



ADVANI HOTELS & RESORTS (INDIA) LIMITED





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Advani Hotels & Resorts (India) Limited

BOARD OF DIRECTORS	Mr. Sunder G. Advani	Chairman & Managing Director
	Mr. Prakash V. Mehta	
	Mr. K. Kannan	(w.e.f. July, 2003)
	Mr. Anil Harish	
	Mr. Hareesh G. Advani	Executive Director
	Mrs. Menaka S. Advani	
GENERAL MANAGER - FINANCE & COMPANY SECRETARY	Mr. Vinay S. Namjoshi	
AUDITORS	Messrs J. G. Verma & Co. Chartered Accountants	
SOLICITORS	Messrs Crawford Bayley & Co. Messrs Malvi Ranchoddas & Co.	
BANKERS	Bank of Baroda Bank of India	
REGISTERED OFFICE	1009/1010, Dalamal Tower, 211, Nariman Point, Mumbai – 400 021.	
REGISTRAR AND SHARE TRANSFER AGENTS	M/s. Datamatics Financial Software & Services Ltd. Plot No. A/16 & 17, Part B Cross Lane, MIDC Marol, Andheri (East) Mumbai – 400 093	
FOREIGN COLLABORATORS	M/s. Marriott International Licensing Company, B.V. M/s. International Hotel Licensing Company, S.A.R.L.	
LOCATION OF THE RESORT	Ramada Caravela Beach 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 17th Annual General Meeting of the members of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** will be held on Tuesday, September 28, 2004 at Yashwantrao Chavan Pratishthan Mumbai, Chavan Centre, General Jagannath Bhosale Marg, Mumbai – 400 021 at 3:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2004, Profit & Loss account for the year ended March 31, 2004 and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prakash V. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), as a special resolution the following:
 "RESOLVED THAT pursuant to Sections 198, 269, 309 and 310 or any other applicable provision of Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Sunder G. Advani as Managing Director with effect from March 1, 2003 for a period of 5 years on the terms and conditions set out in the Agreement dated February 26, 2003 entered into between the Company and Mr. Sunder G. Advani, a copy of whereof initialed by the Chairman of the Board for the purpose of identification, is placed before the meeting".
6. To consider and if thought fit, to pass with or without modification(s), as a special resolution the following:
 "RESOLVED THAT pursuant to Sections 198, 269, 309 and 310 or any other applicable provision of Companies Act, 1956, the Company hereby approves the re-appointment of Mr. Haresh G. Advani as Executive Director with effect from March 1, 2003 for a period of 5 years on the terms and conditions set out in the Agreement dated February 26, 2003 entered into between the Company and Mr. Haresh G. Advani, a copy of whereof initialed by the Chairman of the Board for the purpose of identification, is placed before the meeting".

By order of the board
For Advani Hotels & Resorts (India) Limited

Date : 27th August, 2004
 Place : Mumbai

Vinay S. Namjoshi
General Manager - Finance & Company Secretary

Regd. Office:

1009/1010, Dalamal Tower,
 211, Nariman Point,
 Mumbai – 400 021.

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) An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2004 to 28.09.2004 (both days inclusive) for transfer of equity shares.
- 4) Information required to be furnished under the Listing Agreement:
 As required under the Listing Agreement, the particulars of the Director who are proposed to be re-appointed is furnished below:

Advani Hotels & Resorts (India) Limited

Name of Director	Mr. Prakash V. Mehta	Mr. Anil Harish
Date of appointment	30.06.1989	23.02.1998
Age	62 years	50 years
Qualification	L.L.B, Solicitor	B.A., L.L.B, L.L.M. (U.S.A.)
Expertise	Law	Taxation
List of Companies in which Outside Directorship held as on 31.3.2004	Bharat Bijlee Limited Hikal Chemicals Industries Ltd. India Safety Vaults Ltd. Kristeel Shinwa Industries Ltd. KJMC Investment Trust Co. Ltd. Mukand Engineers Ltd. Omega Management Services Ltd. PCS Industries Ltd. W. H. Brady & Co. Ltd. JBF Industries Ltd.	Valecha Engineering Ltd. Tolani Shipping Co. Ltd. Hinduja TMT Ltd. K. C. Maritime (India) Ltd. Hotel Leelaventure Ltd. Tower Insurance & Reinsurance Services (India) Limited IndusInd Bank Ltd. Prebon Yamane India Ltd. Mukta Arts Ltd., Unitech Ltd.
Chairman / Member of the Committees of other Companies on which he is a Director on 31.03.2004	Chairman of India Safety Vaults Limited Member of Audit Committee: Bharat Bijlee Ltd., Mukand Engineers Ltd., & Hikal Chemicals Industries Ltd. Members of Shareholders Grievance Committee: Bharat Bijlee Limited & Hikal Chemicals Industries Ltd. Member of Investor Grievance Committee: JBF Industries Ltd.	Chairman Audit Committee IndusInd Bank Ltd., Hinduja TMT Ltd. Chairman Shareholders / Investor Grievances Committee: Hotel Leelaventure Ltd. Member of Audit Committee: Hotel Leelaventure Ltd. Tolani Shipping Co. Ltd., Unitech Ltd. & Mukta Arts Ltd. Member of Committee of Director for Issue of Shares: Hotel Leelaventure Ltd. Chairman of Investors' Grievances Committee: Hinduja TMT Ltd.

- 5) Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting. You are requested to bring the copy of Annual Report sent to you.
- 6) Members seeking any clarification / explanations are requested to submit their queries at the registered office of the Company at least 7 days in advance.
- 7) 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 number, etc.
- 8) 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.
- 9) 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 • Tel. : 28213383 • Fax : 28369408

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) Limited

Date : 27th August, 2004
Place : Mumbai

Vinay S. Namjoshi
General Manager - Finance & Company Secretary

Regd. Office:

1009/1010, Dalamal Tower,
211, Nariman Point,
Mumbai - 400 021.

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

Item No. 5

The Board of Directors has re-appointed Mr. Sunder G. Advani as Chairman & Managing Director of the Company for a period of 5 years from March 1, 2003. The same was approved by the shareholders by passing an ordinary resolution at the 16th Annual General Meeting held on September 30, 2003. Though the ordinary resolution was passed unanimously at the aforesaid Annual General Meeting, this resolution is now being proposed as a special resolution as required by the Central Government for approving the remuneration of Mr. Sunder G. Advani.

The appointment was approved by the shareholders on the following terms:

Remuneration:

Mr. Sunder G. Advani will receive a salary of Rs. 1,40,000/- p.m. effective from March 1, 2003 as the Chairman & Managing Director of the Company.

Commission:

Commission is payable to Mr. Sunder G. Advani as may be decided by the Board of Directors from time to time. It is pointed out that the total remuneration including perquisites and commission payable to Mr. Sunder G. Advani shall not exceed 5% of the net profits of the Company computed in the manner laid down in Section 198(1) of the Companies Act, 1956.

Perquisites:

i. Housing : Any one of the options given below:

Housing I – The expenditure by the Company on hiring unfurnished accommodation for the Chairman & Managing Director will be subject to the following ceilings:

Sixty percent of the salary.

Housing II – The Company owned accommodation. The perquisite value to be evaluated as per the Income Tax Rules.

Housing III – In case no accommodation is provided by the Company, the Chairman & Managing Director shall be entitled to house rent allowance, subject to the ceiling laid down in Housing I.

ii. In addition to Housing, reimbursement of gas and electricity expenses.

Other Costs:

i. Medical Reimbursement:

Expenses actually incurred by the Chairman & Managing Director for himself and the members of his family.

ii. Leave Travel Concession:

Leave Travel Concession for the Chairman & Managing Director and his family once in a year in accordance with the rules of the Company applicable to Senior Managers.

iii. Personal Accident Insurance:

Premium not to exceed Rs. 4,000/- per annum.

Minimum Remuneration :

If the Company incurs losses or its profits are inadequate, the salary and perquisites payable as specified above, will be treated as the minimum remuneration payable.

This statement should be treated as an abstract of the terms of the contract with Mr. Sunder G. Advani for the purpose of Section 302 of the Companies Act, 1956.

Item No. 6

The Board of Directors has re-appointed Mr. Haresh G. Advani as Executive Director of the Company for a period of 5 years from March 1, 2003. The same was approved by the shareholders by passing an ordinary resolution at the 16th Annual General Meeting held on September 30, 2003. Though the ordinary resolution was passed unanimously at the aforesaid Annual General Meeting, this resolution is now being proposed as a special resolution as required by the Central Government for approving the remuneration of Mr. Haresh G. Advani.

Advani Hotels & Resorts (India) Limited

The appointment was approved by the shareholders on the following terms:

Remuneration:

Mr. Haresh G. Advani will receive a salary of Rs. 87,500/- p.m. effective from March 1, 2003 as the Executive Director of the Company.

Commission:

Commission is payable to Mr. Haresh G. Advani as may be decided by the Board of Directors from time to time. It is pointed out that the total remuneration including perquisites and commission payable to Mr. Haresh G. Advani shall not exceed 4% of the net profits of the Company computed in the manner laid down in Section 198(1) of the Companies Act, 1956.

Perquisites:**i. Housing: Any one of the options given below:**

Housing I – The expenditure by the Company on hiring unfurnished accommodation for the Executive Director will be subject to the following ceilings:

Sixty percent of the salary.

Housing II – The Company owned accommodation. The perquisite value to be evaluated as per the Income Tax Rules.

Housing III – In case no accommodation is provided by the Company, the Executive Director shall be entitled to house rent allowance, subject to the ceiling laid down in Housing I.

ii. In addition to Housing, reimbursement of gas and electricity expenses.**Other Costs:****i. Medical Reimbursement:**

Expenses actually incurred by the Executive Director for himself and the members of his family.

ii. Leave Travel Concession:

Leave Travel Concession for the Executive Director and his family once in a year in accordance with the rules of the Company applicable to Senior Managers.

iii. Personal Accident Insurance:

Premium not to exceed Rs. 4,000/- per annum.

Minimum Remuneration :

If the Company incurs losses or its profits are inadequate, the salary and perquisites payable as specified above, will be treated as the minimum remuneration payable.

This statement should be treated as an abstract of the terms of the contract with Mr. Haresh G. Advani for the purpose of Section 302 of the Companies Act, 1956.

By order of the board
For Advani Hotels & Resorts (India) Limited

Date : 27th August, 2004

Place : Mumbai

Vinay S. Namjoshi
General Manager - Finance & Company Secretary

Regd. Office:

1009/1010, Dalamal Tower,
211, Nariman Point,
Mumbai – 400 021.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to submit herewith the Seventeenth Annual Report of your Company along with the audited accounts for the year ended March 31, 2004.

(Rupees in lakhs)

Financial Results	Year Ended March 31, 2004	Year Ended March 31, 2003
Total Income	2643.38	2200.23
Gross Profit for the year	656.85	420.79
Less : Interest	326.07	409.25
Profit before Depreciation	330.78	11.54
Less : Depreciation	247.60	257.46
PROFIT / (LOSS) BEFORE TAX	83.18	(245.92)
Add: Deferred tax credit	32.83	69.07
Less: Prior period adjustments (Net)	11.21	13.22
NET PROFIT / (LOSS)	104.80	(190.07)
Add: (Loss) brought forward from last year	(958.76)	(698.69)
Add / (Less) Transfer from/(to) Debenture Redemption Reserve	150.00	(70.00)
Loss Carried to Balance Sheet	(703.96)	(958.76)

PERFORMANCE

Income of the Ramada Caravela Beach Resort in Varca, Goa, combined with the Airport Plaza flight catering unit outside Goa airport, was 20% higher for the year ended March 31, 2004. The State of Goa saw a spurt in foreign traffic as foreign charter flights increased substantially over the last financial year. The number of Indians visiting Goa has also increased with lower airfares and better marketing of Goa as a destination. These factors also helped to increase the income of the Airport Plaza flight catering unit. The increase in traffic also resulted in higher income for the LIVE CASINO aboard our cruise ship "M. V. Caravela".

Your Company achieved a gross profit of 657 lakhs, which reflects a 56% increase over the previous year. The gross profit ratio increased from 19% to 25% with better cost control. The operating & general expenses increased by 13% to Rs. 1,940 lakhs, as compared to Rs. 1,722 lakhs last year mainly on account of increase in salaries, marketing expenses and guest related expenses, etc. As stated in the last report, the Company was successful in obtaining external commercial borrowing, which has resulted in a 20% reduction in interest costs to Rs. 326 lakhs in the current year. After allowing for depreciation and interest the Company has made a net profit before tax of Rs. 83 lakhs as against a loss of Rs. 246 lakhs in the last year.

FUTURE OUTLOOK

During the current year the sales of the hotel are up by 25%. We expect to achieve higher revenues as we have contracted with foreign tour operators at higher room rates and the resort is expected to be full from November 2004 onwards. Foreign charter operators have witnessed greater demand for destination Goa and have requested permission for operating additional charter flights which have been granted by the Government authorities. There will be a further increase in the number of foreign tourists landing in Goa as compared to the last year. This will also lead to increase in revenues of the flight-catering unit. The domestic traffic is also likely to increase due to reduced cost of air travel as a result of reduction in duties on Aviation Turbine Fuel (ATF) and increased competition. Moreover visitors to Goa using trains and the improved road network are likely to increase.



RENOVATION

The Company has not been able to carry out any major renovation during the last financial year as the entire proceeds of the US \$5 million loan was required to repay all the other lenders. The Company is in the process of carrying out changes as suggested by our foreign collaborators, M/s. Marriott International for their Ramada brand. The Company has also obtained an additional loan of Rs. 100 lakhs for capital expenditure for renovation of the hotel, which is being utilized during the current financial year. We have concentrated on improving service /quality of food and have received an award for 0% Guest complaints from Thomas Cook, U.K.

JOINT VENTURE COMPANY

Our Subsidiary Company, Advani Pleasure Cruise Company Private Limited, which operates the Caravela cruise ship and Casino Goa, has achieved an increase in income of 22% to Rs. 1,235 lakhs during the current year. The increase in income of the subsidiary is due to increase in tourist arrivals in Goa as well as additional marketing efforts put in by the Company. The gross operating profits have increased to Rs. 187 lakhs as against profit of Rs. 26 lakhs during the last year. The profit before tax during the financial year was Rs. 93 lakhs as against a loss of Rs. 69 lakhs for the same period last year.

JAIPUR PROJECT

Several contiguous parcels of land overlooking a famous tourist spot have been acquired by the Company for a 140 room 5 star hotel. Since there was an excess of hotel rooms in Jaipur after the severe drop in tourist arrivals, this project was not being pursued. As soon as the demand improves and our finances permit, this project will be reviewed for execution.

DIVIDEND

In view of the carry forward losses, the Directors are not in a position to recommend any dividend for the year ended March 31, 2004.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 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, 2004, the applicable accounting standards have been followed 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 the provisions 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, 2004 on a "Going Concern" basis.

DIRECTORS

Mr. Prakash V. Mehta and Mr. Anil Harish are retiring and are eligible for re-appointment.

CORPORATE GOVERNANCE

In terms of the provisions of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, the report on Management Discussion and Analysis, Corporate Governance, as well as the Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of this Annual Report of the Company.



ADDITIONAL INFORMATION

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 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, controls 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. During the year, the Company has imported Energy Management Systems, which will help to conserve electricity whenever guests are not in the room.

b. Technology Absorption

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

c. Foreign Exchange Earnings and Outgo

The Company has earned foreign exchange of Rs. 1,539.75 lakhs and also incurred expenditure during the year of Rs. 160.88 lakhs towards royalty, professional and consultation fees, interest and other charges on foreign currency loan and import of capital goods.

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 item 6 of their report are self-explanatory and require no further explanation.

SUBSIDIARY COMPANY

The Accounts of Advani Pleasure Cruise Company Private Limited for the year ended March 31, 2004 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.

ACKNOWLEDGEMENT

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 the help by the foreign collaborators, M/s. Marriott International Inc. 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 of Directors

Date : 27th August, 2004

Place : Mumbai

Sunder G. Advani
Chairman & Managing Director