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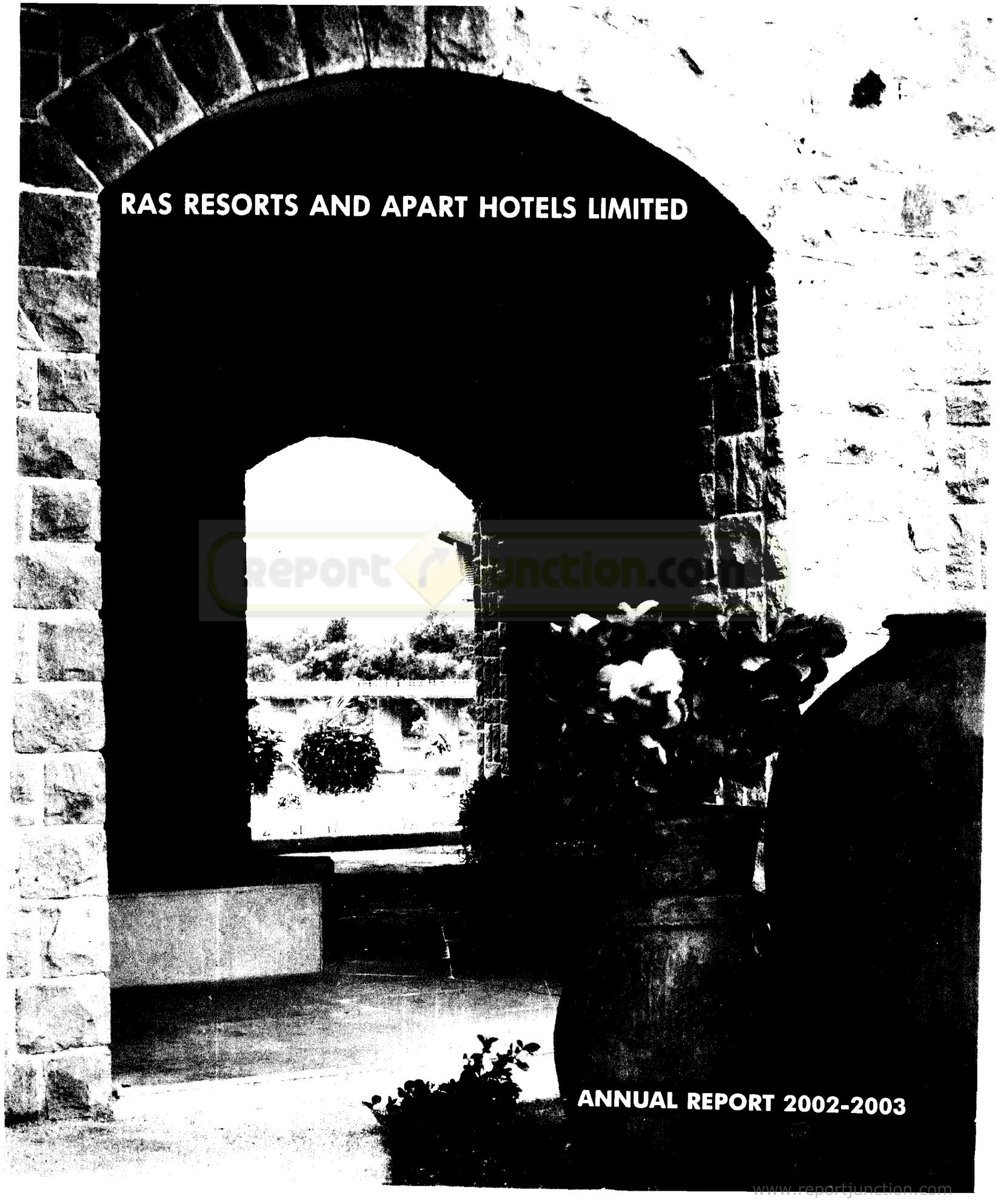
RAS RESORTS AND APART HOTELS LIMITED



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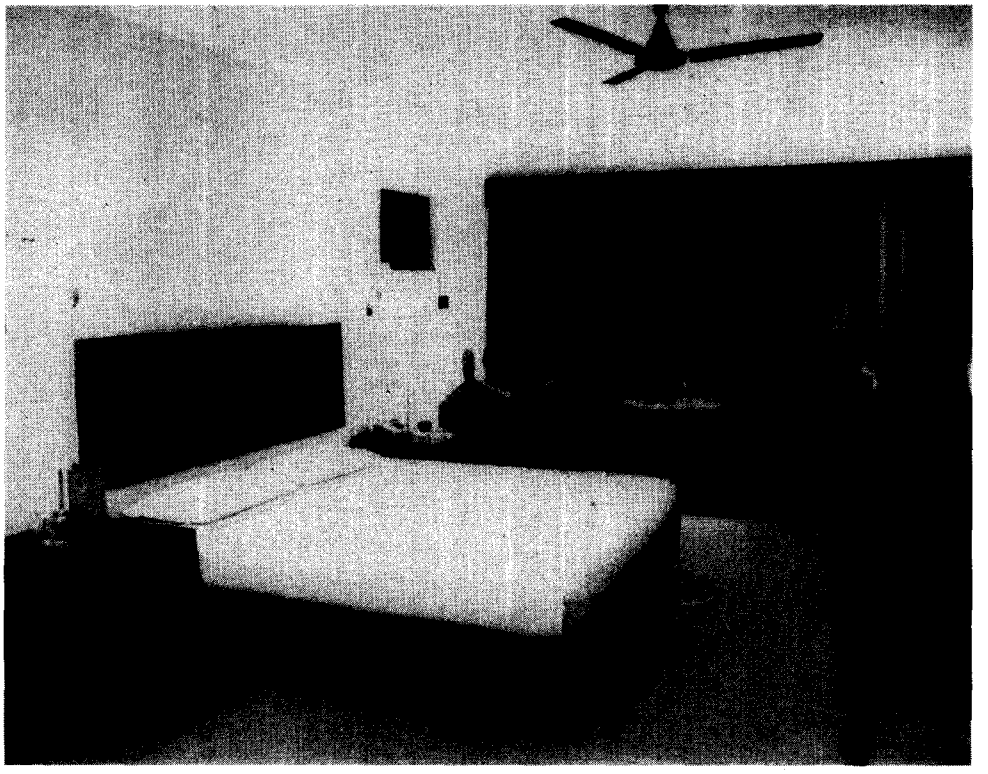

EXECUTIVE GUEST ROOM

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RAS RESORTS AND APART HOTELS LIMITED

BOARD OF DIRECTORS

PRAVIN VEPARI *Chairman*

PADMASHRI KUM. THANGAM PHILIP

AMEET HARIANI

TEKCHAND SHEWAKRAMANI

NALINI SHEWAKRAMANI

GAUTAM SHEWAKRAMANI

VISHAMBER SHEWAKRAMANI *Managing Director*

AUDITORS

N.M. Raiji & Co.

LEGAL ADVISORS

Mahimtura & Co.

CORPORATE LAW ADVISOR

Bipin S. Acharya

BANKERS

Allahabad Bank

State Bank of India

Syndicate Bank

REGISTERED OFFICE

Rosewood Chambers, 99/C, Tulsiwadi, Tardeo,
Mumbai-400 034.

RESORT SITE

Survey No. 128, Hissa No. 1, Silvassa Naroli Road,
Silvassa-396 230, Union Territory of
Dadra & Nagar Haveli.

REGISTRAR & SHARE TRANSFER AGENT

Satellite Corporate Services Private Limited
A-60/1223, Azad Nagar II, Third Floor, Veera Desai Road,
Andheri (West), Mumbai - 400 053.

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If prayer is you talking to God, then intuition is God talking to you.

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RAS RESORTS AND APART HOTELS LIMITED

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NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held at Green Room, Bombay Cricket Association, Garware Club, Ground Floor, 'D' Road, Churchgate, Mumbai 400 020 on Saturday, 20th September, 2003 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Tekchand Shewakramani who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint a Director in place of Padm. Kum. Thangam Philip who retires by rotation but being eligible offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if, thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force and as approved by the Remuneration Committee, the Company in general meeting hereby approves the re-appointment of Shri Vishamber Shewakramani as Managing Director of the Company on the terms and conditions and remuneration (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) for period of five years with effect from 12th August, 2003 as set out in the agreement dated 11th August, 2003 entered into by the Company with him and submitted to this meeting duly initialled by the Chairman, which agreement be and it is hereby specifically approved."

   "FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with Managing Director provided such variation is in accordance with the provisions in part II of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time."

6. To consider, and if, thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

   "RESOLVED THAT pursuant to the guidelines prescribed by the Securities and Exchange Board of India in respect of the voluntary delisting of securities and subject to such approvals and suggestions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, which may be agreed to by the Board of Directors of the Company, the consent be and is hereby accorded for delisting of the Equity Shares of the Company from The Stock Exchange, Ahmedabad and that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, including execution of any documents for this purpose."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business at Item Nos. 5 to 6 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 18, 2003 to Saturday, September 20, 2003 (both days inclusive).

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4. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956 the dividend remaining unclaimed/ unpaid for a period of seven years from the date they became due for payment shall be credited to the Investors Education and Protection Fund set up by the Central Government. Members who have so far not claimed the dividend are requested to make claim with the Company as no claim shall lie against the fund or the Company in respect of individual amounts once credited to the said fund.
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. Members are requested to notify immediately change in their Registered address, if any, or make correspondence to the Registered Office of the Company or to Satellite Corporate Services Private Limited, A-60/1223, Azad Nagar II, Third Floor, Veera Desai Road, Andheri (West), Mumbai- 400 053, Share Transfer Agents of the Company quoting their Folio No.

By order of the board,
VISHAMBER SHEWAKRAMANI
Managing Director

Registered Office :
Rosewood Chambers,
99/ C, Tulsiwadi, Tardeo,
Mumbai - 400 034.
Dated : July 29, 2003

ANNEXURE TO NOTICE

EXPLANATORY STATEMENTS UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 5

The term of Shri Vishamber Shewakramani as Managing Director of the Company will expire on 12th August, 2003. The Board of Directors of the Company has re-appointed Shri Vishamber Shewakramani as Managing Director of the Company for a further period of 5 years with effect from 12th August, 2003.

The terms of the remuneration as contained in the Agreement dated 12th August, 1998 for his re-appointment are as follows :

a) Salary : Rs. 75,000/- per month.

b) Commission : Commission on Net Profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956 as may be fixed by the Board subject to the ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

c) Perquisites : In addition to the aforesaid Salary and commission the Managing Director shall be entitled to the following perquisites :

i) Free Furnished residential accommodation or House Rent Allowance together with utilities, therefor such as gas, electricity, water, furnishings, repairs, servants salaries, society charges and property taxes as may be approved by the Board.

ii) Reimbursement of Medical Expenses incurred for self and family and medical/ accident insurance.

iii) Leave Travel concession for self and family once in a year in accordance with the rules of the Company or as may be agreed to by the Board of Directors.

iv) Fees of clubs/ annual membership fees for professional bodies.

The above perquisites shall be evaluated as per the Income tax Rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

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d) The Managing Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above :

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.

ii) Gratuity payable at the rate not exceeding half a month's Salary for each completed year of service.

iii) Earned privilege leave at the rate of one month's leave for every eleven months of service. The Managing Director shall be entitled to encash leave at the end of his tenure as Managing Director.

iv) Provision for Car and Telephone at the residence of the Managing Director shall not be treated as perquisites.

The Board commends the approval by the members of the re-appointment of Managing Director and payment of remuneration to him.

Shri Vishamber Shewakramani is concerned or interested in the said Resolution at item no. 5 of acCompanying notice as it relates to his own re-appointment. Shri Teckchand Shewakramani, Smt. Nalini Shewakramani and Shri Gautam Shewakramani being relatives of Shri Vishamber Shewakramani are also deemed to be interested or concerned in the said resolution.

A copy of the Agreement dated 12th August, 2003 for the re-appointment of Shri Vishamber Shewakramani as Managing Director of the Company is open for inspection by the members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m.

Item No. 6

The shares of the Company are at present listed with the Stock Exchanges, Mumbai and Ahmedabad.

The shares of the Company on Ahmedabad Stock Exchange are hardly traded and therefore no useful purpose will be served in continuing the listing with the said Stock Exchange.

The Board of Directors of the Company therefore proposes that the shares of the Company should be delisted from Ahmedabad Stock Exchange in accordance with the SEBI (Delisting of Securities) Guidelines, 2003 prescribed by the Securities and Exchange Board of India.

The listing of shares will however continue with the Mumbai Stock Exchange which has nation-wide trading terminals and therefore the Company does not propose to give exit option to the shareholders of the region of the Stock Exchange, Ahmedabad as provided for in the SEBI (Delisting of Securities) Guidelines, 2003.

The Directors commend the Resolution for acceptance by the Members.

None of the Directors are interested in the said resolution.

By order of the board,

VISHAMBER SHEWAKRAMANI
Managing director

Registered Office:
Rosewood Chambers,
99/ C, Tulsiwadi, Tardeo,
Mumbai 400 034.
Dated : July 29, 2003.

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RAS RESORTS AND APART HOTELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Statement of Accounts for the year ended 31st March, 2003.

Operations

The Company has completed its fifteenth year of operations. Income for the year is Rs.250.91 lakhs as compared to Rs.270.85 lakhs in the previous year.

The working results of the Company show a net loss of Rs.7.39 lakhs after making provision for interest of Rs.7.08 lakhs and depreciation of Rs.21.12 lakhs.

The Government of India has given Tourism Industry a boast in its budget of 2003. Your Company expects to benefit from this.

Accounts and Finance

The Company's writ petition for 5% interest subsidy is still pending in the High Court.

Conservation of Energy

During the year, the Company continues to make efforts to prevent wasteful electrical consumption. Solar Water Heating System has been extended and this has helped in saving of energy cost.

Technology Absorption

The Company does not need any technology for its existing business.

Foreign Exchange

The Company has earned Rs.7.12 lakhs. By way of foreign exchange and there is outgo of Rs.5.49 lakhs in foreign exchange.

Directors

Shri Tekchand Shewakramani and Padm. Kum. Thangam Philip, Directors of the Company will retire at the forthcoming Annual General Meeting and they are eligible for re-appointment.

Directors' Responsibility Statement

The Directors confirm:

(i) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 or loss of the Company for that period;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts on a going concern basis.

Particulars of Employees

The Company does not have any employees whose particulars are required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Listing

The Equity Shares of the Company are listed on the Mumbai and Ahmedabad Stock Exchanges. The Company has paid the Annual Listing Fees to Mumbai Stock Exchange & Ahmedabad Stock Exchange for the year 2003-2004.

Delisting

It is proposed to delist the Equity Shares of the Company with Ahmedabad Stock Exchange in accordance with SEBI (Delisting of Securities) Guidelines, 2003 prescribed by the Securities and Exchange Board of India and not to give exit option to the shareholders of the region of the Stock Exchange, Ahmedabad as provided in the aforesaid Guidelines

The necessary Resolution has been proposed in respect of the delisting of shares from the

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Ahmedabad Stock Exchange at the ensuing Annual General Meeting.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion & Analysis and on Corporate Governance alongwith a certificate from the Auditors forms part of this report.

Auditors

M/s. N. M. Raiji & Co., Chartered Accountants, the Auditors of the Company would retire at the forthcoming Annual General Meeting and they are eligible for re-appointment.

You are requested to appoint the Auditors and to fix their remuneration.

Acknowledgement

Your Directors convey their gratitude to the State Bank of India and every official of the administration of Dadra and Nagar Haveli and Daman and Diu for their continued assistance and support. The Directors also wish to place on record their appreciation of the hard work put in by the staff,both at Silvassa and Mumbai. The Directors are also grateful to you, the Shareholders for the confidence you continue to repose in the Company.

For and on behalf of the Board

Mumbai
July 29, 2003.

PRAVIN VEPARI
Chairman

ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS OVERVIEW

1.1 The Hotel industry has gone through a challenging period over the financial year 2002-2003. Slowdown of the economy has impacted the tourist & business arrivals in Silvassa. This has affected the performance of the Hotel industry in Silvassa area. Most hotel companies have been focusing on reducing costs to maintain profitability. This has been through a combination of focusing on efficiency and improving productivity to reduce costs. While some cost control initiatives have a near-term focus to maintain profitability, your Company has also viewed this period as on opportunity to put in place a lean and efficient organization that will leverage the anticipated return to normal trading condition and heighten performance in the medium term. The Company Executieves took a 15% reduction in salary for 6 months. The Managing Director did not collect any salary for 10 months.

1.2 With the major industries like automobile, textile, software, consumer goods and FMCG companies being affected as a result of the above untoward happenings, occupancy and average room rates were under considerable pressure. Thus revenues were significantly impacted. Your Company, however, was able to minimise the impact by adopting various strategies and focussed increased business from the domestic tourist sector, which led to improving the market share. Inspite of unfavourable business scenario, the Company managed to retain its market leadership at Silvassa.

1.3 With the major economies across the world expected to emerge out of the slowdown in the FY 04, the improvement in corporate and tourist inflows into the country are expected to improve performance of the domestic hotel industry. With the Indian economy expected to grow at 5.5% in FY 04, are expected to improve demand and thus positively impact performance of the domestic hotel industry.

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2. NATURE OF INDUSTRY

2.1 The hotel industry has always in a challenging stage over year to year. Every event effects the business.

2.1.1 The key characteristics of the hotel industry are :

The industry is primarily capital intensive coupled with depreciation costs on the buildings, furniture, fixtures and equipment and other assets. While your Company has an "Asset light" strategy, there are key strategic assets that need to be locked in through investment. During periods of growth the depreciation and interest costs rise rapidly as capacity additions take place. The relevant parameter for evaluation of management performance in the growth mode is thus EBITDA (Earnings Before Interest Tax Depreciation and Amortization), rather than Profit After Tax (PAT), since the depreciation and interest costs are expensed relatively quickly (over a 8 – 10 year time frame) against an asset that has a life of 80 to 100 years.

2.1.2 The hotel industry is also cyclical due to the nature of capacity additions being lumpy while the demand growth is smooth. However, the exact position of the industry on the business cycle varies from city to city, depending on the forces of demand and supply in that city. Silvassa has added 3 more Hotels in the last 3 years.

2.1.3 Seasonality Trend : The Indian hotel industry reflects a clear seasonality trend. For example in India, the tourism and hospitality industry shows signs of an uptrend in the months of November to February due to higher tourist flows. The nonths of June to September on the other hand are months of low occupancies and revenue, with fewer business or leisure visitors.

2.1.4 Strong dependence on the services economy – The hotel industry tourist segment is higly dependent on services economy in terms of performance. Thus in the years of the services economy boom, the hotels business has grown well and has been relatively unaffected by the under performance of the manufacturing sectors of the economy. India has a long-term competitive advantage in the services sector which contributed close to 48% of India's GDP in 1999-2000. This contribution is expected to have been around 60% of the total GDP growth in the last year and is expected to increase further, this is expected to benefit the hotel industry in the coming years.

2.1.5 Brand Impact : The hotel industry is characterized by strong brand focus resulting in choices being made by the customer based on factors beyond price – especially in the high end segment where the brand is a hallmark of product and service quality. Your Company and its "Complete Vacation & Conference Centre" have strong brand recognition and customer loyalty.

2.1.6 Instant perishability of the product : The inustry belongs to the service sector and thus the product (service) is instantly consumed and cannot be replenished. Thus, one needs to maximize utilization of available capacity and reduce marginal costs over marginal revenues.

2.1.7 The major cost drivers in the industry are

- Food and beverage costs
- Employee costs
- Power and fuel expenses
- Administrative and other overhead costs
- Advertising and publicity expenses.

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