



11 HOTEL CORPORATION OF INDIA LTD.

11.1 INTRODUCTION

Hotel Corporation of India Limited (HCI) is a wholly subsidiary of Air India Limited and which was incorporated on July 8, 1971 under the Companies Act, 1956 when Air India decided to enter the Hotel Industry in keeping with the then prevalent trend among world airlines. The objective was to offer to the passengers a better product, both at the International Airports and at other places of tourist interest, thereby also increasing tourism in India.

11.2 FINANCIAL RESULTS

The Financial Result of the Company for the year 2005-06 and for the last seven years are summarized below :

PARTICULARS	(Rupees in Lakhs)	
	2005-06	2004-05
Total Revenue	5856.77	4921.25
Total Operating Expenditure	5804.69	5122.56
Gross Operating Profit/(Loss)	52.08	(201.31)
Interest	184.77	333.34
Cash Profit/(Loss)	(132.69)	(534.65)
Depreciation	142.82	139.67
Net Profit/(Loss) Before Extra Ordinary Items	(275.51)	(674.32)
Extra Ordinary Items	13.48	70.23
Prior Period Adjustments	14.95	11.21
Adjustment Of Income Tax	-	19.96
Net Profit/(Loss) After Extra Ordinary Items	(303.94)	(775.72)

11.3 UNITWISE REVIEW OF PERFORMANCE FOR 2005-06 AS COMPARED TO 2004-05

• CENTAUR HOTEL DELHI AIRPORT

The Unit earned a revenue of Rs.2201.84 lakhs as compared to Rs.1441.32 lakhs in the previous year. As a result, the Unit earned a Gross Operating Profit of Rs.119.67 lakhs as compared to an Operating Loss of Rs.304.66 lakhs in the previous year. After providing for VRS, interest and depreciation, the Unit earned a

Net Profit of Rs. 31.44 lakhs as compared to a Net Loss of Rs.476.55 lakhs in the previous year.

• CHEFAIR FLIGHT CATERING, DELHI

The Unit registered a turnover of Rs.222.18 lakhs as compared to Rs. 212.70 lakhs in the previous year. The Unit incurred a Gross Operating Loss of Rs.558.08 lakhs as compared to Rs.522.91 lakhs in the previous year. After providing for VRS, interest and depreciation, the Unit incurred a Net Loss of Rs. 682.96 lakhs as compared to Rs.691.37 lakhs in the previous year.

• CENTAUR LAKEVIEW HOTEL, SRINAGAR

The Hotel earned a revenue of Rs.585.21 lakhs as against Rs.496.88 lakhs in the previous year. The Unit incurred Gross Operating Loss of Rs. 447.91 lakhs as compared to Rs.367.02 lakhs in the previous year. After providing for interest and depreciation, the Unit incurred a Net Loss of Rs.544.03 lakhs as compared to Rs.542.47 lakhs in the previous year.

- CHEFAIR FLIGHT CATERING, MUMBAI

The Unit registered a turnover of Rs. 1725.04 lakhs as compared to Rs. 1514.33 lakhs in the previous year. The Unit earned a Gross Operating Profit of Rs. 228.85 lakhs as against Rs.153.76 lakhs in the previous year. After providing for interest and depreciation, the Unit earned a Net Profit of Rs.190.63 lakhs as against Rs.123.99 lakhs in the previous year.

- SHARE CAPITAL

Present Authorised Share Capital of the Company is Rs.41 crores and the Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 40.60 crores and all the shares are held by Air India Limited.

11.4 NET WORTH

The Net Worth of the Company as on 31st March 2006 was Rs. 108.44 crores.

11.6 EMPLOYEES

As on 31st December, 2006, the Company had on its payroll a total of 1671 employees as against 1715 as on 31st March, 2005 at the Head Office/various Units of the Company. The Management's relations with the

employees continued to be good and cordial during the year under review.

11.7 POLLUTION CONTROL

Units at Delhi & Srinagar have sewage treatment plants operative and the Company has complied with all the laid norms of the Pollution Control Board and followed all the directives received in this regard from time to time.

11.8 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

In regard to the implementation of Official Language Policy, the directives received from the Government from time to time are being followed.

11.9 TRAINING & DEVELOPMENT

Even though the company was in the final stage of disinvestment, it continued to provide opportunities to its employees at all levels to acquaint themselves with Modern Management, Technical Concept and latest innovation in the Hotel Industry by sponsoring them for various Seminars, Conferences and various short duration Refresher Courses organised by various agencies.