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Annual Report
2004-2005



Mr. Sunder G. Advani, Chairman & Managing Director, welcoming Smt. Renuka Choudhury, Minister of State for Tourism, Government of India, at the Ramada Caravela Beach Resort, Goa.



CONTENTS

	Page
Notice	3
Directors' Report	13
Management Discussion and Analysis	16
Corporate Governance Report	19
Auditors' Report	25
Balance Sheet	28
Profit and Loss Account	29
Cash Flow Statement	30
Schedules to Balance Sheet	31
Schedules to Profit and Loss Account	34
Significant Accounting Policies and Notes on Accounts	37
Statement U/s 212 of the Companies Act	45
Auditors' Report on Consolidated Financial Statement	46
Consolidated Balance Sheet	47
Consolidated Profit and Loss Account	48
Consolidated Cash Flow Statement	49
Schedules to Consolidated Balance Sheet	50
Schedules to Consolidated Profit and Loss Account	53
Consolidated Financial Statement	56



Annual Report 2004 - 2005

BOARD OF DIRECTORS

Mr. Sunder G. Advani

Chairman & Managing Director

Mr. K. Kannan

Mr. Prakash V. Mehta

Mr. Anil Harish

Mr. Haresh G. Advani

Executive Director

Mrs. Menaka S. Advani

**PRACTISING
COMPANY SECRETARY**

Mr. Virendra Bhatt

AUDITORSMessrs 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**

Ramada International, Inc., U.S.A.

LOCATION OF THE RESORTRamada Caravela Beach Resort
Varca Beach,
Varca Village,
Salcette,
Goa - 403 721.**LOCATION OF FLIGHT KITCHEN**Airport Plaza
Airport Road,
Sancoale, Dabolim,
Goa - 403 801.

Advani Hotels & Resorts (India) Limited**NOTICE**

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** will be held on Monday, 26th September, 2005 at Yashwantrao Chavan Pratishthan, 4th Floor, Chavan Centre, General Jagannath Bhosale Marg, Mumbai - 400 021 at 3:30 p.m. to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005, Profit & Loss account for the year ended March 31, 2005 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Menaka S. Advani, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint auditors to hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 ("the SEBI Delisting Guidelines") Listing Agreement(s) and other guidelines, consent of the Company be and is hereby accorded to the Board of Directors ("the Board", which term shall include any Committee thereof) to delist the equity shares of the Company from the Delhi Stock Exchange Association Ltd.;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all legal and procedural formalities and further to authorise any of its Directors or any of the Officers of the Company to do all such act, deeds and things that may be necessary to implement this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the conditions specified in Schedule XIII to the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to alter the terms of the remuneration of Mr. Sunder G. Advani as Chairman and Managing Director of the Company for a period with effect from 1st August, 2005 to 28th February, 2008 on such terms and conditions as set out in the supplementary draft agreement proposed to be entered into between the Company and Mr. Sunder G. Advani ("the Agreement") and submitted to this meeting and for identification signed by a Director of the Company, which Agreement is hereby specifically approved with the liberty to the Board of Directors to alter and/or vary the terms and conditions of the said Agreement in such manner, from time to time as may be agreed to between the Company and Mr. Sunder G. Advani."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the conditions specified in Schedule XIII to the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to alter the terms of the remuneration of Mr. Haresh G. Advani as Executive Director of the Company for a period with effect from 1st August, 2005 to 28th February, 2008 on such terms and conditions as set out in the supplementary draft agreement proposed to be entered into between the Company and Mr. Haresh G. Advani ("the Agreement") and submitted to this meeting and for identification signed by a Director of the Company, which Agreement is hereby specifically approved with the liberty to the Board of Directors to alter and/or vary the terms and conditions of the said Agreement in such manner, from time to time as may be agreed to between the Company and Mr. Haresh G. Advani."



Annual Report 2004 - 2005

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

"RESOLVED THAT pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956 and subject to the approval of the Central Government, and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the increase in the remuneration payable to Mr. Prahlad S. Advani, General Manager - Asset Management, from Rs. 60,000/- per month to Rs. 85,000/- per month with effect from 1st August, 2005 together with other perquisites as are applicable to Senior Managers of the Company."

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

Place: Mumbai
Date: 26th July, 2005

Sunder G. Advani
Chairman & Managing Director

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) The Register of Members and Share Transfer Books of the Company will remain close from 19th September, 2005 to 26th September, 2005 (both days inclusive), which was intimated earlier.
- 3) The relevant Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956, in respect of the Special Businesses at Items 4 to 7 of the Notice is annexed hereto.
- 4) Information required to be furnished under the Listing Agreement:

A brief profile of the Director retiring by rotation and eligible for re-appointment as required by Clause 49 VI of the Listing Agreement signed by the Company with the Stock Exchanges, is given below:

Item No. 2 of the Notice:

A. Name	: Mrs. Menaka S. Advani
Age	: 59 years
Qualification	: B. A. Economics
Expertise	: Administration and Human Resource Development
Date of appointment	: 30.09.1989

- 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 clarifications / explanations are requested to submit their queries at the registered office of the Company at least 7 days in advance.
- 7) Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, which came into force w.e.f. 31st October, 1998, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account, which remain unpaid or unclaimed for a period of 7 years from the date of such transfers, to the Investor Education Protection Fund ("Fund"), and hence, all unclaimed dividend for the financial year 1996-1997 have been transferred to the Investor Education and Protection Fund. The details of remaining unpaid or unclaimed dividend for the subsequent years are as under:

Advani Hotels & Resorts (India) Limited

DATE OF DECLARATION	AMOUNT(RS.)	DUE DATE
28-09-1998	1,63,998	27-09-2005
30-09-1999	12,618	29-09-2006
25-09-2000	98,880	24-09-2007

Members, who have not received dividend for 1997-98, 1998-99 and 1999-2000 are requested to be in touch with the Registrar and Share Transfer Agents, M/s. Datamatics Financial Software & Services Ltd. for revalidation of their dividend. No claims shall lie against the Fund or the Company in respect of individual amounts, which were claimed as unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

- 8) Members are requested to notify the Secretarial Department or the Company's Registrar and Share Transfer Agents (M/s. Datamatics Financial Software & Services Ltd.) about any changes in their address (in full) with the postal area pin code number, quoting their folio number in respect of their holdings in physical form or their depositary participants in respect of their holdings in electronic form.
- 9) 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.
- 10) 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**

Sunder G. Advani
Chairman & Managing Director

Place: Mumbai
Date : 26th July, 2005

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: 4

In order to provide liquidity to the shareholders and investors, the Company's Equity Shares were listed on The Stock Exchange, Mumbai and The Delhi Stock Exchange. The bulk of the trading in the Company's Equity Shares takes place at The Stock Exchange, Mumbai.

It has been observed that since the last few years trading in Equity Shares of the Company on The Delhi Stock Exchange is rare and negligible and is disproportionate to the listing fees payable by the Company to the said Stock Exchanges. Thus, continued listing with the Delhi Stock Exchange does not provide any significant advantage to the Members of the Company.

As our securities are listed in The Stock Exchange, Mumbai having nationwide trading terminals, the Company has complied with the provisions of Clause 5, (Delisting of Securities (Voluntary) of a listed Company) from Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003.

In this backdrop, it is considered desirable to delist the Equity Shares of the Company from The Delhi Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003 ("SEBI Delisting Guidelines"). Therefore, Members' approval is being sought by the Special Resolution for enabling voluntary delisting of its Equity Shares from the Delhi Stock Exchange. This would be subject to fulfillment of compliance of the SEBI Delisting Guidelines and other formalities as may be required.

None of the Directors of the Company is in any way concerned or interested in the said Resolution.

ITEM NO: 5

Mr. Sunder G. Advani was earlier re-appointed for 5 years w.e.f. 1st March, 2003 with a voluntary reduction in remuneration. The said re-appointment was approved in earlier Annual General Meeting of the shareholders. The Board of Directors has, at his request, altered the terms of remuneration of Mr. Sunder G. Advani, Chairman and Managing Director of the Company for a period w.e.f. 1st August, 2005 to 28th February, 2008. The remuneration committee of the Board approved the alteration of the terms of remuneration payable to Mr. Sunder G. Advani in accordance with the amended Schedule XIII to the Companies Act, 1956 and the said decision of the remuneration committee was noted by the Board in its meeting held on the 26th July, 2005. The Company accords its consent to the revised terms of remuneration of Mr. Sunder G. Advani, Chairman & Managing Director w.e.f. 1st August, 2005 to 28th February, 2008. The remuneration is now required to be approved as a special resolution by the shareholders in the ensuing Annual General Meeting.

The remuneration recommended is regarded as fair and complies with the terms and conditions specified in part I and Section II (B) of Part II of Schedule XIII to the Companies Act, 1956.

No Director, except Mr. Sunder G. Advani, Mr. Hareesh G. Advani and Mrs. Menaka S. Advani are interested or concerned in this resolution.

An abstract of the terms of the Agreement giving details of the remuneration payable and perquisites to be provided to Mr. Sunder G. Advani, Chairman and Managing Director of the Company are set out below:

Remuneration:

Mr. Sunder G. Advani will receive a salary of Rs. 1,68,000/- p.m. effective from August 1, 2005 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 perquisites 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 above.

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

Advani Hotels & Resorts (India) Limited



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.

iii. Personal Accident Insurance:

Premium not to exceed Rs. 4000/- 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.

Copy of the draft Agreement will be available for inspection at the registered office of the Company on all working days between 10 a.m. and 1.00 p.m. except Saturdays and Sundays.

This may be treated as abstract of the terms of appointment of Mr. Sunder G. Advani in terms of Section 302 of the Act.

The necessary information as required under Schedule XIII is furnished as under:

A. General Information

1. Nature of Industry:

The Company is in the Hospitality Industry.

2. Date of commencement of commercial production - 04.06.1990.

3. Financial Performance

	2004-2005
	Rs. in lakhs
Turnover of Sales	3314.86
Less: Excise Duty	-
Net Sales	3314.86
Profit Before Tax	653.58
Less: Deferred Tax	222.13
Less: Provision for Taxation	54.00
Less: Prior period adjustments	6.95
Profit after Tax	370.50

4. Export performance and foreign exchange collaborations

	2004-2005
Total Foreign Exchange earned	Rs. 2,17,550,875
Total Foreign Exchange used	Rs. 23,253,367

Foreign investments or collaborations:

There are no Foreign investments in the Company except 813636 shares held by non-resident shareholders.

The Company had Foreign Collaboration with M/s. International Hotel Licensing Company, S.a.r.l. for international services and marketing and with M/s. Marriott International Licensing Company, B.V. for the "Ramada" brand. In December 2004, M/s. Marriott International Licensing Company, B.V. and M/s. Marriott International Licensing Company, B.V. assigned their rights and responsibilities under the collaboration agreements to M/s. Ramada International Inc., U.S.A. Thus, the Company, at present, has a foreign collaboration with M/s. Ramada International Inc., U.S.A. for the "Ramada" brand.

B. Information about Mr. Sunder G. Advani, Chairman and Managing Director**1. Background Details:****Education**

B. S. Business Administration, Temple University, Philadelphia, 1956-59.

M.B.A. Wharton Graduate School, University of Pennsylvania, Philadelphia, 1959 - 61.

Innkeepers Diploma, Holiday Inn University, Olive Branch, Miss 1972.

Strategic Hospitality Management courses, Cornell University School of Hotel Administration 1998-99.

Employment

Economist, Penn-Jersey Transportation Study, Philadelphia, 1960-61.

Market Analyst, Continental Can Company, New York, 1961-63.

Consultant, Eugene Oross City Planning Consultants and Rutgers University Bureau of Economic Research, New Brunswick, N. J., 1963-65.

Senior Consultant, EBS Management Consultants, Washington, 1965-69.

Chairman, Allams Advanis Hotels (Now Eastern International Hotels Ltd.), Mumbai, 1969-71.

Executive Director, Eastern International Hotels Ltd. (Holiday Inn), Mumbai, 1971-74.

Representative, South Asia, Holiday Inns Inc., Memphis, USA, 1972-77.

Chairman & Managing Director, Plaza Hotels Pvt. Ltd. Mumbai (Now Orchid), 1969-88.

Representative, South Asia, Ramada International Inc., Phoenix, AZ, USA, 1983-97.

Chairman & Managing Director of Advani Hotels & Resorts (India) Limited, Mumbai, 1987 - present.

2. Past remuneration

Year	Salary	Perquisite including Others	Total
2002 - 03	Rs. 1,790,000	Rs. 1,380,172	Rs. 3,170,172
2003 - 04	Rs. 1,680,000	Rs. 1,092,493	Rs. 2,772,493

3. Recognitions or awards:

Mr. Sunder G. Advani in his personal capacity has received the following Awards:

March 2000 Hall of Fame Award at ITB Berlin

August 2000 Mr. Sunder G. Advani received Award from Giants International Federation in Goa for contribution towards the Hospitality Industry.

February 2001 Vocational Excellence Award from the Rotary District 3140 in Mumbai.

Mr. Sunder G. Advani is an active member of the prestigious World Travel and Tourism Council London (India Initiative) from 2001 to present.

Mr. Advani was also member of the Executive Committee of Hotel Association of India.

5. Proposed Remuneration

Mr. Sunder G. Advani, as the Chairman and Managing Director of the Company will receive a remuneration of Rs. 1,68,000/- p.m. plus perquisites effective from 1st August, 2005 and the Board of Directors has the power to increase the remuneration in consultation with Remuneration Committee from time to time.

6. Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person.

The effective capital of the Company is Rs.348,700,421/- and the Equity Shares of the Company are listed on The Stock Exchange, Mumbai and The Delhi Stock Exchange. Considering the experience and knowledge of Mr. Sunder G. Advani, Chairman and Managing Director, he is also entitled to a high remuneration as per the industry benchmark than the one recommended by the Board at present.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Excepting the payment of remuneration for his services as Chairman and Managing Director, as approved and detailed here in above, Mrs. Menaka S. Advani and Mr. Haresh G. Advani are relatives of Mr. Sunder G. Advani, Chairman & Managing Director of the Company.

C. Other Information

The Company had incurred losses during 2000-01, 2001-02 and 2002-03 due to war like situation between India and Pakistan, terrorist attack on the U.S. in September 2001, etc. The Company had taken various steps to improve the financial performance of the Company like appointment of franchisees in various cities