



ADVANI HOTELS & RESORTS (INDIA) LTD



2012

Annual Report 2011 - 2012

Chairman's Statement

Dear Shareholders,

I would like to welcome you to this auspicious Silver Jubilee year of our Company.

25 years ago, we did not have a hotel – only a piece of land on one of the best beaches in Goa. Goa was served by only one daily flight of Indian Airlines from Mumbai. There was only one weekly flight from abroad. We convinced Ramada International Hotels U.S.A. to put equity into our Company and in 1989 made an IPO under our original name Ramada Hotels and Resorts (India) Limited.

Much has changed! By June 1990, we had built a 5-star deluxe hotel on this land with 128 rooms. Besides the first golf course, each room had a colour TV, bathtub, minibar, hair dryer, private balcony. The Taj Fort Aguada, the most prestigious hotel in Goa at that time did not offer any of these. The architecture, especially the Atrium lobby, helped our hotel to receive many awards. We followed up with an addition of a casino, discotheque, and 74 additional rooms in 1995. Our hotel, Ramada Renaissance, became the largest and most desired hotel in Goa and the only hotel in India to be selected by the Government of India as part of the India Pavilion at the World Tourism Expo in Seville, Spain.

Later, our Company opened India's first full-fledged casino on the "Caravela" ship in 2001 and had a monopoly in live casino gaming for 7 years until the Goa Government decided to issue 5 additional full-fledged casino licenses. Our goal has always been to encourage more foreign and domestic tourists to visit Goa. To this end, we have succeeded in a small way. The small State of Goa has become the first choice for both foreign and domestic tourists, who want to visit a holiday destination. Not only are there domestic flights to Goa from most major cities in India, but Goa also receives direct flights from London, Moscow, St. Petersburg, Ukraine, Frankfurt, UAE, Kuwait, Helsinki, Stockholm, Warsaw and Kazakhstan.

Future of Tourism and Goa:

As mentioned in my Chairman's speech last year, The World Travel & Tourism Council (WTTC) had projected that there would be 2 billion new customers traveling internationally in 20 years. Their research indicated that half of these would be from India. Although the GDP of India has slowed down in the last year, there is still a tremendous market, especially, if we are able to convince domestic travelers to have a holiday in India itself. In the past, only visitors to five star hotels in India could expect excellent standards of accommodation, as there were very few mid-market hotels. Recently there has been a big push in building lower category hotels. In fact, rates of hotel rooms in some of the cities has reduced due to excessive supply. The air connectivity between different parts of India has also improved significantly as low cost carriers and the full service carriers have purchased many airplanes which need to be filled with passengers. The airfares within India had started to come down, but after the curtailment of flights of Kingfisher Airlines the other carriers have recently started to charge high fares. If this continues, more Indian travelers will consider flying overseas where the fares are kept low due to International competition. The individual holiday maker may travel overseas, but those planning Conferences, product launches,



training seminars or the MICE market will tend to stay within India. In addition, people are looking for exotic destinations to have weddings and Goa can increasingly capture more of this market.

As far as the international market, much depends on the growth of disposable income of citizens of other countries. Russia's economy is doing well and their citizens are increasingly coming to Goa. One million Russians were visiting Egypt annually and they may come to Goa instead, to avoid being caught in an unsafe area. The visitors from East Europe may also look to Goa for a holiday to get away from their harsh winters. The modern terminal building, which is being built

at a cost of Rs. 500 crores at Dabolim international airport, will be ready in the near future and will make it possible to accommodate more flights.

The Government of Goa has to improve attractions, cleanliness of the beaches and the general infrastructure in Goa, which are some of the issues being addressed by the new Government. The Government can earn more revenues by attracting high-spending tourists. The tax structure should be simplified and multiple taxes avoided. Goa is well placed as it is known all over the world. There is a shortage of rooms with little new supply expected in the near future.

Strategy for our Company:

The efforts towards obtaining higher room rates by improving our hotel are starting to pay off. We have been able to obtain a sizeable increase for the next season and have signed contracts denominated in major foreign currencies instead of Indian Rupees, (which have been depreciating). This has been accepted as the complete renovation of 62 superior rooms has been extremely well received. Rates for the domestic clients have been increased and specific markets targeted. Our rates will still be substantially lower than the high-end luxury hotels in Goa and be considered as good value for money. We are fortunate to have unutilized FSI available, which can be built on to maximize value for our shareholders in the future.

Our Company performance:

Our Company achieved a 6% growth in total income to Rs. 3739 lakhs even though a greater number of rooms were unavailable for sales (due to renovation). The profit before interest, depreciation and tax increased from Rs. 477 lakhs to Rs. 793 lakhs. The profit after tax increased by 60% from Rs. 140 lakhs to Rs. 224 lakhs. This performance was achieved without any increase in room inventory or new facilities.

Acknowledgments:

I would like to thank all my colleagues on the Board, our Collaborators, the Government of Goa, the tour operators, other guests, our employees and last but not the least, all of you for your continued support and faith in our Company.

A handwritten signature in black ink, appearing to read 'Sunder G. Advani', written over a light blue horizontal line.

Sunder G. Advani
Chairman & Managing Director
Advani Hotels & Resorts (India) Limited



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BOARD OF DIRECTORS

Mr. Sunder G. Advani	Chairman & Managing Director
Mr. Haresh G. Advani	Executive Director
Mr. K. Kannan	
Mr. Prakash V. Mehta	
Mr. Anil Harish	
Mrs. Menaka S. Advani	

GENERAL MANAGER – FINANCE (CFO)

Mr. Shankar Kulkarni

COMPANY SECRETARY

Mr. Kumar Iyer

AUDITORS

Messrs J. G. Verma & Co.
Chartered Accountants

SOLICITORS

Messrs Malvi Ranchoddas & Co.

BANKERS

Bank of Baroda
Bank of India

REGISTERED OFFICE

18A & 18B, Jolly Maker Chambers – II
Nariman Point,
Mumbai - 400 021

**REGISTRAR AND
SHARE TRANSFER AGENTS**

Datamatics Financial Services Limited
Plot No. B-5, 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



NOTICE

Notice is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of **Advani Hotels & Resorts (India) Limited** will be held at 'Rangaswar', 4th Floor, Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021 on Monday, 17th September 2012 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, Statement of Profit and Loss for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To note the Interim Dividend paid @ 12% (Re. 0.24 per Share) and consider and approve the same as the final dividend for the year 2011-12.
3. To appoint a Director in place of Mr. K. Kannan, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Prakash V. Mehta, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. J. G. Verma & Co., Chartered Accountants, to hold the office as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s) as a Special Resolution the following:
"Resolved that the re-appointment of Mr. Sunder G. Advani, aged 73 years, as the Managing Director of the Company for the period from 1st March 2013 to 28th February 2018 be and is hereby approved in terms of Part I (c) (ii) of Schedule XIII of the Companies Act, 1956.

Resolved further that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 ("the Act") and subject to the approval of the Central Government, if deemed necessary, the Members of the Company do hereby approve the re-appointment of Mr. Sunder G. Advani as the Managing Director of the Company for a period of five years i.e. from 1st March 2013 to 28th February 2018 on such terms and conditions, including remuneration, as are set out in the draft agreement proposed to be entered into between the Company and Mr. Sunder G. Advani, a copy of which, initialed by Mr. Prakash V. Mehta, Independent Director for the purpose of identification, is placed before the meeting.

Resolved further that where in any financial year, during the tenure of Mr. Sunder G. Advani, Managing Director, the Company incurs losses or the profits are inadequate, the salary and perquisites payable as specified in the draft agreement shall be treated as the minimum remuneration payable for that year.

Resolved further that the Board of Directors be and are hereby authorised to vary and/or alter the terms and conditions of the Agreement in such manner, from time to time as may be agreed to between the Board and Mr. Sunder G. Advani, subject to the applicable provisions of the Act or any amendment thereto or any re-enactment thereof, including the terms of approval of the Central Government.

Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

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 Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 ("the Act") and subject to the approval of the Central Government, if deemed necessary, the Members of the Company do hereby approve the re-appointment of Mr. Haresh G. Advani as the Executive Director of the Company for a period of five years i.e. from 1st March 2013 to 28th February 2018 on such terms and conditions, including remuneration, as are set out in the draft agreement proposed to be entered into between the Company and Mr. Haresh G. Advani, a copy of which, initialed by Mr. Prakash V. Mehta, Independent Director for the purpose of identification, is placed before the meeting.

Resolved further that where in any financial year, during the tenure of Mr. Haresh G. Advani, Executive Director, the Company incurs losses or its profits are inadequate, the salary and perquisites payable as specified in the draft agreement shall be treated as the minimum remuneration payable for that year.

Resolved further that the Board of Directors be and are hereby authorised to vary and/or alter the terms and conditions of the Agreement in such manner, from time to time as may be agreed to between the Board and Mr. Haresh G. Advani, subject to the applicable provisions of the Act or any amendment thereto or any re-enactment thereof, including the terms of approval of the Central Government.

Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable."

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

Kumar Iyer
Company Secretary

Place: Mumbai
Date: July 10, 2012

Registered Office:
18A & 18B, Jolly Maker Chambers-II,
Nariman Point, Mumbai - 400 021

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the enclosed Attendance Slip, duly filled-in and signed, in terms of specimen signature lodged with the Company along with their copy of Annual Report for attending the meeting. The Company will accept only the Attendance Slip from the Member actually attending the Meeting or from the person attending as a Proxy under a valid Proxy Form registered with the Company. Attendance Slips of Members/Valid Proxies not personally present at the Meeting or relating to Proxies which are invalid will not be accepted from any other Member/person.
3. Corporate Members intending to send their authorised representatives under Section 187 of the Companies Act, 1956, are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
4. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of the Special Business in Item Nos. 6 & 7 to be transacted at the Meeting is appended hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 11th September 2012 to Monday, 17th September 2012 (both days inclusive).
6. Pursuant to Section 205A and 205C of the Companies Act, 1956, all dividends remaining unclaimed for seven years from the date they first became due for payment are now required to be transferred to the "Investor Education and Protection Fund" (IEPF) established by the Central Government under the amended provisions of the Companies Act, 1956. Members shall not be able to claim any unclaimed dividend from the said Fund nor from the Company thereafter. The details of the due dates for transfer of the unpaid/unclaimed dividend to the IEPF are as under:



Year of Declaration	Amount outstanding As on 31st March 2012 (Rs)	Due Date (For transfer to IEPF)
2005-2006	1,10,063.50	25-04-2013
2006-2007	5,07,454.52	21-03-2014
2007-2008 (Interim)	3,14,501.60	17-05-2015
2007-2008 (Final)	2,02,163.59	13-09-2015
2009-2010	1,31,334.31	22-01-2018
2010-2011	1,94,831.40	10-09-2018
2011-2012 (Interim)	N.A.	22-06-2019

Members who have not claimed dividend in respect of the aforesaid financial year/s are requested to approach the Company/the Registrar and Share Transfer Agents of the Company for claiming the same.

7. 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	73 years	70 years
Qualification	FCA, AICWA	LL.B. Solicitor
List of other Directorships #	<ol style="list-style-type: none"> 1. Kesar Enterprises Ltd. 2. Patel Engineering Ltd. 3. Prithvi Asset Reconstruction & Securitisation Co. Ltd. 4. Kesar Terminals & Infra Ltd. 5. Kesar Multimodal Logistics Ltd. 6. Patel Realty India Ltd. 	<ol style="list-style-type: none"> 1. Bharat Bijlee Ltd. 2. Camphor & Allied Products Ltd. 3. Hikal Ltd. 4. India Safety Vaults Ltd. 5. JBF Industries Ltd. 6. Mukand Ltd. 7. Mukand Engineers Ltd. 8. PCS Technology Ltd. 9. W. H. Brady & Co. Ltd.
Chairmanship/Membership of other Committees of the Companies \$	<ol style="list-style-type: none"> 1. Kesar Enterprises Ltd. – Member-Audit Committee 2. Patel Engineering Ltd. – Chairman-Audit Committee – Chairman-Shareholders Grievance Committee 3. Prithvi Asset Reconstruction & Securitisation Co. Ltd. – Member-Audit Committee 4. Kesar Terminals & Infra Ltd. – Member-Audit Committee 	<ol style="list-style-type: none"> 1. Bharat Bijlee Ltd. – Member-Audit Committee – Member-Shareholders Grievance Committee 2. Mukand Engineers Ltd. – Member-Audit Committee 3. JBF Industries Ltd. – Member-Shareholders Grievance Committee 4. Hikal Ltd. – Member-Audit Committee – Member-Shareholders Grievance Committee 5. Mukand Ltd. – Member-Audit Committee

Excludes Directorships in Private Limited Companies, Unlimited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships
\$ Includes only membership/s of Audit Committee and Shareholders/Investors Grievance Committee of other Public Limited Companies.

8. The Registrar and Share Transfer Agents of the Company are:

Datamatics Financial Services Limited

Plot No. B-5, Part B, Cross Lane, MIDC Marol, Andheri (East), Mumbai - 400 093

Tel.: 91-22-6671 2237 Fax: 91-22-6671 2209

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

9. In view of the numerous advantages offered by the Depository System, members holding Shares in physical form are requested to avail of the facility of dematerialisation of the Company's shares.
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 kindly bring their copy 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

Place: Mumbai

Date: July 10, 2012

Registered Office:

18A & 18B, Jolly Maker Chambers-II,
Nariman Point, Mumbai - 400 021



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

Item No: 6

At the Twentieth Annual General Meeting of the Company held on September 26, 2007, the Members of the Company had approved the re-appointment of Mr. Sunder G. Advani as the Managing Director of the Company for a period of five years i.e. from 1st March 2008 to 28th February 2013.

The Board of Directors have, pursuant to the recommendation of the Remuneration Committee at their meeting held on 10th July 2012, approved the re-appointment and revision in the remuneration payable to Mr. Sunder G. Advani, Managing Director, as set out in the proposed Agreement, for a further period of five years i.e. from 1st March 2013 to 28th February 2018, subject to the approvals of the Shareholders of the Company and the Central Government.

Mr. Sunder G. Advani is the Promoter and Founder Chairman & Managing Director of Advani Hotels & Resorts (India) Limited [formerly known as Ramada Hotels (India) Limited] since 1987, which commenced operations in 1990, as a Joint Venture with the renowned Ramada International chain of hotels (now part of Wyndham Hotels, USA). Advani Hotels & Resorts (India) Limited owns and operates the 200 room 5 Star Deluxe "Ramada Caravela Beach Resort, Goa".

Mr. Sunder G. Advani has completed his Bachelors and Masters in Business Administration in USA. Mr. Sunder G. Advani has a total of over 52 years experience in setting up and managing hotels. He has worked for 10 years as a Management Consultant and in senior positions in Marketing with Corporations in USA. On returning to Bombay in 1969 he obtained a franchise from the Memphis based Holiday Inns Inc., to develop the Holiday Inn at Juhu beach in Bombay. Mr. Advani was later the Representative in India for Holiday Inns (USA) and also served as a Representative for South Asia for Ramada International Hotels (USA).

From 1970 till 1989 Mr. Sunder G. Advani was the Chairman & Managing Director of Plaza Hotels (P) Ltd, which owned and operated the 80 room Airport Plaza Hotel and Flight Kitchen at Bombay airport which is now known as Hotel Orchid, a part of Kamat Hotels.

Besides being overall in-charge he specifically looks after International sales & marketing. Mr. Sunder G. Advani enjoys immense credibility as an Hotelier and is reputed in the industry for his right assessment of projects and their timely implementation.

Mr. Sunder G. Advani is the recipient of the Hall of Fame Award at ITB Berlin in March 2000. Another outstanding achievement under his direction was the prestigious PATWA Award for the Best Resort in March 1998, awarded by the International body of Travel Writers.

Mr. Sunder G. Advani is also an active member of the London based World Travel & Tourism Council India Initiative, a highly respected think-tank of the tourism industry.

Mr. Sunder G. Advani has a deep understanding of the Indian hospitality industry and his proven track record coupled with broad-based business experience combined with his strong leadership capability has enabled him to continue the growth of the Company.

Taking into consideration the above, the time and efforts put in by Mr. Sunder G. Advani and the Company's plans to carry out refurbishment of the hotel property with a view to increase the occupancy by attracting high-paying foreign tourists as well as domestic tourists, conferences and marriages it will be in the interest of the Company to re-appoint Mr. Sunder G. Advani as the Managing Director on the revised terms for a further period of five years i.e. from 1st March 2013 to 28th February 2018. The proposed salary is just and equitable. A person of similar standing in the hotel industry would command a much higher remuneration in a similarly placed position.

Members are requested to approve the re-appointment and revised remuneration payable to Mr. Sunder G. Advani, Managing Director, for the period from 1st March 2013 to 28th February 2018 by passing a Special resolution as in terms of Part I (c) (ii) of Schedule XIII of the Companies Act, 1956 as Mr. Sunder G. Advani is aged 73 years.

The total remuneration payable including salary, perquisites, other allowances and commission to the Managing Director and the Executive Director taken together shall not exceed 10% of the profits of the Company calculated

Advani Hotels & Resorts (India) Limited

in accordance with Section 198 and 309 of the Companies Act, 1956.

The material terms of the Agreement to be entered between the Company and Mr. Sunder G. Advani are given below:

Period of Appointment

The appointment is for a period of 5 years i.e. from 1st March 2013 to 28th February 2018.

Remuneration

Mr. Sunder G. Advani will receive a salary of Rs.3,85,000/- p.m. effective from 1st March 2013 in the grade of Rs. 3,85,000 – 35,000 – 5,25,000 p.m. as the Managing Director of the Company.

Commission

Commission as may be approved by the Board of Directors from time to time subject to the condition that the total remuneration payable including salary, perquisites and commission payable to Mr. Sunder G. Advani in any financial year shall not exceed 5% of the net profits of the Company computed in accordance with the provisions of Sections 349 and 350 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 Managing Director subject to a maximum of 60% of the basic salary payable.
Housing II – The Company owned accommodation. The perquisite value shall be determined as per the Income Tax Rules.
Housing III – In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance equal to 60% of the basic salary payable.
- II. In addition to Housing, reimbursement of gas and electricity expenses at actuals.

Other Costs

- I. Medical Reimbursement:
Expenses actually incurred by the Managing Director for himself and the members of his family subject to a maximum of one month's basic salary payable per annum.
- II. Leave Travel Allowance:
Leave Travel Allowance for the Managing Director and his family once in a year subject to a maximum of one month's basic salary payable per annum.
- III. Personal Accident Insurance:
Premium not to exceed Rs. 9000/- per annum.

Minimum Remuneration

In the event of absence or inadequacy of profits in any year due to any internal and / or external reasons, Mr. Sunder G. Advani will be paid the aforesaid remuneration and perquisites as minimum remuneration for that year and necessary application will be made to the Central Government.

The Remuneration Committee comprising of three independent directors, constituted as per explanation IV (i) of Schedule XIII of the Companies Act, 1956 has recommended the aforesaid remuneration and that the same be treated as Minimum Remuneration in case of loss or inadequacy of profits in any year during the term of his appointment.

The Board shall have the discretion and authority to modify the foregoing terms of remuneration, however, within the parameters of the applicable provisions of the Companies Act, 1956.

Copy of draft agreement will be available for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 2.00 p.m. except on Saturdays, Sundays and public holidays.

This may be treated as abstract of the terms of appointment of Mr. Sunder G. Advani in terms of Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Sunder G. Advani himself, Mr. Haresh G. Advani and Mrs. Menaka S. Advani (being his relatives) is in any way concerned or interested in the aforesaid resolution.