



25TH ANNUAL REPORT 2011 - 12



THE ORCHID
— FIVE STAR SCOTEL HOTEL —
FRIENDLY. SO FRIENDLY.
HYGIE® - Certified & Environmentally Sustainable
The Orchid Group 2012

Mumbai, Maharashtra



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

Mumbai, Maharashtra



Fort Jadhav GADH
— 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