



ADVANI HOTELS & RESORTS (INDIA) LTD



ANNUAL REPORT 2012-2013



Mr. Sunder G. Advani, Chairman & Managing Director

Chairman's Statement

Dear Shareholders,

I would like to welcome each of you to the 26th Annual General Meeting of our Company. I would also like to spend a few minutes to explain why our industry is important, and how it can solve some of the important problems being faced by the economy of our country. The travel and tourism industry provided employment to 39.5 million people in India in 2012. Our country's combined exports and funds received from abroad are much lower than what our country spends in foreign currency on imports of oil and other expenditures such as gold etc. This is the main reason that India's Current Account Deficit is so high and is one of the main concerns of the Government. Presently, India earns \$17.7 billion from tourists coming to India. The authorities are slowly realizing the vast potential of tourism as countries such as China or Spain receive over 57 million tourists, as compared to only 6.6 million tourists received by India. A study conducted by the World Travel & Tourism Council entitled Economic Impact 2013 – India shows that International tourist arrivals to India are expected to reach 13.7 million by 2023 and will generate foreign exchange earnings for India equal to INR 2956 billion. In contrast 12 million of us Indians are presently travelling abroad and spending foreign exchange of \$14 billion and this is expected to increase to \$28 billion by 2020. Imports of oil products, which constitute the largest item of expenditure, reached \$96.7 billion in 2012-13. Our policy makers must encourage those industries, which are export earners, to control our country's current account deficit.

Future of tourism to India:

As we all know, people spend on tourist activities only after their basic needs for food, clothing etc. have been met. Moreover, each traveler has a choice of many competing destinations. It is true that economies of many European countries sending tourists to India have been affected, but several of our competitors such as Thailand and China have shown a significant increase in number of foreign tourists over the last 3 years. In order to encourage more tourists to visit India, the Government has to streamline the Visa process by making it easier to come to India. The initiative taken to give Visas on Arrival to nationals of only certain countries needs to be expanded to cover those countries from where India receives large number of tourists. India is considered an inexpensive destination, as the cost of living is low compared to most international destinations. The international airfares have remained stable over the years due to competition. The potential for increase in number of foreign tourists is enormous, especially after the recent weakening of the Indian rupee.

Tourism to Goa:

Goa received 12% of the number of tourists that visited India. However, Goa accounted for 15% of the earnings from tourism as the length of stay of each tourist is relatively high compared to other cities. The statistics provided by the Airport Authority of India shows that 593,000 foreign tourists landed at Goa airport in 2012. However, these figures show that foreign traffic to Goa airport increased by only 1% over last year.

The highest number of tourists are still from Russia and their numbers are growing. Fortunately, the Russian economy has not been affected, as compared to the rest of Europe. The economy of the United Kingdom, which provides the second largest number of tourists, is still stagnating and tourists are looking for cheaper options.

The imminent opening of the new international terminal at the existing Dabolim airport will lead to more tourist arrivals, as some foreign airlines were not able to secure landing rights. Airlines can use the new aerobridges to turn around aircraft much quicker and the airport will be able to

accommodate more flights. Moreover, foreigners from select countries can now obtain Visas on Arrival at Goa airport, which was only permitted in four metro cities earlier. Visa on Arrival is being offered by Sri Lanka and Thailand and other competing destinations. Traffic from within India has increased substantially over this period, as Weddings and Conference business has increased. According to estimates, the number of domestic tourists has crossed 2.5 million.

The future of Goa's tourism industry is bright. A recent study conducted by HVS shows that the number of hotel rooms in Goa has increased by only 10% per year over the last 5 years, as compared to 49% in Pune and 26% in Bangalore. The occupancy of all hotels in Goa increased from 67.7% to 68.1% between the financial year 2011 and 2012 and is the highest among all major cities according to this study. The average room rate in Goa has also increased by 8.9% over the last year, as compared to a decline in every other city. Thus, Goa is the only place which enjoyed both an increase in average room rate as well as an increase in occupancy.

Prospects for our Company:

Our Company will benefit substantially from the recent weakening of the Indian Rupee. Since majority of our contracts are in US Dollars, we will receive more Rupees even if the occupancy remains the same. During the current lean monsoon months, we will be renovating 68 bedrooms which had been built in 1995. These newly renovated rooms will command higher room rates and uplift the image of the entire hotel. Foreign contracts for the coming October 2013 to April 2014 season have already been signed at significantly higher rates.

Performance of our Company:

Our Company's total income increased by 6.43% to Rs. 3879 lakhs despite the closure of the casino for over 6 months. The profit before depreciation, interest and tax increased by 28.96%. Interest costs have reduced by 11.2% and the Company has a debt equity ratio of only 0.36, indicating our financial stability. The profit after tax increased by 17% to Rs. 262.65 lakhs. Due to this performance, the Company increased its dividends to 13%. There was no increase in room capacity to achieve these results.

Acknowledgments:

On behalf of the Directors of the Company and myself, I would like to thank the Central Government, especially the Ministries of Tourism and Civil Aviation, and also the Government of Goa for their proactive steps and continued assistance to the tourism industry. I would also like to thank the Bank of Baroda and Bank of India for their continued assistance and support. I would also like to acknowledge the support provided to our hotel by our foreign collaborators, M/s. Wyndham Hotels, USA. I would like to thank my colleagues on the Board for their valuable advice. I would like to thank all the employees and executives at the Ramada Caravela Beach Resort for their dedicated hard work, without which no Company in the service industry can succeed. A special thanks to our business associates, tour operators and travel agents. Last but not the least, I would like to thank all you shareholders for your continued support and encouragement.



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	
LOCATION OF THE RESORT	Ramada Caravela Beach Resort	
	Varca Beach, Varca Village	
	Salcette, Goa - 403 721	
DELHI SALES OFFICE	4th Floor, Statesman House	
	Barakhamba Road, Connaught Place	
	New Delhi - 110 001	
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.)	

NOTICE

Notice is hereby given that the **Twenty Sixth 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 Tuesday, 30th July 2013 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, 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 @ 13% (Re. 0.26 per Share) and consider and approve the same as the final dividend for the year 2012-13.
3. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mrs. Menaka S. Advani, 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.

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

Kumar Iyer
Company Secretary

Place: Mumbai
Date: May 13, 2013

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 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 U/S 187 of the Companies Act, 1956, are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22nd July 2013 to Tuesday, 30th July 2013 (both days inclusive).
5. Pursuant to Section 205A and 205C of the Companies Act, 1956, all dividends remaining unclaimed/unpaid for seven years from the date of transfer to the unpaid dividend account is 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 unpaid dividend from the



Company nor the said Fund thereafter. The details of the due dates for transfer of the unpaid/unclaimed dividend to the IEPF are as under:

Year of Declaration	Due Date (For transfer to IEPF)
2006 – 2007	21-03-2014
2007 – 2008 (Interim)	17-05-2015
2007 – 2008 (Final)	13-09-2015
2009 – 2010	22-01-2018
2010 – 2011	10-09-2018
2011 – 2012 (Interim)	22-06-2019
2012 – 2013 (Interim)	12-03-2020

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

6. 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. Anil Harish	(2) Mrs. Menaka S. Advani
Date of Appointment	23.02.1998	30.09.1989
Age	59 years	67 years
Qualification	B.A. LL.B. LL.M. (USA)	M.A. (Economics) Innkeepers Diploma, Holiday Inn University (USA)
Expertise	Taxation Law	Administration & Human Resource Development
List of other Directorships # Chairmanship/Membership of other Committees of other Companies \$	1. Ador Welding Ltd. 2. Ashok Leyland Ltd. 3. Future Retail Ltd. 4. Future Ventures India Ltd. 5. Hotel Leelaventure Ltd. 6. Hinduja Global Solutions Ltd. 7. Hinduja Ventures Ltd. 8. Hinduja Leyland Finance Ltd. 9. Mukta Arts Ltd. 10. Mahindra Lifespace Developers Ltd. 11. Oberoi Realty Ltd. 12. Unitech Ltd. 13. Valecha Engineering Ltd. Chairman of Audit Committees: 1. Hinduja Ventures Ltd. 2. Hinduja Global Solutions Ltd. 3. Ador Welding Ltd. 4. Ashok Leyland Ltd. Member of Audit Committees: 1. Hotel Leelaventure Ltd. 2. Future Ventures India Ltd. 3. Mahindra Lifespace Developers Ltd. 4. Oberoi Realty Ltd. 5. Unitech Ltd. 6. Valecha Engineering Ltd. Member of Shareholders/Investors Grievance Committee: 1. Oberoi Realty Ltd.	None
No. of Equity Shares held in the Company	Nil	13,05,630

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.

7. 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 2230.

8. The Company is concerned about the environment and utilises natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, vide its Circular Nos. 17/2011 and 18/2011 dated 21st April 2011 and 29th April 2011, respectively, has allowed companies to send official documents to their Members electronically as part of its 'Green Initiative in Corporate Governance'. Recognising the spirit of the Circular issued by the MCA, the Company will be sending documents like Notice convening the General Meetings, Directors' Report, Auditors' Report, Financial Statements etc. electronically to the email addresses provided by Members to their respective Depository Participants.

The Company requests the Members to expeditiously update their email address with their respective Depository Participants to ensure that the annual report and other documents reach them on their preferred email address.

Those Members who have shares in physical form are requested to expeditiously inform their email address to the Company or Datamatics Financial Services Limited.

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: May 13, 2013

Registered Office:

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



DIRECTORS' REPORT

Directors' Report to the Members

The Directors have pleasure to present the 26th Annual Report of your Company together with the audited financial accounts for the year ended March 31, 2013.

FINANCIAL RESULTS:

Your Company's financial performance for the year ended March 31, 2013 is set out below:

	(Rs. in Lakhs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
Particulars		
Total Income	3979.26	3738.92
Profit before Depreciation, Interest and Tax (PBDIT)	910.24	793.42
Depreciation	292.19	270.70
Profit before Interest and Tax	618.05	522.72
Interest	163.25	183.88
Profit before Tax and prior adjustments	454.80	338.84
Prior period adjustments	17.83	—
Profit before Tax	436.97	338.84
Provision for Taxation:		
– Current Tax	160.00	85.00
– Deferred Tax	10.53	29.98
– Tax for earlier years	3.79	—
Profit for the year after Tax	262.65	223.86
Profit brought forward from last year	551.47	462.18
Profit available for appropriation	814.12	686.04
Transfer to General Reserve	14.00	6.00
Interim Dividend paid/Dividend	120.17	110.93
Dividend Tax	19.49	17.64
Balance Profit carried to Balance Sheet	660.46	551.47
Basic and Diluted Earnings per Equity Share of Rs.2/- each (in Rs.)	0.57	0.49

PERFORMANCE/OPERATIONS:

Your Company achieved a total turnover of Rs.3979.26 lakhs, as compared to Rs.3738.92 lakhs in the previous year, registering a growth of 6.4% on a year to year basis. This growth was achieved even though the income from the casino in the hotel declined substantially from Rs.128 lakhs to Rs.34 lakhs, as we voluntarily surrendered our casino licence on 1st June 2012, when the Government of Goa increased the annual license fee from Rs.7.6 lakhs to a whopping Rs.250 lakhs. The operations of the casino were restarted on 22nd January 2013, after the Government issued a fresh notification that the increase in fee was effective from 24th April 2013. Since the Government has not relaxed the annual recurring fee of Rs.250 lakhs, we had no option but to stop the casino from 24th April 2013.

The depreciation was higher by Rs.22 lakhs, as the Company made certain required replacements of old equipment amounting to Rs.406.95 lakhs, including new transformers/LT Panels etc. Your Company always uses the slack months between June and October to improve the facilities of the 5-star deluxe resort in Goa. During this period, the Company changed the obsolete LT Panels and this will ensure the power supply is restored to hotel by our generator within 15 seconds of a power failure. In addition, we changed the Transformers and added a new Steam Boiler to save energy. We also improved the fire suppression system and upgraded the Diesel Tanks and Gas Bank to comply with the latest Fire & Safety Standards. These changes will also benefit our Company from a risk point of view. In order to carry out this limited renovation, the hotel had to be totally shut for about 10 days in August 2012.

Your Company has also managed to curtail interest costs, which have decreased from Rs.183.88 lakhs to Rs.163.25 lakhs. Your Company has been conservative in borrowing and the debt equity ratio is only 0.36. The profit for the year before tax increased 29% from Rs.338.84 lakhs to Rs.436.97 lakhs, which has increased income tax from Rs.85 lakhs in the previous year to Rs.160 lakhs in the current year. As a result, your Company's net profit after tax increased by only 17% to Rs.262.65 lakhs. The earnings per Equity Share, which has a face value of Rs.2/-, increased by 16.33% from Rs.0.49 to Rs.0.57.

DIVIDEND:

The Board of Directors had made the payment of Interim Dividend of Rs. 0.26 per Share (i.e. 13% on an equity share of face value of Rs.2/- each) for the year 2012-13 on 2nd March 2013. This entailed an outflow of Rs.139.66 lakhs, including the Dividend Tax thereon. The Board has recommended that this Interim Dividend be treated as the final dividend for the financial year 2012-13. Your Company has a high payout ratio of 53%.

DIRECTORS:

As per the provisions of Section 255 and Section 256 of the Companies Act, 1956, Mr. Anil Harish and Mrs. Menaka S. Advani retire by rotation and being eligible, have offered themselves for re-appointment. A brief background of the retiring Directors seeking re-appointment at the ensuing AGM of the Company, along with their experience, is annexed to the Notice forming part of the Annual Report.

UPGRADATION PLAN FOR 2013:

Your Company was finding that some of the hotel guests were complaining of the standard rooms in the New Wing, which had not been renovated from the date they were built about eighteen years ago. After completion of the financial year, your Company has taken steps to improve the quality of these rooms by partially redoing the bathrooms and guestrooms, including replacement of the beds, upholstery, TV's and light fittings of these rooms. One sample room has been completed and work will commence on balance rooms from 15th July 2013, and will be completed by October 2013, when the hotel's occupancy will be at the lowest. In addition, to ensure good levels of hygiene and food safety, we are currently renovating all our 8 walk-in refrigerators / cold rooms. This will help us meet the standards required by the Tour Operator Health and Safety Audits, and also save energy.

FUTURE OUTLOOK:

Your Company is a major player in the foreign market and obtained higher occupancy and higher rates during the period November to March, which is the peak season for foreign charter flights to Goa. For the first time in the history of Goa's tourism, the Dabolim International airport received the highest charter arrivals with over 1020 flights between October and April. During October and May of the last year the Goa airport received only 900 flights. Even though foreign charter flights have been increasing in recent years, there are some bottlenecks, which have prevented Goa from reaching its full potential. The brand new international terminal at Dabolim International Airport, which was scheduled to open in March 2013, is now scheduled to open in the near future. Requests made by foreign airlines for time slots for landing were not being given. However, when the new international terminal opens with 5 aerobridges, the traffic will increase substantially, especially since the building is three times as spacious with 64 instead of 32 check-in counters. The Government of Goa is also adding to the