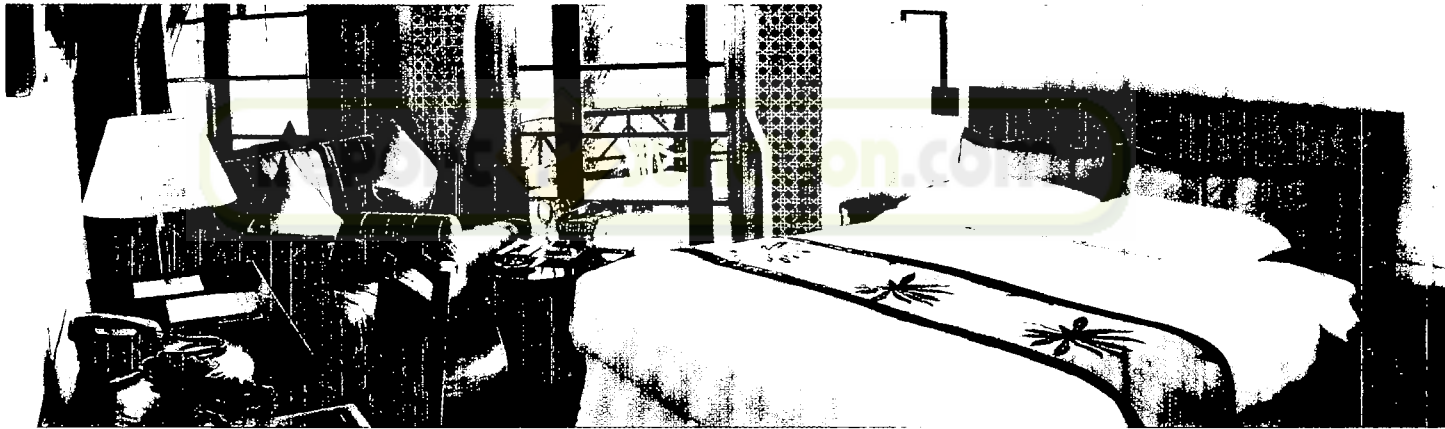
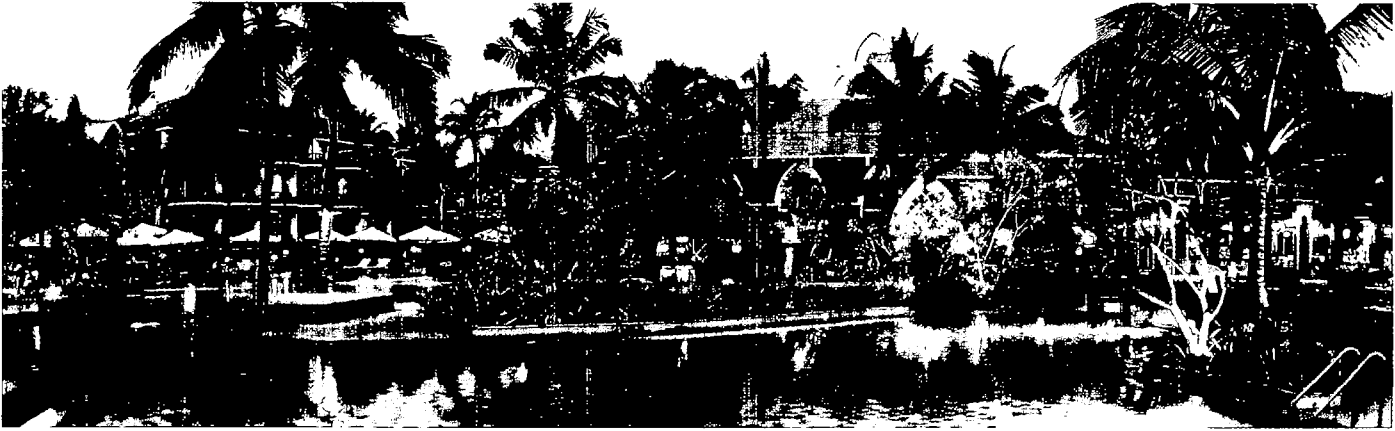




ADVANI HOTELS & RESORTS (INDIA) LTD.



ANNUAL REPORT

2007 - 2008



The then Governor Of Goa His Excellency S. C. Jamir being escorted by Mr. Sunder G. Advani
Chairman & Managing Director during his visit to Ramada Caravela Beach Resort

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*Annual Report 2007 - 2008**Advani Hotels & Resorts (India) Limited***BOARD OF DIRECTORS**

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	

CHIEF FINANCIAL OFFICER

Ms. Srilatha Dorairajah

COMPANY SECRETARY

Mr. Kumar Iyer

AUDITORSMessrs J. G. Verma & Co.
Chartered Accountants**SOLICITORS**Messrs Talwar Thakore & Associates
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**Datamatics Financial Services Limited
Plot No. A/16 & 17,
Part B Cross Lane, MIDC Marol,
Andheri (East), Mumbai - 400 093.**FOREIGN COLLABORATORS**Wyndham Hotels, U.S.A.
(Previously Ramada International, Inc., U.S.A.)**LOCATION OF THE RESORT**Ramada Caravela Beach Resort
Varca Beach, Varca Village,
Salcette, Goa - 403 721.

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

Notice is hereby given that the **Twenty First Annual General Meeting** of the members of **Advani Hotels & Resorts (India) Limited** will be held on **Thursday, August 28, 2008 at 11.00 a.m.** at Kamalnayan Bajaj Hall, Ground floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008, Profit and Loss account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To appoint a Director in place of Mr. K. Kannan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prakash V. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. J.G. Verma & Co., Chartered Accountants, Mumbai, the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to authorise the Board of Directors to approve/ determine their remuneration.

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

Kumar Iyer
Company Secretary

Mumbai, July 18, 2008

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The Proxy Form duly completed and stamped, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from August 21, 2008 to August 28, 2008 (both days inclusive).
3. In terms of Section 205A (5) of the Companies Act, 1956 the Company has transferred all the unpaid or

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Advani Hotels & Resorts (India) Limited

unclaimed dividend for the financial years 1996-1997, 1997-98 and 1999-2000 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)
2005-2006	25-04-2013
2006-2007	21-03-2014
2007-2008	17-05-2015

4. Members who have not claimed dividend in respect of the financial year 2005 - 2006 and for the subsequent years are requested to approach the Company / the Registrar and Share Transfer Agents of the Company for claiming the same.
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	(1) Mr. K. Kannan	(2) Mr. Prakash V. Mehta
Date of Appointment	28.07.2003	30. 06.1989
Age	69 years	66 years
Qualification	FCA, ACWA	LL.B. Solicitor
Expertise	Finance, Banking	Law
List of other Directorships #	<ol style="list-style-type: none"> 1. Kesar Enterprises Ltd. 2. Patel Engineering Ltd.. 3. Consolidated Construction Consortium Ltd. 4. Indo-Tech Transformers Ltd. 5. Andhra Pradesh State Finance Corporation Ltd. 6. Prithvi Asset Reconstruction & Securitisation Co. Ltd. 7. Shubhalaxshmi Polyster Ltd. 	<ol style="list-style-type: none"> 1. Bharat Bijlee Limited 2. Ciba India Limited 3. Hikal Ltd. 4. India Safety Vaults Ltd. 5. JBF Industries Ltd. 6. Kristeel Shinwa Industries Ltd. 7. Mukand Ltd. 8. Mukand Engineers Ltd. 9. Omega Management Services Ltd. 10. PCS Technologies Ltd. 11. W.H. Brady & Co., Ltd.
Chairmanship/Membership of other Committees of other Companies	<ol style="list-style-type: none"> 1. Patel Engineering Ltd. <ul style="list-style-type: none"> - Chairman Audit Committee - Chairman Shareholders Grievance Committee 2. Consolidated Construction Consortium Ltd.. <ul style="list-style-type: none"> - Member Audit Committee - Chairman Remuneration Committee 3. Indo-Tech Transformers Ltd. <ul style="list-style-type: none"> - Chairman Audit Committee - Chairman Remuneration Committee 	<ol style="list-style-type: none"> 1. Bharat Bijlee Limited <ul style="list-style-type: none"> - Member Audit Committee - Member Remuneration Committee - Member Shareholders Grievance Committee 2. Ciba India Ltd. <ul style="list-style-type: none"> - Member Audit Committee - Member Shareholders Grievance Committee 3. Mukand Engineers Ltd. <ul style="list-style-type: none"> - Member Audit Committee 4. JBF Industries Ltd. <ul style="list-style-type: none"> - Chairman Remuneration Committee - Member Shareholders Grievance Committee 5. Hikal Ltd. <ul style="list-style-type: none"> - Member Audit Committee - Chairman Remuneration Committee - Member Shareholders Grievance Committee 6. Mukand Ltd. <ul style="list-style-type: none"> - Member Audit Committee - Chairman Remuneration Committee

Excludes Directorships in Private Limited Companies, Unlimited Companies, Foreign Companies, Section 25 Companies and alternate Directorships.

Advani Hotels & Resorts (India) Limited

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.: 022 66712001 Fax: 022 66712011

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

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. Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR code of the branch, type of account and account number latest by 21st August, 2008 to the Registrar & Share Transfer Agents of the company. Likewise members holding shares in demat form are advised to inform the particulars of their bank account to their respective depository participants.
10. Members desirous of seeking clarifications / explanations are requested to forward their queries to the Company at its Registered Office at least 7 days prior to the date of the Meeting.
11. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

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

Kumar Iyer
Company Secretary

Mumbai, July 18, 2008

Registered Office:

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

*Annual Report 2007 - 2008**Advani Hotels & Resorts (India) Limited***DIRECTORS' REPORT****Dear Members,**

Your Directors are pleased to present the Twenty First Annual Report and the Audited Accounts of your Company for the year ended 31st March, 2008.

(Rs. in Lakhs)

Financial Results:	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	4754.48	3780.01
Profit before interest, depreciation and tax	1574.15	1183.16
Less: Interest	279.78	300.31
Profit before depreciation and tax	1294.37	882.85
Less: Depreciation	260.65	256.70
Profit before tax	1033.72	626.15
Less: Provision for Taxation		
Current tax	325.00	124.00
Fringe Benefit tax	11.00	9.00
Deferred tax	52.99	26.22
MAT	—	24.06
Net Profit after tax	644.73	442.87
Less: Prior period adjustments	6.66	18.80
Add: Profit brought forward	365.68	47.02
Net profit available for appropriation	1003.75	471.08
Less: Dividend and tax thereon	296.17	105.40
Transfer to General Reserve	63.90	—
Balance Profit carried to Balance Sheet	643.68	365.68
Basic and Diluted Earnings per share*	1.38	0.92

* Equity shares have been sub-divided from Rs. 10/- to Rs. 2/- per share w.e.f. October 2007. The basic and diluted EPS of the previous year have been recomputed to make it comparable with the EPS of current year.

Performance:

The total income for the year under review of the Ramada Caravela Beach Resort, Goa combined with the Airport Plaza catering unit has increased by 26% to Rs. 4754.48 lakhs as compared to Rs. 3780.01 lakhs during the previous financial year. The profit before interest, depreciation and tax of Rs. 1574.15 lakhs is higher by 33% when compared to Rs. 1183.16 lakhs achieved during the previous financial year. The net profit after tax for the financial year has also increased by 46% to Rs. 644.73 lakhs as against Rs. 442.87 lakhs achieved during the previous financial year.

Sub-Division of Equity Shares:

During October 2007 your Company's equity shares have been sub-divided to a face value of Rs. 2/- per share from Rs. 10/- per share and the sub-divided shares have been issued / credited to all the shareholders

Dividend:

The Board of Directors had on 23rd April 2008 declared an interim dividend @ 20% per equity share of Rs. 2/- each for the year 2007-08 and the same has already been paid to the shareholders. The Board at its meeting held on 18th July 2008, recommended a final dividend of 10% making it a total dividend of 30% for the year 2007-08

Advani Hotels & Resorts (India) Limited



(previous year 10%). The final dividend will be paid to the shareholders subject to the approval at the Annual General Meeting.

Open Offer by Delta Hospitality Pvt. Ltd:

Delta Hospitality Pvt. Ltd.(formerly known as Fasttrack Impex Private Limited) had after acquiring upto 14.93% of the Company's shares, made a Public Announcement on 29th February 2008 to acquire upto 20. (Twenty) percent of the equity share capital of the Company.

Post the Public Announcement and prior to the opening of the Open Offer on 26th May 2008, Delta Hospitality Pvt. Ltd. has acquired further 10.42% shares of the Company.

Delta Hospitality Pvt. Ltd. has reported on closure of the Open Offer that they have acquired 9.51% of the equity shares. The total shareholding of Delta Hospitality Pvt. Ltd. in the Company as on date is 34.87% aggregating to 1,61,16,819 shares.

The Company and the promoters had filed an appeal in Securities Appellate Tribunal (SAT) against SEBI, Delta Hospitality Pvt. Ltd. and Arrow Webtex Ltd. (PAC). The appeal inter alia prayed for a direction to be issued to SEBI to investigate the various complaints filed by the Company relating to the Open Offer.

The Appeal has been disposed of by SAT and SAT has inter alia directed SEBI to dispose of the Company's complaint dated 18th June 2008 in accordance with law by a speaking order.

Future Outlook:

Tourism is likely to suffer due to the increase in airfares as a result of the higher cost of aviation fuel and strengthening of the rupee against other currencies.

Renovation:

The Company has completed the renovation of 60 rooms to high international standards. The Company has now commenced its next phase of renovation.

Jaipur Property:

The Company had agreed to acquire land at Jaipur but the title could not be cleared. The Company has now filed two writ petitions before the Rajasthan High Court, Jaipur Bench during the current year.

Subsidiary Companies:

Our Subsidiary Company, Advani Pleasure Cruise Company Private Limited, which operates the only Live Casino in India on board the "Caravela" has been doing well and paid a total dividend of 75% for the year 2007-08 and the same has been received in the current financial year.

The other Subsidiary Company, Advani Flight Catering Services Private Limited, has not yet commenced operations.

The Ministry of Corporate Affairs, New Delhi vide its order No.47/477/2008-CL-III dated 17th July 2008 has exempted the Company from the requirement of attaching the Financial statements of its subsidiaries in terms of Section 212(1) of the Companies Act, 1956. As per the order, a gist of the financial statements of the subsidiary Companies has been prepared in terms of Section 212(8) of the Companies Act, 1956 and the same is appended hereto and forms part of the annual report. The accounts of the subsidiary companies and other detailed information will be made available to the Shareholders on request.

Flight Catering Unit:

The sale of Airport Plaza, Company's Flight Catering unit, which was approved by the shareholders has been completed on 4th June, 2008 and the entire sale consideration of Rs. 2030 Lakhs has been received.

*Annual Report 2007 - 2008**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 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. 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, forms part of the Annual Report.

Additional Information:**(a) Conservation of Energy**

Energy conservation continues to receive the highest priority throughout the year. The Company monitors energy costs and reviews the consumption of energy and wherever necessary has taken appropriate steps, like installation of microprocessor controlled units in majority of the rooms, to reduce consumption of electricity.

(b) Technology Absorption

The relevant particulars relating to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is not applicable as the hotel forms a part of the service industry and the Company does not have any significant manufacturing operations.

(c) Foreign Exchange Earnings and Outgo

The Company's foreign exchange earnings were Rs. 32,55,19,949 (previous year Rs. 23,12,29,697) whereas the outgo was only Rs. 9,26,73,814 (previous year Rs. 9,83,88,268). The relevant details are given in the notes to Accounts.

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.

With reference to the remark in para 9(a) of the Annexure to the Auditors Report regarding few instances of delays in deposit of statutory dues, including a delay in payment of entertainment tax of Rs. 2.62 lakhs, the same has been on account of inadvertent error.