

15th Annual Report

2001 - 2002

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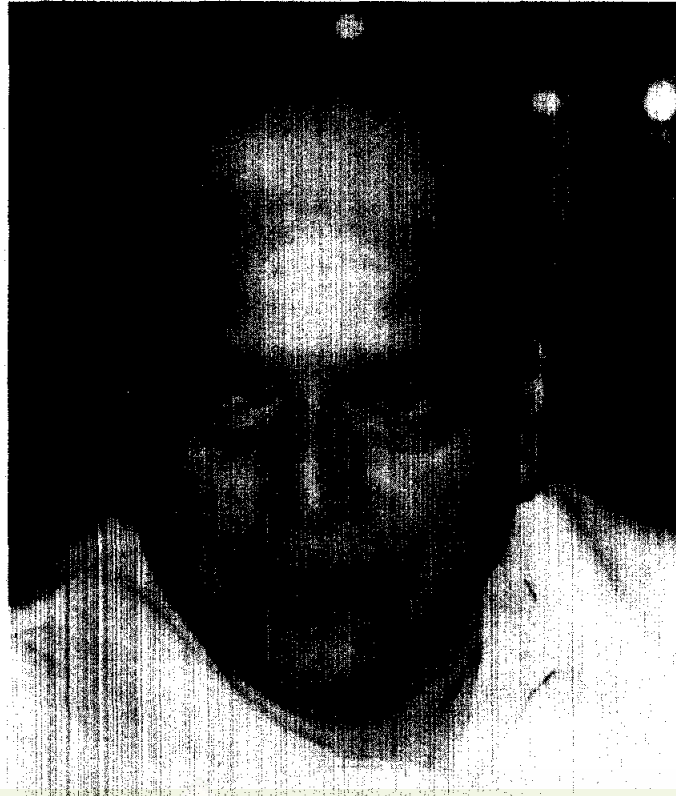
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 KAMAT
HOTELS
(INDIA)
LIMITED

kamats

 THE
ORCHID
BY SCOTIA HOTEL
ECOTEL™ The Benchmark of
Environmental Sensitivity

 THE
PALMS
HOTELS



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Shri Venkatesh Krishna Kamath

(30.05.1921 to 06.12.2001)

a pioneering icon

His inspiring spirit of enterprise will always be a guiding force for all our activities and future growth

KAMAT HOTELS (INDIA) LIMITED**BOARD OF DIRECTORS**MR. VITHAL V. KAMAT - *Chairman & Managing Director*MR. K. PARAMESWARAN KANNAMPILLY
- *Wholetime Technical Director*PADMASHREE THANGAM E. PHILIP
- *Director*MR. M. R. PAI - *Director*MR. SADANAND A. SHANBHAG
- *Director (Nominee of IDBI)*MR. KISHOR M. KHER
- *Director (Nominee of SICOM Ltd.)*MR. KRISHNA V. KAMAT - *Director*MR. RAMESH N. SHANBHAG - *Whole Time Director*MR. MINOO D. KATPITIA
- *Small Shareholders Nominee Director***AUDITORS**M/S. J. G. VERMA & CO.
*Chartered Accountants*M/S. ANAY GOGTE & CO.
*Chartered Accountants***COMPANY SECRETARY**

MRS. V. K. KUMAR

BANKERSANDHRA BANK LIMITED
CANARA BANK
GLOBAL TRUST BANK LIMITED
UTI BANK LIMITED.**REGISTERED OFFICE**70-C, NEHRU ROAD,
NEAR SANTACRUZ AIRPORT,
VILE PARLE (EAST),
MUMBAI - 400 099.
TEL No. 6164000 FAX No. 6164201**REGISTRAR & SHARE TRANSFER AGENTS**INTIME SPECTRUM REGISTRY LTD.
260-A, SHANTI INDUSTRIAL ESTATE,
SAROJINI NAIDU ROAD, MULUND (WEST),
MUMBAI - 400 080.
TEL NO. 5923837 FAX NO. 5652757**CONTENTS**

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Pictures on the cover are just a few of the celebrity guests who have graced The Orchid with their presence.

KAMAT HOTELS (INDIA) LIMITED**NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of Kamat Hotels (India) Limited will be held at Kamats Klub, 12, Udyog Nagar, S. V. Road, Goregaon (West), Mumbai - 400062, on Saturday, the 28th September, 2002 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended on 31st March, 2002 and Balance Sheet as at that date together with the Reports of the Board of Directors' and Auditors' thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. K. P. Kannampilly, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Krishna V. Kamat, who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

- 6) To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 80,81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment/s to or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the securities are listed or to be listed and subject to all necessary approvals, consents, permissions and / or sanction of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Financial Institutions/Banks and all other appropriate and/or concerned Authorities, Institutions or Bodies, if any, and subject to any conditions and modifications as may be prescribed by them in granting any such approval, consent, permission or sanction agreed by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute for the time being exercising the powers, conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with power to delegate such authority to such person or persons as the Board may deem fit to issue/offer and allot from time to time in one or more tranches, by way of private placement and /or preferential allotment Cumulative Redeemable Non-convertible Preference Shares of Rs. 10/- each at a coupon rate of 0.01% and /or Non-Convertible Redeemable Debentures Unsecured at a rate of interest not exceeding 12.5% p.a. upto aggregate value of Rs. 8,93,95,000/- to the promoters and /or Directors and/or key management persons on such terms and conditions including but not limited to terms relating to dividend and/or interest, period of redemption, premium on redemption or premature or early redemption at the option of the Company and/or such person(s) investors(s), terms of cumulation of Dividend and all such terms as are provided in the offerings of like nature as may be decided by the Board in its absolute discretion."

"RESOLVED FURTHER THAT "the Board" be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or any Director(s) or any other Officer or Officers of the Company to give effect to the aforesaid Resolutions."

"RESOLVED FURTHER THAT for the purposes of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilisation of the proceeds of the shares to the Company's project, retirement of debts, and /or other corporate needs as it may deem fit."

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

(Mrs. V. K. Kumar)
Company Secretary

Registered Office:

70-C, Nehru Road, Near Santacruz Airport,
Vile Parle (East), Mumbai 400 099.

Place : Mumbai.

Date : 27th July, 2002.

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of Meeting is annexed hereto.
4. The Shareholders are requested to notify changes, if any, in their respective address to the Registrars and Transfer Agents of the Company, **M/s. Intime Spectrum Registry Ltd. 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West) Mumbai 400 080. Tel No. 5923837 and Fax No. 5652757**
5. A Member or his Proxy is requested to bring the Annual Report alongwith them, as extra copy will not be supplied at the Meeting as per usual practice.
6. The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2002 to 28th September, 2002 (both days inclusive).
7. The Dividend on Equity Shares, if any declared as recommended by the Directors for the financial year ended 31-03-2002 will be paid, subject to deduction of tax at source as applicable:
 - i) To those Members whose names appear on the Register of Members of the Company at the close of business on 28th September, 2002 or to their order.
 - ii) In respect of shares held in electronic form to those "Deemed Members" whose names appear in the Statement of

Beneficial Ownership furnished by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.(CDSL) at the end of business hours on 28-09-2002.

8. Members are requested to inform their bank account numbers and bank branch details to the Company to enable to include these details in the dividend warrants and thus minimise the malpractices of theft of dividend warrants. Such information should be given to the Company's Registered Office immediately.
9. Members holding shares in physical form are requested to note that, in order to avoid any loss / interception in postal transit and also to get prompt credit of dividend through ECS they should submit their ECS details to the Companies Registrar and Transfer Agents by the requisite ECS application form which is provided else where in this Annual Report.

10. Consequent upon introduction of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed for 7 years shall be transferred to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants for the past years are requested to approach the Company for revalidation of their dividend warrants urgently. **It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.**
11. The members are requested to handover the enclosed Attendance Slip duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall.

ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Your Company proposes to issue/offer and allot Cumulative Redeemable Non-Convertible Preference Shares of Rs. 10/- each at a coupon rate of 0.01% and /or Non-Convertible Redeemable Debentures Unsecured at a rate of interest not exceeding 12.5% p.a. to Promoters on private placement and / or preferential allotment basis upto aggregate value of Rs. 8,93,95,000/-.

The proposed issue is made as stipulated by the Financial Institutions/ Banks as a condition for the existing loans availed by the Company, that the Promoters have to retain their share of contribution made by them towards the Secured Non-Convertible Debentures (NCDs) in the year 1994 which was fully redeemed on 12-12-2001, till the existence or tenure of the loans given by the Financial Institutions/ banks to the Company and also to lower the borrowing cost and to improve the debt/equity ratio and the proceeds will be utilized for the Company's projects, retirement of Debts and/or other corporate needs as may be deemed fit by the Board of Directors.

- The Board shall decide the number of Preference Shares and/or Debentures that shall be allotted to Promoters.
- The classes of proposed allottees of Preference Shares and/or Debentures are of promoters and Directors category.
- The allotment shall not at any time exceed such limits if any, specified under any law in force and approved by the Board of Directors of the Company.
- There shall not be any consequential changes in:-
 - a) the management control in the Board of Directors of the Company
 - b) in voting rights, except to the extent of voting rights acquired by the allottees as per Section 87(2) of the Companies Act, 1956.

All the Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent they may be entitled to the Securities that may be offered to them or otherwise applied for/ allotted to them, if any.

The Directors recommend the Resolution for adoption.

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

Place: Mumbai
Date: 27-07-2002

(Mrs. V. K. Kumar)
Company Secretary

As required under Clause 49VI of the Listing Agreement given below are the details of the Directors proposed for re-appointment.

Name : **Mr. K. P. Kannampilly**

Mr. K. P. Kannampilly, the Wholtime Technical Director of the Company is a Post Graduate in Hotel Management & Catering Technology and a Fellow of the Hotel Catering International Management Association of London, and he also has a 27 years experience in the Hotel & Catering Industry. He has expert technical knowledge in Hospitality Industry and is well versed with Restaurant, Marketing, Sales, Accommodation, Hotel Accounting and Financial Management. He is a promoter of Concept Hospitality Ltd.

Outside Directorship* 1) The Himco (India) Limited
2) Concept Hospitality Limited

Committee Membership** - The Himco (India) Limited-Audit Committee.

Name : **Mr. Krishna V. Kamat**

Mr. Krishna V. Kamat is a graduate in Commerce and a Diploma Holder in Printing Technology. He has over 29 years experience in Hotel Industry and is a Director of Kamats Chain of Restaurants and Hotels and other Companies.

Outside Directorship* 1) Concept Hospitality Limited
2) Supplyco Foods (India) Limited

Committee Membership – Kamat Hotels (India) Limited-Shareholders' Grievance Committee

* Excluding Private Limited Companies, Non Profit Companies, unlimited Companies and Companies where the Director is an alternate Director.

** Represents Membership/Chairmanship of Audit Committee, Investors Grievance Committee and the Remuneration Committee.

KAMAT HOTELS (INDIA) LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors take pleasure in presenting their Fifteenth Annual Report and Accounts for the year ended 31st March, 2002.

YEAR IN RETROSPECT:

The past year has been difficult. Hotels and Tourism Industry was severely affected by the unfortunate events of September and December 2001 which was already facing slowdown in economic growth resulting in lower consumer spending and widespread sense of instability. In spite of the above, Hotel "The Orchid" the flagship of your Company has done better mainly due to resorting to various cost cutting measures introduced by the management coupled with reduction in borrowing costs on restructuring of debts during the year.

FINANCIAL RESULTS:

The figures of the current financial year are summarised below. The figures of the current year are of twelve months:

(Rs. in Lakhs.)		
Particulars	Current year (01-04-2001 to 31-03-2002)	Previous Year (01-04-2000 to 31-03-2001)
Total Income	4544.60	5594.77
Profit Before Interest, Depreciation & Taxation	1960.34	2612.26
Less: Interest	1520.22	1681.09
Less: Depreciation	420.24	405.19
Profit Before Tax	19.88	525.98
Less: Provision for taxation (current tax)	1.63	45.37
Less: Provision for taxation (Deferred Tax)	17.43	-
Profit after tax before adjustments	0.82	480.61
Add/(Less): Prior periods' adjustments	1.48	(1.12)
Profit After adjustments	2.30	479.49
Add: Balance Brought Forward	6.27	19.30
Add: Transfer from General Reserve	50.00	-
Distributable Profits	58.57	498.79
Appropriations:		
i) Dividend on Preference Shares	-	11.17
ii) Tax on Preference Dividend	-	1.14
iii) Proposed Dividend on Equity Shares	53.71	85.94
iv) Tax on proposed dividend on (iii) above	-	8.77
v) Capital Redemption Reserve (CRPS)	-	116.50
vi) General Reserve	-	269.00
vii) Balance carried over to Balance Sheet	4.86	6.27

DIVIDEND :

Your Directors are pleased to recommend dividend @ 5% (Re 0.50 p) per share for the year ended 31st March, 2002 (Previous year 8% (Re 0.80 p) per share (subject to deduction of tax)

OPERATIONS:

The Members will appreciate that despite the adverse factors, the Company achieved a total turnover of Rs. 4545 lakhs during the twelve months period ended 31st March, 2002 as against Rs.5595 lakhs in the previous year.

1) "THE ORCHID" HOTEL AT MUMBAI:

As stated in the Directors' Report of the last year, Asia's First Certified Ecofriendly Five Star Hotel "The Orchid" was fully operational with all 245 rooms in the previous year. "The Orchid" continues to maintain track of winning the prestigious awards. The Directors are proud to

inform you that the following prestigious awards have been won by "The Orchid" during the period under review :

- Pata Gold Awards 2001 for the best Corporate Environmental Programme- April 2001 at Kuala Lumpur, Malaysia.
- "The Orchid" has received prestigious ISO 14001 Certification- 24th May, 2001
- British Airways Tourism for Tomorrow award 2001 in the Accommodation Category.
- International Hotel & Restaurant Association honoured The Orchid with the highly recommended "Environment Award for the year 2001"
- PATA India Chapter Environment Award 2001 -Delhi on 1st November 2001
- Paryavaran Puraskar from Yuak Seva Prathisthan on 7th November 2001.
- The Orchid is the proud recipient of the Golden Peacock Environment Management Award 2002 in the Large Service Category. The award was presented by His Holiness The Dalai Lama on 8th June, 2002.

The performance of "The Orchid" Hotel has been once again excellent as is evident from an average occupancy of 72.3% maintained throughout.

"THE ORCHID" Hotel is Asia's first Hotel to be Certified Environmentally Friendly. This is because of investment into new Green Technology which reduces the pollution. It is now time for the Government of India to encourage such ventures and provide grants, interest subsidy, etc. so that more Hotels follow the path set by "THE ORCHID"

2) OTHER OPERATIONS :

As stated last year, the Company has entered into Management Contract for 35 years for Management of 32 rooms of Hotel Siddharth at Nashik. The performance of Hotel Siddharth was fairly good during the period under review.

There was a slow down in the operations of Tours and Travel division with negligible business. As the management do not fore see any growth prospects in this field they have decided to discontinue the same.

The operations of the other divisions of the Company such as the catering and educational division were satisfactory during the period under review.

FINANCE AND ACCOUNTS:

12,00,000 14% Fully Secured Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 12 Crores were redeemed on 12-12-2001 as per the terms of issue. Out of this Rs. 12 Crores, Rs. 8.93 Crores has been retained by the Company in accordance with stipulations of the financial institutions as a condition of the existing loans granted to the Company.

The Company has successfully negotiated with the Financial institutions for reduction of interest and re-schedulement of loans of Rs. 60.25 Crores.

FIXED DEPOSITS:

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

PARTICULARS OF EMPLOYEES:

Details of remuneration paid to employees as required by Section 217 (2A) of the Companies Act, 1956, are annexed and form part of this report.

15TH ANNUAL REPORT 2001-2002

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;
2. That the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the financial year ended 31st March, 2002 ;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
4. 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 the energy conservation efforts during the year. The Company has closely monitored power consumption and running hours on day to day basis thus resulting in optimum utilisation of energy. The hotel is fitted with energy saving devices to conserve energy in the long run.
- b. Technology Absorption : The activities of Company at present do not involve technology absorption and research and development.
- c. Foreign Exchange earnings and outgo :
Earnings : Rs. 2589.45 lakhs
Utilisation (including capital goods) : Rs. 32.14 lakhs

DIRECTORS :

Mr. Venketesh Krishna Kamath – Chairman-Emeritus left for his heavenly abode on the 06-12-2001. His demise is deeply mourned by the Board of Directors and Employees of Kamat Hotels (India) Limited and the Kamat Group. The Board places on record its appreciation for the valuable services rendered by him to the Company as Chairman Emeritus of the Company.

Mr. Vithal V. Kamat became a non-executive Chairman-cum-Managing Director with effect from 1st November, 2001. The Board has also entered into a consultancy agreement with Mr. Vithal V. Kamat with effect from 1st November, 2001 and have also obtained necessary approval for the same.

Mr. K. P. Kannampilly and Mr. Krishna V. Kamat retire by rotation and being eligible, offer themselves for reappointment. Your Directors recommend their appointment.

Small shareholders have appointed Mr. M. D Katpitia as a small shareholders nominee Director with effect from 29-09-2001.

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussions and Analysis Report together with a certificate from the Company's Auditors confirming compliance is set out in the annexure forming part of this report.

AUDITORS :

M/s. J. G. Verma & Co. and M/s. Anay Gogte & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Observations made by the Auditors in their report at Para 6 and Para (ix) to the annexure in conjunction with notes on accounts are self explanatory and therefore, do not call for any further comments.

EMPLOYEES RELATIONS:

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

DEMATERIALISATION OF SHARES:

As the members are aware, your Company's shares are tradable compulsorily in electronic form and the Company has established connectivity with both depositories NSDL and CDSL. In view of the various advantages offered by the depository system, members are requested to avail the facility of dematerialisation of Company's shares on either of Depositories aforesaid.

ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for the sincere and whole hearted co-operation extended by all concerned, particularly Securities & Exchange Board of India, Stock Exchanges, Department of Tourism, IDBI, CRISIL, SICOM, the Bankers, Municipal Authorities, Government of Maharashtra, Central Government, clients and staff and look forward to their continued support.

The Directors also thank the Shareholders for their continuing support and confidence in the Company and its management.

ON BEHALF OF THE BOARD OF DIRECTORS

V. V. Kamat
Chairman & Managing Director

Place : Mumbai

Date : 27th July, 2002

ANNEXURE TO THE DIRECTORS' REPORT, 2002

Information as per Section 217 (2A) read with the Companies (Particulars of Employee) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March 2002.

Name	Designation	Qualifications	Remuneration (Rupees)	Experience Years	Age Years	Date of Commencement of employment	Particulars of last employment
Shri. Vithal V. Kamat*	Chairman and Managing Director	Dip. In Elect. Engg. (IV Sem.)	14,14,194	29	50	01-04-94	Plaza Hotels Pvt. Ltd.

*w.e.f. 01-11-2001 Shri Vithal V. Kamat was paid consultancy fees of Rs. 13,50,000/- for the period from 01-11-2001 to 31-03-2002 the remuneration paid to Shri Vithal V. Kamat mentioned above is for the period from 01-04-2001 to 14-10-2001 as he became a Non-Executive Chairman and Managing Director.

Notes :

1. The nature of employment is contractual.
2. The Remuneration shown above is gross and comprises of salary and house rent allowance, Provident fund and other perquisites.

KAMAT HOTELS (INDIA) LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT:**

Year 2001 was a year of uncertainty and disturbed political conditions. The year was a very challenging year on the economic front due to the occurrence of various disasters, beginning with the Gujarat earthquake on 26th January and ending with the terrorist attack on the Parliament on 13th December. The impact of the 11th September episode intensified terrorist activities worldwide, thus bringing about global economic slowdown and a warlike situation in the country.

Despite the above adverse conditions the Company performed well during the year under review as follows:

- Sales Rs. 4544.60 Lakhs
- Profit Before interest, Depreciation & Taxation Rs. 1960.34 Lakhs
- Average Room Rate Rs. 4701/-
- Occupancy 72.3%

Achievements /Awards :

Following prestigious awards have been won by "The Orchid" during the period under review.

- Pata Gold Awards 2001 for the best Corporate Environmental Programme- April 2001 at Kuala Lumpur, Malaysia.
- "The Orchid" has received prestigious ISO 14001 Certification- 24th May, 2001
- British Airways Tourism for Tomorrow award 2001 in the Accommodation Category.
- International Hotel & Restaurant Association honoured The Orchid with the highly recommended "Environment Award for the year 2001."
- PATA India Chapter Environment Award 2001 –Delhi on 1st November 2001.
- Paryavaran Puraskar from Yuak Seva Prathisthan on 7th November 2001.
- The Orchid is the proud recipient of the Golden Peacock Environment Management Award 2002 in the Large Service Category. The award was presented by His Holiness The Dalai Lama on 8th June, 2002.

SEGMENT-WISE PERFORMANCE :

Based on the guiding principles given in the Accounting Standard 17, the Company's primary business consists of hotel related activities inter alia comprising revenue from rooms, sale of food & beverages, revenue from provision of other hospitality services including swimming pool, health club, etc. which mainly have identical risks and returns. Besides the above primary segment, the Company also earns some revenue as detailed in the Profit & Loss Account from its Tours & Travel Division and Institute of Hotel Management.

OPPORTUNITIES & THREATS INCLUDING RISKS AND CONCERNS :

The Company has the privilege to operate environmentally sensitive hotels and properties. Accordingly "The Orchid" is Asia's first certified Eco-friendly Five Star Hotel in Mumbai. Due to the conscious efforts

of the Management in investing in new Green Technology and reduction in pollution lot can be achieved in this field.

Tourism in India has lots of opportunities and growth potentials due to the diversity of India's natural and cultural resources which could provide wide range of tourism products such as natural beaches, resorts, religious and spiritual destinations, adventure activities, wildlife, eco-tourism etc., appealing to both domestic and international tourists thereby affecting hospitality industry directly.

The main threats or risks for the tourism in India can be enumerated as follows :

- a) Inadequate infrastructures (like airports, roads, power etc.,)
- b) Poor communication or connectivity (especially transportation)
- c) Inadequate airport facilities (seat capacity for domestic and international flights)
- d) Unhygienic conditions in the tourist locations particularly in the Metropolitan cities.
- e) Adverse and unstable taxation policies of the Government.
- f) Security risks e.g., Terrorist attacks like that in the US and in India.
- g) Risk due to natural calamity like the Gujarat earthquake.
- h) Financial risk due to increase in borrowings and fluctuations in the interest rates.
- i) Increase in competition and penetration in the market share by new Global entrants.

OUTLOOK

Serious and conscious efforts of the Government are required to remedy the above risks or threats in order to bring about significant and healthy growth in tourism for the overall economic growth.

INTERNAL CONTROL AND THEIR ADEQUACY :

The Company has adequate Internal Control systems and are monitored by the Audit Committee.

HUMAN RESOURCE/INDUSTRIAL RELATIONS :

The Company has an employee reward and recognition program aimed at encouraging acts of excellence that results into guests satisfaction. The program also tries to felicitate employees contributing towards improvement of customer services, cost saving, productivity, efficiency etc., The creative suggestions of employees are also encouraged and recognised.

The Company has approx. 598 employees. The Company endeavors to recruit best possible talent and to retain, nurture and groom it to meet current and future goals of keeping up the expectations and aspirations resulting due to the highly competitive environment. The company places great importance in the quality of human resources, therefore emphasis on training and development of employees at all levels and also seeks to bring about proper co-ordination and teamwork to achieve the corporate objectives through intensive communication to all its employees.

The Company has maintained cordial industrial relations.