



ADVANI HOTELS & RESORTS (INDIA) LTD



ANNUAL REPORT
2013 - 2014



Mr. Sunder G. Advani, Chairman & Managing Director

Chairman's Speech

Welcome to the 27th Annual General Meeting of our Company. Every year, I emphasize the importance of the tourism industry. We are now fortunate to have a Prime Minister who, even before he was elected, identified Tourism as one of the major thrusts for the economy. This is the first time that any political party has stated that they recognize that tourism and hospitality can play an important role in India's economy. In his speech on Independence Day our Prime Minister mentioned that the benefits of tourism percolate to various sectors in both urban and rural areas of India and efforts should be made to make India clean. In this same speech, our Prime Minister stated that he would like everything to be made in India. This is the first time that a Prime Minister has made a statement outlining the necessity for India to be a major exporter and reduce the reliance on imports. I was particularly elated to hear these words as it has been our Company's mission to increase exports of the Services sector by attracting more foreign tourists.

Tourism contributed to 6.2% of India's GDP and 7% employment as per a study conducted by the World Travel & Tourism Council. While both domestic and foreign tourism create jobs, India needs to earn foreign exchange to reduce the Current Account Deficit. Our country has to continually spend more on imports, especially oil. More of us are travelling overseas which adds to the outflow of funds. However, our exports as well as the number of foreign tourist arrivals are not increasing at the same rate. These are some of the reasons for the increase in the Current Account Deficit, which was identified as a major cause of concern for the Indian economy. Several measures need to be taken to increase foreign exchange earnings from tourism. We need to make it easier for foreign tourists, especially affluent tourists, to visit India. The Government has committed to offer Visas On Arrival in the few months at 9 airports, including Goa, which will remove one of the major bottlenecks. Only 6.8 million foreigners visited India last year. As there were adverse media reports regarding the safety of women in India, the increase was marginal. It is heartening that in 2013 there was an increase of 6.2% in the amounts spent in India by international visitors.

The future for the hospitality industry looks encouraging. The world is regaining confidence in India. The future for Goa's tourism is especially bright. The number of foreign tourists visiting Goa is likely to increase as the new integrated terminal, which is at least 5 times bigger, is fully operational with 5 aerobridges. The terminal has enough space for issuing Visas on Arrival, which will lead to a substantial increase in foreign visitors. The number of domestic visitors are also likely to increase. Airfares have become cheaper due to competition. The fact that the new Minister of Tourism of India is from Goa may also lead to new infrastructure projects such as bridges being approved for

Goa. Our hotel will benefit from these developments as we have the newest guest rooms in Goa after the recent renovation. The Ministry of Tourism of the Government of India reclassified our hotel in the 5-star Deluxe category even prior to the total redoing of 62 rooms of our oceanfront wing.

We managed to achieve a 4% growth in total income from ₹ 3979 lakhs to ₹ 4133 lakhs despite the fact that 30% of the guestrooms were closed for renovation from July to October 2013. This increase was achieved due to higher realization in Rupees from foreign currency denominated charter contracts after the weakening of the rupee. However, the profit after tax declined from ₹ 263 lakhs to ₹ 226 lakhs.

Since business for April and May improved substantially, the Company declared an interim dividend at the rate of 12% for the financial year 2013-2014. The quarter ending June was the best ever as we made a profit of ₹ 27 lakhs as compared to a loss of ₹ 90 lakhs. I would like to highlight that our Company is doing exceedingly well even thereafter. Our total income for the financial year as of the end of August is up by about 45%. The Gross Operating Profit for the 4 months ending July is ₹ 219 lakhs as compared to a Loss of ₹ 29 lakhs. Although our Company is one of the smaller players in the hospitality industry as far as sales, it has one of the highest ratios of net profits to sales of all listed hotel Companies. We believe in creating value for our shareholders while providing value for money to our guests. Careful planning for growth is essential for success in any business. It also helps if borrowing is kept to reasonable limits so that profitability is not impacted by high interest costs.

In conclusion, I would like to thank the Central Government, especially the Ministries of Tourism and Civil Aviation, and also the Government of Goa for their continued assistance to the tourism industry. I would also like to thank the Wyndham Hotel Group, Bank of Baroda and Bank of India for their support. I am extremely grateful to my colleagues on the Board for their valuable advice. The employees and executives of the Ramada Caravela Beach Resort deserve immense praise for their unstinted dedication. 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 and giving me the opportunity to continue to lead your Company in an exciting era for our industry.



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

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BOARD OF DIRECTORS	Mr. Sunder G. Advani Mr. Haresh G. Advani Mr. K. Kannan Mr. Prakash V. Mehta Mr. Anil Harish Mrs. Menaka S. Advani Mrs. Nina H. Advani (w.e.f. August 01, 2014) Mr. Prahlad S. Advani (w.e.f. August 01, 2014)	Chairman & Managing Director Executive Director
GENERAL MANAGER – FINANCE (CFO)	Mr. Shankar Kulkarni	
COMPANY SECRETARY	Mr. Kumar Iyer (upto May 19, 2014) Mr. Raju Bamane (w.e.f. June 24, 2014)	
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 Seventh 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 – 400021 on Wednesday September 24, 2014 at 11.00 a.m. to transact the following business;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, Statement of Profit and loss for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To confirm the payment of the Interim Dividend paid @ 12% (₹ 0.24 per Share) and consider, approve and declare the same as the final dividend for the financial year ended 31st March, 2014.
3. To re-appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of Thirtieth Annual General Meeting to be held after this meeting subject to ratification at every Annual General Meeting and to fix their remuneration and to pass the following remuneration;

“RESOLVED that pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made thereunder and pursuant to the recommendation of Audit Committee of the Board of Directors of the Company, M/s. J. G. Verma & Co., Chartered Accountants, having Firm Registration No. 111381W be and hereby re-appointed as the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the third consecutive Annual General Meeting subject to ratification of the appointment by the members at every Annual General Meeting to be held after this meeting and that the Board of Directors be and hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors.”

SPECIAL BUSINESS:

4. Appointment of Mr. Prakash Vasantlal Mehta as an Independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**;

“RESOLVED that pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications and re-enactment(s) thereof, for the time being in force) Mr. Prakash Vasantlal Mehta (DIN : 00001366) Director of the Company whose period of office liable to determination by retirement of Directors by rotation (under the erstwhile Companies Act, 1956) and who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office upto five consecutive years commencing from September 24, 2014 and whose term of office shall not be liable to retire by rotation.”

5. Appointment of Mr. Krishnamoorthy Kannan as an Independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**;

“RESOLVED that pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications and re-enactment(s) thereof, for the time being in force) Mr. Krishnamoorthy Kannan (DIN : 00001509) Director of the Company whose period of office liable to determination by retirement of Directors by rotation



(under the erstwhile Companies Act, 1956) and who retires by rotation at the Annual General Meeting be and is hereby appointed as an Independent Director of the Company to hold office upto five consecutive years commencing from September 24, 2014 and whose term of office shall not be liable to retire by rotation.”

6. Appointment of Mr. Anil Harish as an Independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**;

“RESOLVED that pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications and re-enactment(s) thereof, for the time being in force), Mr. Anil Harish (DIN : 00001685) Director of the Company whose period of office liable to determination by retirement of Directors by rotation (under the erstwhile Companies Act, 1956) be and is hereby appointed as an Independent Director of the Company to hold office upto five consecutive years commencing from September 24, 2014 and whose term of office shall not be liable to retire by rotation.”

7. Appointment of Mr. Vinod Dhall as an Independent Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**;

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vinod Dhall (DIN: 02591373), who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from September 24, 2014 and whose term of office shall not be liable to retire by rotation.”

8. Appointment of Mrs. Nina Haresh Advani as Non Executive Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Ordinary Resolution**;

“RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof for the time being in force), Mrs. Nina Haresh Advani (DIN: 00017274), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 1, 2014 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Non Executive Director of the Company and whose term of office shall be liable to retire by rotation.”

9. Ratification for holding an office or place of profit under Section 188(1)(f) and (3) of the Companies Act, 2013 by Mr. Prahlad S. Advani, Vice President and Asset Manager for the period April 1, 2014 to July 31, 2014

To consider and if thought fit to pass with or without modification(s) the following resolution as **Special**

Resolution;

“RESOLVED that pursuant to the Special Resolution No. 5 passed under Section 314(1B) of the Companies Act 1956 by the Shareholders of the Company in their Twenty Third Annual General Meeting of the Company held on Wednesday, December 15, 2010 read together with Central Government's approval vide letters SRNo. B07008162/1/2011 – CL. VII dated the March 16, 2012 and SRNo. B93872000/2014 – CL VII dated the August 13, 2014, and pursuant to the provisions of Clause (f) of Sub Section (1) and Sub Section (3) of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable Rules made under the Companies Act, 2013 (including any statutory modification(s) or reenactment(s) thereof for the time being in force and hereinafter referred to as the “Act”) the Company hereby ratifies the holding of an office or place of profit by Mr. Prahlad S. Advani, Vice President and Asset Manager for the period from April 1, 2014 to July 31, 2014 on the same terms and conditions as mentioned in the said Special Resolution No. 5 which is reproduced as follows;

Salary

Salary of ₹ 1,30,000 in the Company's Special Grade of ₹ 1,30,000 – ₹ 17,500 – ₹ 2,00,000.

For the period from April 1, 2014 to July 31, 2014 Salary of ₹ 1,73,030/- per month (pro-rata of the total remuneration allowed and approved by the Central Government vide its approval letter SRNo. B93872000/2014 – CL VII dated the August 13, 2014).

Perquisites

In addition to the salary, Mr. Prahlad S. Advani shall be entitled to the following perquisites:

CATEGORY 'A'

I. Housing

- (a) Company leased unfurnished accommodation or House Rent Allowance in lieu thereof subject to a maximum of 60% of Salary.
- (b) In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.

II. Medical reimbursement

Medical expenses reimbursement for self, spouse and family members subject to a maximum of one month's salary per annum or three months' salary over a period of three years.

III. Leave Travel Allowance

Leave Travel Allowance for self, spouse and family members once in a year incurred in accordance with the Company's rules subject to a maximum of one month's salary per annum or two months' salary over a period of two years.

IV. Insurance

Insurance premium not exceeding 3.1% of the Salary.

V. Other allowances/reimbursements

- (a) Reimbursement of Uniform, Books & Periodicals and Computer Allowance subject to a maximum of 15% of the Salary.



- (b) Reimbursement of Club Fees/Expenses subject to a maximum of 10% of the Salary.
- (c) Reimbursement of Entertainment Expenses subject to a maximum of 12% of the Salary.

CATEGORY 'B'

I. Provident Fund

Provident Fund/Superannuation/Annuity Fund Contributions as per the Company's rules.

II. Gratuity

Gratuity as per the Company's rules.

CATEGORY 'C'

I. Car

Provision of a car with driver and petrol expenses for use of Company's business. Use of car for personal purposes shall be billed by the Company.

II. Telephone

Provision of telephone at residence for Company's business purpose. Provision of Mobile phone as per Company's rules.

The employment can be terminated by either party by giving 90 days notice in writing.

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, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient with regards to this resolution."

10. Appointment of Mr. Prahlad S. Advani as Whole-time Director

To consider and if thought fit to pass with or without modification(s) the following resolution as **Special Resolution**;

"RESOLVED that pursuant to the provisions of Sections 196, 197, 198 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable Rules made under the Companies Act, 2013 (including any statutory modification(s) or reenactment thereof for the time being in force and hereinafter referred to as the "Act") and subject to the approval of the Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by the Central Government and any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Mr. Prahlad S. Advani (DIN: 06943762) as a Whole-time Director of the Company Designated as "Director of Operations" for a period of three years with effect from August 1, 2014 upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. Prahlad S. Advani, subject to the following terms and conditions:

I. Period of appointment: August 1, 2014 to July 31, 2017

II. Remuneration

(A) Fixed Compensation:

- (i) Fixed Compensation shall include Basic Salary, HRA, Company's Contribution to Provident Fund and Gratuity.
- (ii) The Basic Salary shall be in the scale range of ₹ 2,46,000 – ₹ 32,000 – ₹ 3,10,000 per month, payable monthly. The annual increments will be decided by the Board of Directors and will be merit based and take into account other relevant factors.
- (iii) Company leased accommodation or House Rent Allowance in lieu thereof, subject to a maximum of 60% of Salary
- (iv) Provident Fund contributions as per Company's rules
- (v) The Company's contribution to Gratuity shall be according to the Gratuity Act, in force from time to time.

(B) Flexible Compensation

In addition to the fixed compensation, Mr. Prahlad S. Advani will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per the rules of the Company and subject to the relevant provisions of the Companies Act, 2013 (collectively called "perquisites and allowances").

These perquisites and allowances may be granted to Mr. Prahlad S. Advani in such form and manner as the Board may decide.

- (i) Payment/reimbursement of medical/ hospitalisation expenses for self and family members, subject to a maximum of one month's salary or three months salary over a period of three years.
- (ii) Insurance policies such as Group personal accident policy, overseas travel insurance, Directors & Officers Liability policy, or as may be decided by the management from time to time;
- (iii) Company car with driver and fuel reimbursement with associated expenses
- (iv) Provision of telephone(s) at residence; and mobile phone with associated expenses
- (v) Accommodation, boarding and lodging in the hotel when deputed to Goa or any other place;
- (vi) Provision of computer, laptop, and i-pad with associated expenses
- (vii) Privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. In addition, Sick leave and other leave as per the rules of the Company or approved by the Board of Directors;
- (viii) Such other perquisites and allowances as per the policy/rules of the Company in force and/ or as may be approved by the Board from time to time.

Explanation:

Perquisites shall be evaluated at actual cost or if the cost is not ascertainable, the same shall be valued as per the Income Tax Rules.

III. Overall Remuneration

The aggregate remuneration as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to Mr. Prahlad S. Advani from time to time, shall not exceed the limits prescribed from time to time under Sections 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may for the time being, be in force.