highway, Near Karnala Bird Sanctuary, Village Chinchvan, Panvel, District Raigad 410206, Mobile- 9004075986.
 - vi) Pride Manor- Shaan Complex, Mastan Naka, Nh 08, Manor, Taluka Palghar, District Thane 401403, Mobile-9987573840.
 - vii) Treeo Manor- Nh 08, Manor, Taluka Palghar, District Thane 401 403, Mobile-9987579826.

14. Address for Correspondence

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

15. Declaration on Code of Conduct

It is confirmed that the Board has laid down a Code of Conduct for all the 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, 2012, as envisaged in clause 49 of the listing agreement with stock exchanges.

16. Disclosure of relationship between directors

Name of the Director

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

Relationship

Father of Mr. Vikram V. Kamat, Executive Director

ON BEHALF OF BOARD OF DIRECTORS

Place : Mumbai
Date : 26th May, 2012

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

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

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, 2012 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: 26th May, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **KAMAT HOTELS (INDIA) LIMITED**, as at 31st March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards referred to in sub-section (3-C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2012 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

J.G.VERMA
Partner
Membership No. 5005

Mumbai: 26th May, 2012

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets installed at its various units.
 - (b) According to the information and explanations given to us, some of the fixed assets have been physically verified during the year by the management in accordance with a phased programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
 - (c) There has not been any significant disposal of fixed assets during the year affecting going concern.
2. (a) As explained to us, physical verification of inventories has been conducted by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of account.

3. In respect of the loans, secured or unsecured granted to and taken from the companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
- The Company has given an unsecured loan of ₹ 15,527.66 lakhs (maximum balance ₹ 15,583.37 lakhs) to one of its subsidiaries.
 - 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.
 - 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 but not recovered.
 - 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, 2012 was ₹ 1,762.65 lakhs out of which a sum of ₹ 1,433.00 lakhs has been recovered after the close of the year.
 - The Company had taken an unsecured loan of ₹ 380.00 lakhs (maximum balance ₹ 380.00 lakhs) from a Company, which got merged with the Company under the Composite Scheme of Arrangement and Amalgamation during the year and accordingly the said loan got eliminated on giving effect to the aforesaid Scheme. No interest was payable on the said loan. Further, unsecured interest free loans aggregating to ₹ 43.79 lakhs (maximum balance ₹ 43.79 lakhs) from four such parties were transferred to the Company under the above referred scheme.
 - The above loans are not stipulated to be repaid during the year and accordingly our comments on the regularity of payment of the principal amount are not given. However, the above loans have been repaid in full after the close of the financial year.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. To the best of our knowledge and belief and according to the information and explanations given to us, (a) in our opinion, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and (b) such transactions exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A 58AA and other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Hence the clause (vi) of the Order is not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the records of the Company and the information and explanations given to us, the Company has *generally* been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other applicable statutory dues with the appropriate authorities during the year *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, 2012 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 (₹ in lakhs)	Forum where dispute is pending
Income Tax Act, 1961 - Assessment year 2006-07	2.89	Income Tax Appellate Tribunal
Income Tax Act, 1961 - Assessment year 2008-09	728.40	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961 - Assessment year 2008-09 (pertaining to an erstwhile Company merged with the Company during the year)	6.21	Commissioner of Income-tax (Appeals)

10. The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses either during the financial year or immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders (FCCB) *except for delay ranging from twenty four days to sixty one days in repayment of principal amount of ₹ 570.00 lakhs and interest of ₹ 433.04 lakhs to banks*.
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.

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13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company..
14. The Company is not a dealer or trader in shares, securities, debentures, and other investments. .
15. According to the information and explanations given to us, the Company has given guarantees for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not *prima facie* prejudicial to the interest of the Company.
16. According to the information and explanations given to us, the term loans raised by the Company were, *prima facie* applied by the Company during the year for the purposes for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. 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: 26th May, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE	AS AT 31ST MARCH, 2012	₹ In Lakhs AS AT 31ST MARCH, 2011
<u>EQUITY AND LIABILITIES:</u>			
Shareholders' Funds:			
(a) Share Capital	3	1,968.19	1,562.97
(b) Reserves and Surplus	4	23,209.01	17,576.78
			19,139.75
Share Application Money Pending Allotment	5		-
		25,177.20	
		286.10	
Non-Current Liabilities:			
(a) Long Term Borrowings	6	33,950.32	29,000.38
(b) Deferred Tax Liability (Net)	7	2,902.84	2,980.92
(c) Other Long Term Liabilities	8	3,598.60	3,673.13
(d) Long Term Provisions	9	115.20	129.63
			35,784.06
		40,566.96	
Current Liabilities:			
(a) Short Term Borrowings	10	2,325.86	7,113.58
(b) Trade Payables	11	1,060.56	1,187.75
(c) Other Current Liabilities	12	9,526.27	6,802.16
(d) Short Term Provisions	13	100.35	113.60
			15,217.09
		13,013.04	
		79,043.30	70,140.90
TOTAL			
<u>ASSETS:</u>			
Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets	14	38,482.93	30,290.04
(ii) Intangible Assets	14	74.29	82.92
(iii) Capital Work-in-Progress	14	596.49	7,306.99
		39,153.71	37,679.95
(b) Non-Current Investments	15	8,278.88	7,870.75
(c) Long Term Loans and Advances	16	16,918.78	11,486.12
(d) Other Non-Current Assets	17	8,650.90	8,623.84
			65,660.66
		73,002.27	
Current Assets:			
(a) Current Investments	18	5.00	5.00
(b) Inventories	19	421.27	382.38
(c) Trade Receivables	20	1,320.22	1,221.42
(d) Cash and Bank Balances	21	1,283.18	1,080.95
(e) Short Term Loans and Advances	22	1,188.42	1,219.68
(f) Other Current Assets	23	1,822.94	570.81
			4,480.24
		6,041.03	
		79,043.30	70,140.90
TOTAL			
SIGNIFICANT ACCOUNTING POLICIES		2	
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS		1 to 40	

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholetime Director

Kurian Chandu
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	NOTE	YEAR ENDED	
		31ST MARCH, 2012	31ST MARCH, 2011
INCOME:			
Revenue from Operations	24	14,162.77	12,199.42
Other Income	25	2,229.04	1,035.67
Total Revenue		16,391.81	13,235.09
EXPENSES:			
Cost of Food and Beverages Consumed	26	1,460.91	1,092.81
Employee Benefit Expenses	27	3,392.27	2,760.09
Other Expenses	28	5,063.61	4,362.89
Total Expenses		9,916.79	8,215.79
Profit before Finance Costs, Depreciation, Exceptional Items and Tax:		6,475.02	5,019.30
Less: Finance Costs	29	4,969.77	3,344.26
Depreciation and Amortisation Expenses	14	1,360.21	1,251.09
Profit Before Exceptional Items and Tax		145.04	423.95
Exceptional Items	31	(126.43)	55.07
Profit Before Tax		18.61	479.02
Tax Expense:			
Current Tax	37	14.00	182.00
Deferred Tax	7	(80.58)	341.70
		(66.58)	523.70
Less: MAT Credit Entitlement	37	14.00	182.00
		(80.58)	341.70
Profit for the year		99.19	137.32
Earning Per Equity Share of face value of ₹ 10/- each:			
Basic (in ₹)	33	0.62	0.96
Diluted (in ₹)	33	0.45	0.96
SIGNIFICANT ACCOUNTING POLICIES	2		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 to 40		

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholetime Director

Kurian Chandoy
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

PARTICULARS	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year before tax and adjustments	18.61	479.02
<i>Adjustments for:</i>		
Depreciation	1,360.21	1,251.09
Amortisation of Expense	-	(4.05)
Amortisation of Advance Time Share Membership	(73.63)	(73.66)
Loss on Sale/Discard of Fixed Assets	167.03	14.31
Short / (Excess) Provision for Income Tax Written Back	(0.10)	(0.11)
Liabilities and Provisions written Back	(249.09)	(50.85)
Provision for Employee Benefits	74.69	98.36
Provision for Loyalty Programmes	-	4.75
Provision for Wealth Tax	2.15	7.40
Bad Debts and Provision for Doubtful Debts and Advances	0.22	61.28
Investments income	(0.41)	-
Interest income	(1,907.76)	(907.25)
Interest Expenses	4,969.77	3,305.40
Unrealized Exchange Loss/(Gain)	(3.46)	38.86
Operating profit before working capital changes	4,358.23	4,224.55
Trade Receivables	330.82	(109.21)
Inventories	(10.47)	(23.59)
Trade Payables	308.48	307.93
Cash generated from operations	4,987.06	4,399.68
Direct taxes paid (Net of refunds)	(242.24)	(277.64)
Net cash from operating activities	4,744.82	4,122.04
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress and Capital Advances)	(3,345.01)	(3,577.16)
Sale Proceeds of Fixed Assets	738.11	0.42
Proceeds from Long Term Deposits	-	350.00
Investments made during the year	(0.08)	(5.00)
Loan to Subsidiary Company	(5,369.80)	(5,503.97)
Investments in Subsidiary Companies	(403.00)	(400.00)
Margin Money with Banks	(502.70)	0.44
Interest Received	658.07	755.41
Dividend Received	0.41	-
Net cash (used in) investing activities	(8,224.00)	(8,379.86)

CASH FLOW STATEMENT (31.03.2012) CONTD..

PARTICULARS	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	11,167.00	15,416.52
Repayment of long term borrowings	(4,639.15)	(8,818.85)
Proceeds from short term borrowings	1,434.04	582.00
Repayment of short term borrowings	(5.42)	(961.59)
Interest paid	(4,790.29)	(3,242.84)
Dividend paid	(1.51)	(0.44)
Net cash from financing activities	3,164.67	2,974.80
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(314.51)	(1,283.02)
CASH AND CASH EQUIVALENTS AS AT 01.04.2011 (Opening Balance)	831.96	2,114.98
ADD : TRANSFERRED ON AMALGAMATION (Refer Note 5)	14.05	-
CASH AND CASH EQUIVALENTS AS AT 31.03.2012 (Closing Balance)	531.50	831.96
Components of Cash and Cash Equivalents		
- Balance with Banks	461.78	593.42
- Cash on hand	23.90	28.72
- Cheques on hand	45.32	8.06
- Foreign Exchange in hand	0.50	0.43
- Fixed Deposits with Banks - With Less than 3 months maturity	-	201.33
Total Cash and Cash Equivalents (Note 21)	531.50	831.96
SIGNIFICANT ACCOUNTING POLICIES	Note 2	
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	Note 1 to 40	

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholetime Director

Kurian Chandy
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

The Company is operating in hospitality sector, with its hotels and restaurants located in the states of Maharashtra (Mumbai, Nashik, Pune, Murud, Manor, Panvel, Kudal, Nigdi and Navi Mumbai), Goa (Benaulim) and Orissa (Puri, Ramchandi, Konark, Dhauli, and Cuttack). The Company also manages hotels and restaurants owned by others at Aurangabad, Pune, Thane, Kalyan, Nashik and Navi Mumbai.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 Change in Accounting Policy and Presentation and Disclosure of Financial Statements:

- (a) Hitherto Deposit amounts paid by the Company for acquiring management and other rights of enduring nature in the hotel and other properties owned by other parties for period exceeding ten years were classified as long term deposits. Likewise Deposit amount received by the Company in respect of hotel and other properties owned by the Company for exploitation for a period exceeding ten years were classified as Long Term Trade Deposits. With the introduction of revised Schedule VI, all such deposits for period exceeding period of twelve months are now classified as Non-current Assets or liabilities respectively. There is no impact of this change on the profitability of the Company.
- (b) During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year to conform to the figures of the current year.

2.2 Basis for Preparation of Financial Statements:

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in India ("Indian GAAP") and are in compliance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006. The Accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.3 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.

2.4 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

2.5 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.

2.6 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.

2.7 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.

2.8 Inventories:

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

2.9 Revenue Recognition:

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

2.10 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.

2.11 Foreign Exchange Transactions:

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

2.12 Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. However, capitalization of such costs is suspended during extended periods in which active development of qualifying asset is interrupted. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognised in the 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.

2.13 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.

2.14 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.

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.

2.15 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.

2.16 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.

2.17 Earnings Per Share:

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
3 SHARE CAPITAL :		
AUTHORISED:		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of ₹ 10/- each.	3,000.00	3,000.00
Add: 42,50,000 (Previous Year Nil) Equity Shares of ₹ 10/- each on amalgamation (Refer Note 5)	425.00	-
	3,425.00	3,000.00
ISSUED, SUBSCRIBED AND PAID UP:		
1,50,41,205 (Previous Year 1,31,97,395) Equity Shares of ₹ 10/- each, fully paid up	1,504.12	1,319.74
Add: 40,52,189 (Previous Year 18,43,810) Equity Shares of ₹ 10/- each, fully paid up (Allotted during the year on FCCB Conversion) (Refer Note 3.2)	405.22	184.38
	1,909.34	1,504.12
Add: Forfeited Shares Account (Amount originally paid up)	58.85	58.85
Total	1,968.19	1,562.97

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 The Company allotted 40,52,189 (Previous Year 18,43,810) Equity Shares of ₹ 10/- each as fully paid up at a premium of ₹ 125/- per Equity Share to the FCCB holder on conversion of balance FCCBs during the year (Refer Note 10.2).

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

Name of Shareholder	AS AT 31ST MARCH, 2012		AS AT 31ST MARCH, 2011	
	No. of Shares	% held	No. of Shares	% held
Kamat Holdings Private Limited	15,00,000	7.86	15,00,000	9.97
Plaza Hotels Private Limited	32,15,927	16.84	32,15,927	21.38
Indira Investments Private Limited	15,29,100	8.01	15,29,100	10.17
Dr. Vithal V. Kamat	10,57,376	5.54	10,57,376	7.03
Kamats Development Private Limited	-	-	8,39,272	5.58
Venketesh Hotels Private Limited	-	-	7,57,000	5.03
Clearwater Capital Partners Cyprus Limited	39,41,803	20.64	18,43,810	12.25
Systematix Corporate Services Limited Escrow A/c Clearwater Capital Partners	19,54,196	10.23	-	-

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

Particulars	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
	No of Shares	No of Shares
Equity Shares at the beginning of the year	1,50,41,205	1,31,97,395
Add: Equity Shares issued on conversion of FCCB's	40,52,189	18,43,810
Equity Shares at the end of the year	1,90,93,394	1,50,41,205

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- 3.5 Refer Note 5 for particulars of Equity Shares to be issued 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.

₹ In Lakhs

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
4 RESERVES AND SURPLUS:		
Capital Reserve:		
Transferred on Amalgamation [Refer Note 5 (iii)]	13.88	-
Capital Redemption Reserve:		
As per last accounts	266.50	266.50
Securities Premium Account:		
As per last accounts	7,855.31	5,550.55
Add: On issue of shares on conversion of FCCB (Refer Note 10.2)	5,065.24	2,304.76
Add: Transferred on Amalgamation (Refer Note 5) (iii)	29.15	-
	12,949.70	7,855.31
General Reserve:		
As per last accounts	3,761.80	3,761.80
Add: Transferred on Amalgamation (Refer Note 5) (iii)	5.29	-
	3,767.09	3,761.80
Amalgamation Reserve		
Set aside during the year (Refer Note 5) (iii)	280.06	-
Surplus in the Statement of Profit and Loss	17,277.23	11,883.61
As per last accounts	5,693.17	5,555.85
Add: Profit for the year	99.19	137.32
Sub-total	5,792.36	5,693.17
Add: Transferred on Amalgamation [Refer Note 5 (iii)]	139.42	-
	5,931.78	5,693.17
Total	23,209.01	17,576.78

5 COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION:

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 Resorts Goa Undertaking' (Lotus Resorts, 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 to 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 Resorts, 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 year ended 31st March, 2012 as under:

(i) Amalgamation of Kamat Holiday Resorts Private Limited (KHRPL) and Kamats Restaurants Private Limited (KRPL) into the Company:

- (a) KHRPL was engaged in the business of resort and was running the 40 Room resort at Murud, Dapoli in the name of "Lotus Beach Resort, Murud". KRPL was engaged in the business of Restaurants and was running the Restaurants across Maharashtra in the name of "Vithal Kamats Original Family Restaurants".
- (b) The entire business and undertaking of the erstwhile KHRPL and KRPL including all the assets, liabilities, debts and obligations, and related to the period upto the Effective Date i.e. 25th February, 2012 have been incorporated in the books of account of the Company as per "Pooling of Interest" method as prescribed by Accounting Standard (AS-14) – "Accounting for Amalgamation" notified by the Companies (Accounting Standards) Rules, 2006.
- (c) The excess of book value of the net assets of the erstwhile KHRPL and KRPL over the paid up value of the equity shares to be issued to the shareholders of the erstwhile KHRPL and KRPL has been credited to "Amalgamation Reserve Account". Further all the reserves including Share Premium and Profit and Loss Account of the erstwhile KHRPL and KRPL as on 1st April, 2011 have been transferred to the respective reserves account in the books of the Company. Further all inter-company loans, advances, deposit balances and other obligations between the erstwhile KHRPL and KRPL on one hand and the Company on the other hand have been eliminated.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- (d) 6,07,142 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of the erstwhile KHRPL without payment being received in cash and 17,41,072 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of the erstwhile KRPL without payment being received in cash. These shares will be issued after the expiry of the "Offer Period", in respect of open offer made by erstwhile FCCB holder, the Acquirer, which is presently open.
- (e) From the Effective Date, the Authorised Share Capital of KHRPL and KRPL, the amalgamating companies, has been added to the Authorised Share Capital of the Company and accordingly the Authorised Capital of the Company has become ₹ 34,25,00,000/- divided into 3,42,50,000 Equity Shares of ₹ 10/- each.
- (ii) **Demerger of 'Lotus Resorts Goa Undertaking' (Lotus Resorts, Goa) of Kamats Holiday Resorts (Silvassa) Limited (KHRSL) and merger thereof into the Company:**
- (a) KHRSL is engaged in the business of resort and was, inter alia, owning and running the 48 Room Resort with all the usual resort facilities at Goa in the name of "Lotus Resorts, Goa".
- (b) With effect from the Appointed date, all the assets, rights, titles and interest of the Lotus Resorts, Goa have been transferred and vested in the Company as a going concern. Likewise all the liabilities and obligations of the Lotus Resorts, Goa including a proportion of the multipurpose borrowings outstanding on the effective date, have been transferred to the Company.
- (c) The excess of book value of the net assets of erstwhile Lotus Resorts, Goa of KHRSL over the paid up value of the equity shares to be issued to the shareholders of erstwhile KHRSL has been credited to "Amalgamation Reserve Account".
- (d) 5,12,821 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of KHRSL without payment being received in cash. These shares will be issued after the expiry of the "Offer Period", in respect of open offer made by erstwhile FCCB holder, the Acquirer, which is presently open.
- (iii) **Common effect:**

- (a) In terms of the Scheme, the closing credit balance of the Amalgamation Reserve Account of ₹ 280.06 Lakhs as disclosed herein below, shall constitute the General Reserve of the Company. However, the same shall not be utilized for the purpose of declaring dividend by the Company in future.

- (b) The summarized position of Amalgamation Reserve Account is as under:

Particulars	₹ In Lakhs			
	KHRPL	KRPL	Lotus Resort, Goa of KHRSL	Total
Book Value of the Assets	475.51	350.28	316.22	1,142.01
Less : Book Value of the Liabilities	117.46	101.74	168.91	388.11
Net Book Value of the Assets	358.05	248.54	147.31	753.90
Less : Value of the Equity Shares to be issued pending allotment	60.71	174.10	51.29	286.10
Sub- total	297.34	74.44	96.02	467.80
Less: Reserves Transferred to Respective Accounts				
General Reserves	4.71	0.58	-	5.29
Capital Reserves	13.88	-	-	13.88
Share Premium Reserve	-	29.15	-	29.15
Profit and Loss Account	115.93	23.49	-	139.42
Sub Total	134.52	53.22	-	187.74
Balance in Amalgamation Reserve Account	162.82	21.22	96.02	280.06

- (c) Pending allotment of shares, the paid up value of the shares to be issued has been shown under "Share Application Money - Pending Allotment" in the Balance Sheet.
- (d) Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme of Amalgamation, certain assets and liabilities remain in the name of erstwhile KHRPL, KRPL and KHRSL and the Company has taken steps to transfer the same to its name.
- (e) Since the effect of the Scheme is given from the effective date on 25th February, 2012 from the appointed date of 1st April, 2011, the financial results of the Company for the year ended 31st March, 2012 are inclusive of the figures of the erstwhile KHRPL, KRPL and Lotus Resorts, Goa, erstwhile Undertaking of KHRSL for the year ended 31st March, 2012. Consequently, the same are not comparable with the figures of the previous year.
- (f) As directed by the Hon'ble 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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
6 LONG-TERM BORROWINGS:		
SECURED:		
A. Term Loans from Banks (Refer Note 6.1)	19,320.82	21,762.88
B. Term Loans under Structured Mezzanine Credit Facility from Banks (Refer Note 6.2)	5,372.00	-
C. Term Loan from a Financial Institution (Refer Note 6.3)	2,562.50	3,437.50
D. Term Loans From Others (Refer Note 6.3)	6,695.00	3,800.00
Total	33,950.32	29,000.38

6.1 Term loans 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, first ranking pari-passu mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation on movable fixed assets of Company's hotels at Fort Jadhav Gadh Pune 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, 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 ranking pari-passu mortgage on Company's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.

6.4 Maturity Profile of Term Loans from Banks and others and rate of interest are as set out below:

	Rate of Interest (p.a.)	Maturity Profile (₹ In Lakhs)			
		1-2 Years	2-3 Years	3-4 Years	Above 4 Years
A. Term Loans from Banks	12% to 15%	6,576.46	5,160.56	4,533.72	3,050.08
B. Term Loans under Structured Mezzanine Credit Facility from Banks	14.25%	223.83	895.33	1,119.17	3,133.67
C. Term Loan from a Financial Institution	13.5% to 14%	562.50	1,000.00	1,000.00	-
D. Term Loans From Others	14.25% to 16%	737.29	1,349.17	1,686.46	2,922.08

₹ In Lakhs

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
7 DEFERRED TAX LIABILITY:		
Deferred tax Liability		
Related to Fixed Assets	3,417.50	3,200.09
Total	3,417.50	3,200.09
Deferred tax Assets		
Expenses allowance for tax purpose on payment basis	179.42	111.96
Unabsorbed Depreciation /Business Loss	252.31	34.42
Long Term Capital Loss	23.89	9.04
Provision for Doubtful Debts	57.66	63.75
Merger Expenses	3.88	-
Total	517.16	219.17
Deferred Tax Liability (net)	2,900.34	2,980.92
Add: Deferred Tax Asset transferred on amalgamation	2.50	-
Deferred Tax Liability (net) after adjustments	2,902.84	2,980.92
Incremental liability for the year	(80.58)	341.70

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	₹ In Lakhs	
	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
8 OTHER LONG-TERM LIABILITIES:		
Deferred Sales Tax Liability (Refer Note 8.1)	116.67	125.00
Security Deposits - Others	112.89	74.34
Security Deposits from Joint Venture Company (Refer Note 2.1 (a) and 8.2)	700.00	700.00
Time Share Membership- Refundable	1,736.24	1,768.22
Income received in Advance (Time Share)	932.80	1,005.57
Total	3,598.60	3,673.13
8.1 The Company has deferred its Sales tax liability in term 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 depoist of ₹ 700.00 Lakhs (Prev. 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.		
9 LONG-TERM PROVISIONS:		
Provision for Employee Benefits- Earned Leave (Refer Note No.27.1.3)	115.20	129.63
Total	115.20	129.63
10 SHORT-TERM BORROWINGS		
SECURED:		
Working Capital Loans from Banks (Refer Note 10.1)	2,221.77	1,187.72
UNSECURED:		
5.5% Foreign Currency Convertible Bonds (Refer Note.10.2)	-	5,523.65
From a related Party:		
Inter Corporate Deposit from erstwhile Kamat Holiday Resorts Private Limited [(Refer Note 5 (i) (c)]	-	380.00
Other Loans and Advances from related parties	43.79	22.21
Loans and Advances from Others	60.30	-
Total	2,325.86	7,113.58
10.1 Working Capital loan from Banks are secured by hypothecation of stocks and book debts of the Company and first ranking pari-passu mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables and personal and corporate guarantees of certain promoter directors and entities.		
10.2 The Company has issued 5.50% Foreign Currency Convertible Bonds (FCCBs) during 2006-07 aggregating USD 18.00 million (₹ 7,956 Lakhs), with an option to the investors to convert the FCCBs into the equity shares at any time from the Issue Date and ten business days prior to 14th March, 2012. The Bonds were listed on the Singapore Exchange Securities Trading Limited, Singapore. In terms of the supplemental Trust Deed on 13th August, 2010, the conversion price was reset at ₹135/- per share for mandatory conversion of FCCBs within specified time frame into equity shares. Accordingly 5,629 bonds (FCCB) were converted into 18,43,810 equity shares of ₹10/- each at a premium of ₹125/- per share in the previous year. The Balance 12,371 bonds have been converted into 40,52,189 equity shares of ₹10/- each at a premium of ₹125/- per share in the current year. All these shares have been listed on BSE and NSE.		
11 TRADE PAYABLES:		
Micro, Small and Medium Enterprises (Refer Note 11.1)	14.02	12.18
Others	989.36	1,129.46
Payable to related parties	57.18	46.11
Total	1,060.56	1,187.75

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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, 2012	₹ In Lakhs AS AT 31ST MARCH, 2011
Dues remaining unpaid at the year end:		
- Principal	14.02	12.18
- Interest	0.99	4.41
Interest paid in terms of Section 16 of the Act	Nil	Nil
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	0.88	0.56
Amount of interest accrued and remaining unpaid at the year end	0.99	4.41
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	0.12	0.12

12 OTHER CURRENT LIABILITIES:

Current Maturities of Long-Term Debts:

From Banks (Refer Note 6.1)	5,916.18	4,200.00
From Financial Institution (Refer Note 6.2)	875.00	625.00
From Others (Refer Note 6.3)	400.00	200.00
	<u>7,191.18</u>	<u>5,025.00</u>
Creditors for Capital Expenditure	459.58	83.23
Advance from customers	168.17	228.71
Income Received in Advance (Time Share)	73.71	73.63
Income Received in Advance (Others)	246.92	224.85
	<u>320.63</u>	<u>298.48</u>
Bank Balance Overdrawn	32.44	37.86
Interest Accrued And Due	449.34	240.21
Interest Accrued But Not Due	185.39	215.05
	<u>634.73</u>	<u>455.26</u>
Unpaid / Unclaimed Dividends (Refer Note 12.1)	14.45	15.96
Other Payables (Refer Note 12.2)	705.09	657.66
Total	<u>9,526.27</u>	<u>6,802.16</u>

12.1 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2012.

12.2 Includes employees dues, statutory dues, security deposits.

13 SHORT-TERM PROVISIONS:

Provision for Employee Benefits- Gratuity (Refer Note 27.1.2)	31.50	80.52
Employee Benefits- Earned Leave (Refer Note 27.1.3)	66.70	-
Provision for Loyalty Program (Refer Note. 13.1)	-	25.68
Provision for Wealth Tax	2.15	7.40
Total	<u>100.35</u>	<u>113.60</u>

13.1 The Company has loyalty programmes, which enable its customers to accumulate points based on their spends at the Company's hotels. Such points can be encashed at the Company's hotels or by purchase of merchandise. The above ₹ Nil (Previous Year ₹ 25.68 Lakhs) is the estimated liability against the loyalty schemes.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

14. FIXED ASSETS :

Description	GROSS BLOCK-COST / BOOK VALUE						DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 1st April, 2011 (Refer Note 5)	Transfer on Amalgamation (Refer Note 5)	Additions / adjustments during the year	Borrowing Cost Capitalised	Foreign Exchange Diff. (AS-16)	Deductions / adjustments during the year	As at 31st March, 2012	As at 1st April, 2011 (Refer Note 5)	On Amalgamation (Refer Note 5)	For the year	Deductions / adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
I) TANGIBLE													
Land													
a) Freehold	3,532.59		-	-	-	262.91	3,269.68	-	-	-	-	3,269.68	3,532.59
b) Leasehold		31.27	-	-	-	-	31.27	-	-	-	-	31.27	-
Sub-Total	3,532.59	31.27	-	-	-	262.91	3,300.95	-	-	-	-	3,300.95	3,532.59
Buildings													
a) Freehold (Note 14.1)	10,038.61	-	15.46	-	-	346.43	9,707.64	1,981.64	-	211.49	19.39	7,533.90	8,056.97
b) Improvements to Buildings under Long Term Contracts	17,811.83	558.96	6,483.81	2,593.91	12.86	416.62	27,044.75	2,731.59	82.70	682.98	148.64	3,348.63	15,080.24
Sub-Total	27,850.44	558.96	6,499.27	2,593.91	12.86	763.05	36,752.39	4,713.23	82.70	894.47	168.03	31,230.02	23,137.21
Plant and Equipment	4,996.36	85.51	467.15	-	-	40.37	5,508.65	2,188.77	11.42	274.74	19.61	2,455.32	2,807.59
Furniture and Fixtures	1,785.85	62.30	197.75	-	-	3.01	2,042.89	1,461.09	24.61	111.94	2.36	1,595.28	324.76
Vehicles	336.83	13.99	0.56	-	-	0.04	351.34	134.04	0.95	30.85	0.03	165.81	202.79
Office Equipment	398.66	1.51	15.31	-	-	18.95	396.53	113.56	4.25	31.14	17.91	131.04	285.10
Sub-Total	7,517.70	163.31	680.77	-	-	62.37	8,299.41	3,897.46	41.23	448.67	39.91	4,347.45	3,620.24
Total	38,900.73	753.54	7,180.04	2,593.91	12.86	1,088.33	48,352.75	8,610.69	123.93	1,343.14	207.94	9,869.82	30,290.04
II) INTANGIBLE													
Computer Software	176.64	1.30	8.05	-	-	1.17	184.82	93.72	0.44	17.07	0.70	110.53	82.92
Total	176.64	1.30	8.05	-	-	1.17	184.82	93.72	0.44	17.07	0.70	110.53	82.92
Grand Total	39,077.37	754.84	7,188.09	2,593.91	12.86	1,089.50	48,537.57	8,704.41	124.37	1,360.21	208.64	9,980.35	30,372.96
Previous Year Total	38,915.37	-	557.38	0.55	-	395.93	39,077.37	7,471.28	-	1,251.09	17.96	8,704.41	31,444.09
CAPITAL WORK-IN-PROGRESS													
Capital Work-in-Progress (Note 14.2)	7,306.99		2,955.64			9,666.14	596.49	-	-	-	-	596.49	7,306.99
Previous Year Total	4,114.11		3,417.89			225.01	7,306.99	-	-	-	-	7,306.99	

NOTES:

14.1 Buildings include (i) cost of residential flats of ₹ 43.71 Lakhs (Prev. Year ₹ 54.34 Lakhs) and (ii) cost of shares of ₹ 0.02 Lakhs (Prev. Year ₹ 0.02 Lakhs) in Co-operative Housing Society and Owners Condominium representing ownership right; and cost of residential flats of ₹ 63.31 Lakhs (Prev. Year ₹ 398.96 Lakhs) as part of proposed hotel project at Nagpur.

14.2 Capital work-in-progress includes expenses Staff Cost ₹ 50.92 Lakhs (Prev. Year ₹ 197.09 Lakhs); Travelling Expenses by Directors ₹ 4.59 Lakhs (Prev. Year ₹ 4.59 Lakhs); by Others ₹ 6.49 Lakhs (Prev. Year ₹ 6.30 Lakhs); Interest on Fixed Loans ₹ 218.70 Lakhs (Prev. Year ₹ 218.70 Lakhs); General Expenses ₹ 51.21 Lakhs (Prev. Year ₹ 1,721.76 Lakhs); License, Rates & taxes ₹ 38.51 Lakhs (Prev. Year ₹ 39.47 Lakhs); Legal & Professional Charges ₹ 21.56 Lakhs (Prev. Year ₹ 90.86 Lakhs); Postage & Telephone Charges ₹ 0.49 Lakhs (Prev. Year ₹ 0.89 Lakhs); Printing & Stationery ₹ 0.60 Lakhs (Prev. Year ₹ 0.79 Lakhs); Finance Charges ₹ 7.70 Lakhs (Prev. Year ₹ 162.97 Lakhs); Advertisement Charges ₹ 0.44 Lakhs (Prev. Year ₹ 8.03 Lakhs); Consistency Fees ₹ 51.51 Lakhs (Prev. Year ₹ 137.67 Lakhs); Building Under Construction ₹ 97.81 Lakhs (Prev. Year ₹ 4,033.96 Lakhs); Furniture & Fixtures ₹ 5.37 Lakhs (Prev. Year ₹ 71.66 Lakhs); Plant & Machinery ₹ 2.68 Lakhs (Prev. Year ₹ 479.56 Lakhs); FCCB Expenses ₹ 37.90 Lakhs (Prev. Year ₹ 72.68 Lakhs).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

15 NON-CURRENT INVESTMENTS :

Number	Face value per unit		₹ In Lakhs	
			AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
A. Trade Investments In Joint Venture Companies				
Fully Paid Equity Shares (Unquoted)				
2,66,500 (2,66,500)	₹ 10	- Ilex Developers & Resorts Limited	533.00	533.00
B. Trade Investments In Subsidiary Companies				
Fully Paid Equity Shares (Unquoted)				
98,03,922 (93,13,726)	₹ 10	B W Highway Star Private Limited (Now Orchid Hotels Pune Private Limited)	7,727.75	7,327.75
10,000 (Nil)	₹ 10	Fort Jadhavgadh Hotels Private Limited	1.00	-
10,000 (Nil)	₹ 10	Fort Mahodadhi Palace Private Limited	1.00	-
10,000 (Nil)	₹ 10	Kamats Restaurant (India) Private Limited	1.00	-
Sub Total			8,263.75	7,860.75
C. Non Trade Investments				
Fully paid up equity shares (Quoted)				
50 (Nil)	₹ 10	Royal Orchid Hotels Limited	0.03	-
Fully paid up equity shares (Unquoted)				
500 (Nil)	₹ 10	The Saraswat Co-Operative Bank (On amalgamation. Refer Note 5)	0.05	-
10,000 (Nil)	₹ 50	The Satara Sahakari Bank Limited (On amalgamation. Refer Note 5)	5.00	-
Tax Saving Bonds (Unquoted)				
200 (200)	₹ 5,000	ICICI Tax Saving Bonds (Maturing On 16.11.2017)	10.00	10.00
Investments in Government Securities				
		6 Year NSC (Maturing on 18.08.2016)	0.05	-
Total Non-Current Investments			8,278.88	7,870.75
Aggregate amount quoted Investments				
		-Cost	0.03	-
		-Market Value	0.02	-
Aggregate amount of unquoted Investments				
		-Cost	8,278.85	7,870.75

15.1 Out of 98,03,922 (Previous Year 93,13,726), 57,64,701 (Previous Year 57,64,701) shares have been pledged by the Company to lenders as security for loans taken by the Company (Refer Note 6.3)

15.2 Figures in brackets are in respect of previous year.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
₹ In Lakhs		
16 LONG-TERM LOANS AND ADVANCES: (Unsecured, good, unless otherwise stated)		
Capital Advances [(include ₹ 203.65 Lakhs (Previous Year ₹ 203.65 Lakhs) considered doubtful)]	433.96	574.48
Less: Provision for doubtful advances	<u>203.65</u>	<u>203.65</u>
	230.31	370.83
Inter Corporate Deposit- Considered Doubtful	200.00	200.00
Less: Provision for Doubtful Deposits	<u>200.00</u>	<u>200.00</u>
	-	-
Loans and Advances to related parties:		
Orchid Hotel Pune Private Limited	15,527.66	10,157.86
Advance for purchase of Shares of subsidiary (Refer Note 38)	300.00	300.00
Payment of Taxes (Net of Provisions) (Refer Note 16.1)	454.98	238.93
MAT Credit Entitlement	403.00	389.00
Prepaid Expenses	2.83	29.50
Total	<u><u>16,918.78</u></u>	<u><u>11,486.12</u></u>
16.1 Payment of Taxes is net of provision for tax of ₹ 342.35 Lakhs (Previous Year ₹ 292.60 Lakhs)		
17 OTHER NON-CURRENT ASSETS: (Unsecured, good)		
Security Deposits	102.03	86.72
Long Term Deposits for Hotel and Other Properties (Refer Note 2.1 (a) and 17.1)	8,548.87	8,537.12
Total	<u><u>8,650.90</u></u>	<u><u>8,623.84</u></u>
17.1 The above deposits include ₹ 80.00 Crores (Prev. Year ₹ 80.00 Crores) paid to Plaza Hotels Private Limited (a Company wherein some directors of the Company are directors).		
18 CURRENT INVESMENTS: Investments in Mutual Funds- Unquoted		
BI PSU FUND 50,000 (Previous Year 50,000) Units of ₹ 10/- each fully paid up (NAV - ₹ 4.22 Lakhs (Previous Year ₹ 4.92 Lakhs)	5.00	5.00
Total	<u><u>5.00</u></u>	<u><u>5.00</u></u>
19 INVENTORIES: (At Lower of weighted average cost and net realisable values) Raw Materials and Others		
- Food and Beverages	110.47	101.14
- Stores and Operating Supplies	310.80	281.24
Total	<u><u>421.27</u></u>	<u><u>382.38</u></u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
20 TRADE RECEIVABLES: (Unsecured, good, unless otherwise stated)		
- Over Six Months (₹ 183.80 Lakhs (Previous year ₹ 206.33 Lakhs) considered doubtful)	451.44	331.40
- Other Debts (₹ 2.79 Lakhs (Previous year ₹ Nil) (considered doubtful)	1,055.37	1,096.35
	1,506.81	1,427.75
Less: Provision for Doubtful Debts (Refer Note 20.1)	186.59	206.33
Total	1,320.22	1,221.42
20.1 Include due from Orchid Hotels Pune Private Limited (Subsidiary) a company where some directors of the Company are directors.	8.21	16.97
20.2 Provision for doubtful debts:- Opening Balance ₹ 206.33 Lakhs; Addition ₹ Nil; Deduction ₹ 19.73 Lakhs; Closing Balance ₹186.59 Lakhs.		
21 CASH AND BANK BALANCES:		
Cash and Cash Equivalents:		
- Balance with Banks in current accounts	461.78	593.42
- Cash on hand	23.90	28.72
- Cheques on hand	45.32	8.06
- Foreign Exchange in hand	0.50	0.43
- Fixed Deposits with Banks - with Less than 3 months maturity	-	201.33
Sub-total	531.50	831.96
Other Bank Balances:		
- Margin Money in Fixed Deposits with Banks	737.16	19.19
- Dividend Bank Accounts	14.52	16.04
- Margin Money in Fixed Deposit with Banks with maturity of more than 12 months	-	213.76
Sub-total	751.68	248.99
Grand total	1,283.18	1,080.95
22 SHORT TERM LOANS AND ADVANCES: (Unsecured good)		
- Loans and Advances to Related Parties	0.14	-
- Loans and Advances to Employees	1.62	5.01
- Deposits including Balances with Government and other agencies	24.91	49.55
- Advance Payment of Taxes (Net) (Refer Note 22.3)	939.04	874.33
- Prepaid Expenses	137.16	134.43
- Others (Refer Note 22.2)	85.55	156.36
Total	1,188.42	1,219.68
22.1 Include ₹ 0.07 Lakhs (Previous Year ₹ Nil) due from Fort Jadhavgadhd Hotels Private Limited a subsidiary wherein some directors of the Company are directors.		
22.2 Payment of taxes is net of provision for tax of ₹ 803.90 Lakhs (Prev. Year ₹ 807.70 Lakhs)		
22.3 Include advances to suppliers and advances for expenses.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
23 OTHER CURRENT ASSETS:			
(Unsecured good)			
- Interest Receivable from related parties (Refer Note 23.1)		1,762.65	533.22
- Interest Receivable on Bank Deposits and Investments		60.29	37.59
Total		1,822.94	570.81

23.1 This amount is due from Orchid Hotels Pune Private Limited, a subsidiary wherein some directors of the Company are directors.

		₹ In Lakhs	
		YEAR ENDED	
		31ST MARCH, 2012	31ST MARCH, 2011
24 REVENUE FROM HOTEL OPERATIONS:			
Rooms		7,618.98	6,834.82
Food and Beverages		5,051.62	4,098.29
Income from Time Share Business (Refer Note 24.1)		287.08	255.61
Management and Consultancy Fees		364.47	314.01
Sub total		13,322.15	11,502.73
Other Operating Revenue:			
Swimming Pool and Health Club		40.41	30.37
Conference and Banqueting Services		181.08	188.78
Internet and Telephone		47.11	79.27
Laundry Services		56.36	51.86
Car Rental and Transportation		69.34	61.28
Membership- Sales Promotion Schemes		280.41	154.19
Licence fees - Shops and Offices		76.62	64.59
Miscellaneous Services		93.15	70.33
Sub total		844.48	700.67
Less: Excise Duty		3.86	3.98
Total		14,162.77	12,199.42

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 timeshare members is recognized as income.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
25 OTHER INCOME:		
Interest Earned:		
Interest on Long Term Investments	5.80	5.12
Interest from Banks	37.70	20.56
Interest from Others	1,864.26	881.58
	<u>1,907.76</u>	<u>907.26</u>
Gain on Foreign Exchange	14.12	15.96
Dividend on Long Term Investments	0.41	-
Liabilities and Provisions written back (Refer Note 25.1)	249.19	50.85
Licence Fees-Other Properties	54.61	34.93
Other Non Operating Income	2.95	26.67
	<u>2,229.04</u>	<u>1,035.67</u>
Total		
25.1 Liabilities and Provisions written back include ₹ 51.71 Lakhs (Previous Year ₹ Nil) towards excess provision for gratuity written back relating to earlier years.		
26 COST OF FOOD AND BEVERAGE CONSUMED:		
Opening Stock	101.14	93.13
Add: Purchases	1,470.24	1,100.82
	<u>1,571.38</u>	<u>1,193.95</u>
Less: Closing Stock	110.47	101.14
	<u>1,460.91</u>	<u>1,092.81</u>
Total		
26.1 Particulars of imported and indigeneous food and beverages consumed:		
Value - Imported	0.90	8.32
- Indigeneous	1,460.01	1,084.49
	<u>1,460.91</u>	<u>1,092.81</u>
Percentage - Imported	0.06%	0.76%
- Indigeneous	99.94%	99.24%
	<u>100.00%</u>	<u>100.00%</u>
27 EMPLOYEE BENEFITS EXPENSE:		
Salaries, Wages, Bonus etc.	2,867.78	2,261.04
Contribution to Provident and other Funds	147.93	111.79
Provision for Gratuity (Refer Note 27.1.2)	32.81	94.80
Provision for Leave Encashment (Refer Note 27.1.3)	41.87	3.56
Staff Welfare Expenses	301.88	288.90
	<u>3,392.27</u>	<u>2,760.09</u>
Total		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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:

	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
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	146.36	111.64

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.

	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
Gratuity (Funded):		
a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at the beginning of the year	174.97	105.25
Current Service Cost	40.25	35.07
Interest Cost	14.00	3.02
Actuarial (Gain) / Loss	(8.02)	37.43
Benefit Paid	(17.21)	(5.80)
Defined Benefit obligation at year end	203.99	174.97
b) Reconciliation of opening and closing balance of fair value of plan assets		
Fair value of plan assets at the beginning of the year	137.31	90.94
Expected return on plan assets	10.98	9.59
Employers Contribution	38.97	49.63
Benefit Paid	17.21	(5.80)
Actuarial Gain / (Loss)	2.43	7.05
Fair value of plan assets at year end	172.49	137.31
Actual return on plan assets	13.42	9.59
c) Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March, 2012	172.49	137.31
Present value of obligation as at 31st March ,2012	203.99	174.97
Amount recognised in Balance Sheet	31.50	80.52
d) Net Gratuity and other cost for the year		
Current Service Cost	40.25	35.07
Interest Cost	14.00	3.02
Expected return on plan assets	(10.98)	(9.59)
Actuarial (Gain)/Loss	(10.46)	37.43
Net Cost	32.81	65.93
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)	8.00%	8.00%
Expected rate of return on plan asset (per annum)	8.60%	9.15%
Rate of escalation in salary (per annum)	6.50%	5.00%
Employers Best estimate of expected contribution for next year	67.76	75.53

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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.

- g) (i) The figures of previous year shown above have been re-grouped / re-cast on the basis of revised valuation of gratuity liability issued by the Actuary.

- (ii) Amount of Gratuity liability of ₹ 80.52 Lakhs recognised in the Balance Sheet at at 31st March, 2011 is adjusted in the current year by ₹ 42.85 Lakhs for excess provision which has been written back in the current year and included in other income (Refer Note 25.1).

		₹ In Lakhs	
		YEAR ENDED	
		31ST MARCH, 2012	31ST MARCH, 2011
27.1.3	Leave encashment (Non Funded):		
a.	Reconciliation of opening and closing balances of Defined Benefit obligation		
	Defined Benefit obligation at the beginning of the year	129.63	126.07
	Opening Balance transferred from merger companies	10.40	-
	Actuarial (Gain) / Loss	41.87	3.56
	Defined Benefit obligation at year end	181.90	129.63
b.	Reconciliation of fair value of assets and obligations		
	Present value of obligation as at 31st March, 2012	181.90	129.63
	Amount Recognised in Balance Sheet	181.90	129.63
c.	Expenses recognised during the year		
	Actuarial (Gain) / Loss	41.87	3.56
	Net Cost	41.87	3.56
27.2	Managerial Remuneration :		
	Remuneration to Managing and Whole Time Directors (₹ 90 lakhs to Managing Director) (Prev. Year ₹ 78 Lakhs) (Refer Note 27.3)	148.00	123.00
	Contribution to Provident Fund	14.63	12.00
	Perquisites	0.53	0.33
	Sub-total	163.16	135.33
	Directors Sitting Fees	10.00	9.55
	Total	173.16	144.88

- 27.3** Payment of remuneration to Dr. Vithal V. Kamat, Executive Chairman and Managing Director, was approved by the shareholders of the Company in the Annual General Meeting held on 25th September, 2010. However, in view of inadequacy of the profits for the year ended 31st March, 2012, there is an excess remuneration of ₹ 43.13 Lakhs paid to Dr. Vithal V. Kamat Executive Chairman and Managing Director and in terms of the decision of the Remuneration Committee in its meeting held on 26th May, 2012, 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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

	YEAR ENDED	
	31ST MARCH, 2012	31ST MARCH, 2011
28 OTHER EXPENSES:		
OPERATING EXPENSES:		
Heat, Light and Power	1,314.14	1,018.55
Rent	174.11	135.50
Licences, Rates and Taxes	310.15	307.82
Repairs to Buildings	114.39	83.25
Repairs to Plant and Machinery	185.80	159.79
Repairs to Others	101.29	132.69
Expenses on Apartment and Board	642.07	619.29
Replacements of Crockery, Cutlery and Linen	110.82	81.65
Washing and Laundry Expenses	179.24	171.11
Water Charges	89.30	73.47
Sub-Total	3,221.31	2,783.12
GENERAL EXPENSES:		
Advertisement, Publicity and Sales Promotion	301.36	349.21
Commission and Discount	142.84	139.30
Discount to Collecting Agents	96.54	96.63
Management/Licence Fees and Royalty	108.76	72.21
Loyalty Programme Expenses	41.18	5.08
Band and Music Expenses	141.95	123.61
Sub-Total	832.63	786.04
ADMINISTRATIVE AND OTHER EXPENSES:		
Communication Expenses	108.99	95.17
Printing and Stationery	87.27	75.86
Legal and Professional charges	332.67	243.19
Directors' Sitting fees	10.00	9.55
Travelling and Conveyance	144.59	135.91
Insurance	37.23	38.99
Bad Debts / Provision for Doubtful Advances	0.22	61.28
Auditors' Remuneration (Refer Note 28.1)	13.34	11.96
SalesTax/Vat /Luxury Tax etc. including assessment dues	99.17	24.85
Loss on Sale/Discard of Fixed Assets (Net)	40.61	14.31
Miscellaneous Expenses [(Refer Note 32(ii))]	135.58	82.66
Sub-Total	1,009.67	793.73
Total	5,063.61	4,362.89
28.1 Auditors' Remuneration:		
- As Audit Fees	8.50	7.00
- Taxation Services	1.25	1.15
- Other Services	1.98	2.59
- Out of Pocket Expenses	0.20	0.20
- Service Tax	1.41	1.02
Total	13.34	11.96
29 FINANCE COSTS:		
Interest Expense	4,745.86	3,173.29
Other Borrowing Cost	223.91	132.11
Loss on Foreign Currency Transactions and Translations	-	38.86
	4,969.77	3,344.26

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

30 Contingent Liabilities and Commitments:

	₹ In Lakhs	
	AS AT 31ST MARCH 2012	AS AT 31ST MARCH 2011
I Contingent liabilities:		
A Claims Against Company /Disputed liabilities not acknowledged as debts.		
i) Disputed Income Tax Demand	737.50	731.29
<p>The above includes a disputed demand of ₹ 728.40 Lakhs (Previous Year ₹ 728.40 Lakhs) raised on completion of assessment for assessment year 2008-09 during earlier year, which has been disputed by the Company in appeal, which is pending. Pending disposal of this appeal, the appeals of erstwhile The Himco (India) Limited, which got merged with the Company in earlier years have been decided in favour of the Company entitling it to the benefit of brought forward loss and unabsorbed depreciation, which is available for set off against the income assessed for the assessment year 2008-09. On giving effect to these appeals and setting off the losses, etc., the disputed demand will be substantially reduced to ₹ 198.26 Lakhs. The matter is being followed up by the Company.</p>		
ii) Open Import License	69.87	129.24
B Guarantees:		
i) Corporate guarantee given to a bank given in respect of credit facilities availed by Subsidiary Company.	16,434.00	16,434.00
ii) Counter Guarantees issued by the Company to secure Bank Guarantees.	173.71	104.62
C Other Money for Which the Company is contingently liable.		
i) Obligation towards payments to project creditors of subsidiary company.	396.11	2,560.81
ii) Monetary value of unredeemed points in respect of Guest Loyalty program for Sales Promotion.	26.70	102.73
II Commitments:		
A Estimated amount of capital commitments to be executed on capital accounts and not provided for (net of advances)	123.14	1,233.61
B Other Commitments:		
i) Undertaking given by the Company in favour of a Financial Institution to repay the loan to the extent of 50% of sale proceeds of the Assets sold.	3,106.19	-
ii) Commitment to the V Privilege Scheme members for providing Hospitality services during the year 2012-13 as per membership sale value	41.34	3.36
iii) 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 use 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 modelities are being worked out.		
iv) Refer Note 38 for Company's Commitment to buy balance shares of its subsidiary Company referred to therein and other connected matters.		
31 Exceptional Items:		
i) Current Year : Loss of ₹192.77 Lakhs (Previous Year ₹ Nil) due to write off of fixed assets on closure of certain unviable hotels during the year, Loss of ₹17.66 Lakhs (Previous Year ₹ Nil) on compulsory acquisition of a portion of the Company's land at Nagpur by the Government and after adjusting profit of ₹ 83.99 Lakhs (Previous Year of ₹ Nil) on disposal of certain non productive land and buildings.		
ii) Previous Year : Input Service Tax Credit of ₹ Nil (Previous Year ₹ 55.07 Lakhs) available to the Company in respect of cost of certain input services availed and charged to Statement of Profit and Loss in earlier years, which has been recognized based on an experts' advice.		
32 Prior Periods Items:		
i) Liabilities and Provisions of ₹ 249.19 Lakhs (Previous Year ₹ 50.85 Lakhs) under Other Income (Note 25) includes excess gratuity provisions of ₹ 51.71 Lakhs (Previous Year ₹ Nil) written back which was made in earlier years.		
ii) Miscellaneous expenses of ₹135.58 Lakhs (Previous Year ₹ 82.66 Lakhs) under Other Expenses (Note 28) includes expenses of ₹ 10.94 Lakhs (Previous Year ₹ 19.70 Lakhs) relating to earlier years.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

33 Earnings Per Share:

Basic and Diluted

Particulars

YEAR ENDED

	31ST MARCH 2012	31ST MARCH 2011
Net Profit / (Loss) after tax as per statement of Profit and Loss (₹)	99.19	137.32
No. of Shares issued	1,90,93,394	1,50,41,205
Nominal Value of Share (₹)	10	10
Weighted average no. of Shares – Basic	1,61,23,165	1,43,03,681
Weighted average no. of Shares – Diluted	2,19,54,429	1,90,93,395
Basic E.P.S. (₹)	0.62	0.96
Diluted E.P.S. (₹) (See Note below)	0.45	0.96

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

34 Segment Reporting:

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

35 Related Party Disclosures:

Related Party where control exists:

(a) Subsidiary Companies:

- Orchid Hotels Pune Private Limited (Formerly B W Highway Star Private Limited)- (w.e.f. 21st May, 2009)
- Fort Jadhav Gadh Hotels Private Limited - (w.e.f. 15th March, 2012)
- Fort Mahodadhi Palace Private Limited - (w.e.f. 30th April, 2011)
- Kamats Restaurants (India) Private Limited - (w.e.f. 28th May, 2011)

(b) Jointly Controlled Entity:

- Ilex Developers and Resorts Limited (Joint Venture) (w.e.f. 1st March, 2010)

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

- Plaza Hotels Private Limited
- Kamats Holiday Resorts (Silvassa) Limited
- Vishal Amusements Limited
- Kamats Restaurants Private Limited (merged with the Company w.e.f. 1st April, 2011) (Refer Note 5)
- Kamat Holiday Resorts Private Limited (merged with the Company w.e.f. 1st April, 2011) (Refer Note 5)
- 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

(d) Key Management Personnel :

- Dr. Vithal V. Kamat -Executive Chairman & Managing Director
- Mr. Ramesh N. Shanbhag -Whole Time Director
- Mr. Vikram V. Kamat -Executive Director

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

- V. V. Kamat HUF

(f) Summary of transactions during the year with Related Parties entered into on commercial basis in the interest of the Company and approved by the Board and status of outstanding balances as on 31st March, 2012:

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

Sr. No.	Nature of transactions	Subsidiary Company	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
1	Gross Sale of services including Management & Consultancy Fees	48.53 **(20.48)	60.80 (23.55)	Nil (Nil)	5.31 (8.55)
2	Technical Consultancy Service Fees earned	Nil (Nil)	99.27 (201.82)	Nil (Nil)	Nil (Nil)
3	Interest Earned on Loans & Advances given	1808.49 (881.36)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Purchase of goods & services	Nil (Nil)	Nil (Nil)	18.79 (5.25)	Nil (Nil)
5	Consultancy Fees/Fees paid towards hotel property under Business Contract Agreement	Nil (Nil)	73.01 (67.81)	Nil (Nil)	Nil (Nil)
6	Interest paid	Nil (Nil)	Nil (0.12)	Nil (Nil)	Nil (Nil)
7	Inter Corporate Deposit taken	Nil (Nil)	Nil (380.00)	Nil (Nil)	Nil (Nil)
8	Long Term Trade Deposit Taken	Nil (Nil)	Nil (350.00)	Nil (Nil)	Nil (Nil)
9	Interest Recovered during the Year	533.22 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Loan given	5,361.04 (5,520.94)	Nil (Nil)	Nil (Nil)	Nil (Nil)
11	Advances given on Capital/Current Accounts	Nil (Nil)	Nil (38.42)	Nil (Nil)	Nil (Nil)
12	Investments in Shares/Share application money	403.00 (400.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
13	Short term loans taken* * Transferred on Amalgamation	Nil (Nil)	34.69 (Nil)	0.66 (Nil)	45.58 (Nil)
14	Balance outstanding at the year end:				
	(i) Investment in Shares / Share application money	7,730.75 (7,327.75)	533.00 (533.00)	Nil (Nil)	Nil (Nil)
	(ii) Loan to Subsidiary	15,527.66 (10,157.86)	Nil (Nil)	Nil (Nil)	Nil (Nil)
	(iii) Accounts receivable	1,770.92 (550.19)	38.27 (38.42)	Nil (Nil)	Nil (Nil)
	(iv) Deposit paid includes Under Business Contract Agreement	Nil (Nil)	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
	(v) Long Term Trade Deposit received towards Business Contract Agreement.	Nil (Nil)	700.00 (700.00)	Nil (Nil)	Nil (Nil)
	(vi) Amounts Payable	Nil (Nil)	37.35 (44.30)	20.33 (1.92)	43.24 (22.22)
15	Second charge on immovable property created by subsidiary to secure future obligation of the Company towards share purchase consideration.	1,300.00 (2,400.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
16	Mortgage Created by Associate Company on its immovable property in favour of The Satara Sahakari Bank Ltd. to secure the borrowings of the Company.	Nil (Nil)	96.05 (Nil)	Nil (Nil)	Nil (Nil)
17	Undertaking given by the Associate companies in favour of IL&FS towards repayment of loan from 50% of Sale Proceeds of their immovable propoperties.	4,643.81 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
18	Corporate Guarantee issued by the Company in favour of banks on behalf of Subsidiary /Joint Venture Companies.	16,434.00 (16,434.00)	1,000.00 (1,000.00)	Nil (Nil)	Nil (Nil)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

					₹ In Lakhs
Sr. No.	Nature of transactions	Subsidiary Company	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
19	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).	Nil (Nil)	36,600.86 (34,839.88)	55,841.96 (39,387.88)	Nil (Nil)
20	Company has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneswar in favour of a Bank on behalf of a Associate Company.	Nil (Nil)	440.75 (440.75)	Nil (Nil)	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.

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

Name of Related Party	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH 2012	31ST MARCH 2011
Subsidiaries		
Orchid Hotels Pune Private Limited (Formerly B W Highway Star Private Limited)- Subsidiary (w.e.f. 21st May, 2009)		
- Sale of Goods and Services	48.53	20.48
- Interest earned on Loans & Advances	1,808.49	881.36
- Interest recovered during the year	533.22	Nil
- Loan given	5,361.04	5,520.94
- Investments in Shares	400.00	400.00
- Investment balance at year end	7,727.75	7,327.75
- Loan given balance at year end	15,527.66	10,157.86
- Amounts recoverable at year end	1,770.85	550.19
- Corporate Guarantees issued to a Bank on behalf of the Subsidiary Company	16,434.00	16,434.00
- Second charge on immovable property created for future obligation of the Company	1,300.00	2,400.00
Jointly Controlled Entity		
Illex Developers & Resorts Limited (w.e.f. 1st March, 2010)		
- Sale of Goods and Services	53.25	5.10
-Technical / Consultancy Fees earned	99.27	211.82
-Security Deposit taken	Nil	350.00
-Investment balance at year end	533.00	533.00
-Security Deposit taken balance at year end	700.00	700.00
-Amounts recoverable at year end	38.21	38.42
-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.	440.75	440.75
Specified Companies:		
Plaza Hotels Private Limited		
- Fees paid towards hotel property under Business Contract Agreement	73.01	67.81
- Deposit paid includes under Business Contract Agreement	8,000.00	8,000.00
- Amounts Payable	2.50	43.51
- Corporate Guarantee provided by the above for securing loans taken by the Company	31,440.86	31,262.88

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(g) Statement of Material Transactions: (Contd...)

₹ In Lakhs

Name of Related Party	YEAR ENDED	
	31ST MARCH 2012	31ST MARCH 2011
- Share Application money credited for issue of Shares on merger	31.96	Nil
-Undertaking given towards repayment of Loan	1,412.30	Nil
Kamats Holiday Resorts (Silvassa) Limited		
- Corporate Guarantee provided by the above for securing loans taken by the Company	5,160.00	3,577.00
-Mortgage Created on immovable property to secure the borrowings of the Company.	96.05	Nil
Kamat Holiday Resorts Private Limited		
Inter Corporate Deposit taken	Nil	380.00
Kamats Amusements Private Limited		
- Share Application money credited for issue of Shares on merger	20.51	Nil
Talent Hotels Private Limited		
-Undertaking given towards repayment of Loan	2,231.51	Nil
Karwar Hotels Private Limited		
-Undertaking given towards repayment of Loan	275.81	Nil
- Loan taken- transferred due to amalgamation	33.68	Nil
- Amounts payable	33.68	Nil
Busybee Developers Private Limited		
-Undertaking given towards repayment of Loan	567.83	Nil
Key Management Personnel and Relatives:		
Dr. Vithal V. Kamat		
Royalty paid for brand	18.79	4.65
- Amounts Payable	19.68	1.92
- Share Application money credited for issue of Shares on merger	218.66	Nil
- Personal Guarantee provided by him for securing loans taken by the Company	43,641.41	37,325.38
Vishal V. Kamat		
- Personal Guarantee provided by him for securing loan taken by the Company	988.16	1,562.50
Vikram V. Kamat		
- Personal Guarantee provided by him for securing loan taken by the Company	11,212.40	2,500.00
Mrs. Maya Shanbhag		
- Purchase of Goods and Services	Nil	0.60
Other Related Parties:		
Vithal V. Kamat-HUF		
- Gross Sale of services including Management & Consultancy Fees	5.31	8.55
- Interest payable on NCD	Nil	22.22
- Share Application money credited for issue of Shares on merger	1.10	Nil
-Unsecured loan taken during the year- Transfer from Merger Company	45.58	Nil
- Deposit paid includes under Business Contract Agreement	25.00	25.00
- Amount Payable	43.24	Nil

36 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.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

Particulars	₹ In Lakhs	
	YEAR ENDED	
	31ST MARCH 2012	31ST MARCH 2011
Payable within one year	103.90	216.11
Payable later than one year but not later than five years	400.71	854.58
Payable after five years	2,013.15	3,809.32
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	72.38	104.82
Receivable later than one year but not later than five years	37.98	75.50
Receivable after five years	Nil	Nil

37 Income Tax

Provision for tax for the year has been made at ₹ 14.00 Lakhs (Previous Year ₹ 182.00 Lakhs) under section 115JB of the Act.

In accordance with Guidance Note issued by The Institute of Chartered Accountants of India, the Company has accounted for MAT Credit Entitlement of ₹ 14.00 Lakhs (Previous Year ₹ 182.00 Lakhs) for the year ended 31st March, 2012.

38 Subsidiary Company

In terms of the Minutes of the Order by consent dated 10th February, 2010 of the High Court of Bombay, the Company agreed to buy the remaining 25% being 29,41,176 shares of Orchid Hotels Pune Private Limited (OHPPL) (formerly B W Highway Star Private Limited) held by minority shareholders for a consideration of ₹ 2,400.00 Lakhs, which was agreed to be paid over a period of three years against which the Company paid ₹ 300.00 Lakhs in earlier years.

During the year under reference, the Company by paying ₹ 400.00 lakhs purchased 4,90,196 equity shares of ₹ 10/- each, fully paid being 4.16% of the equity share capital of OHPPL from an existing shareholder of that Company making its aggregate holding to 83.33%.

The Company has also issued a Corporate Guarantee to guarantee the due performance / obligations of OHPPL for repayment of Loan of ₹ 2,200.00 Lakhs to the lender and payment of creditors' dues of ₹ 864.19 Lakhs. During the year, the subsidiary has repaid loan of ₹ 800.00 lakhs (Previous Year ₹ 800.00 Lakhs) to the lender and paid to creditors ₹ 864.19 Lakhs. Dr. Vithal V. Kamat as Executive Chairman and Managing Director and Mr. Vikram V. Kamat as Executive Director of the Company have also issued personal guarantees to guarantee the due performance / obligations of the Company and OHPPL for purchase of shares and due payment of amounts due. OHPPL has also agreed to take over the liability and claims of certain creditors aggregating to ₹ 1,928.42 Lakhs and the Company has agreed to indemnify the minority shareholder and others against any claim or loss made by these creditors in respect of hotel projects of OHPPL. During the year, the subsidiary has paid to certain creditors ₹ 1,532.31 Lakhs.

39 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 (%)	₹ In Lakhs			
			Amount of Interest based on the audited results for the year ended 31st March 2012			
			Assets	Liabilities	Income	Expenditure
Ilex Developers & Resorts Limited (Refer Note 39.2)	India	32.92% (32.92%)	1,323.55 (1,240.67)	870.94 (735.05)	149.04 (36.16)	223.78 (63.72)

39.1 Figures in the bracket are for previous year.

39.2 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 Five years.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

40 Additional Information

a) Value of Imports

₹ In Lakhs

Particulars	YEAR ENDED	
	31ST MARCH 2012	31ST MARCH 2011
Provisions , Wines etc.	0.90	8.32
Spare Parts	5.68	2.27
Capital Goods	14.26	9.41
b) Expenditure in Foreign Currency (on accrual basis)		
Interest on Foreign Currency Convertible Bonds	Nil	180.15
Legal and Professional Fees	5.00	29.87
Commission to Travel Agents, Membership and Subscription, Internet / Website Charges, Bank Charges, Annual Listing Fees, Advertisement etc.	30.72	44.22
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 dividends paid to non-resident shareholders are as follows:		
Dividend (2010-11):		
(a) Number of non-resident shareholders	457	366
(b) Number of Equity Shares held	24,44,688	25,40,729
(c) Amount of Dividend remittable and paid	Nil	Nil
d) Earnings in Foreign Exchange		
For Hotel Services rendered (As certified by the Management)	923.12	1,217.70

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Ramesh N. Shanbhag
Wholetime Director

Vikram V. Kamat
Executive Director

Kurian Chandy
Chief Financial Officer

Mahesh Kandoi
Company Secretary

Mumbai : 26th May, 2012

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
Kamat Hotels (India) Limited

1. We have audited the attached Consolidated Balance Sheet of KAMAT HOTELS (INDIA) LIMITED ("the Company"), its Subsidiaries, (i) Orchid Hotels Pune Private Limited (Formerly known as B W Highway Star Private Limited; (ii) Fort Jadhavgadh Hotels Private Limited; (iii) Fort Mahodadhi Palace Private Limited; and (iv) Kamats Restaurants (India) Private Limited and its Jointly Controlled Entity, Ilex Developers & Resorts Limited (collectively referred to as "the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries and the jointly controlled entity whose financial statements reflect total assets (net) of ₹ 6,318.90 lakhs as at 31st March, 2012, total revenue of ₹ 2,025.14 lakhs and net cash outflows amounting to ₹ 22.57 lakhs for the year then ended as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and jointly controlled entity, is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21, (Consolidated Financial Statements) and Accounting Standard 27, (Financial Reporting of Interests in Joint Ventures) as notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company, its subsidiaries and its jointly controlled entity included in the Consolidated Financial Statements, referred to in paragraph 3 above.
5. Subject to the above and based on our audit as aforesaid, and on consideration of separate reports on individual financial statements of the Company, its aforesaid subsidiaries and jointly controlled entity referred to above and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2012;
 - 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 the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

J.G.VERMA
Partner
Membership No. 5005

Mumbai: 26th May, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
₹ In Lakhs			
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
(a) Share Capital	2	1,968.19	1,562.97
(b) Reserves and Surplus	3	<u>18,365.34</u>	<u>15,597.14</u>
		20,333.53	17,160.11
Share Application Money Pending Allotment	4	286.10	-
Minority Interest		813.26	1,224.51
Non-Current Liabilities:			
(a) Long Term Borrowings	5	48,679.08	44,857.75
(b) Deferred Tax Liability (Net)	6	1,894.96	2,528.94
(c) Other Long Term Liabilities	7	3,376.99	3,442.69
(d) Long Term Provisions	8	<u>134.53</u>	<u>136.33</u>
		54,085.56	50,965.71
Current Liabilities:			
(a) Short Term Borrowings	9	2,325.86	7,113.58
(b) Trade Payables	10	1,435.96	849.25
(c) Other Current Liabilities	11	12,644.77	10,115.48
(d) Short Term Provisions	12	<u>103.00</u>	<u>114.46</u>
		16,509.59	18,192.77
TOTAL		<u><u>92,028.04</u></u>	<u><u>87,543.10</u></u>
ASSETS:			
Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible Assets	13	74,175.70	42,054.07
(ii) Intangible Assets	13	79.86	88.55
(iii) Capital Work-In-Progress	13	737.52	28,665.54
(iv) Goodwill on Consolidation		<u>2,096.94</u>	<u>1,915.61</u>
		77,090.02	72,723.77
(b) Non-Current Investments	14	15.13	10.00
(c) Long Term Loans and Advances	15	1,473.46	1,480.53
(d) Other Non-Current Assets	16	8,687.67	8,806.15
		87,266.28	83,020.45
Current Assets:			
(a) Current Investments	17	5.00	5.00
(b) Inventories	18	504.36	438.58
(c) Trade Receivables	19	1,411.62	1,217.01
(d) Cash and Bank Balances	20	1,451.67	1,257.23
(e) Short Term Loans and Advances	21	1,322.04	1,562.09
(f) Other Current Assets	22	67.07	42.74
		4,761.76	4,522.65
TOTAL		<u><u>92,028.04</u></u>	<u><u>87,543.10</u></u>
SIGNIFICANT ACCOUNTING POLICIES	1		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 to 37		

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholtime Director

Kurian Chandu
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

PARTICULARS	NOTE	FOR THE YEAR ENDED	
		31ST MARCH, 2012	31ST MARCH, 2011
INCOME:			
Revenue from Operations	23	15,781.54	12,767.08
Other Income	24	443.70	170.83
Total Revenue		16,225.24	12,937.91
EXPENSES:			
Cost of Food and Beverages Consumed	25	1,784.18	1,224.83
Employee Benefit Expenses	26	3,967.08	3,013.84
Other Expenses	27	5,916.88	4,718.04
Total Expenses		11,668.14	8,956.71
Profit before Finance Costs, Depreciation, Exceptional Items and Tax:		4,557.10	3,981.20
Less: Finance Costs	28	6,200.43	3,763.96
Depreciation and Amortisation Expenses	13	1,824.78	1,505.92
Profit / (Loss) Before Exceptional Items and Tax		(3,468.11)	(1,288.68)
Exceptional Items	30	(126.44)	55.07
Profit / (Loss) Before Tax		(3,594.55)	(1,233.61)
Tax Expense:			
Current Tax		14.00	182.00
Deferred Tax	6	(636.48)	108.94
		(622.48)	290.94
Less : MAT Credit Entitlement		14.00	182.00
		(636.48)	108.94
Profit/(Loss) for the year		(2,958.07)	(1,342.55)
Earning Per Equity Share of face value of ₹ 10/- each:			
Basic and Diluted (in ₹)	32	(17.15)	(7.00)
SIGNIFICANT ACCOUNTING POLICIES	1		
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	1 to 37		

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholtime Director

Kurian Chandoy
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-12

₹ In Lakhs

PARTICULARS	Year ended 31st March, 2012	Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year before tax and adjustments	(3,594.55)	(1,233.61)
<i>Adjustments for:</i>		
Depreciation	1,824.78	1,505.92
Amortisation of Expense	0.23	(3.13)
Amortisation of Advance Time Share Membership	(73.63)	(73.67)
Loss on Sale/Discard of Fixed Assets	167.03	14.31
Short / (Excess) Provision for Income Tax Written Back	(0.10)	(0.11)
Liabilities and Provisions written Back	(249.09)	(51.46)
Provision for Employee Benefits	89.10	99.89
Provision for Loyalty Programmes	-	4.75
Provision for Wealth Tax	2.15	7.40
Bad Debts and Provision for Doubtful Debts and Advances	0.58	61.29
Investments income	(0.41)	-
Interest income	(121.92)	(41.46)
Interest Expenses	6,200.43	3,725.10
Unrealized Exchange Loss/(Gain)	(3.46)	38.86
Operating profit before working capital changes	4,241.14	4,054.08
Trade Receivables	334.47	(175.51)
Decrease in Security Deposit	146.31	-
Inventories	(37.36)	21.03
Trade Payables	493.11	212.15
Cash generated from operations	5,177.67	4,111.75
Direct taxes paid (Net of refunds)	(262.29)	(279.95)
Net cash from operating activities	4,915.38	3,831.80
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work in Progress and Capital Advance)	(5,942.94)	(6,138.74)
Movement in Loans & Advances	(837.38)	(170.45)
Sale Proceeds of Fixed Assets	738.11	0.42
Proceeds from Long Term Deposits	-	234.78
Investments made during the year	(0.08)	(5.00)
Investments in Subsidiary Company	(401.00)	(400.00)
Margin Money with Banks	(502.70)	0.44
Interest Received	676.34	770.97
Dividend Received	0.41	-
Net cash used in investing activities	(6,269.24)	(5,707.58)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-12

₹ In Lakhs

PARTICULARS	Year ended 31st March, 2012	Year ended 31st March, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	11,692.53	15,860.93
Repayments of long term borrowings	(5,625.85)	(9,618.85)
Proceeds from short term borrowings	1,434.05	582.00
Repayments of short term borrowings	(5.42)	(961.59)
Interest paid	(6,466.29)	(5,233.62)
Dividend paid	(1.51)	(0.44)
Net cash from in financing activities	1,027.51	628.43
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(326.35)	(1,247.35)
CASH AND CASH EQUIVALENTS AS AT 01.04.2011 (Opening Balance)	881.20	2,128.55
ADD : TRANSFERRED ON AMALGAMATION (Refer Note 4)	14.05	-
ADD : TRANSFERRED ON ACQUISITION OF SUBSIDIARY	1.02	-
CASH AND CASH EQUIVALENTS AS AT 31.03.2012 (Closing Balance)	569.92	881.20
Components of Cash and Cash Equivalents		
- Balance with Banks	489.51	640.69
-Cash on hand	32.48	30.69
- Cheques on hand	47.43	8.06
- Foreign Exchange in hand	0.50	0.43
- Fixed Deposits with Banks - With Less than 3 months maturity	-	201.33
Total Cash and Cash Equivalents (Note 20)	569.92	881.20

SIGNIFICANT ACCOUNTING POLICIES

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

Note 1

Note 1 to 37

As per our report of even date

For J. G. Verma & Co.
Chartered Accountants

J. G. Verma
Partner

Mumbai: 26th May, 2012

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Vikram V. Kamat
Executive Director

Mahesh Kandoi
Company Secretary

Ramesh N. Shanbhag
Wholetime Director

Kurian Chandy
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1 Principles of Consolidation and Significant Accounting Policies:

1.1 Principles of Consolidation:

(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, 2012. 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.

Minority Interest in the Net assets of Subsidiaries consist of :

- i) The amount of equity attributable to the minorities at the date on which investment in Subsidiaries /Joint Venture is made, and;
- ii) The minorities share of the movements in equity since the date the Parent Subsidiary relationship came into existence.

(b) The list of 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	:	Orchid Hotels Pune Private Limited Formerly known as B W Highway Star Private Limited
Country of Incorporation	:	India
Holding %	:	83.33% (79.16% upto 28th February 2012)
Date of becoming Subsidiary	:	21st May 2009.

Name of the Company	:	Kamat Resturants (India) Private Limited
Country of Incorporation	:	India
Holding %	:	100 %
Date of becoming Subsidiary	:	28th May 2011

Name of the Company	:	Fort Jadhavgadh Hotels Private Limited
Country of Incorporation	:	India
Holding %	:	100%
Date of becoming Subsidiary	:	15th March 2012

Name of the Company	:	Fort Mahodadhi Palace Private Limited
Country of Incorporation	:	India
Holding %	:	100%
Date of becoming Subsidiary	:	30th April 2011

ii) Jointly Controlled Entity :

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

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, 2012. The Company, its subsidiaries and jointly controlled entity constitute 'the Group'. The consolidated

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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 Change in Accounting Policy and Presentation and Disclosure of Financial Statements:

Hitherto Deposit amounts paid by the Group for acquiring management and other rights of enduring nature in the hotel and other properties owned by other parties for period exceeding ten years were classified as long term deposits. Likewise Deposit amount received by the Group in respect of hotel and other properties owned by the Group for exploitation for a period exceeding ten years were classified as Long Term Trade Deposits. With the introduction of revised Schedule VI, all such deposits for period exceeding twelve months are now classified as Non-current Assets or Liabilities respectively. There is no impact of this change on the profitability of the Group.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year to conform to the figures of the current year.

1.3.2 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.

1.3.3 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.

1.3.4 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.

1.3.5 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.

1.3.6 Inventories:

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

1.3.7 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.

1.3.8 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

1.3.9 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 Companies (Accounting Standards) Amendment Rules 2009 on 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.

1.3.10 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.

1.3.11 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.

1.3.12 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.

1.3.13 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.

1.3.14 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.

1.3.15 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 ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
2	SHARE CAPITAL :		
	AUTHORISED:		
	3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of ₹ 10/- each.	3,000.00	3,000.00
	Add: 42,50,000 (Previous Year Nil) Equity Shares of ₹ 10/- each on amalgamation [Refer Note.4(i) (e)]	425.00	-
		3,425.00	3,000.00
	ISSUED, SUBSCRIBED AND PAID UP:		
	1,50,41,205 (Previous Year 1,31,97,395) Equity Shares of ₹ 10/- each, fully paid up	1,504.12	1,319.74
	Add: 40,52,189 (Previous Year 18,43,810) Equity Shares of ₹ 10/- each, fully paid up (Allotted during the year on FCCB Conversion) (Refer Note 2.2)	405.22	184.38
		1,909.34	1,504.12
	Add: Forfeited Shares Account (amount originally paid up)	58.85	58.85
	Total	1,968.19	1,562.97

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 shareholders.

2.2 The Group allotted 40,52,189 (Previous Year 18,43,810) Equity Shares of ₹ 10/- each as fully paid up at a premium of ₹125/- per Equity Share to the FCCB holder on conversion of balance FCCBs during the year.(Refer Note 9.2)

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

Name of Shareholder	AS AT 31ST MARCH, 2012		AS AT 31ST MARCH, 2011	
	No of Shares	% held	No of Shares	% held
Kamat Holdings Private Limited	15,00,000	7.86	15,00,000	9.97
Plaza Hotels Private Limited	32,15,927	16.84	32,15,927	21.38
Indira Investments Private Limited	15,29,100	8.01	15,29,100	10.17
Dr. Vithal V. Kamat	10,57,376	5.54	10,57,376	7.03
Kamat Development Private Limited	-	-	8,39,272	5.58
Venketesh Hotels Private Limited	-	-	7,57,000	5.03
Clearwater Capital Partners Cyprus Limited	39,41,803	20.64	18,43,810	12.25
Systematix Corporate Services Limited Escrow A/c Clearwater Capital Partners	19,54,196	10.23	-	-

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

Particulars	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
	No of Shares	No of Shares
Equity Shares at the beginning of the year	1,50,41,205	1,31,97,395
Add: Equity Shares issued on conversion of FCCB's	40,52,189	18,43,810
Equity Shares at the end of the year	1,90,93,394	1,50,41,205

2.5 Refer Note 4 for particulars of Equity Shares to be issued 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 Resorts, Goa during the year.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	AS AT 31ST MARCH, 2012	₹ In Lakhs AS AT 31ST MARCH, 2011
3 RESERVES AND SURPLUS:		
Capital Reserve:		
Transferred on Amalgamation [Refer Note 4(iii)]	13.87	-
Capital Redemption Reserve:		
As per last accounts	266.50	266.50
Securities Premium Account:		
As per last accounts	7,855.31	5,550.55
Add: On issue of shares on conversion of FCCB	5,065.24	2,304.77
Add: Transferred on Amalgamation [Refer Note 4(iii)]	29.15	-
	<u>12,949.70</u>	<u>7,855.32</u>
General Reserve:		
As per last accounts	3,761.80	3,761.80
Add: Transferred on Amalgamation [Refer Note 4(iii)]	5.29	-
	<u>3,767.09</u>	<u>3,761.80</u>
Amalgamation Reserve:		
Set aside during the year [Refer Note 4(iii)]	280.06	-
	<u>17,277.23</u>	<u>11,883.62</u>
Surplus in the Statement of Profit and Loss		
As per last accounts	3,713.52	4,715.24
Add: Profit (Loss) for the year	(2,958.07)	(1,342.55)
Sub-total	755.45	3,372.69
Add: Transferred on Amalgamation [Refer Note 4(iii)]	139.42	-
Add: Pre Acquisition Reserve	0.71	14.95
Add : Deferred Tax Assets on Initial Adoption	-	218.57
Add : Transferred to Minority Interest	192.53	107.31
	<u>1,088.11</u>	<u>3,713.52</u>
Total	<u><u>18,365.34</u></u>	<u><u>15,597.14</u></u>

4 COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION:

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 to 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 Resorts 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 year ended 31st March, 2012 as under:

(i) Amalgamation of Kamat Holiday Resorts Private Limited (KHRPL) and Kamats Restaurants Private Limited (KRPL) into the Group:

- (a) KHRPL was engaged in the business of resort and was running the 40 Room resort at Murud, Dapoli in the name of "Lotus Beach Resort, Murud". KRPL was engaged in the business of Restaurants and was running the Restaurants across Maharashtra in the name of "Vithal Kamats Original Family Restaurants".
- (b) The entire business and undertaking of the erstwhile KHRPL and KRPL including all the assets, liabilities, debts and obligations, and related to the period upto the Effective Date i.e. 25th February, 2012 have been incorporated in the books of account of the Group as per "Pooling of Interest" method as prescribed by Accounting Standard (AS-14) – "Accounting for Amalgamation" notified by the Companies (Accounting Standards) Rules, 2006.
- (c) The excess of book value of the net assets of the erstwhile KHRPL and KRPL over the paid up value of the equity shares to be issued to the shareholders of the erstwhile KHRPL and KRPL has been credited to "Amalgamation Reserve Account". Further all the reserves including Share Premium and Profit and Loss Account of the erstwhile KHRPL and KRPL as on 1st April, 2011 have been transferred to the respective reserves account in the books of the Group. Further all inter-Group loans, advances, deposit balances and other obligations between the erstwhile KHRPL and KRPL on one hand and the Group on the other hand have been eliminated.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

- (d) 6,07,142 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of the erstwhile KHRPL without payment being received in cash and 17,41,072 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of the erstwhile KRPL without payment being received in cash. These shares will be issued after the expiry of the "Offer Period", in respect of open offer made by erstwhile FCCB holder, the Acquirer, which is presently open.
- (e) From the Effective Date, the Authorised Share Capital of KHRPL and KRPL, the amalgamating companies, has been added to the Authorised Share Capital of the Group and accordingly the Authorised Capital of the Group has become ₹ 34,25,00,000/- divided into 3,42,50,000 Equity Shares of ₹ 10/- each.

(ii) Demerger of 'Lotus Resort Goa Undertaking' (Lotus Resort, Goa) of Kamats Holiday Resorts (Silvassa) Limited (KHRSL) and merger thereof into the Group,

- (a) KHRSL is engaged in the business of resort and was, inter alia, owning and running the 48 Room Resort with all the usual resort facilities at Goa in the name of "Lotus Resorts, Goa".
- (b) With effect from the Appointed date, all the assets, rights, titles and interest of the Lotus Resorts, Goa have been transferred and vested in the Group as a going concern. Likewise all the liabilities and obligations of the Lotus Resorts, Goa including a proportion of the multipurpose borrowings outstanding on the effective date, have been transferred to the Group.
- (c) The excess of book value of the net assets of erstwhile Lotus Resorts, Goa of KHRSL over the paid up value of the equity shares to be issued to the shareholders of erstwhile KHRSL has been credited to "Amalgamation Reserve Account".
- (d) 5,12,821 Equity Shares of ₹ 10/- each, fully paid up are to be issued to the equity shareholders of KHRSL without payment being received in cash. These shares will be issued after the expiry of the "Offer Period", in respect of open offer made by erstwhile FCCB holder, the Acquirer, which is presently open.

(iii) Common effect:

- (a) In terms of the Scheme, the closing credit balance of the Amalgamation Reserve Account of ₹ 280.06 Lakhs as disclosed here in below, shall constitute the General Reserve of the Group. However, the same shall not be utilized for the purpose of declaring dividend by the Group in future.
- (b) The summarized position of Amalgamation Reserve Account is as under:

Particulars	₹ In Lakhs			
	KHRPL	KRPL	Lotus Resorts, Goa of KHRSL	Total
Book Value of the Assets	475.51	350.28	316.22	1,142.01
Less : Book Value of the Liabilities	117.46	101.74	168.91	388.11
Net Book Value of the Assets	358.05	248.54	147.31	753.90
Less : Value of the Equity Shares to be issued pending allotment	60.71	174.10	51.29	286.10
Sub- total	297.34	74.44	96.02	467.80
Less: Reserves Transferred to Respective Accounts				
General Reserves	4.71	0.58	-	5.29
Capital Reserves	13.88	-	-	13.87
Share Premium Reserve	-	29.15	-	29.15
Profit and Loss Account	115.93	23.49	-	139.42
	134.52	53.23	-	187.74
Balance in Amalgamation Reserve Account	162.82	21.22	96.02	280.06

- (c) Pending allotment of shares, the paid up value of the shares to be issued has been shown under "Share Application Money-Pending Allotment" in the Balance Sheet.
- (d) Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme of Amalgamation, certain assets and liabilities remain in the name of erstwhile KHRPL, KRPL and KHRSL and the Group has taken steps to transfer the same to its name.
- (e) Since the effect of the Scheme is given from the effective date on 25th February, 2012 from the appointed date of 1st April, 2011, the financial results of the Group for the year ended 31st March, 2012 are inclusive of the figures of the erstwhile KHRPL, KRPL and Lotus Resorts, Goa, erstwhile Undertaking of KHRSL for the year ended 31st March, 2012. Consequently, the same are not comparable with the figures of the previous year.
- (f) As directed by the High Court, the Group 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.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH 2011
5	LONG-TERM BORROWINGS:		
	SECURED:		
A.	Term Loans from Banks (Refer Note 5.1)	33,363.82	37,004.94
B.	Term Loans under Structured Mezzanine Credit Facility from Banks (Refer Note 5.2)	5,372.00	-
C.	Term Loan from a Financial Institution (Refer Note 5.3)	2,562.50	3,437.50
D.	Term Loans From Others (Refer Note 5.3)	7,380.76	4,415.31
	Total	48,679.08	44,857.75

- 5.1** Term loans 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, first ranking pari-passu mortgage on Group's immovable property being Hotel "VITS" at Andheri (East), hypothecation on movable fixed assets of Group's hotels at Fort Jadhav Gadh, Pune and VITS, Nashik, Credit Card receivables, equitable mortgage of hotel property at Lotus Resorts, Goa, equitable mortgage of immovable property and proposed additions thereon, situated at Bhubaneswar, Orissa, owned by Kamat Hotels (India) Limited, mortgage / hypothecation of Land and Building / Other Movable assets of the Lotus Resorts, Silvassa owned by promoter company group, personal and corporate guarantees of certain promoter directors and entities, first charge on all moveable and Immoveable fixed assets of Orchid Hotels Pune Private Limited both present and future exclusive charge by way of hypotication of the stocks, current assets including book debts, bills receivable both present and future second charge on all immovable fixed assets and certain other collateral securities.
- 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 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 ranking pari-passu mortgage on Group's immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables personal and corporate guarantees of certain promoter directors and entities and certain other collateral securities.
- 5.4** Maturity Profile of Term Loans from Banks and others and rate of interest are as set out below:

		Rate of Interest (p.a)	Maturity Profile (₹ in Lakhs)			
			1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
A.	Term Loans from Banks	12% to 16%	8,238.33	7,046.03	6,733.20	11,346.26
B.	Term Loans under Structured Mezzanine Credit Facility from Banks	14.25%	223.83	895.33	1,119.17	3,133.67
C.	Term Loan from a Financial Institution	13.5% to 14%	562.50	1,000.00	1,000.00	-
D.	Term Loans From Others	14.25% to 16%	1,423.05	1,349.17	1,686.46	2,922.08

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH 2011
6	DEFERRED TAX LIABILITY:		
	Deferred tax Liability		
	Related to Fixed Assets	4,550.73	3,692.77
	Total	4,550.73	3,692.77
	Deferred tax Assets		
	Expenses allowable for tax purpose on payment basis	182.24	94.92
	Unabsorbed Depreciation /Business Loss	2,390.60	996.11
	Long Term Capital Loss	23.89	9.04
	Provision for Doubtful Debts	57.66	63.76
	Merger Expenses	3.88	-
	Total	2,658.27	1,163.83
	Deferred Tax Liability (net)	1,892.46	2,528.94
	Add: Deferred Tax Asset transferred on amalgamation	2.50	-
	Deferred Tax Liability (net) after adjustments	1,894.96	2,528.94
	Incremental liability for the year	(636.48)	108.94

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
7	OTHER LONG-TERM LIABILITIES:		
	Deferred Sales Tax Liability (Refer Note 7.1)	116.67	125.00
	Security Deposits - Others	112.89	74.34
	Security Deposits from Joint Venture Company (Refer Note 1.3.1 and 7.2)	469.56	469.56
	Unsecured Loans (Long-Term) from Others	8.84	-
	Time Share Membership- Refundable	1,736.24	1,768.22
	Income received in Advance (Time Share)	932.79	1,005.57
	Total	3,376.99	3,442.69
7.1	The Group has deferred its Sales tax liability in term 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 ₹ 700.00 Lakhs (Prev. 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.		
8	LONG-TERM PROVISIONS:		
	Provision for Employee Benefits- Gratuity (Refer Note 26.1.2)	4.45	4.04
	Provision for Employee Benefits- Earned Leave (Refer Note 26.1.3)	130.08	132.29
	Total	134.53	136.33
9	SHORT-TERM BORROWINGS		
	SECURED:		
	Working Capital Loans from Banks (Refer Note 9.1)	2,221.77	1,187.71
	UNSECURED:		
	5.5% Foreign Currency Convertible Bonds (Refer Note.9.2)	-	5,523.65
	From a Related Party:		
	Inter Corporate Deposit from erstwhile Kamat Holiday Resorts Private Limited [(Refer Note 4 (i) (c)]	-	380.00
	Loans and Advances from related parties	43.79	22.22
	Other Loans and Advances	60.30	-
	Total	2,325.86	7,113.58
9.1	Working Capital loan from Banks are secured by hypothecation of stocks and book debts of the Group and first ranking pari-passu mortgage of immovable property being Hotel "VITS" at Andheri (East), hypothecation of all movable assets thereat, Credit Card receivables and personal and corporate guarantees of certain promoter directors and entities.		
9.2	The Group has issued 5.50% Foreign Currency Convertible Bonds (FCCBs) during 2006-07 aggregating USD 18.00 million (₹ 7,956 Lakhs), with an option to the investors to convert the FCCBs into the equity shares at any time from the Issue Date and ten business days prior to 14th March, 2012. The Bonds were listed on the Singapore Exchange Securities Trading Limited, Singapore. In terms of the supplemental Trust Deed on 13th August, 2010, the conversion price was reset at ₹135/- per share for mandatory conversion of FCCBs within specified time frame into equity shares. Accordingly 5,629 bonds (FCCB) were converted into 18,43,810 equity shares of ₹ 10/- each at a premium of ₹ 125/- per share in the previous year. The Balance 12,371 bonds have been converted into 40,52,189 equity shares of ₹ 10/- each at a premium of ₹ 125/- per share in the current year. All these shares have been listed on BSE and NSE.		

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
10	TRADE PAYABLES:		
	Micro, Small and Medium Enterprises (Refer Note 10.1)	14.02	12.19
	Others	1,364.15	789.90
	Payable to related parties	57.79	47.16
	Total	1,435.96	849.25
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	14.02	12.19
	- Interest	0.99	4.41
	Interest paid in terms of Section 16 of the Act	Nil	Nil
	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	0.88	0.56
	Amount of interest accrued and remaining unpaid at the year end.	0.99	4.41
	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.	0.12	0.12
11	OTHER CURRENT LIABILITIES:		
	Current Maturities of Long-Term Debts:		
	From Banks (Refer Note 5.1)	7,367.79	4,573.40
	From Financial Institution (Refer Note 5.3)	875.00	625.00
	From Others (Refer Note 5.3)	875.77	1,000.00
		9,118.56	6,198.40
	Creditors for Capital Expenditure	767.80	1,288.73
	Advance from Customers	248.30	253.47
	Income Received in Advance (Time Share)	113.95	124.93
	Income Received in Advance (Others)	246.92	224.85
		360.87	349.78
	Bank Balance Overdrawn	74.29	67.99
	Security Deposits (Liabilities)	35.63	50.38
	Unpaid / Unclaimed Dividends (Refer Note 11.1)	14.45	15.96
	Interest Accrued And Due	1,069.86	248.02
	Interest Accrued But Not Due	185.38	748.27
		1,255.24	996.29
	Other Payables (Refer Note 11.2)	769.63	894.48
	Total	12,644.77	10,115.48

11.1 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as on 31st March 2012.

11.2 Includes Retention Money Payable, Lease Premium Payable, Employees dues, statutory dues.

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
12	SHORT-TERM PROVISIONS:		
	Provision for Employee Benefits- Gratuity (Refer Note 26.1.2)	31.60	78.74
	Employee Benefits- Earned Leave (Refer Note 26.1.3)	69.25	2.64
	Provision for Loyalty Program (Refer Note. 12.1)	-	25.68
	Provision for Wealth Tax	2.15	7.40
	Total	103.00	114.46

12.1 The Group has loyalty programmes, which enable its customers to accumulate points based on their spends at the Group's hotels. Such points can be encashed at the Group's hotels or by purchase of merchandise. The above ₹ Nil (Prev. Year ₹ 25.68 Lakhs) is the estimated liability against the loyalty schemes.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

13. FIXED ASSETS :

₹ In Lakh

Description	GROSS BLOCK-COST / BOOK VALUE					DEPRECIATION / AMORTISATION					NET BLOCK		
	As at 1st April, 2011	Transfer on Amalgamation (Refer Note 4)	Additions / adjustments during the year	Borrowing Cost Capitalised	Foreign Exchange Diff. (AS-16)	Deductions / adjustments during the year	As at 31st March, 2012	As at 1st April, 2011	On Amalgamation (Refer Note 4)	For the year	Deductions / adjustments during the year	As at 31st March, 2012	As at 31st March, 2011
i) TANGIBLE:													
Land:													
a) Freehold	3,532.59	-	-	-	-	262.92	3,269.67	-	-	-	-	3,269.67	3,532.59
b) Leasehold	-	31.28	-	-	-	-	31.28	-	-	-	-	31.28	-
Sub-Total	3,532.59	31.28	-	-	-	262.92	3,300.95	-	-	-	-	3,300.95	3,532.59
Buildings:													
a) Freehold (Note 13.1)	10,038.61	-	15.46	-	-	346.43	9,707.64	1,981.64	-	211.50	19.40	2,173.74	8,066.97
b) Leasehold	8,375.48	-	18,957.21	4,350.06	-	-	31,682.75	193.05	-	231.27	-	424.32	8,182
c) Improvements to Buildings under Long Term Contracts	18,219.26	588.96	6,681.21	2,593.91	12.86	416.62	27,649.58	2,741.23	82.70	707.58	148.64	3,382.87	15,478.03
Sub-Total	36,633.35	588.96	25,653.88	6,943.97	12.86	763.05	69,039.97	4,915.92	82.70	1,150.35	168.04	5,980.93	31,717.43
Plant and Equipment	8,304.84	86.51	1,181.36	-	-	40.37	9,531.34	2,507.53	11.42	450.57	19.61	2,949.91	5,797.31
Furniture and Fixtures	1,976.27	62.30	370.85	-	-	3.01	2,406.41	1,488.30	24.61	136.08	2.36	1,646.63	487.97
Vehicles	336.83	13.99	0.56	-	-	0.03	351.35	134.04	0.95	30.85	0.03	165.81	202.79
Office Equipment	444.31	1.50	15.22	-	-	18.95	442.08	128.33	4.25	38.45	17.91	288.96	315.98
Sub-Total	11,062.25	163.30	1,567.99	-	-	62.36	12,731.18	4,258.20	41.23	655.95	39.91	4,915.47	6,804.05
Total	51,228.19	753.54	27,221.87	6,943.97	12.86	1,083.33	85,072.10	9,174.12	123.93	1,806.30	207.95	10,896.40	42,054.07
ii) INTANGIBLE:													
Computer Software	185.08	1.30	9.40	-	-	1.17	194.61	96.53	0.44	18.48	0.70	114.75	88.55
Total	185.08	1.30	9.40	-	-	1.17	194.61	96.53	0.44	18.48	0.70	114.75	88.55
Grand Total	51,413.27	754.84	27,231.27	6,943.97	12.86	1,089.50	85,266.71	9,270.65	124.37	1,824.78	208.65	11,011.15	42,142.62
Previous Year Total	45,706.84	-	6,101.81	0.55	-	395.94	51,413.26	7,782.69	-	1,505.92	17.96	9,270.65	37,924.15
CAPITAL WORK-IN-PROGRESS													
Capital Work-In-Progress (Note 13.2)	28,665.54	-	4,565.58	-	-	32.513.60	737.52	-	-	-	-	-	28,665.54
Previous Year Total	30,375.65	-	2,193.60	-	-	3,903.71	28,665.54	-	-	-	-	-	28,665.54

NOTES:

13.1 Buildings include (i) cost of residential flats of ₹ 43.71 Lakhs (Prev. Year ₹ 54.34 Lakhs), (ii) cost of shares of ₹ 0.02 Lakhs (Prev. Year ₹ 0.02 Lakhs) in Co-operative Housing Society and (iii) Owners Condominium representing ownership right, and cost of residential flats of ₹ 63.31 Lakhs (Prev. Year ₹ 398.96 Lakhs) as part of proposed hotel project at Nagpur.

13.2 Capital work-in-progress includes Staff Cost ₹ 65.48 Lakhs (Prev. Year ₹ 207.88 Lakhs); Travelling Expenses Directors ₹ 4.74 Lakhs (Prev. Year ₹ 4.77 Lakhs); Travelling Expenses Others ₹ 7.34 Lakhs (Prev. Year ₹ 7.29 Lakhs); Interest on Fixed Loans ₹ 238.29 Lakhs (Prev. Year ₹ 227.03 Lakhs); General Expenses ₹ 57.26 Lakhs (Prev. Year ₹ 1,726.11 Lakhs); Licences, Rent, Rates & Taxes ₹ 40.53 Lakhs (Prev. Year ₹ 41.35 Lakhs); Legal & Professional Charges ₹ 34.90 Lakhs (Prev. Year ₹ 96.12 Lakhs); Postage & Telephone Charges ₹ 0.68 Lakhs (Prev. Year ₹ 1.10 Lakhs); Printing & Stationery ₹ 0.90 Lakhs (Prev. Year ₹ 1.14 Lakhs); Finance Charges ₹ 8.15 Lakhs (Prev. Year ₹ 163.50 Lakhs); Advertisement Charges ₹ 0.46 Lakhs (Prev. Year ₹ 8.05 Lakhs); Consultancy Charges ₹ 54.38 Lakhs (Prev. Year ₹ 140.98 Lakhs); Building Under Construction ₹ 244.81 Lakhs (Prev. Year ₹ 4,306.24 Lakhs); Furniture & Fixture ₹ 5.37 Lakhs (Prev. Year ₹ 71.66 Lakhs); Plant & Machinery ₹ 6.93 Lakhs (Prev. Year ₹ 479.56 Lakhs); FCCB Expenses ₹ 37.90 Lakhs (Prev. Year ₹ 72.68 Lakhs);

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

14 NON-CURRENT INVESTMENTS:

Number	Face value per unit		₹ In Lakhs	
			AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
A. Non Trade Investments:				
Fully paid up equity shares (Quoted)				
50 (Nil)	₹ 10	-Royal Orchid Hotels Limited	0.03	-
Fully paid up equity shares (unquoted)				
500 (Nil)	₹ 10	-The Saraswat Co-Operative Bank (On amalgamation Refer Note 4)	0.05	-
10,000 (Nil)	₹ 50	-The Satara Sahakari Bank Limited (On amalgamation Refer Note 4)	5.00	-
Tax Saving Bonds (Unquoted)				
200 (200)	₹ 5,000	ICICI Tax Saving Bonds (Maturing on 16.11.2017)	10.00	10.00
Investments in Government Securities				
		6 Year NSC (Maturing on 18.08.2016)	0.05	-
Total Non-Current Investments			15.13	10.00
Aggregate amount quoted Investments				
		-Cost	0.03	-
		-Market Value	0.02	-
Aggregate amount of unquoted Investments				
		-Cost	15.10	10.00

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 ₹ 203.65 Lakhs (Previous Year ₹ 203.65 Lakhs) considered doubtful	475.53	701.25
Less: Provision for doubtful advances	183.65	183.65
	291.88	517.60
Inter Corporate Deposit- Considered Doubtful	20.00	20.00
Less: Provision for Doubtful Deposits	20.00	20.00
	-	-
Loans and Advances to Related parties:		
Orchid Hotel Pune Private Limited	-	1.20
Advance for purchase of Shares of subsidiary	300.00	300.00
Payment of Taxes (Net of Provisions) (Refer Note 15.1)	475.75	243.22
MAT Credit Entitlement	403.00	389.00
Prepaid Expenses	2.83	29.51
Total	1,473.46	1,480.53

15.1 Payment of Taxes is net of provision for tax of ₹ 342.35 Lakhs (Previous Year ₹ 292.60 Lakhs)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
16	OTHER NON-CURRENT ASSETS: (Unsecured, good)		
	Security Deposits	138.13	269.03
	Long Term Deposits for Hotel and Other Properties (Refer Note 1.3.1 and 16.1)	8,548.87	8,537.12
	Other Unamortized Expenses	0.67	-
	Total	8,687.67	8,806.15
16.1	The above deposits include ₹ 80.00 Crores (Prev. Year ₹ 80.00 Crores) paid to Plaza Hotels Private Limited (a Company wherein some directors of the Group are directors).		
17	CURRENT INVESTMENTS		
	Investments in Mutual Funds- Unquoted		
	BI PSU FUND 50,000 (Prev. Year 50,000) Units of ₹ 10/- each fully paid up (NAV - ₹ 4.22 Lakhs (Prev. Year ₹ 4.92 Lakhs))	5.00	5.00
	Total	5.00	5.00
18	INVENTORIES: (At Lower of weighted average cost and net realisable value)		
	Raw Materials and Others		
	- Food and Beverages	122.21	106.37
	- Stores and Operating Supplies	382.15	332.21
	Total	504.36	438.58
19	TRADE RECEIVABLES: (Unsecured, good, unless otherwise stated)		
	Unsecured:		
	- Over Six Months (₹ 184.14 Lakhs (Prev. year ₹ 206.33 Lakhs) considered doubtful)	456.11	397.90
	- Other Debts (₹ 2.80 Lakhs (Prev. year ₹ Nil) considered doubtful)	1,142.44	1,025.44
		1,598.55	1,423.34
	Less: Provision for Doubtful Debts	186.93	206.33
	Total	1,411.62	1,217.01
19.1	Provision for doubtful debts:- Opening Balance ₹ 206.33 Lakhs; Addition ₹ Nil ; Deduction ₹ 19.40 Lakhs; Closing Balance ₹ 186.93 Lakhs.		
20	CASH AND BANK BALANCES:		
	Cash and Cash Equivalents:		
	- Balance with Banks in current account	489.51	640.69
	-Cash on hand	32.48	30.69
	- Cheques on hand	47.43	8.06
	- Foreign Exchange in hand	0.50	0.43
	- Fixed Deposits with Banks - with Less than 3 months maturity	-	201.33
	Sub-total	569.92	881.20
	Other Bank Balances:		
	- Margin Money in Fixed Deposits with Banks	867.23	146.23
	- Dividend Bank Accounts	14.52	16.04
	- Margin Money in Fixed Deposit with Banks with maturity of more than 12 months	-	213.76
	Sub-total	881.75	376.03
	Total	1,451.67	1,257.23

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
21	SHORT TERM LOANS AND ADVANCES: (Unsecured, good)		
	- Loans and Advances to Related Parties	0.07	-
	- Loans and Advances to Employees	2.13	5.35
	- Deposits included Balances with Government and other agencies	24.91	49.55
	- Others (Refer Note 21.1)	199.60	486.28
	- Payment of Taxes (Net) (Refer Note 21.2)	938.40	873.70
	- Prepaid Expenses	156.93	147.21
	Total	1,322.04	1,562.09
21.1	Include advances to suppliers and advances for expenses.		
21.2	Payment of taxes is net of provision for tax of ₹ 807.09 Lakhs (Prev. Year ₹ 810.89 Lakhs)		
22	OTHER CURRENT ASSETS: (Unsecured, good)		
	- Interest Receivable on Bank Deposits and Investments	66.80	42.74
	- Other Unamortized Expenses	0.27	-
	Total	67.07	42.74
		₹ In Lakhs	
		For the year ended	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
23	REVENUE FROM HOTEL OPERATIONS:		
	Revenue from Operations:		
	Rooms	8,553.90	7,123.36
	Food and Beverages	5,651.01	4,418.27
	Income from Time Share Business (Refer Note 23.1)	287.08	255.61
	Management and Consultancy Fees	284.94	232.14
	Sub total	14,776.93	12,029.38
	Other Operating Revenue:		
	Swimming Pool and Health Club	40.41	30.36
	Conference and Banqueting Services	297.85	163.15
	Internet and Telephone	48.44	81.63
	Licence fees - Shops and Offices	76.62	64.59
	Car Rental and Transportation	78.30	64.19
	Membership- Sales Promotion Schemes	280.41	154.19
	Laundry Services	61.07	54.33
	Miscellaneous Services	125.37	129.24
	Sub total	1,008.47	741.68
	Less: Excise Duty	3.86	3.98
	Total	15,781.54	12,767.08

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

	₹ In Lakhs	
	For the year ended	
	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
Interest Earned:		
Interest on Long Term Investments- Banks	50.65	30.58
Interest from Others	71.27	10.88
	<u>121.92</u>	<u>41.46</u>
Gain on Foreign Exchange	14.12	15.96
Dividend received from Long Term Investments	0.41	-
Liabilities and Provisions Written Back (Refer Note 24.1)	249.19	51.46
Licence Fees-Other Properties	54.61	34.94
Other Non Operating Income	3.45	27.01
Total	<u>443.70</u>	<u>170.83</u>

- 24.1** Liabilities and Provision Written Back includes ₹ 51.71 Lakhs (Previous Year ₹ Nil) towards excess provision for gratuity written back.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

25 COST OF FOOD AND BEVERAGE CONSUMED:

Opening Stock	106.37	95.46
Add: Purchases	1,790.69	1,235.74
	1,897.06	1,331.20
Less: Closing Stock	112.88	106.37
	<u>1,784.18</u>	<u>1,224.83</u>
Total	<u>1,784.18</u>	<u>1,224.83</u>

- 25.1** Particulars of imported and indigenous food and beverages consumed:

Value - Imported	0.90	8.32
- Indigenous	1,783.28	1,216.51
	<u>1,784.18</u>	<u>1,224.83</u>
Percentage - Imported	0.05%	0.68%
- Indigenous	99.95%	99.32%
	<u>100.00%</u>	<u>100.00%</u>

26 EMPLOYEE BENEFITS EXPENSE:

Salaries, Wages, Bonus, etc.	3,366.38	2,489.39
Contribution to Provident and other Funds	173.11	123.50
Provision for Gratuity (Refer Note 26.1.2)	35.09	95.47
Provision for Leave Encashment (Refer Note 26.1.3)	54.01	4.42
Staff Welfare Expenses	338.49	301.06
Total	<u>3,967.08</u>	<u>3,013.84</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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:

	₹ In Lakhs	
	For the year ended	
	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
26.1.1 Defined Contribution Plan:		
Contribution to Defined Contribution Plan, recognised and charged off for the year are as under:		
Contribution to Provident Fund	146.36	111.64

26.1.2 Defined Benefit Plan:

(a) Kamat Hotels (India) Limited:

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

(b) Orchid Hotels Pune Private Limited / Ilex Developers & Resorts Limited:

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

Gratuity (Funded)

a) Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at the beginning of the year	174.97	105.25
Current Service Cost	40.25	35.07
Interest Cost	14.00	3.02
Actuarial (Gain) / Loss	(8.02)	37.43
Benefit Paid	(17.21)	(5.80)
Defined Benefit obligation at year end	203.99	174.97
b) Reconciliation of opening and closing balance of fair value of plan assets		
Fair value of plan assets at the beginning of the year	137.31	90.94
Expected return on plan assets	10.98	9.59
Employers Contribution	38.97	49.63
Benefit Paid	(17.21)	(5.80)
Actuarial Gain / (Loss)	2.43	7.05
Fair value of plan assets at year end	172.49	137.31
Actual return on plan assets	10.99	9.59
c) Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31st March, 2012	172.49	137.31
Present value of obligation as at 31st March ,2012	203.99	174.97
Amount recognised in Balance Sheet	31.51	80.52
d) Net Gratuity and other cost for the year		
Current Service Cost	40.25	35.07
Interest Cost	14.00	3.02
Expected return on plan assets	(10.98)	(9.59)
Actuarial (Gain) / Loss	(10.46)	37.43
Net Cost	32.81	85.93
e) Investment Details	% invested	% invested
L.I.C. Group Gratuity (Cash Accumulation) Policy	100	100

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		For the year ended	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
f) Actuarial assumptions			
	Mortality Table (L.I.C)	1994-96 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	8.50%	8.00%
	Expected rate of return on plan asset (per annum)	8.60%	9.15%
	Rate of escalation in salary (per annum)	6.50%	5.00%
	Employers Best estimate of expected contribution for next year	67.76	80.52
	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.		
g) (i)	The figures of previous year shown above have been re-grouped / re-cast on the basis of revised valuation of gratuity liability issued by the Actuary.		
(ii)	Amount of Gratuity liability of ₹ 80.52 Lakhs recognised in the Balance Sheet at at 31st March, 2011 is adjusted in the current year by ₹ 42.85 Lakhs for excess provision which has been written back in the current year and included in other income (Refer Note 24.1).		
	Gratuity (Non Funded)		
a)	Change in Present Value of Obligation		
	Current Service Cost	2.37	0.71
	Interest Cost	0.18	0.13
	Actuarial (Gain) / Loss on Obligation	(0.27)	(0.17)
	Benefit Paid		
	Present value of the obligation at the end of the year	4.54	2.26
b)	Amounts Recognised in the Balance Sheet:		
	Present value of Obligation at the end of the year	4.54	2.26
	Fair value of Plan Assets at the end of the year	-	-
	Net Obligation at the end of the year	4.54	2.26
c)	Amounts Recognised in the Statement of Profit and Loss:		
	Current Service Cost	2.37	1.77
	Interest cost on Obligation	0.18	0.13
	Expected return on Plan Assets		
	Net Actuarial (Gain) / Loss recognised in the year	(0.27)	(1.22)
	Net Cost	2.28	0.68
d)	Actuarial assumptions		
	Discount rate	8.50%	8.00%
	Expected Rate of Return on Plan Assets	--	--
	Salary Escalation Rate	6.50%	5.00%
	Mortality Table (LIC)	(1994-96) Ultimate	(1994-96) Ultimate

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		For the year ended	
		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
26.1.3	Leave encashment (Non Funded)		
a)	Reconciliation of opening and closing balances of Defined Benefit obligation		
	Defined Benefit obligation at beginning of the year	134.92	130.50
	Opening Balance transferred from merger companies	10.40	-
	Actuarial (Gain) / Loss	54.01	4.42
	Defined Benefit obligation at year end	199.33	134.92
b)	Reconciliation of fair value of assets and obligations		
	Present value of obligation end of the year	199.33	134.92
	Amount Recognised in Balance Sheet	199.33	134.92
c)	Expenses recognised during the year		
	Actuarial (Gain) / Loss	54.01	4.42
	Net Cost	54.01	4.42
26.2	Managerial Remuneration :		
	Remuneration to Managing and Whole Time Directors (₹ 90.00 Lakhs to Managing Director) (Prev. Year ₹ 78.00 Lakhs) (Refer Note 26.3)	148.00	123.00
	Contribution to Provident Fund	14.63	12.00
	Perquisites	0.53	0.32
	Sub-total	163.16	135.32
		10.00	9.55
	Total	173.16	144.87
26.3	Payment of remuneration to Dr. Vithal V. Kamat, Executive Chairman and Managing Director, was approved by the shareholders of the Company in the Annual General Meeting held on 25th September, 2010. However, in view of inadequacy of the profits for the year ended 31st March, 2012, there is an excess remuneration of ₹ 43.13 Lakhs paid to Dr. Vithal V. Kamat, Executive Chairman and Managing Director and in terms of the decision of the Remuneration Committee in its meeting held on 26th May, 2012, 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.		
27	OTHER EXPENSES:		
	OPERATING EXPENSES:		
	Heat, Light and Power	1,556.90	1,100.29
	Rent	307.99	187.87
	Licence, Rates and Taxes	347.81	314.71
	Repairs to Buildings	134.19	91.34
	Repairs to Plant and Machinery	223.27	188.84
	Repairs to Others	113.06	139.41
	Expenses on Apartment and Board	765.99	671.69
	Replacements of Crockery, Cutlery and Linen	113.20	82.11
	Washing and Laundry Expenses	216.87	185.98
	Water Charges	128.64	89.28
	Sub-Total	3,907.92	3,051.52

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

		₹ In Lakhs	
		For the year ended	
OTHER EXPENSES (Contd...)		AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
GENERAL EXPENSES:			
Advertisement, Publicity and Sales Promotion		344.84	362.89
Travel Agents' Commission		160.13	145.98
Discount to Collecting Agents		96.54	96.63
Management/Licence Fees and Royalty		108.76	72.21
Loyalty Programme Expenses		41.19	5.08
Band and Music Expenses		157.96	127.25
	Sub-Total	909.42	810.04
ADMINISTRATIVE AND OTHER EXPENSES:			
Communication Expenses		129.87	105.36
Printing and Stationery		102.78	83.63
Legal and Professional charges		342.18	247.52
Directors' Sitting Fees		10.00	9.55
Travelling and Conveyance		158.57	147.18
Insurance		46.65	42.39
Bad Debts / Provision for Doubtful Advances		0.58	61.29
Auditors' Remuneration (Refer Note 27.1)		14.73	12.98
Sales Tax/Vat /Luxury Tax etc. including assessment dues		100.38	25.51
Loss on Sale/Discard of Fixed Assets (Net)		40.61	21.62
Miscellaneous Expenses [Refer Note 31(ii)]		153.19	99.45
	Sub-Total	1,099.54	856.48
	Total	5,916.88	4,718.04
27.1 Auditors' Remuneration:			
- As Audit Fees		9.78	8.02
- Taxation Services		1.95	2.60
- Other Services		1.39	1.14
- Out of Pocket Expenses		0.20	0.20
- Service Tax		1.41	1.02
	Total	14.73	12.98
28 FINANCE COSTS:			
Interest Expense		5,976.52	3,592.87
Other Borrowing Cost		223.91	132.23
Loss on Foreign Currency Transactions and Translations		-	38.86
	Total	6,200.43	3,763.96

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

29 Contingent Liabilities and Commitments:

I Contingent liabilities:

	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
		₹ In Lakhs
A. Claims Against Group / Disputed liabilities not acknowledged as debts.		
i) Disputed Income Tax Demand The above includes a disputed demand of ₹ 728.40 Lakhs (Previous Year ₹ 728.40 Lakhs) raised on completion of assessment for assessment year 2008-09 during earlier year, which has been disputed by the Group in appeal, which is pending. Pending disposal of this appeal, the appeals of erstwhile The Himco (India) Limited, which got merged with the Group in earlier years have been decided in favour of the Group entitling it to the benefit of brought forward loss and unabsorbed depreciation, which is available for set off against the income assessed for the assessment year 2008-09. On giving effect to these appeals and setting off the losses, etc., the disputed demand will be substantially reduced to ₹ 198.26 Lakhs. The matter is being followed up by the Group.	737.50	731.29
ii) Open Import License	1,022.84	1,082.21
B. Guarantees:		
i) Corporate guarantee given to a bank given in respect of credit facilities availed by Subsidiary Company.	16,434.00	16,434.00
ii) Counter Guarantees issued by the Group to secure Bank Guarantees.	1,402.74	1,333.65
C. Other Money for Which the Group is contingently liable:		
i) Obligation towards payments to project creditors of subsidiary company.	396.11	2,560.81
ii) Monetary value of unredeemed points in respect of Guest Loyalty program for Sales Promotion.	26.70	102.73
iii) Consent fee payable to Government of Orissa for transfer of lease rights in favour of Kamat Hotels (India) Limited.	88.88	Nil
II Commitments:		
A. Estimated amount of capital commitments to be executed on capital accounts and not provided for (net of advances).	616.99	3,397.88
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.	3,106.19	Nil
ii) Commitment to the V Privilege Scheme members for providing Hospitality services during the year 2012-13 as per membership sale value.	41.34	3.36
iii) 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 use 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 modelities are being worked out.		

30 Exceptional Items:

- i) Current Year : Loss of ₹192.77 Lakhs (Previous Year ₹ Nil) due to write off of fixed assets on closure of certain unviable hotels during the year, loss of ₹17.66 Lakhs (Previous Year ₹ Nil) on compulsory acquisition of a portion of the Company's land at Nagpur by the Government and after adjusting profit of ₹ 83.99 Lakhs (Previous Year of ₹ Nil/-) on disposal of certain non productive land and buildings.
- ii) Previous Year : Input Service Tax Credit of ₹ Nil (Previous Year ₹ 55.07 Lakhs) available to the Group in respect of cost of certain input services availed and charged to Statement of Profit and Loss in earlier years, which has been recognized based on an experts' advice.

31 Prior Periods Items:

- i) Liabilities and Provisions of ₹ 249.19 Lakhs (Previous Year ₹ 51.47 Lakhs) under Other Income (Note 24) includes excess gratuity provision of ₹ 51.71 Lakhs (Previous Year ₹ Nil) written back which was made in earlier years.
- ii) Miscellaneous expenses of ₹ 153.19 Lakhs (Previous Year ₹ 99.45 Lakhs) under Other Expenses (Note 27) include expenses of ₹ 10.94 Lakhs (Previous Year ₹ 19.70 Lakhs) relating to earlier years.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

32 Earnings Per Share:

Basic and Diluted

₹ In Lakhs

Particulars	AS AT 31ST MARCH, 2012	AS AT 31ST MARCH, 2011
Net Profit / (Loss) after tax as per statement of Profit and Loss	(2,958.07)	(1,342.55)
Less: Pre Acquisition Reserves	0.71	14.95
Less: Deferred Tax Initial Adoption	-	218.57
Less: Minority Interest	192.52	107.31
	(2,764.84)	(1,001.72)
No. of Shares issued	1,90,93,394	1,50,41,205
Nominal Value of Share (₹)	10.00	10.00
Weighted average no. of Shares – Basic	1,61,23,165	1,43,03,681
Weighted average no. of Shares – Diluted	2,19,54,429	1,90,93,395
Basic E.P.S. (₹)	(17.15)	(7.00)
Diluted E.P.S. (₹) (See Note below)	(17.15)	(7.00)

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

33 Segment Reporting:

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

34 Related Party Disclosures:

Related Party where control exists:

(a) Companies in which some directors of the Group are directors/members:

- Plaza Hotels Private Limited
- Kamats Holiday Resorts (Silvassa) Limited
- Vishal Amusements Limited
- Kamats Restaurants Private Limited (merged with the Group w.e.f. 1st April, 2011) (Refer Note 4)
- Kamat Holiday Resorts Private Limited (merged with the Group w.e.f. 1st April, 2011) (Refer Note 4)
- 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

(b) Key Management Personnel :

- Dr. Vithal V. Kamat - Executive Chairman & Managing Director
- Mr. Ramesh N. Shanbhag - Whole Time Director
- Mr. Vikram V. Kamat - Executive Director and also Relative
- Mrs. Vidya V. Kamat - Relative

(c) Other Related parties with whom transactions have 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, 2012:

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

Sr. No.	Nature of transactions	Joint Venture & specified companies	Key Management Personnel & relatives *	Other related parties
1	Gross Sale of services including Management & Consultancy Fees	10.59 15.80	Nil (Nil)	5.31 8.55
2	Technical Consultancy Service Fees earned	66.59 (135.38)	Nil (Nil)	Nil (Nil)
3	Purchase of Goods & Services	Nil (Nil)	18.79 (5.25)	Nil (Nil)
4	Consultancy Fees/Fees paid towards hotel property under Business Contract Agreement	48.98 (45.49)	Nil (Nil)	Nil (Nil)
5	Interest paid	Nil (0.12)	Nil (Nil)	Nil (Nil)
6	Inter Corporate Deposit taken	Nil (380.00)	Nil (Nil)	Nil (Nil)
7	Long Term Trade Deposit Taken	Nil (350.00)	Nil (Nil)	Nil (Nil)
8	Advances given on Capital/Current Accounts	Nil (38.42)	Nil (Nil)	Nil (Nil)
9	Investments in Shares/Share application money	Nil (Nil)	Nil (Nil)	Nil (Nil)
10	Short term loans taken*	(34.69) (Nil)	0.66 (Nil)	45.58 (Nil)
	* Transferred on Amalgamation			
11	Balance outstanding at the year end:			
(a)	Accounts receivable	25.67 (25.77)	Nil (Nil)	Nil (Nil)
(b)	Deposit paid includes Under Business Contract Agreement	8,000.00 (8,000.00)	Nil (Nil)	25.00 (25.00)
(c)	Long Term Trade Deposit received towards Business Contract Agreement.	469.56 (469.56)	Nil (Nil)	Nil (Nil)
(d)	Amounts Payable	25.06 (29.71)	20.34 (1.92)	43.24 (22.22)
12	Mortgage Created by Associate Company on its immovable property in favour of The Satara Sahakari Bank Ltd to secure the borrowings of the Company.	96.05 (Nil)	Nil (Nil)	Nil (Nil)
13	Corporate Guarantee issued by the Group in favour of banks on behalf of Joint Venture Company.	1,000.00 (1,000.00)	Nil (Nil)	Nil (Nil)
14	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).	36,600.86 (34,839.88)	55,841.96 (39,387.88)	Nil (Nil)
15	Group has Mortgaged its Land and proposed additions to the Hotel Building at Bhubaneswar in favour of a Bank on behalf of a Associate Group.	440.75 (440.75)	Nil (Nil)	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 ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(e) Statement of Material Transactions:

₹ In Lakhs

Name of Related Party	Year ended	
	31ST MARCH, 2012	31ST MARCH, 2011
Specified Companies:		
Plaza Hotels Private Limited		
- Fees paid towards hotel property under Business Contract Agreement	73.01	67.81
- Deposit paid includes Under Business Contract Agreement	8,000.00	8,000.00
- Amounts Payable	2.50	43.51
- Corporate Guarantee provided by the above for securing loans taken by the Group	31,440.86	31,262.88
- Share Application money credited for issue of Shares on merger	31.96	Nil
- Undertaking given towards repayment of Loan	1,412.30	Nil
Kamats Holiday Resorts (Silvassa) Limited		
- Corporate Guarantee provided by the above for securing loans taken by the Group	5,160.00	3,577.00
- Mortgage Created on immovable property to secure the borrowings of the Group.	96.05	Nil
Kamat Holiday Resorts Private Limited		
- Inter Corporate Deposit taken	Nil	380.00
Kamburger Foods Private Limited:		
- Share Application money credited for issue of Shares on merger	0.22	Nil
Kamat Eateries Private Limited		
- Share Application money credited for issue of Shares on merger	0.40	Nil
Indira Investments Private Limited		
- Share Application money credited for issue of Shares on merger	3.47	Nil
Vishal Amusements Limited.		
- Share Application money credited for issue of Shares on merger	2.98	Nil
- Amount recoverable	0.07	Nil
Kamats Amusements Private Limited		
- Share Application money credited for issue of Shares on merger	20.51	Nil
Talent Hotels Private Limited		
- Undertaking given towards repayment of Loan	2,231.51	Nil
Karaoke Amusements Private Limited		
- Loan taken- transfer from merger company	1.01	Nil
- Amounts payable	1.01	Nil
Karwar Hotels Private Limited		
- Undertaking given towards repayment of Loan	275.81	Nil
- Loan taken- transferred due to amalgamation	33.68	Nil
- Amounts payable	33.68	Nil
Busybee Developers Private Limited		
- Undertaking given towards repayment of Loan	567.83	Nil
Grasshoppers Developers Private Limited		
- Undertaking given towards repayment of Loan	156.35	Nil
Key Management Personnel and Relatives:		
Dr. Vithal V. Kamat		
- Royalty paid for brand	18.79	4.65
- Amounts Payable	19.68	1.92
- Share Application money credited for issue of Shares on merger	218.66	Nil
- Personal Guarantee provided by him for securing loans taken by the Group	61,259.80	51,789.76
Vishal V. Kamat		
- Personal Guarantee provided by him for securing loan taken by the Group	988.16	2,500.00
- Share Application money credited for issue of Shares on merger	0.03	Nil

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

₹ In Lakhs

Name of Related Party	Year ended	
	31ST MARCH, 2012	31ST MARCH, 2011
Vikram V. Kamat		
- Personal Guarantee provided by him for securing loan taken by the Group	26,559.20	2,500.00
Mrs. Maya Shanbhag		
- Purchase of Goods and Services	Nil	0.60
Other Related Parties:		
Vithal V. Kamat-HUF		
- Gross Sale of services including Management & Consultancy Fees	5.31	8.55
- Interest payable on NCD	Nil	22.22
- Share Application money credited for issue of Shares on merger	1.10	Nil
- Unsecured loan taken during the year- Transfer from Merger company	45.58	Nil
- Deposit paid includes Under Business Contract Agreement	25.00	25.00
- Amount Payable	43.24	22.22

35 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 -	363.60	475.81
Payable later than one year but not later than five years -	1,439.51	1,893.38
Payable after five years -	15,517.55	17,573.42

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 -	72.38	104.82
Receivable later than one year but not later than five years-	37.98	75.50
Receivable after five years -	Nil	Nil

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

Name of the Jointly Controlled Entity : Ilex Developers & Resorts Limited

Percentage of Interest : 32.92%

ASSETS

Fixed Assets (Net Block)	964.14	803.25
Deferred Tax Assets (Net)	30.49	8.75
Long Term Loans and Advances	249.77	236.24
Other Non-Current Assets	0.27	0.49
Current Assets	78.88	191.95

LIABILITIES

Reserves and Surplus	425.97	478.97
Long Term Borrowings	677.70	681.97
Long Term Provisions	2.14	1.30
Current Liabilities	191.09	51.78

Turnover

Profit / (Loss) before Taxation	(74.74)	(27.55)
Deferred Tax Asset	21.74	8.11
Profit / (Loss) after Taxation	(53.00)	(19.44)
Proposed Dividend	Nil	Nil

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

37 STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY.

Particulars	Year ended	
	31ST MARCH, 2012	31ST MARCH, 2011
		₹ In Lakhs
a) Orchid Hotels Pune Private Limited		
ASSETS		
Fixed Assets (Net Block)	38,127.12	33,736.02
Deferred Tax Assets (Net)	977.39	443.23
Long Term Loans and Advances	78.33	323.28
Current Assets	446.97	417.81
LIABILITIES		
Capital	1,176.47	1,176.47
Reserves and Surplus	3,764.79	4,919.69
Long Term Borrowings	29,578.72	25,332.06
Long Term Provisions	17.17	5.39
Current Liabilities	5,092.66	3,486.73
Turnover	1,572.41	629.88
Profit/(loss) before Taxation	(1,689.07)	(739.80)
Deferred Tax Asset	534.17	224.65
Profit/(loss) after Taxation	(1,154.90)	(515.15)
Proposed Dividend	Nil	Nil
b) Kamats Resturants (India) Private Limited		
ASSETS		
Other Non-Current Assets	0.17	Nil
Current Assets	1.01	Nil
LIABILITIES		
Capital	1.00	Nil
Reserves and Surplus	(0.05)	Nil
Other Long Term Liabilities	0.20	Nil
Current Liabilities	0.03	Nil
Turnover	Nil	Nil
Profit/(loss) before Taxation	(0.05)	Nil
Deferred Tax Asset	Nil	Nil
Profit/(loss) after Taxation	(0.05)	Nil
Proposed Dividend	Nil	Nil
c) Fort Mahodadhi Palace Private Limited		
ASSETS		
Fixed Assets (Net Block)	8.33	Nil
Other Non-Current Assets	0.17	Nil
Current Assets	1.02	Nil
LIABILITIES		
Capital	1.00	Nil
Reserves and Surplus	(0.15)	Nil
Other Long Term Liabilities	8.64	Nil
Current Liabilities	0.03	Nil
Turnover	Nil	Nil
Profit/(loss) before Taxation	(0.10)	Nil
Deferred Tax Asset	Nil	Nil
Profit/(loss) after Taxation	(0.10)	Nil
Proposed Dividend	Nil	Nil

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

37 STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY. (Contd.)
₹ In Lakhs

Particulars	Year ended	
	31ST MARCH, 2012	31ST MARCH, 2011
d) Fort Jadhavgadh Hotels Private Limited		
ASSETS		
Other Non-Current Assets	0.06	Nil
Current Assets	1.01	Nil
LIABILITIES		
Capital	1.00	Nil
Reserves and Surplus	(0.05)	Nil
Current Liabilities	0.12	Nil
Turnover	Nil	Nil
Profit/(loss) before Taxation	(0.05)	Nil
Deferred Tax Asset	Nil	Nil
Profit/(loss) after Taxation	(0.05)	Nil
Proposed Dividend	Nil	Nil

For and on behalf of Board of Directors

Dr. Vithal V. Kamat
Executive Chairman & Managing Director

Ramesh N. Shanbhag
Wholetime Director

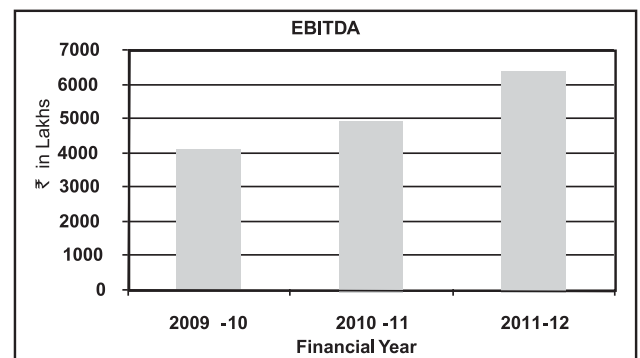
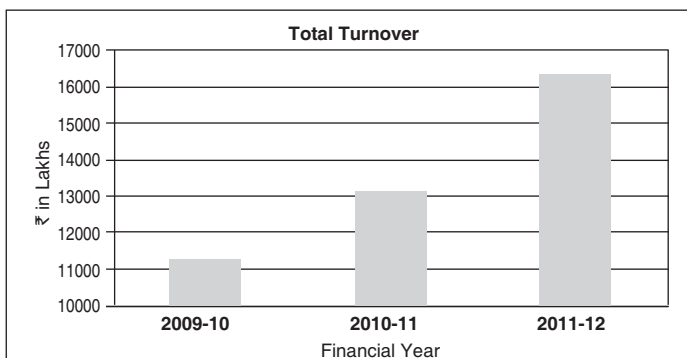
Vikram V. Kamat
Executive Director

Kurian Chandy
Chief Financial Officer

Mahesh Kandoi
Company Secretary

Mumbai : 26th May, 2012

PERFORMANCE BAR CHARTS (STANDALONE)



NOTES



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

ATTENDANCE SLIP

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

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

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

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

I hereby record my presence at the Twenty-Fifth Annual General Meeting of the Company at "Shubham Hall", Landmark Bldg., Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056 on Saturday, the 15th September, 2012 at 3.00 p.m.

NAME OF SHAREHOLDER/PROXY*

SIGNATURE OF SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

** Applicable for investors holding shares in electronic form

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



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

PROXY FORM

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

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

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

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

I / Weof..... being a Member/Members of the above named Company hereby appoint..... ofor failing him/her.....ofor failing him/her.....ofas my / our proxy to attend and vote for me / us on my / our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at "Shubham Hall", Landmark Bldg., Opposite Vile Parle Railway Station, Junction of Besant Road and V. P. Road, Vile Parle (West), Mumbai – 400 056 on Saturday, the 15th September, 2012 at 3.00 p.m. and at any adjournment thereof.

Signed this day of**2012**

Please affix
Re. 1 Revenue
Stamp here

Signature

** Applicable for investors holding shares in electronic form.

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



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NASHIK, MAHARASHTRA



AURANGABAD, MAHARASHTRA



PUNE, MAHARASHTRA



BHUBANESWAR, ORISSA

LOTUS RESORTS
Chill. Chill. Relax.



**MURUD HARNAI,
MAHARASHTRA**



**SILVASSA,
UNION TERRITORY**



**ARONDA,
MAHARASHTRA**



GOA



KONARK, ORISSA



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Fort
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Ladh, Jhagadh, Aage Badh...
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Fort
Mahodadhi
A Gadh Heritage Hotel
PURI, ORISSA