

# ASIAN HOTELS (NORTH) LIMITED

## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to submit their 37<sup>th</sup> Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL RESULTS & THE STATE OF COMPANY'S AFFAIRS

(on stand-alone basis)

(Rupees in Crore)

Particulars	FY 2017-18	FY 2016-17
Revenue from Operations (Net)	274.44	251.19
Other Income	31.11	9.76
Total Income	305.55	260.95
Profit/(Loss) before exceptional items and tax	(2.75)	(27.40)
Exceptional Items	0	0
Profit/(Loss) before Tax	(2.75)	(27.40)
Provision for Tax including Deferred Tax (Net)	0.33	11.79
Net Profit/(Loss)	(2.42)	(15.61)
Earning per share - Basic & Diluted (Rs.)	(1.24)	(8.03)

Total revenue from operations for the financial year 2017-18 was Rs. 274.44 crore as against Rs. 251.19 crore in the prior year, an increase of 9.26% over the prior year.

Combined revenue from Food & Beverage including Wines & Liquor has registered an increase of 19.19% during the year under review, as compared to the prior year. 'House A', an elite social destination offering membership by invitation only, which was launched in March 2017, and 'The Mansion', offering premium banquet facility and a much sought after event venue in the National Capital Region has majorly contributed to this positive development.

Room revenue declined by 3.79% primarily due to lower average room rate, though the occupancy levels were also slightly lower as compared to the previous year.

During the year under review, your Company launched 'The Council', an exclusive members-only club for the captains of the industry to provide them a stimulating environment to conduct their business productively. It offers state of the art facilities for business meetings and exclusive club benefits to its members.

We are pleased to inform that Hotel Hyatt Regency Delhi has been awarded the Platinum rating for sustainability of old construction by the Leeds' Certification.

### Transfer to Reserves/Dividend

In view of the loss suffered by the Company, your Directors are constrained not to recommend any dividend for the year under review.

During the year under review, amount lying to the credit of Revaluation Reserve was transferred to the Retained Earnings as per the requirements of Ind AS.

Further, no amount was transferred to the General Reserve.

### Material changes and commitments affecting the financial position of the Company

Your Directors would like to inform that no material changes and commitments have occurred between the end of the financial year under review and the date of this report that may adversely affect the financial position of the Company.

### Significant and Material Orders passed by the Regulators or Courts or Tribunals

During the year under review or between the end of that financial year and the date of this report, no significant or material orders were passed by the Regulators or Courts or Tribunals which may impact the going concern status and future operations of the Company.

### Consolidated Financial Statements

In accordance with the provisions of Section 129 of the Companies Act, 2013 (the Act), your directors have presented the stand-alone financial statements of the Company and consolidated financial statements, comprising financials of the Company and its subsidiaries, as part of this Annual Report.

In accordance with the provisions of Section 136 of the Act, individual balance sheet, statement of profit & loss, report of Board of Directors and report of Auditors of each of the subsidiaries are open for inspection by the shareholders at the registered office of the Company, copies of which may be furnished, if desired by any shareholder.

### Foreign Exchange Receipts

The Company's earnings in foreign exchange for the year under review amounted to Rs. 132.47 crore as compared to Rs. 147.89 crore during the prior year.

# ASIAN HOTELS (NORTH) LIMITED

## CAPITAL STRUCTURE

There is no change in the Company's capital structure since the last report.

During the year under review, the Company has neither issued equity shares with differential rights as to dividend, voting or otherwise, nor has it issued shares to its employees under any scheme (including sweat equity shares). The Company does not have any outstanding warrants/depository receipts/other convertible securities as on 31<sup>st</sup> March, 2018 or the date of this report.

### Un-claimed Shares

In terms of Para F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the details of Un-claimed Shares are as under:

Particulars	No. of holders whose shares are marked as un-claimed	No. of shares marked as un-claimed
A. Status of un-claimed shares at the beginning of the year i.e. 1 <sup>st</sup> April, 2017	823	65395
B. No. of claims received by the Company during the year under review for release of shares	8	713
C. No. of claims settled and shares released to the rightful claimants during the year under review	17*	1605*
D. Transferred to IEPF pursuant to Section 124(6) of the Companies Act, 2013	675	37657
<b>Balance un-claimed shares as at the end of the year i.e. 31<sup>st</sup> March, 2018 [A-(C+D)]</b>	<b>131</b>	<b>26133</b>

\* These includes 9 claims for 892 shares which were received prior to 1<sup>st</sup> April, 2017, but settled during the year under review. Further, 5 claims for 1705 shares received prior to 1<sup>st</sup> April, 2017, are still pending for want of proper supporting documents from the investors.

The aforesaid un-claimed shares are held in a separate demat account entitled "Asian Hotels (North) Limited – Un-claimed Suspense Account" maintained with Karvy Stock Broking Limited. The voting rights on these shares shall remain frozen till the shares are claimed by and released to the rightful owners.

An aggregate of 77911 equity shares, held by 1318 beneficial owners/shareholders of the Company, in respect of which dividend for all the relevant financial period/years ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2012, 31<sup>st</sup> March, 2013 and 31<sup>st</sup> March, 2014 remained unpaid/unclaimed consecutively for a period of seven years up-to 28<sup>th</sup> October, 2017, were transferred to Investor Education and Protection Fund in accordance with Section 124(6) of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended or re-stated from time to time.

## PROMOTERS

The Company is controlled by the Jatia Group, comprising inter-alia, Mr. Shiv Kumar Jatia, Mr. Amritesh Jatia and in turn the companies controlled by them namely Finline Holdings Ltd., Mauritius, Yans Enterprises (H.K.) Ltd., Mauritius and Asian Holdings Pvt. Ltd. Such persons directly or indirectly own and control various operating companies of the Jatia Group viz. Asian Hotels (North) Limited and Leading Hotels Limited. All the said constituents singularly and collectively, including the operating companies comprise the Jatia Group. Some of the said constituents exercise control over the Company as directors and/or shareholders.

## SUBSIDIARIES

Your Company holds 100% equity as well as preference capital in Finline Hospitality and Consultancy Pte. Ltd., Mauritius (FHCPL). FHCPL holds 80% equity stake in Lexon Hotel Ventures Ltd., Mauritius (Lexon), and Lexon in turn holds 99.76% equity stake in Leading Hotels Limited (Leading), an Indian subsidiary.

Thus, FHCPL has 79.81% economic interest in Leading.

Leading is developing an all villa hotel complex and a PGA standard 18 hole, 72 par championship golf course in Goa for which it has acquired substantial parcels of land. The said project will be under the management of Four Seasons, a world famed hotel chain and Hospitality Management Company.

Leading has already obtained permissions/approvals from various government authorities and there is no adverse legal impediment affecting the continuation of the project work. Project work had started during the year under review. In fact, the basic structure of one 'one bed-room villa' which is being developed as the Experience Centre, has been completed.

Petitions filed before the National Green Tribunal against grant of Coastal Regulation Zone and Private Forest by the competent authorities to the aforesaid project at Goa are being contested by Leading. Based on legal advice received and outcome of similar cases in the past, your directors are hopeful of a favorable outcome and do not foresee these petitions having any material impact on the progress of the project.

During the year under review, no company became a subsidiary or joint venture or associate of the Company. Similarly, no company ceased to be a subsidiary or joint venture or associate during the year under review.

### Performance and financial position of the subsidiaries

For performance and financial position of individual subsidiaries, the members may refer to the Statement containing salient features of the financial statements of Company's subsidiaries in Form AOC-1 pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2015, annexed to the financial statements.

# ASIAN HOTELS (NORTH) LIMITED

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## STATUTORY AUDITORS & THEIR REPORT

M/s. Dhirubhai Shah & Doshi, Chartered Accountants, Ahmedabad (Firm Registration No.- 102511W), were appointed as the statutory auditors of the Company in the 34<sup>th</sup> Annual General Meeting to hold office from the conclusion of that meeting till the conclusion of the 39<sup>th</sup> Annual General Meeting of the Company. However, their firm's name has changed to 'M/s. Dhirubhai Shah & Co' with effect from 5<sup>th</sup> March, 2018.

M/s. Dhirubhai Shah & Co, Chartered Accountants, have conveyed eligibility for their continued appointment to act as Statutory Auditors of the Company for the financial year 2018-19.

No frauds have been reported under Section 143(12) of the Act by the Auditors of the Company.

### Internal Financial Controls over Financial Reporting

The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

In the opinion of the Statutory Auditors of the Company, as expressed by them in their report dated 28<sup>th</sup> May, 2018, the Company has adequate internal control systems over financial reporting as at 31<sup>st</sup> March, 2018.

## INTERNAL AUDITORS

During the year under review, M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the internal auditors of the Company conducted periodic audits of the Company. The Audit Committee reviews the detailed Internal Audit reports submitted by the Internal Auditors and takes stock of the actions taken on the observations of and recommendations made by them.

Your Directors are confident that there are adequate internal control systems and procedures which are being followed and complied with.

## SECRETARIAL AUDITORS & THEIR REPORT

M/s. Chandrasekaran Associates, Company Secretaries, the Secretarial Auditors of the Company, have submitted their report for the financial year ended 31<sup>st</sup> March, 2018 which is annexed as **Annexure 'A'** and forms part of this Report.

In compliance with Section 204 of the Act, the Company has re-appointed M/s. Chandrasekaran Associates, Company Secretaries, as Secretarial Auditors for the financial year 2018-19.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Dipendra Bharat Goenka retires by rotation at the ensuing annual general meeting and, being eligible, offers himself for re-appointment. Accordingly, an appropriate resolution is proposed at Item No. 2 of the Notice convening the ensuing annual general meeting.

Further, Mr. Shiv Kumar Jatia, who was re-appointed as Managing Director in the 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2015, for a further term beginning 10<sup>th</sup> April, 2016 completes his current tenure on 31<sup>st</sup> March, 2019. In view of the above, and considering the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on 28<sup>th</sup> May, 2018, re-appointed him, subject however to the approval of the shareholders at the ensuing annual general meeting, for a further term of three years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022. Accordingly, an appropriate resolution is proposed at Item No. 3 of the Notice convening the ensuing annual general meeting.

The above proposals have been duly approved and consented to by the Nomination and Remuneration Committee and the Board of Directors of the Company.

Earlier, at the 36<sup>th</sup> Annual General Meeting held during the year under review, Ms. Anita Thapar, who retired by rotation, was re-appointed as a director liable to retire by rotation; Mr. Amrithesh Jatia, whose term as an Additional Director expired at the aforesaid meeting, was appointed as a director liable to retire by rotation; Mr. Ranjan Kishore Bhattacharya, who was appointed as an Additional Director in the capacity of an independent director, was appointed as an independent director to hold office for a period of five consecutive years from 5<sup>th</sup> February, 2017 to 4<sup>th</sup> February, 2022; and Ms. Anita Thapar was re-appointed as a whole-time director, liable to retire by rotation, designated as Executive Director – Administration & Corporate Co-ordination from 28<sup>th</sup> May, 2018 to 31<sup>st</sup> March, 2021.

Neither the Managing Director nor the whole-time director of the Company receives any remuneration or commission from any of the Company's subsidiaries, except sitting fee to the whole-time director.

Based on the recommendations of the Nomination and Remuneration Committee, Mr. Dinesh Kumar Jain, who superannuated on 30<sup>th</sup> September, 2017, was re-appointed by the Board of Directors of the Company for a fixed term of three years effective 1<sup>st</sup> October, 2017 designated as Vice President (Corporate Affairs) & Company Secretary and continue to act as the Compliance Officer of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 134(5) OF THE COMPANIES ACT, 2013

Pursuant to Section 134(5) of the Act, your Directors confirm as under:

- that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- that the Directors have selected such accounting policies and applied them consistently and 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 at the end of the financial year under review and of the loss of the Company for that year;

# ASIAN HOTELS (NORTH) LIMITED

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- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis;
- that the Directors have laid down internal financial controls that are being followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

Significant accounting policies followed by the Company, and the required disclosures are detailed in the Notes to the Financial Statements. Further, applicable Ind AS and related presentation and disclosure norms have been complied with.

## **INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The information required in terms of Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo, to the extent possible in the opinion of your Directors, and forming part of this Report, is given in **Annexure 'B'**.

## **PARTICULARS OF EMPLOYEES & DISCLOSURES UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The information pursuant to Section 197(12) of the Act, read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of directors, key managerial personnel and employees of the Company is given in **Annexure 'C'** and **Annexure 'D'** respectively, and forms part of this Report.

## **CORPORATE GOVERNANCE**

Pursuant to the provisions of the Listing Regulations, the Corporate Governance Report, together with the Auditors' Certificate thereon, is annexed hereto as **Annexure 'E'** and **Annexure 'F'** respectively.

Details of various components of remuneration and other disclosures pursuant to Clause IV of Para (B) of Section II of Part II of Schedule V to the Act are given under the head 'Directors' Remuneration' on page nos. 25-26 of the Corporate Governance Report appended hereto as **Annexure 'E'**.

## **CORPORATE SOCIAL RESPONSIBILITY**

Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility (CSR) Committee of the Board of Directors, which presently comprises of four members viz. Mr. Shiv Kumar Jatia, Managing Director who chairs the Committee meetings, and Dr. Lalit Bhasin, Mr. Dinesh Chandra Kothari and Mr. Pinaki Misra, Independent Non-Executive Directors. The CSR policy as recommended by the CSR Committee and approved by the Board of Directors in pursuance of Section 134(3)(o) of the Act is enclosed as **Annexure 'G'**, and forms part of this Report. Further, the Annual Report on CSR activities in pursuance of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, describing inter-alia the initiatives taken by the Company in implementation of its CSR Policy is enclosed as **Annexure 'H'**, and forms part of this Report.

## **RISK MANAGEMENT**

The Company's Board is conscious of the need to periodically undertake the risk assessment, and minimization procedures there-for. During the year under review, the Board in its meeting held on 27<sup>th</sup> May, 2017, had approved and adopted a 'Risk Analysis Report as of 31<sup>st</sup> March, 2017' delineating the mitigating factors in respect of various risk factors identified therein, and had noted that the Company has adequate 'Risk Assessment and Minimization Procedures' in place, and that these are working effectively.

Subsequent to the year under review, the Board in its meeting held on 28<sup>th</sup> May, 2018, had also approved and adopted a 'Risk Analysis Report as of 31<sup>st</sup> March, 2018' delineating the mitigating factors in respect of various risk factors identified therein and further noted that the Company has adequate 'Risk Assessment and Minimization Procedures' in place, and that these are working effectively.

## **MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, five Board meetings were held, details of which are given in the Corporate Governance Report annexed to this Report as **Annexure 'E'**.

## **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has in place a 'Whistle Blower Policy' wherein all employees and directors of the Company are eligible to make protected disclosures to the competent authority i.e. the Chairman of the Audit Committee with respect to any improper activity concerning the Company. The policy provides for direct access to the Chairman, Audit Committee. During the year under review, neither any case was reported under the Whistle Blower Policy nor was anyone denied access to the said competent authority or the Audit Committee.

## **EXTRACT OF ANNUAL RETURN**

Extract of Annual Return of the Company in the prescribed Form MGT-9 is annexed to this Report as **Annexure 'I'**.

## **BOARD EVALUATION**

The Board of Directors of the Company has in place an evaluation criteria for assessment of its own performance, that of the committees of the Board and the individual directors. The Board in its meeting held on 28<sup>th</sup> May, 2018 has discussed its overall performance on the parameters as laid down in the Nomination, Remuneration and Evaluation Policy and SEBI's Guidance Note on Board Evaluation, and

# ASIAN HOTELS (NORTH) LIMITED

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concluded that the Board and its Committees have been performing efficiently. Further, based on the aforesaid policy, and the feedback received from fellow directors, the Board also evaluated the performance of the individual directors and found it satisfactory.

There was no action required to be taken during the year under review based on the previous year's observations on the Board Evaluation. Further, no action is proposed to be taken based on the observations on the Board Evaluation for the year under review.

The details of the evaluation criteria are enumerated in the Nomination, Remuneration and Evaluation Policy which is annexed as **Annexure 'J'** and forms part of this Report.

## **DECLARATION BY INDEPENDENT DIRECTORS**

The independent non-executive directors of the Company, namely Dr. Lalit Bhasin, Mr. Dinesh Chandra Kothari, Mr. Pinaki Misra and Mr. Ranjan Kishore Bhattacharya have given declaration describing that they continue to conform to the criteria set out for an independent director under Section 149(6) of the Act read with the relevant regulations of the Listing Regulations, and such declarations were taken on record by the Board on 28<sup>th</sup> May, 2018, being its first meeting during the financial year 2018-19.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All contracts, arrangements or transactions entered in to by the Company during the financial year 2017-18, were in the ordinary course of business and were at an arm's length basis. During the year under review, the Company had not entered into any contract, arrangement or transaction with related parties which could be considered material in accordance with the Company's policy on materiality of related party transactions read with the provisions of the Listing Regulations. Accordingly, there are no transactions which are required to be reported in Form AOC-2 in pursuance of Section 188(1) of the Act.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, as applicable, are provided in the Notes to the financial statements.

## **NOMINATION, REMUNERATION AND EVALUATION POLICY**

The Nomination, Remuneration and Evaluation Policy as approved and adopted by the Nomination and Remuneration Committee and the Board of Directors of the Company, enumerating the criteria laid down for nomination/selection, appointment, evaluation and remuneration of the directors and key managerial personnel; and determining qualifications, positive attributes and independence of directors and/or key managerial personnel, is annexed as **Annexure 'J'** and forms part of this Report.

## **AUDIT COMMITTEE**

During the year under review, the Committee comprised of four members namely Dr. Lalit Bhasin, Mr. Dinesh Chandra Kothari and Mr. Ranjan Kishore Bhattacharya, Independent Non-executive Directors, and Mr. Shiv Kumar Jatia, Managing Director.

The terms of reference of the Audit Committee and information on the Committee meetings held during the year under review, are detailed in the Corporate Governance Report annexed as **Annexure 'E'** and forms part of this Report.

Further, your Directors would like to inform that all the recommendations made by the Audit Committee during the year under review were duly accepted by the Board.

## **CHANGE IN THE NATURE OF BUSINESS**

During the year under review, there has been no change in the nature of business of the Company.

## **DEPOSITS**

During the year under review, the Company has not accepted deposits covered under Chapter V of the Act.

## **LISTING ON STOCK EXCHANGES**

The equity shares of the Company are listed on The National Stock Exchange of India Limited and BSE Limited. Further, your Directors would like to inform that the Company has paid up to date Annual Listing Fees to the respective Stock Exchanges.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Para B of Schedule V to the Listing Regulations, the Management Discussion and Analysis Report is given below:

### **Industry Structure & Developments and Opportunities & Outlook**

The Indian economy is expected to grow at 7.4% during the year 2018 which could increase further to 7.8% in the year 2019, according to a report by the International Monetary Fund.

The Indian hospitality sector is expected to witness high growth over the long term. Domestic travel, high disposable income and the advent of better locations are expected to drive this growth. India is expected to have 1,00,000 start-ups by the year 2025 which will not only create employment for millions of people, but also provide an impetus to business travel and related events.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country.

The deepening penetration of internet usage and smart phones in India has led to increased booking of hotels through online portals and applications in recent times. This is also expected to significantly enlarge the size of the Indian online hotel industry in the coming years.

# ASIAN HOTELS (NORTH) LIMITED

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The hotel industry in India is significantly under-served. The entire country has just only 1,00,000 hotel rooms, which needs to be doubled if India were to meet the demand of new tourists in the coming years. And this is where the Central and the State Governments should be contributing with their policy reforms pro-actively.

## **Threats, Risks and Concerns**

Development of new regions like Aerocity pose threat to hotels in Delhi NCR. Aerocity has managed to eat into the market share thus impacting the occupancy levels and room rates of hotels in Delhi NCR. However, no further addition in the supply of rooms in five-star segment is expected in the financial year 2018-19.

Further, it is expected that threats from substitutes like Airbnb, which has been successful in Europe and North America, will pose new challenges to the organized hotel industry.

The cost of travel and accommodation in India is often higher than the neighboring countries. Further, limited supply of hotels clubbed with higher cost of travel and accommodation in India means that an increasing number of Indians prefer to go abroad for their holidays.

Talent management is a major challenge for the hospitality sector. Inadequate supply of quality talent and increased competition for talent within the sector and from competing service sectors has made attrition a significant issue to be dealt with.

## **Company's strategy for sustained growth in medium to long term**

For the sustained growth of an organization, it is imperative that it keeps exploring newer opportunities of growth either through expansion or venturing in to new projects. In its endeavor for sustained growth, the Board of Directors of the Company is contemplating how to best utilize the additional FAR (Floor Area Ratio) of approx. 30,000 sq. meters which is available to the Company in respect of the piece of land where its hotel Hyatt Regency Delhi is situated, subject to payment of requisite charges to the authorities concerned.

## **Review of Operational and Financial performance**

The Company achieved aggregate revenue of Rs. 274.44 crore from operations for the year ended 31<sup>st</sup> March, 2018. The said revenue in the prior year was Rs. 251.19 crore. Detailed discussions are given under 'Financial Results & the State of Company's Affairs' herein-above.

## **Segment wise performance**

During the year under review, your Company operated an integrated hotel business at only one location i.e. New Delhi. Power generation, the other business segment being pursued by the Company is governed by a different set of risks and returns. Your Company has two Wind Turbine Generators operating in Maharashtra, but the quantum of assets as well as revenue generated was not significant enough for reporting in terms of the applicable Accounting Standard.

## **Internal Control Systems including Financial Controls and their adequacy**

The Company has standard operating procedures for each operational area. It has in place adequate reporting systems in respect of financial performance, operational efficiencies and reporting with respect to compliance of various statutory and regulatory matters. As detailed above, the Internal Auditors have regularly conducted exhaustive audits pertaining to different operational areas and their reports detailing their findings and observations were periodically placed before the Audit Committee. The Audit Committee also takes stock of the actions taken on the observations of and recommendations made by the Internal Auditors.

The Company has in place adequate internal controls and systems including internal financial control over financial reporting.

## **Human Resources and Industrial Relations**

An organization's success depends largely on its human resources, its management and good industrial relations. Your Company has always viewed human resource development as a critical activity for achieving its business goals.

The Company has in place a Policy against Sexual Harassment and has also formed an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there was a complaint received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said complaint was addressed to the satisfaction of the complainant and reported in the annual return filed pursuant to the aforesaid Act.

The Company enjoys harmonious relationship with its employees. The Company had 743 employees on its rolls as on 31<sup>st</sup> March, 2018.

## **ACKNOWLEDGEMENT**

Your Directors place on record their sincere appreciation and gratitude to the Company's valued customers, the Government of India, State Government of Delhi, and the Financial Institutions and Banks for their continued support and confidence in the Company.

Your Directors also place on record their sincere gratitude to Hyatt International for their co-operation and guidance.

Your Directors also commend the sincere efforts put in by the employees at all levels for the growth of the Company.

**For and on behalf of the Board**

Place: New Delhi  
Dated: 28<sup>th</sup> May, 2018

**Shiv Kumar Jatia**  
Chairman & Managing Director  
DIN: 00006187