

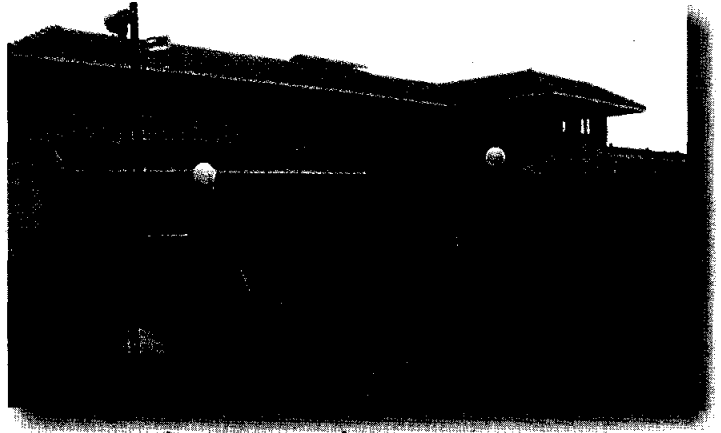


ADVANI HOTELS & RESORTS (INDIA) LIMITED
formerly RAMADA HOTELS (INDIA) LIMITED

Annual Report 2000 - 2001



202 Room 5-Star Deluxe Resort



'Airport Plaza' Flight Kitchen



'Caravela' Cruise Ship



*Inauguration of 'Casino Goa',
India's Only Live Casino*



RENAISSANCE
GOA RESORT

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Advani Hotels & Resorts (India) Limited

BOARD OF DIRECTORS

Mr. Sunder G. Advani Chairman & Managing Director
 Mr. Prakash V. Mehta
 Mr. Anil Harish
 Mr. Suresh Talwar (Alternate to Mr. Sujain Talwar)
 Mrs. Menaka S. Advani
 Mr. Ashok Kapur (Upto 16th October, 2001)
 Mr. Haresh G. Advani Executive Director

COMPANY SECRETARY

Mr. V. Bhatt

AUDITORS

Messrs J. G. Verma & Co.

SOLICITORS

Messrs Crawford Bayley & Co.
 Messrs Malvi Ranchhoddas & Co.

BANKERS

Bank of Baroda
 Bank of India
 Global Trust Bank Ltd.

REGISTERED OFFICE

145, Maker Chambers VI,
 Nariman Point,
 Mumbai - 400 021

REGISTRARS AND SHARE TRANSFER AGENTS

Datamatics Financial Software & Services Ltd.
 Plot No. A/16 & 17,
 MIDC, Part B, Cross Lane,
 Marol, Andheri (E),
 Mumbai - 400 093

FOREIGN COLLABORATORS

Marriott International (H P I England Ltd.)

LOCATION OF THE RESORT

Renaissance Goa Resort
 Varca Beach,
 Varca Village,
 Salcette,
 Goa - 403 721

LOCATION OF FLIGHT KITCHEN

Airport Plaza
 Airport Road,
 Sancoale, Dabolim,
 Goa - 403 801

**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of **ADVANI HOTELS & RESORTS (INDIA) LTD.** will be held on Thursday, 29th November, 2001 at 10.00 a.m. at the M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, (behind Prince of Wales Museum) Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2001 and the Balance Sheet on that date and the Reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mrs. Menaka S. Advani, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Mr. Prakash Mehta, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- b. The Register of Members and Share Transfer Books of the Company will be closed from 22nd November, 2001 to 29th November, 2001 (both days inclusive).
- c. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
- d. Members seeking any clarifications / explanations are requested to submit their queries at the Registered Office of the Company at least 7 days in advance.
- e. Members are requested to notify the Company's Registrar and Share Transfer Agents about any changes in their address (in full) with the postal area pin code number, quoting their folio numbers.
- f. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Share Transfer Agents enclosing their share certificates to enable the Company to consolidate their holdings in one folio.
- g. The Registrar and Share Transfer Agents of the Company are :

M/s. Datamatics Financial Software & Services Ltd.
Plot No. A/16 & 17, MIDC, Part B,
Cross Lane, Marol, Andheri (East),
Mumbai - 400 093

Members are requested to contact them for any matter relating to the shares and transfers.

By Order of the Board

Date : 16th October, 2001
Place : Mumbai.

Registered Office:
145, Maker Chambers VI,
Nariman Point,
Mumbai - 400 021.

SUNDER G. ADVANI
Chairman & Managing Director



Advani Hotels & Resorts (India) Limited

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report of the Company along with Audited Accounts for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	(Rupees in lakhs)	
	Year Ended 31.03.2001	Year Ended 31.03.2000
Total Income	2,331.16	2,568.94
Operating expenses	1,862.84	1,783.13
Operating Profit	468.32	785.81
Less: Interest	419.87	364.32
Profit before depreciation	48.45	421.49
Less: Depreciation	247.55	264.25
Less: Technical Know-how fees written-off	N I L	1.64
PROFIT BEFORE TAX	(199.10)	155.60
Less: Provision for Taxation	(0.06)	19.07
Less: Prior periods adjustment (Net)	(8.69)	7.23
NET PROFIT	(207.85)	129.30
Add: Balance brought forward from last year	20.35	6.75
Excess Tax provision written back	0.15	2.11
Transfer from Investment allowance Reserve	0.00	28.58
Transfer from General Reserves	227.35	0.00
PROFIT AVAILABLE FOR APPROPRIATION	40.00	166.74
Dividend & Tax thereon	N I L	56.39
Transfer to Debenture Redemption Reserve	40.00	40.00
Transfer to General Reserve	N I L	50.00
Balance in Profit & Loss Account	N I L	20.35
	<u>40.00</u>	<u>166.74</u>

2. PERFORMANCE

In reality the actual sales of the Company have remained the same as the previous year despite the slackness of the economy and the increased competition from new hotels in Goa. You will recall that in the previous financial year, the Company had received a one time premium for the Pleasure Cruise Ship project amounting to Rs. 236 lakhs and this was shown as "Other Income". Operating expenses and interest costs have gone up. However, many hotels in India were faced with this situation in this year. The Company continues to streamline its operations and hopes to do better in the coming year despite the after effects of the terrorist attacks in the USA on September 11. The impact on the Company of these attacks will be moderate, as the Company does not receive any tourists from the USA. Other leisure destinations such as Malaysia, Indonesia, Maldives, Egypt, which are competing for the same business have been affected due to the resulting disturbances in these countries. This should lead to a higher number of foreign tourists visiting Goa. Domestic tourists are also likely to visit Goa in preference to foreign destinations which are now considered unsafe.



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3. JOINT VENTURE PROJECT

The Pleasure Cruise Ship, with India's only full fledged Casino on Board, started operations on 17th February, 2001. As a result of the delayed opening, the Company could not capture the busy Diwali or Christmas / New Year holiday season. Soon after opening, the ship was seized by the Excise authorities alleging that the owners of the ship had not paid the Excise Duty. As a result of the stoppage, the Company approached the Goa High Court which appreciated our stand that Excise Duty is not payable on commercial ships and released the ship on 31st March for restart of operations. However, with the adverse publicity generated, the project is yet to break even. The Company is trying to popularize this new concept in India.

4. DIVIDEND

Due to lack of profits, the Directors do not recommend any Dividend for the year ended 31st March, 2001.

5. ADDITIONAL INFORMATION

In terms of Section 217(1)(e) of the Companies Act, (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the additional information is given below:

a. Conservation of Energy

Due consideration has been given to the very important aspect of energy conservation. The plant generating air-conditioning is fitted with a HEAT RECOVERY UNIT. This pre-heats the hot water required for the entire hotel. This in turn reduces the input heat of hot water and decreases the electrical load.

A micro processor is incorporated in the laundry and dish washing units to closely monitor various inputs of heat and power to these equipments.

Micro processor controlled units are provided in majority of the rooms in the original wing. This unit raises the room temperature when the guest is out, derives the light intensities of various fittings as well as fan speed, controls the A.C. fan coil unit's speed and temperature. For better efficiency of A.C., pipes and ducts have been redone in several areas.

b. Technology Absorption

The Company has no Research and Development activity. The question of technology absorption or adaption or innovation is not applicable to your Company, which is a service Company.

c. Foreign Exchange Earnings and Outgo

The information relating to Foreign Exchange Earnings and Outgo is provided in the Notes on Accounts. (Note No. 11 of Schedule L) The Company has earned foreign exchange of Rs.159,062,450/- and also remitted during the year Rs.27,860,116/- towards royalty, remuneration to foreign technicians, professional and consultation fees, interest and other charges on foreign currency loan and import of capital goods.

6. DIRECTORS

In accordance with the Provisions of the Companies Act, 1956 and Articles of Association of the Company, Mrs. Menaka S. Advani and Mr. Prakash V. Mehta will retire by rotation and, being eligible, offer themselves for re-appointment.

Mr. Ashok Kapur has resigned as a Director of the Company. The Board places on record the valuable services rendered by Mr. Kapur during his tenure as a Director.



Advani Hotels & Resorts (India) Limited

7. LISTING REQUIREMENTS

Your Company's shares are listed on Mumbai, Ahmedabad and Delhi Stock Exchanges. The Company has paid Listing Fees for the year 2001 - 2002.

8. AUDITORS

M/s. J. G. Verma & Co., Chartered Accountants, Mumbai, the Auditors of the Company retire at the end of the ensuing Annual General Meeting and they, being eligible, offer themselves for re-appointment.

9. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the annexure.

10. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under 217(2AA) of the Companies Act, 1956, your Directors confirm that to the best of their knowledge and belief and according to the information and explanations available to them:

- a. in preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along proper explanation relating to material departures.
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year under review.
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a "Going Concern" basis.

11. ACKNOWLEDGMENTS

The Directors express their appreciation to the Financial Institutions, Banks, Department of Tourism, Government of India and Officials of the Government of Goa. The Directors also place on record their appreciation for the help provided by the foreign collaborators, M/s. Marriott International. We acknowledge and appreciate the hard work put in by the employees at all levels and their dedication and commitment.

For and on behalf of the Board

Sunder G. Advani
Chairman & Managing Director

Date : 16th October, 2001

Place : Mumbai.


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Annexure to the Director's Report

Information under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended March, 2001.

Employees Name	Designation	Age	Qualification	Expe- rience (Years)	Date of Commen- cement	Remune- ration (Rs.)	Last Employment
(A) Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs.12,00,000/- p.a.							
Sunder G. Advani	Chairman & Managing Director	62	MBA from the Wharton School of Business	40	01.03.88	32,82,186/-	Plaza Hotels Pvt. Ltd.
Haresh G. Advani	Executive Director	50	B.S. Cornell University, School of Hotel Administration	32	01.03.88	26,87,827/-	Plaza Hotels Pvt. Ltd.
(B) Employed for part of the financial year and in receipt of remuneration aggregating not less than Rs.1,00,000/-p.m.							
Detlef Meisslein	Vice President Operations & Sales & Marketing	49	Hotel Management Degree, Nurnberg Business School, Germany	35	15.09.00	26,77,521/-	Sedona Hotels International
Prahlad S. Advani	General Manager- Asset Management	24	B.S. Cornell University, School of Hotel Administration	02	25.09.00	6,61,524/-	Deutsche Bank Alex Brown
Poonam Bijlani	Vice President Sales & Marketing	49	Bachelor in Arts- Bombay University, Diploma in Travel & Tourism	28	06.11.00	5,95,868/-	Getaway Travels & Tours Pvt. Ltd.
Roel J. Schallig	Vice President	60	University of Amsterdam: Economics, Commerce & Hotel Management	37	04.07.98	2,55,190/-	Avari Group of Hotels

Notes :

1. "Remuneration Received" includes salary, allowances, Company's contribution to Provident Fund and taxable value of perquisites.
2. All appointments are contractual.
3. Mrs. Menaka S. Advani, Mr. Sunder G. Advani, Mr. Haresh G. Advani and Mr. Prahlad S. Advani are related to each other.

By Order of the Board

Date : 16th October, 2001
Place : Mumbai.

SUNDER G. ADVANI
Chairman & Managing Director



Advani Hotels & Resorts (India) Limited

Auditors' Report to the Members

We have audited the attached Balance Sheet of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** as at 31st March, 2001 and also the annexed Profit & Loss account of the Company for the year ended on that day.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above;

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet and Profit & Loss Account, dealt with by this report, are in agreement with the books of account.
4. In our opinion, the Profit & Loss Account and the Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies act, 1956.
5. Based on the representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to *Note 2(f) regarding non-provision of gratuity liability*, and read with Note (4) regarding change in the method of charging depreciation and its impact on the loss of the year and other notes thereon and give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (i) In case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2001;
 - and
 - (ii) In case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.

For **J.G.VERMA & CO.**
Chartered Accountants

J.G.VERMA
Partner

Date : 16th October, 2001
Place : Mumbai.



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Annexure referred to in our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets acquired prior to 1.4.1990 in respect of its hotel unit at Goa and fixed assets in respect of Company's flight catering unit at Goa. The said fixed assets were physically verified by the management at the end of the year and there were no significant discrepancies as compared to book records. In respect of other fixed assets acquired and expenses capitalised during the year ended 31st March, 1991, and thereafter in respect of its hotel unit at Goa, the Company has developed item wise fixed assets records showing particulars including quantitative details and situation. The fixed assets have been physically verified by the management at reasonable intervals and the discrepancies, if any, will be determined on completion of reconciliation with the book records.
2. None of the fixed assets has been revalued during the year.
3. Stock of stores and operating supplies, food and beverages have been physically verified by the management at reasonable intervals during the year.
4. The procedures of physical verification of the above stocks followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on such verification between the physical and the book stock which were not material, have been properly dealt with in the books of accounts.
6. In our opinion, the valuation of above stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any secured loan from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. In respect of unsecured temporary loans taken from such parties listed in the Register referred to above, the rate of interest and other terms and conditions of such loans were not prima facie prejudicial to the interest of the Company. The provisions of Section 370 of the Companies Act, 1956 are not applicable to a company on and from 1st October, 1998.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 except an interest free advance of Rs. 28,666,179/- to its subsidiary company towards issue of further shares, the terms and conditions of which are not prima facie prejudicial to the interest of the Company. The provisions of Section 370 of the Companies Act, 1956 are not applicable to a company on and from 1st October, 1998.
9. The Company has not given any loans or advances in the nature of loans except interest free loan and advances in the nature of loans to its employees, which have generally been recovered as stipulated.
10. In our opinion and according to the information and explanations given to us the Company has adequate internal control procedures commensurate with its size and nature of its business with regard to the purchase of stores and operating supplies, food and beverage, including components, plant & machinery, equipment and other assets and for the income from rooms and sale of food and beverages, etc.
11. As explained to us, there were no transactions of purchase of goods and materials and sale of goods and material aggregating during the year to Rs. 50,000/- or more in respect of each party made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956. In respect of provision/sale of certain hotel and food and beverages and other services to its subsidiary company, which were in excess of Rs. 50,000/-, we report that the said transactions have been made at prices, which are reasonable having regard to the prevailing market prices of such services or the prices at which transactions of similar services have been made with other parties except where due to certain special reasons explained to us, the prices have been charged with no comparison available with the Company.