

ASIAN HOTELS (NORTH) LIMITED

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 28th 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.

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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 31st 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 31st 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: 28th May, 2018

Shiv Kumar Jatia
Chairman & Managing Director
DIN: 00006187