

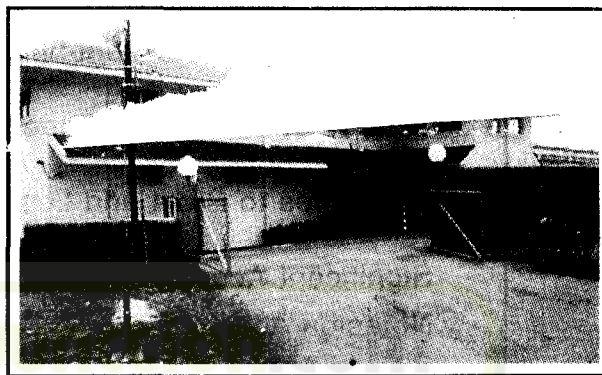
# Annual Reports Librar

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

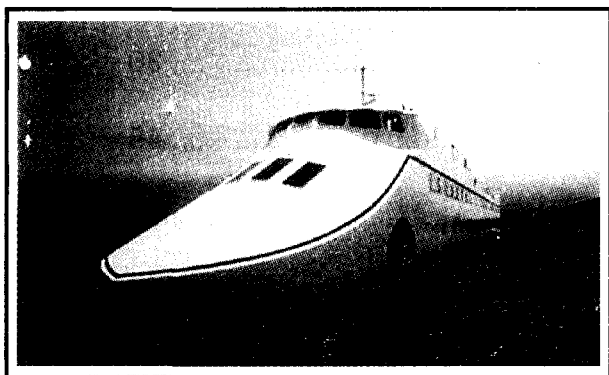
Annual Report 2001 - 2002



*'5 - Star Deluxe Resort'*



*'Airport Plaza'*



*'Caravela'*



*'Casino Goa'*

# Annual Reports Librar

## CONTENTS

	Page
Notice .....	2
Directors' Report .....	3
Auditors' Report .....	7
Balance Sheet .....	10
Profit and Loss Account .....	11
Schedules to Balance Sheet .....	12
Schedules to Profit and Loss Accounts .....	17
Significant Accounting Policies and Notes on Accounts .....	19
Cash Flow Statement .....	27
Statement U/s 212 of the Companies Act .....	29
Subsidiary Company Annual Accounts .....	30
Consolidated Annual Accounts .....	45
Consolidated Cash Flow .....	58
Selected Financial Data .....	60

# Annual Reports Librar

BOARD OF DIRECTOR	Mr. Sunder G. Advani	Chairman & Managing Director
	Mr. Prakash V. Mehta	
	Mr. Anil Harish	
	Mr. Suresh Talwar	(Upto August, 2002)
	(Alternate to Mr. Sujain Talwar)	
	Mrs. Menaka S. Advani	
	Mr. Hareesh G. Advani	Executive Director
PRACTISING COMPANY SECRETARY	Mr. V. Bhatt	
AUDITORS	Messrs J. G. Verma & Co.	
SOLICITORS	Messrs Crawford Bayley & Co. Messrs Malvi Ranchoddas & Co.	
BANKERS	Bank of Baroda Bank of India Global Trust Bank Ltd.	
REGISTERED OFFICE	94-A, Maker Chambers III, 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 (International Hotel Licensing Company S.a.r.l.)	
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	

# Annual Reports Librar

Notice is hereby given that the 15th Annual General Meeting of the members of **ADVANI HOTELS & RESORTS (INDIA) LTD.** will be held on Thursday, 28th November, 2002 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 & Loss Account for the year ended 31st March, 2002 and the Balance Sheet on that date and the reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

## NOTES:

- 1) 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.

- 2) The Register of Members and Share Transfer Books of the Company were closed from September 23, 2002 to September 30, 2002 (both days inclusive), which was intimated earlier.
- 3) Members / Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
- 4) Members seeking any clarification / explanations are requested to submit their queries at the Registered Office of the Company at least 7 days in advance.
- 5) Members are requested to notify the Company's Register and Share Transfer Agents about any changes in their address (in full) with the postal area pin code number, quoting their folio numbers.
- 6) 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.
- 7) The Registrar and Share Transfer Agents of the Company are :

**M/s. Datamatics Financial Software & Services Ltd.**

Plot No. A/16 & 17, Part B, Cross Lane,

MIDC, 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  
For **Advani Hotels & Resorts (India) Ltd.**

Date : 17th October, 2002  
Place : Mumbai

**Sunder G. Advani**  
Chairman & Managing Director

## Regd. Office:

94A, Maker Chambers III,  
Nariman Point,  
Mumbai - 400 021

# Annual Reports Librar

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors submit herewith the Fifteenth Annual Report of the Company along with Audited Accounts for the year ended March 31, 2002.

	(Rupees in lakhs)	
FINANCIAL RESULTS	Year Ended 31.03.2002	Year Ended 31.03.2001
Total Income	1731.97	2,331.16
Operating expenses	1641.58	1,862.84
Operating Profit	90.39	468.32
Less: Interest	392.43	419.87
Profit /(Loss) before depreciation	(302.04)	48.45
Less: Depreciation	253.47	247.55
PROFIT/(LOSS) BEFORE TAX	(555.51)	(199.10)
Less/(Add) : Provision for taxation	-	(0.06)
Less/(Add) : Unabsorbed deferred tax credit	(129.05)	-
Less/(Add) : Prior periods adjustment (Net)	(14.12)	(8.69)
NET PROFIT/(LOSS)	(698.68)	(207.85)
Add : Balance brought forward from last year	-	20.35
Excess Tax provision written back	-	0.15
Transfer from General Reserves	-	227.35
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION	(698.68)	40.00
Transfer to Debenture Redemption Reserve	-	40.00
(Loss) Transfer to Balance Sheet	(698.68)	N I L
	(698.68)	40.00

### PERFORMANCE

The decline in total annual income by 25% to Rs. 1732 lakhs was partly as a result of the September 11, 2001 terrorist attacks in the US, but was accentuated when Afghanistan was bombed, the terrorists attacked our Parliament in December and later when India - Pakistan almost went to war which kept foreign tourists away from India and from our resort in Goa. Our resort receives its maximum income and profit from the sun seeking European tourists between November and March and these events could not have come at a worse time. The decline in hotel sales would have been greater had our Company not successfully shifted its focus to domestic travellers who are visiting Goa in greater numbers. The flight catering unit did well as the loss in foreign passengers on reduced charter flights was made up by an increase in food supplied to our Caravela cruise ship which operates India's only live Casino. Our Company was able to reduce its operating expenses by almost Rs. 300 lakhs through cost cutting measures, but the operating profit of Rs. 150 lakhs was neither adequate to cover the high interest burden nor for repayment of principal to the lenders.

The Company has had its institutional loans rescheduled at reduced interest rates with the lead institutional bankers namely IDBI and has made similar requests to other lenders including IFCI and TFCL, which honoured its Guarantee agreement by repaying the foreign loans taken by the Company. The Company is trying to see that income improves to meet its debt obligations and has achieved almost 25% increase in the first half year with corresponding increases in the bottom line. The recent tragic bombings in Bali, Indonesia, which is one of our competitors may lead to more foreign tourists visiting Goa, but this will depend on the perception of India as a safe holiday destination. The increase in domestic business will continue with the added exposure received when our resort and cruise ship were selected as the venue of the much publicized World Teen Queen 2002 contest held by Zee T.V. recently.

## JOINT VENTURE PROJECT

The CARAVELA cruise ship and CASINO Goa are attracting more clients every month, as more people are aware that a "Live Casino" exists in India. We have had to rely on word of mouth for publicity, as there is a limited budget available for advertising. The sunset cruises have been started, which provide tourists a better view of scenic Goa from the water.

The symbiotic relationship between the Company and the Joint Venture Company is proving beneficial to both Companies. The increased passengers on board are being primarily generated by the Company's resort, which gains occupancy especially in the off-season, as it offers the CARAVELA as a Unique Selling Proposition (USP) with favourable entry rates on the cruise ship. The increased passengers on the ship leads to increased revenues for the flight kitchen, which supplies all the meals served on the CARAVELA.

The Commissioner of Central Excise is adjudicating on whether Excise is payable on our cruise ship. The Company is contesting the same.

## DIVIDEND

In view of the loss incurred during the year, the Directors do not recommend any dividend for the year ended March 31, 2002.

## 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 has 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 in Note No. 15 mentioned in Schedule L. The Company has earned foreign exchange of Rs. 114,860,183/- and also remitted during the year Rs. 8,502,274/- towards royalty, remuneration to foreign technicians, professional and consultation fees, interest and other charges on foreign currency loan and import of capital goods.

# Annual Reports Librar

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Anil Harish will retire by rotation and, being eligible, offer himself for re-appointment.

Mr. Sujain Talwar resigned as Director of the Company.

Mr. Suresh Talwar resigned as Alternate Director of the Company.

The Board places on record their appreciation of the valuable services rendered by them during their tenure as Directors.

## **CORPORATE GOVERNANCE**

Your Company has constituted an Audit Committee under the Chairmanship of Mr. Sunder G. Advani, Chairman & Managing Director of the Company as required under the Provision of Section 292A of the Companies Act, 1956. The requirement of furnishing detailed report on Corporate Governance in the Annual Accounts of the Company as prescribed under Clause 49 of the Listing Agreement will become mandatory for the Company from the current financial year. Your Directors have already initiated steps to comply with the requirements of the aforesaid Clause of the Listing Agreement.

## **AUDITORS**

M/s. J. G. Verma & Co., Chartered Accountants, Mumbai, the Auditors of the Company will retire at the conclusion of this Annual General Meeting and, being eligible, offer themselves for re-appointment. The remarks given by the Auditors in para (6) of their report are self explanatory and require no further explanations.

## **SUBSIDIARY COMPANY**

The Accounts of the Advani Pleasure Cruise Company Private Limited for the year ended 31st March 2002 together with statement under Section 212 of the Companies Act, 1956 are annexed to this Report.

## **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.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under 217(2AA) of the Companies Act, 1956, with respect to Directors responsibility statement it is hereby confirmed:

1. That in preparation of the accounts for the financial year ended March 31, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review.
3. That 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.
4. That the Directors have prepared the accounts for the financial year ended March 31, 2002 on a "Going Concern" basis.

## **ACKNOWLEDGMENT**

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 help 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

Date : 17th October, 2002  
Place : Mumbai

**Sunder G. Advani**  
Chairman & Managing Director



# Annual Reports Library

Annual Report 2001-2002

RENAISSANCE  
GOA RESORT

## ANNEXURE TO THE DIRECTORS' 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, 2002.

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. 24,00,000/- p.a.

<b>Sunder G. Advani</b>	Chairman & Managing Director	63	MBA from the Wharton School of Business	41	01.03.88	33,31,688/-	Plaza Hotels Pvt. Ltd.
<b>Haresh G. Advani</b>	Executive Director	51	B.S. Cornell University, School of Hotel Administration	33	01.03.88	26,26,375/-	Plaza Hotels Pvt. Ltd.

(B) Employed for part of the financial year and in receipt of remuneration aggregating not less than Rs. 2,00,000/- p.m.

<b>Detlef Meisslein</b>	Vice President Operations & Sales & Marketing	50	Hotel Management Degree, Nurnberg Business School, Germany	36	Resigned w.e.f. 31.12.01	58,88,360/-	Sedona Hotels International
-------------------------	---	----	--	----	--------------------------	-------------	-----------------------------

### Notes :

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

By Order of the Board

Date : 17th October, 2002  
Place : Mumbai.

**SUNDER G. ADVANI**  
Chairman & Managing Director



# Annual Reports Librar

## AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of ADVANI HOTELS & RESORTS (INDIA) LIMITED, as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India 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 those books.
3. The Balance Sheet and Profit & Loss Account, dealt with by the Report, are in agreement with the books of account.
4. On the basis of written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2002 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion, the Profit & Loss Account and the Balance Sheet comply with the applicable Accounting Standards referred to in sub-section (3-C) of section 211 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(g) regarding non-provision of gratuity liability and read together with the significant accounting policies stated in Schedule "L" and the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2002;  
and ..
  - (ii) In the case of 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

Mumbai : 17th October, 2002

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. 31,731,461/- to its subsidiary company including 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.
12. Unserviceable and damaged stores, operating supplies, food and beverages have been determined and written off in the accounts.
13. The Company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.