



## ADVANI HOTELS & RESORTS (INDIA) LIMITED





Mr. Sunder G. Advani, Chairman & Managing Director, discussing the progress of the drive for retaining and upgrading Goa's Dabolim Airport with Mr. Inder Sharma, Chairman, 'Select Hotels' at the Think-Tank Meet in New Delhi, organised by the World Travel and Tourism Council, which was attended by Minister of Civil Aviation and Minister of Tourism, Government of India.



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*Annual Report 2005 - 2006**Advani Hotels & Resorts (India) Limited*

<b>BOARD OF DIRECTORS</b>	Mr. Sunder G. Advani	Chairman & Managing Director
	Mr. K. Kannan	
	Mr. Prakash V. Mehta	
	Mr. Anil Harish	
	Mr. Hareesh G. Advani	Executive Director
	Mrs. Menaka S. Advani	
<b>COMPANY SECRETARY</b>	Mrs. Neena Deshpande	
<b>AUDITORS</b>	Messrs J. G Verma & Co. Chartered Accountants	
<b>SOLICITORS</b>	Messrs Crawford Bayley & Co. Messrs Malvi Ranchoddas & Co.	
<b>BANKERS</b>	Bank of Baroda Bank of India	
<b>REGISTERED OFFICE</b>	1009/1010, Dalamal Tower, 211, Nariman Point, Mumbai - 400 021.	
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	Datamatics Financial Services Limited Plot No. A/16 & 17, Part B Cross Lane, MIDC Marol, Andheri (East), Mumbai - 400 093.	
<b>FOREIGN COLLABORATORS</b>	Ramada International, Inc. U.S.A	
<b>LOCATION OF THE RESORT</b>	Ramada Caravela Beach Resort Varca Beach, Varca Village, Salcette, Goa - 403 721.	
<b>LOCATION OF FLIGHT CATERING UNIT</b>	Airport Plaza Airport Road, Sancoale, Dabolim, Goa - 403 801.	

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

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Members of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** will be held on **Tuesday, 26<sup>th</sup> September, 2006** at **3.30 p.m.** at Yashwantrao Chavan Pratishthan, 4<sup>th</sup> Floor, Chavan Centre, General Jagannath Bhosale Marg, Mumbai – 400 021 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, Profit and Loss account for the year ended March 31, 2006 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. Kannan who, retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prakash V. Mehta who, retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

By Order of the Board of Directors  
For **Advani Hotels & Resorts (India) Limited**

Mumbai, 21<sup>st</sup> August, 2006

**Neena Deshpande**  
Company Secretary

**Registered 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 be deposited at 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 closed from 19<sup>th</sup> September, 2006 to 26<sup>th</sup> September, 2006 (both days inclusive).
3. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund set up by the Central Government. Hence, all unpaid or unclaimed dividend for the financial year 1996-1997 and 1997-1998 have been transferred to the Investor Education and Protection Fund. The details of unpaid or unclaimed dividend for the subsequent years are as under:

Year of Declaration	DUE DATE (For transfer to the Fund)
1998 – 1999	29-09-2006
1999 – 2000	24-09-2007
2005 – 2006	25-04-2013



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4. Members who have not claimed dividend in respect of the financial year 1998 – 1999 and for the subsequent years are requested to approach the Company / the Registrar and Share Transfer Agents of the Company for claiming the same. Members are requested to note that no claim shall lie against the Company or the aforesaid Fund in respect of any amount of dividend remaining unclaimed or unpaid for a period of seven years from the dates they first became due for payment.
5. The particulars of the Directors seeking re-appointment are furnished below as per the provisions of Clause 49 of the Listing Agreement:

Name of Director	Mr. K. Kannan	Mr. Prakash V. Mehta
Date of Appointment	28.07.2003	30. 06.1989
Age	67 years	64 years
Qualification	FCA, ACWA	LL.B. Solicitor
Expertise	Finance, Banking	Law
List of other Directorships	1. Advani Pleasure Cruise Company Pvt. Ltd. 2. Kesar Enterprises Ltd. 3. Patel Engineering Ltd. 4. Consolidated Construction Consortium Ltd. 5. Indo-Tech Transformers Ltd. 6. Murli Agro Products Ltd.	1. Bharat Bijlee Ltd. 2. Hikal Ltd. 3. India Safety Vaults Ltd. 4. Kristeel Shinwa Industries Ltd. 5. KJMC Investments Trust Co. Ltd. 6. Mukand Engineers Ltd. 7. Omega Management Services Ltd. 8. PCS Technology Ltd. 9. W.H. Brady & Co. Ltd. 10. JBF Industries Ltd.
List of Chairmanship / Membership of other Committees	<i>Chairman of Audit Committee:</i> 1. Patel Engineering Ltd. 2. Indo-tech Transformers Ltd. 3. Murli Agro Products Ltd.  <i>Member of Audit Committee:</i> 1. Consolidated Construction Consortium Ltd.  <i>Chairman of Shareholders' Grievance Committee:</i> 1. Patel Engineering Ltd.	<i>Member of Audit Committee:</i> 1. Bharat Bijlee Ltd; 2. Mukand Engineering Ltd. 3. Hikal Ltd.  <i>Member of Shareholders' Grievance Committee</i> 1. Bharat Bijlee Ltd. 2. Hikal Ltd. 3. JBF Industries Ltd.

6. The Registrar and Share Transfer Agents of the Company are:  
**Datamatics Financial Services Limited**  
 Plot No. A-16 & 17, Part B Cross Lane, MIDC Marol,  
 Andheri (East), Mumbai – 400 093  
 Tel.: 91 22 28213383 Fax: 91 22 28320382

Members are requested to contact them for any matter relating to Bank details, ECS Mandates, nominations, power of attorney, change in name / address etc.

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7. Members are requested to quote their Folio Number or the Client ID on all the correspondence with the Company or with the Share Transfer Agents.
8. In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares.
9. To avoid loss of dividend warrants and undue delay in respect of receipt thereof, the Company is providing a facility for remittance of dividend through the Electronic Clearing System ('ECS'). The ECS facility is available at locations identified by the Reserve Bank of India from time to time and covers most of the cities. Members who are desirous of availing of ECS facility and who are holding shares in physical form are requested to contact the Share Transfer Agents and those who are holding the shares in electronic form are requested to contact their respective Depository Participants.
10. Members 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.
11. Members seeking clarifications / explanations are requested to forward their queries to the Company at its Registered Office at least 7 days prior to the Meeting.
12. Members / Proxies are requested to bring the Attendance Slip, sent herewith, duly filled in for attending the Meeting.
13. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

Report



Junction

By Order of the Board of Directors  
For **Advani Hotels & Resorts (India) Limited**

Mumbai, 21<sup>st</sup> August, 2006

**Neena Deshpande**  
Company Secretary

**Registered Office:**

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

## Annual Report 2005 - 2006

*Advani Hotels & Resorts (India) Limited***DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in presenting the Nineteenth Annual Report of your Company and the audited statement of accounts for the year ended March 31, 2006.

<b>Financial Results</b>	<b>Year Ended March 31, 2006 Rupees</b>	<b>Year Ended March 31, 2005 Rupees</b>
Total Income	370,364,921	331,485,984
Profit before interest, depreciation and tax	114,826,640	117,173,267
Less: Interest	24,770,966	26,300,066
Profit before depreciation and tax	90,055,674	90,873,201
Less: Depreciation	22,085,299	25,515,004
Profit before tax	67,970,375	65,358,197
Less / (Add): Provision for Taxation		
Current tax	5,870,000	5,400,000
Fringe Benefit tax	1,100,000	—
Credit for MAT Entitlement	(2,620,000)	—
Deferred tax	19,807,310	22,213,441
Less: Prior period adjustments (net)	494,469	695,188
Net profit after tax and adjustments	43,318,596	37,049,568
Less: Loss brought forward	33,346,644	70,396,212
Net profit / (Loss) available for appropriation	9,971,952	(33,346,644)
Less: Interim Dividend and Tax thereon	5,270,150	—
Balance Profit / (Loss) carried to Balance Sheet	4,701,802	(33,346,644)
Basic and Diluted Earnings per share	4.69	4.01

**Performance**

The total income for the year ended 31<sup>st</sup> March 2006 of the Ramada Caravela Beach Resort combined with the Airport Plaza catering unit rose to Rs. 370.4 million, which was 11.7% higher than the previous year. During the year under review, the interest costs reduced from Rs. 26.3 million to Rs. 24.8 million. The total profit before tax increased from Rs. 65.3 million to Rs. 68 million. The profit for the year after tax was 17% higher at Rs. 43.3 million. As a result of this year's profits, our Company has now wiped out all its accumulated losses and has a surplus amount of Rs. 10 million for appropriation.

**Dividend**

In view of the improved financial results, the Directors were pleased to declare on 26<sup>th</sup> April, 2006 an interim dividend of 5% for the year ended March 31, 2006, which has already been paid to the Shareholders. In view thereof, the Board has decided not to recommend any final dividend.



*Advani Hotels & Resorts (India) Limited***Future Outlook**

Our resort hotel is expected to do extremely well in the near future for several reasons. The demand for Goa from foreign tourists is increasing and more charter flights are being allowed to land at Goa airport as the Navy has opened the airport for civilian flights 24 hours on all days. Goa is also considered one of the world's top ten holiday destinations according to a leading European travel publication. The Civil Aviation Ministry has also recently agreed to allow scheduled foreign airlines to fly to Goa's Dabolim airport and are increasing the number of the parking bays, which was a major bottleneck. They are also adding a new International terminal. It has also been confirmed that the proposal to acquire land for the proposed new airport has been suspended. German tourists will be able to fly throughout the year to Goa, as Condor aircraft (owned by Thomas Cook), are scheduled to operate year round as against the present six months winter season. Since most of the foreign contracts are in US Dollars, the Company will obtain more revenue for the same services from foreign clients. Given the market conditions, the Company has increased its room rates significantly in the tourist season. Goa is still considered a relatively safe destination which has a low crime rate and low pollution levels.

Domestic tourists are also likely to come to Goa in increasing numbers partly because the airfares within India have come down. Domestic tourists rightly feel there is a hassle to fly overseas due to increased security procedures subsequent to the scare of blowing up transatlantic flights from UK, which was fortunately thwarted at the last minute. As a result of the weakening rupee, the cost of a holiday abroad has also gone up.

**Jaipur Property**

The Company had some years ago paid advances for land at Jaipur. Permission for conversion has not yet been obtained by the present owners of the land. The matter is being pursued with the owners and the Government.

**Renovation**

The Company has carried out substantial improvements to the entire area around the swimming pool. All the flooring of the sundeck areas has been replaced. A new restaurant and change rooms and an outdoor Jacuzzi were built. The landscaping of this area has been entirely changed. The occupancy of our resort in the June to October period was affected due to the closure of the swimming pool. Similarly during the current year, the revenues will be affected as the resort was closed for almost 3 months so that we could change the entire air-conditioning system, generators, electrical system, telephone system, fire alarm system etc. which will lead to lower operating costs in the future. Only 12 guestrooms are expected to be completely refurbished in this financial year and the balance will be refurbished, as per the foreign designers plans in the subsequent financial year.

**Subsidiary Company**

Our subsidiary company, Advani Pleasure Cruise Company Private Limited in which your Company holds 51% of the equity shares, has a financial and technical collaboration with Casinos Austria International. This Company, which operates the Caravela cruise ship with India's only live casino on board has done well. The total income increased by 34% to Rs. 184.7 million. The operating expenses increased by only 6% from Rs. 125.7 million to Rs. 133.3 million. The profit for the year before tax increased substantially to Rs. 44.8 million. The profit after tax increased from Rs. 2.2 million to Rs. 25 million. Our hotel will benefit in the off-season due to the popularity of the Cruise Ship and Casino Goa.

Your Company has obtained an exemption from the Ministry of Company Affairs for publication of the Accounts of its subsidiary under the provisions of Section 212 of the Companies Act, 1956. The accounts of the subsidiary company are not separately included in the Annual Report. The consolidated financial statements of the subsidiary, duly audited by the Statutory Auditors, along with the individual financial statement of the Company form part of this Annual Report and are reflected in the consolidated accounts. The accounts of the subsidiary company and other detailed information will be made available to the Shareholders, on request.

*Annual Report 2005 - 2006**Advani Hotels & Resorts (India) Limited***Directors' Responsibility Statement**

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are 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 and of the profit of the Company for that period;
- (iii) Proper and sufficient care has been taken 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 fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

**Directors**

Mr. K. Kannan and Mr. Prakash V. Mehta, Directors of the Company retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

**Corporate Governance**

The Company has complied with the requirements regarding the Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, where the Company's shares are listed. Pursuant to Clause 49 of the Listing Agreement, a separate report on Corporate Governance and a Certificate from the Auditors of the Company, regarding compliance of the conditions of Corporate Governance, form part of the Annual Report.

**Additional Information****a. Conservation of Energy**

Your company has made great efforts to conserve energy by incorporating the latest available technology into the hotel during the current financial year.

Heating, Ventilation and Air-conditioning system

We have replaced our old reciprocating chillers with new chillers from USA. These new Screw Chillers consume approximately half the power of the old chillers. We have also added new Variable Frequency Drive Pumps and created a primary and secondary piping system, to further reduce the electricity consumption. We have also replaced our Cooling Towers and these new towers have high efficiency motors for further saving of energy. Lastly, we are in the process of replacing all our FCU thermostat valves which will immediately reduce the air-conditioning load and our energy costs in the long run.

Electrical system

We have installed an Automatic Voltage Regulator. The AVR automatically boosts the power to the desired level, so as to minimize the generator from running and thus saves on the consumption of diesel. In addition, we have replaced our generators with better generators. These DG sets have four-stroke engines that will provide the greatest fuel efficiency. This will greatly reduce the diesel costs. In the guestroom, we have added the latest energy management system, which automatically shuts off the power when the guest leaves the room, so that there is no unnecessary wastage of energy while the room is not occupied. Lastly, most lights have been replaced with energy saving PL lights, which have a lower wattage and thus reduce our energy consumption.

Water system

Our waste water treatment plant has been completely overhauled to incorporate new blowers, motors and pumps of reduced capacity and higher efficiency to minimize energy consumption.