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BOARD OF DIRECTORS	Mr. Sunder G. Advani Mr. K. Kannan Mr. Prakash V. Mehta Mr. Anil Harish Mr. Haresh G. Advani Mrs. Menaka S. Advani	Chairman & Managing Director Executive Director
CHIEF FINANCIAL OFFICER	Ms. Srilatha Dorairajah	
COMPANY SECRETARY	Mr. Kumar Iyer	
AUDITORS	Messrs 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.	

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

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.

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

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

(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.

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.

Particulars of Employees:

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in the annexure.

Acknowledgment:

Your Directors would like to place on record their appreciation for the sincere and dedicated services rendered by the employees at various levels and look forward to their continued support in future as well.

Your Directors also express their sincere gratitude to all the Regulatory Authorities, Central & State Government of Goa authorities, Casinos Austria International, registrars, bankers and the Company's valued clients and shareholders for their continued co-operation, support and the confidence reposed by them in the management of the Company.

For and on behalf of the Board of Directors

Mumbai, July 18, 2008

SUNDER G. ADVANI
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2008, is as follows:

Employees Name	Designation	Age in years	Qualification	Experience in years	Date of Commencement	Remuneration Rupees	Last Employment held
Mr. Sunder G. Advani	Chairman & Managing Director	69	Strategic Hospitality Management Financial Management Course Cornell University (USA) Masters in Business Administration from The Wharton School (USA) B.S. — Business Administration Temple University (USA) Innkeepers Diploma Holiday Inn University (USA)	47	01.03.88	5,692,800	Chairman & Managing Director, Hotel Airport Plaza Mumbai
Mr. Haresh G. Advani	Executive Director	58	B.S. Cornell University (USA) School of Hotel Administration	39	01.03.88	4,533,600	Director, Hotel Airport Plaza, Mumbai
Mr. Joao Aguiar	Director Operations – Airport Plaza	56	Hotel & Catering Management Studies in Hotel & Catering Management School, Estori, Lisbon, Portugal	16	15.02.05	3,885,218	Production Manager, Supervisor Foods (Southall), London
Mr. Michael Weyland*	Vice President – General Manager	47	Hotel Manager Qualified Instructor (International Chamber of Commerce, Lindau)	26	01.10.06	877,321	General Manager Lanka Princess Hotel, Srilanka

Notes:

1. Employed for part of the year*
2. 'Remuneration' includes salary, commission, allowances and taxable value of perquisites.
3. The above appointments are contractual.
4. Mr. Sunder G. Advani, Mr. Haresh G. Advani and Mrs. Menaka S. Advani are related to each other.
5. Mr. Sunder G. Advani holds 9,105,490 equity shares (19.70%) and Mr. Haresh G. Advani holds 5,644,325 equity shares (12.21%).

For and on behalf of the Board of Directors

Mumbai, July 18, 2008

SUNDER G. ADVANI
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE, DEVELOPMENTS AND OUTLOOK:

The year 2007 was the best for the travel and tourism industry with 5 million foreign visitors coming to India for business and leisure. The healthy growth in foreign visitors over the past few years is likely to be accentuated further as demand for travel and tourism to India is likely to grow at the highest rate in the next 10 years as compared to even China and other competing countries. The World Travel & Tourism Council (WTTC) has projected a growth in tourism demand of 9.4% for India for the next decade as compared to a growth of about 2% for mature markets such as Europe and USA.

India is one of the fastest growing economies in the world with annual average GDP growth at almost 9%. The growth of businesses leads to additional travel by both foreign and Indian businessmen. Foreign tourists are also increasingly coming to India due to better publicity and success of the 'Incredible India' campaign.

The higher discretionary income in the hands of families gives them an opportunity to discover India as well as far away places. A large portion of the growth in demand in the last year was on account of the increase in domestic tourism as airlines offered bargain prices to maintain load factors on their newly acquired aircraft. Unfortunately, the recent unprecedented increase in oil prices and Aviation Turbine Fuel has led to a sharp increase in domestic airfares and a drop in domestic travel.

The hotel industry which is a major component of the travel and tourism industry has performed remarkably well especially in the gateway cities and business centers. There has been a spurt of building of new hotels by both Indian hotel chains and by real estate developers with the assistance of foreign hotel companies, which are already in India or planning to set up operations in India especially in the upper category hotels.

Even though the Government of India is offering fiscal benefits for building lower category hotels, generally the high cost of land makes these types of hotels economically unviable. The cost of constructing hotels has gone by substantially specially due to increases in steel and cement prices. The increase in interest rates and the liquidity crunch is bound to affect the supply of new hotel rooms. The hotel industry needs to be concerned if the GDP drops and clients are not willing to pay the high room rates that new hotels need to charge to be profitable.

Goa is fortunate in that there has been limited increase in additional rooms as the controversial Regional Plan has been scrapped. The demand from foreign tourists in the winter months especially from Russia is strong. There has also been an increase in domestic clients to Goa to have fun and experience an unpolluted, friendly and laid back lifestyle for conferences, weddings and pure relaxation. Domestic tourists also have an opportunity to enter Casinos which are not available elsewhere in India. The investment made by the Government on infrastructure, especially on better airports, is bound to make it pleasurable to travel within the country instead of going abroad.

2. THE UNIQUE ADVANTAGE OF YOUR COMPANY

Your Company has the unique advantage of having India's only full fledged Casino operated to international standards on our Caravela Cruise ship, which can be offered as a package along with our upgraded 5 Star deluxe hotel located on one of the world's most beautiful beaches. The market is very competitive in the monsoon months. Occupancy in these lean months gets a boost as domestic tourists get a substantially reduced entry fee to the Casino ship.

The Ramada brand is known worldwide as they have properties in the Middle East, Germany, UK and other European countries from where Goa receives tourists.

The landscaping and architecture of the resort is outstanding and the atrium lobby cannot be replicated due to the current building regulations. Due to the compact design and spectacular views available from the

guest rooms, it is ideal for conferences and packages as well as for the foreign tourists who come to Goa directly on charter flights.

Since Goa has emerged as the single most popular year round domestic leisure travel destination, there is no compulsion to have hotels in other locations at the present time.

The hotel's reputation and the network of sales offices help to aggressively build sales for the hotel, which was recently reclassified as a 5 Star Deluxe Hotel.

Since the resort has 200 rooms – one of the largest in Goa – we can take larger conferences. Having been upgraded recently, the hotel can offer a choice of a superior product at prices which are more attractive compared to other well known brands in Goa.

3. OPPORTUNITIES

- Your Company is in a good position as it is known both in India and abroad as a hotel that offers international standards of service and value for money received.
- There is very little new supply planned for Goa as compared to the situation in other cities.
- A recent survey has ranked Goa as the cheapest long haul holiday destination for Britishers.
- Goa is getting known in other source markets.
- The newly refurbished FIT wing and the three villas due to be completed in October are among the finest available in Goa.
- The Dabolim airport is being improved with additional parking bays and more foreign flights including scheduled flights can be accommodated.
- More full fledged Casinos are likely to come up in Goa, which will improve the image of Goa as a mecca for gaming.
- The traffic during the off season is improving and foreign tourists of a higher category are willing to pay higher rates in the winter.

4. THREATS AND RISKS

- There is always a risk of adverse publicity, as has resulted from the Scarlet Keeling murder case, which can temporarily harm the image of Goa.
- Risk of a terrorist attack may affect occupancies but Bali recovered soon after the bomb blasts.
- The climatic patterns worldwide may change, which may make Europe warm in the winter months.
- All the businesses are located in Goa and any problem in Goa will affect the Company severely.
- Competing countries such as Sri Lanka, Thailand and Malaysia may offer bargain travel / hotel packages.
- Further fuel price hike may make air travel prohibitive.

In order to counteract some of the effects of such risks, your Company is making its product more friendly to the domestic market and reducing its dependence on foreign traffic, which is more susceptible to terrorism and fluctuations in the source country's economy.

5. SEGMENT WISE PERFORMANCE

Your Company's business comprises of one segment only i.e. hospitality.

6. FINANCIAL RESULTS / OPERATIONAL PERFORMANCE

The financial results of your Company, on a standalone basis and on a consolidated basis are contained in the Annual Report. The analysis of the Financial results is discussed below:

Operating Results for the year ended 31st March, 2008

Standalone Financial Results

Rs. in lakhs

Particulars	Year ended	
	March 31, 2008	March 31, 2007
Sales and Other income from Operations	4330.92	3419.06
Other Income	423.56	360.95
Total Income	4754.48	3780.01
Expenditure		
Consumption of raw materials	512.36	384.40
Staff Cost	870.01	737.02
Power & Fuel	350.60	330.63
Depreciation	260.65	256.71
Other expenditure	1447.36	1144.80
Total Expenditure	3440.98	2853.56
Profit before Interest and Tax	1313.50	926.45
Interest	279.78	300.31
Profit from ordinary activities before tax	1033.72	626.14
Tax expense	388.99	183.28
Profit from ordinary activities after tax	644.73	442.86
Exceptional / prior period items	6.66	18.80
Extraordinary items (net of tax expense)	0.00	0.00
Net Profit	638.07	424.06

PROFIT AND LOSS ACCOUNT

(1) Revenues

The total revenues of the Company including the flight catering unit on a standalone basis increased by 26% from Rs. 3,780.01 lakhs in F.Y. 2006-07 to Rs. 4,754.48 lakhs for the F.Y. 2007-08.

The hotel room revenues increased from Rs. 1,704.23 lakhs to Rs. 2,201.42 lakhs as 12 rooms renovated in 2005-06 were operational for the full year and an additional 48 rooms were renovated and available for sale from November 2007 onwards. The average rate increased by only 6% from Rs. 4,204 to Rs. 4,464 as those contracts requiring payments in foreign currency yielded lower amounts due to the strengthening of the Rupee. Moreover as renovation was in full swing in the off season, the rates had to be lowered to attract clients. The average occupancy was 70%.

The Food and Beverage revenues of the hotel increased by 18% from Rs. 793.96 lakhs to Rs.940.04 lakhs.

(2) Operating Expenditures

The total operating expenditure increased 22% from Rs. 2,596.85 lakhs to Rs. 3,180.33 lakhs. The consumption of raw materials increased by 33% and other expenses increased by 26%.

(3) Earning before Interest, Depreciation and Tax

The EBITDA increased 33% from Rs. 1,183.16 lakhs to Rs. 1,574.15 lakhs.

(4) Interest and Depreciation

Whereas the interest cost declined by almost 7% to Rs. 20.53 lakhs, depreciation increased by 1.5% to Rs. 260.65 lakhs.

(5) Profit from Ordinary Activities before Tax

The profit before tax increased 65% from Rs. 626.14 lakhs to Rs. 1,033.72.06 lakhs.

(6) Profit after Tax

The profit after tax increased 50% from Rs. 424.06 lakhs to Rs. 638.07 lakhs.

BALANCE SHEET

(1) Secured Loans

The total loans availed by the Company declined from Rs. 2,378.42 lakhs to Rs. 2,074.03 lakhs.

(2) Unsecured Loans

Unsecured loans declined from Rs. 79.70 lakhs to Rs. 73.11 lakhs.

(3) Fixed Assets

The gross fixed assets increased from Rs. 7,106.04 lakhs to Rs. 7,581.49 lakhs due to renovation / refurbishment of hotel undertaken during the year.

(4) Net Current Assets

The net current assets has decreased mainly due to provisions for dividends and tax thereon. The interim dividend has been paid subsequently.

7. INTERNAL CONTROL SYSTEM AND ADEQUACY

- The internal control systems set up in terms of financial reporting, efficiency of operations and compliance with various rules, regulations, etc. are adequate and effective. In order to control the process further, each department is asked by the Management to justify variances and discrepancies pointed out by the Internal Auditors.
- The review of the adequacy of the internal control procedures and their implementation is closely monitored by the Audit Committee of the Board of Directors.

8. HUMAN RESOURCES

- The Company has streamlined its recruitment and selection policies while giving emphasis on retaining the trained staff. Continuous training is conducted during the off season. Opportunities are given to those with potential to move upwards in the organization.
- Accordingly, the Company has formulated various programmes like the employees reward recognition programme to encourage improved performance that results in greater guest satisfaction. This programme also helps employees to contribute towards cost saving, productivity, efficiency and better customer service. The relations with the employees during the year were very cordial.

9. CAUTIONARY STATEMENT

- Comments made in this analysis describing the Company's objectives, estimates may be "forward looking statements" within the meaning of applicable Securities law. These are based on assumptions over which the Company exercises no controls. The Company cannot guarantee the accuracy nor can it be sure that the results will occur. Significant factors that can affect the Company's operations include domestic and international economic conditions affecting supply and demand, price of oil, change in tax and other Government regulations, etc.

For and on behalf of the Board of Directors

Mumbai, July 18, 2008.

SUNDER G. ADVANI
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

CORPORATE PHILOSOPHY:

The Company firmly believes in the philosophy of good Corporate Governance in order to succeed on a sustained basis. The Company strongly believes in values of transparency, professionalism and accountability and will endeavour to improve on these aspects on an ongoing basis.

BOARD OF DIRECTORS:

Composition of the Board

The Company has an optimum combination of Executive and Non-Executive Directors as half of the Board comprises of Non-Executive Directors. The details are as follows:

Sr. No.	Name of the Directors	Category
1.	Mr. Sunder G. Advani, Chairman & Managing Director	Promoter Executive Director
2.	Mr. Haresh G. Advani, Executive Director	Promoter Executive Director
3.	Mr. K. Kannan	Independent Non-Executive Director
4.	Mr. Prakash V. Mehta	Independent Non-Executive Director
5.	Mr. Anil Harish	Independent Non-Executive Director
6.	Mrs. Menaka S. Advani	Non-Executive Director

Directors' Attendance

During the year 2007-08, 9 (Nine) Board Meetings were held on 26.04.2007, 31.07.2007, 24.08.2007, 26.09.2007, 26.10.2007, 29.11.2007, 21.12.2007, 31.01.2008 and 28.02.2008. Majority of the Directors attended the Meetings. Leave of absence was granted to the Directors who expressed their inability to attend the Meetings.

The details of attendance of Directors at the Board Meetings and at the last Annual General Meeting as well as the details of their other Directorships / Committee Chairmanships or Memberships are as follows:

Sr. No.	Name of Directors	Designation	No. of Board Meetings attended	Attendance at the last AGM held on 26.09.2007	No. of Outside Directorships*	No. of other Committee Chairmanships/Memberships**	
						Chairmanship	Membership
1.	Mr. Sunder G. Advani	Chairman & Managing Director	9	Present	—	—	—
2.	Mr. Haresh G. Advani	Executive Director	9	Present	—	—	—
3.	Mr. K. Kannan	Director	9	Present	7	2	2
4.	Mr. Prakash V. Mehta	Director	8	Present	11	—	10
5.	Mr. Anil Harish	Director	7	Present	14	4	5
6.	Mrs. Menaka S. Advani	Director	9	Present	—	—	—

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

** Includes only Audit Committee and Shareholders' Grievance Committee of other Public Limited Companies.

AUDIT COMMITTEE:

The composition of the Committee and attendance of the Members in the Meetings is as below. During the year under review, 5 (five) meetings of the Audit Committee were held on 26.04.2007, 31.07.2007, 24.08.2007, 26.10.2007 and 31.01.2008.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings attended in the year under review
1.	Mr. K. Kannan	Chairman	5
2.	Mr. Prakash V. Mehta	Member	5
3.	Mrs. Menaka S. Advani	Member	5

All the members of the Audit Committee are non-executive Directors and 50% are independent. The constitution of the Audit Committee also meets the requirements of the provisions of Section 292A of the Companies Act, 1956.

The Scope and broad terms of reference of the Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information.
- To recommend the appointment of Statutory Auditors and fixation of remuneration.
- To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of internal audit functions, major accounting policies, practices and entries, compliance with accounting standards and with the Stock Exchanges and legal requirements concerning financial statements and related party transactions, if any.
- To review the Company's financial and risk management policies and discuss with the internal auditors and follow-up significant findings thereon.
- To review the quarterly, half yearly and annual financial statements before submission to the Board of Directors.
- To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to by the Board and for this purpose to seek any relevant information contained in the records of the Company and also to seek professional advice, if necessary.
- To obtain external advice, legal or other professional advice.
- To secure attendance of outside parties with relevant expertise, if it considers necessary.
- To seek information from any employee.

REMUNERATION COMMITTEE:

The composition of the Remuneration Committee and attendance of the Members in the Meeting is given below. The Committee approves the annual salaries, performance commission, service agreements and other employment conditions of the Executive Directors. During the year under review one Meeting of the Remuneration Committee was held on 24.08.2007.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings attended in the year under review
1.	Mr. K. Kannan	Chairman	1
2.	Mr. Anil Harish	Member	1
3.	Mrs. Menaka S. Advani	Member	1

The scope and broad terms of reference of the Remuneration Committee are as follows:

- To review, assess and recommend the appointment of Executive and Non-Executive Directors from time to time;
- To periodically review the remuneration package of the Executive Directors and recommend suitable revision in the same;
- To recommend compensation to the Non-Executive Directors in accordance with the Companies Act, 1956.

DETAILS OF REMUNERATION PAID TO THE EXECUTIVE DIRECTORS DURING THE YEAR ENDED MARCH 31, 2008

Sr. No.	Name of the Director	Salary (Basic + HRA) Rupees	Perquisites (Incl. PF) Rupees	Commission Rupees	Service Tenure	Notice Period
1.	Mr. Sunder G. Advani Chairman & Managing Director	33,56,800	3,36,000	20,00,000	5 years	3 months
2.	Mr. Haresh G. Advani Executive Director	20,97,600	3,36,000	21,00,000	5 years	3 months

DETAILS OF SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED MARCH 31, 2008

Name of the Director	Mr. K. Kannan	Mr. Prakash V. Mehta	Mr. Anil Harish	Mrs. Menaka S. Advani
Sitting Fees Paid (Rs.)	2,40,000	2,00,000	1,60,000	2,40,000

SHAREHOLDERS' GRIEVANCE COMMITTEE:

The composition of the Committee is as follows:

Sr. No.	Name of the Member	Designation
1.	Mrs. Menaka S. Advani	Chairperson
2.	Mr. Sunder G. Advani	Member
3.	Mr. Haresh G. Advani	Member
4.	Mr. K. Kannan	Member

Basically all share related issues are handled and redressed by the Share Transfer Committee itself. However, pending cases are referred to the Shareholders' Grievance Committee.

The scope and broad terms of reference of the Shareholders' Grievance Committee are:

- To look into the shareholders' complaints, if any, and to redress the same;
- To approve requests for issue of duplicate share certificates after split / consolidation / renewal / reported lost or misplaced or mutilated or torn, as also requests for transmission of shares, referred by the Share Transfer Committee.

During the year under review, the Company received 24 Shareholders' Complaints and 238 service requests, which were promptly responded to and resolved to the satisfaction of the respective shareholders and as on 31.03.2008 there were no pending complaints / service requests, share transfers with the Company.

The Board has designated Mr. Kumar Iyer, Company Secretary, as the Compliance Officer.

GENERAL BODY MEETINGS:**Annual General Meetings held during the last 3 years**

Particulars	FY 2006-07	FY 2005-06	FY 2004-05
Date	26.09.2007	26.09.2006	26.09.2005
Location	Seminar Hall of K.C. College Dinshaw Wachha Road, Churchgate, Mumbai-400 020	Yashwantrao Chavan Pratishthan, 4 th Floor, Chavan Centre, General Jagannath Bhosale Marg, Mumbai-400 021	Yashwantrao Chavan Pratishthan, 4 th Floor, Chavan Centre, General Jagannath Bhosale Marg, Mumbai-400 021
Time	3.00 p.m.	3.30 p.m.	3.30 p.m.

All the Resolutions at the AGM's held, including the 8 Special Resolutions were passed by way of Show of Hands.

The following is the detail of the resolution passed through Postal Ballot under Section 192A of the Companies Act, 1956 read with Companies(Passing of Resolutions by Postal Ballot) Rules 2001 during the financial year ended March 31, 2008.

Subject matter of the Resolution and its type.	Section /Guideline under which passed.	Date of Passing
To transfer, sell and/or dispose of the Flight Catering Unit of the Company viz. Airport Plaza –by way of an Ordinary Resolution.	Section 293(1)(a), 192A of the Companies Act, 1956.	31 st January 2008.

DISCLOSURES:

- During the year, the Company has not entered into any material significant related party transactions with its Directors / Promoters that may have potential conflict with the interest of the Company at large. As required by the Accounting Standard AS-18, the details of Related Party Transaction are given in the Notes to the Accounts.
- During the last three years, there were no penalties or strictures imposed on the Company either by the Stock Exchanges or SEBI for non-compliance of any matter related to capital market.
- The Company has complied with all the mandatory requirements of Clause 49 relating to Corporate Governance. As per the non-mandatory requirements of Clause 49, the Company has formed the Remuneration Committee to determine the remuneration packages for the Executive Directors.

MEANS OF COMMUNICATION:

- The Company communicates with the shareholders at large through its Annual Report, publication of financial results, press releases and by submission and filing of reports and returns with all statutory bodies.
- The quarterly and yearly unaudited financial results are generally published in the widely circulating national and local newspapers such as 'Financial Express' / 'The Economic Times' / 'Business Standard' (in English) and 'Loksatta' / 'Maharashtra Times' / 'Navshakti' / 'Sakal' (in Marathi).
- Management Discussion & Analysis Report forms part of this Annual Report.

GENERAL SHAREHOLDERS INFORMATION:

➤ 21st Annual General Meeting

Date & Time : Thursday, August 28, 2008 at 11.00 a.m.
 Venue : Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg,
 Nariman Point, Mumbai - 400 021

➤ Financial Calendar

Results for the Quarter ended June 30, 2008	Held on July 18, 2008
Annual General Meeting	Last week of August, 2008
Results for the Quarter ending Sept. 30, 2008	Last week of October 2008
Results for the Quarter ending Dec. 31, 2008	Last week of January 2009
Results for the Quarter ending March 31, 2009	Last week of April 2009

➤ Date of Book Closure

From August 21st, 2008 to August 28th, 2008 (both days inclusive) for the purpose of Annual General Meeting for the financial year ended March 31, 2008 and for payment of final dividend for 2007-08.

➤ Listing on Stock Exchange

Bombay Stock Exchange Limited (Stock Code – 523269)
 National Stock Exchange of India Limited (Stock Symbol – ADVANIHOTR)
 Delhi Stock Exchange Association Limited (Stock Code – 5924)

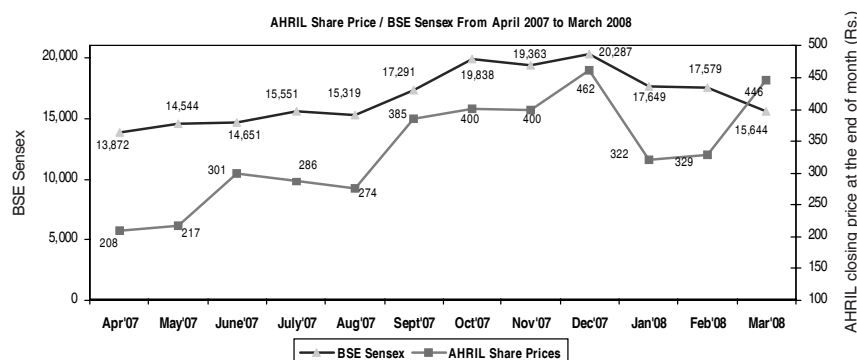
➤ Market Price Data

The high and low Market Price of the Company's shares traded on the Bombay Stock Exchange Limited, during each month in the financial year ended March 31, 2008 is given below.

Month	High Rupees	Low Rupees	Month	High Rupees	Low Rupees
April '07	210.00	160.80	October '07	389.95	70.00*
May '07	219.00	196.70	November '07	87.05	72.40
June '07	301.60	207.00	December '07	106.00	77.00
July '07	331.25	281.05	January '08	96.55	60.25
August '07	289.15	224.15	February '08	67.90	45.00
September '07	390.00	245.20	March '08	99.95	69.00

* The equity shares of the Company have been sub-divided to a face value of Rs. 2/- per share from Rs. 10/- per share in October 2007.

➤ Performance of Company's share price in comparison to BSE Sensex



The share price has been adjusted for the graphical representation to a face value of Rs. 10/- each for the period October 2007 to March 2008.

➤ **Registrar and Share Transfer Agent**

Datamatics Financial Services Limited
 (Unit: Advani Hotels & Resorts (India) Limited)
 Plot No. A/16 & 17, Part B, Cross Lane,
 MIDC Marol, Andheri (East), Mumbai - 400 093.
 Telephone No: (022) 66712001-06 Fax No: (022) 66712011
 Contact Persons: Mr. Prashant Vaidya/Mr. Salim Shaikh

➤ **Share Transfer System**

The Share Transfer Committee constituted by the Board considers and approves all shares related issues like transfer, transmission, issue of duplicate shares, dematerialization, etc. The transfer formalities are attended to on fortnightly basis. All the share certificates are returned within 21 days from the date of lodgement provided the transfer instruments are valid and complete in all respects.

➤ **Distribution of Shareholding as on March 31, 2008**

Range (No. of Shares)	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	3,948	63.61	15,29,517	3.31
501-1000	1111	17.90	10,42,000	2.25
1001-2000	482	7.77	7,66,726	1.66
2001-3000	266	4.29	6,82,134	1.48
3001-4000	62	0.99	2,29,116	0.50
4001-5000	110	1.77	5,39,060	1.17
5001-10000	95	1.53	7,42,891	1.61
10001 and above	133	2.14	4,06,87,806	88.02
Total	6,207	100.00	4,62,19,250	100.00

➤ **Category of Shareholding as on March 31, 2008**

Category	No. of Shares	% of Total
Promoters & Promoter Group	2,24,35,528	48.54
Mutual Funds	62,500	0.14
Bank/FIs/Insurance Companies	2,500	0.01
Foreign Institutional Investors	42,47,912	9.19
Corporate Bodies	91,89,507	19.88
NRIs/OCBs	16,24,566	3.51
General Public	86,56,737	18.73
Total	4,62,19,250	100.00

➤ **Shares held by Non-Executive Directors**

Sr. No.	Non-Executive Directors	No. of Shares held as on 31-03-2008
1.	M. K. Kannan	NIL
2.	Mr. Prakash V. Mehta	500
3.	Mr. Anil Harish	1,00,000
4.	Mrs. Menaka S. Advani	12,91,500

➤ **Demat of shares and liquidity**

The Company's shares are held in the dematerialized form by National Securities Depository Limited and the Central Depository Services (India) Limited under the ISIN No. INE199C01026. Out of the total Equity Share Capital, 51.46% is held in dematerialised form as on March 31, 2008. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 28.05.2001 as per the Notification issued by the SEBI.

➤ As on date the Company has not issued GDRs/ADRs/Warrants or any other convertible instruments.

➤ **Location of the Business Units**

Hotel

Ramada Caravela Beach Resort

Varca Beach, Varca Village, Salcette,
Goa – 403 721
Telephone No: (0832) 6695000

➤ **Address for correspondence**

Advani Hotels & Resorts (India) Limited
1009/1010, Dalamal Tower,
211, Nariman Point, Mumbai – 400 021
Telephone No: (022) 2285 0101 Fax No: (022) 2204 0744
Email ID: investors.ho@advanihotels.com

CODE OF CONDUCT:

The Board of Directors of the Company has laid a code of conduct for the Directors and senior management. The code of conduct is posted on the Company's website i.e. www.caravelabeachresort.com. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review.

For and on behalf of the Board of Directors

SUNDER G. ADVANI
Chairman & Managing Director

Mumbai, July 18, 2008.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Advani Hotels & Resorts India Limited

We have examined the compliance of conditions of Corporate Governance of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For J.G. VERMA & CO.
Chartered Accountants

J.G. VERMA
Partner

Membership No. 5005

Mumbai, July 18, 2008

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by the Report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable Accounting Standards referred to in sub-section (3-C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the Directors of the Company, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March, 2008 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies stated in Schedule "K" and the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008;
 - (ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For J.G. VERMA & CO.
Chartered Accountants

J.G. VERMA
Partner

Membership No. 5005

Mumbai, 18th July, 2008

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in respect of its hotel unit at Goa acquired prior to 1st April, 1990 and the fixed assets in respect of its flight catering unit at Goa. In respect of other fixed assets including acquired during renovation at its hotel unit at Goa, the Company has compiled the required particulars including quantitative details and situation of fixed assets to complete the comprehensive fixed asset register, which is in progress.
(b) The fixed assets were physically verified during the year and after the close of the year by the management on the basis of fixed assets records compiled as above in respect of both the units of the Company. On the basis of such verification, discrepancies were noticed in respect of some fixed assets, which have been determined by the management and the net value of such fixed assets amounting to Rs. 6,372,058/- has been written off in the accounts.
(c) There has not been any significant disposal of fixed assets during the year affecting going concern.
2. (a) In our opinion, physical verification of inventories has been conducted by the management at reasonable intervals;
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loan or advance to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 except an interest free advance of Rs. 2,838,390/- (maximum balance Rs. 2,838,390/-) to one of its subsidiaries.
(b) The terms and conditions of above interest free advance given are *prima facie* not prejudicial to the interest of the Company.
(c) According to the information and explanations given to us, there is no stipulation for repayment of the above advance given by the Company to its subsidiary.
(d) In view of our comment in paragraph 3 (c) above, clause III (d) of paragraph of the aforesaid Order is not applicable to the Company.
(e) The Company had taken unsecured loans aggregating to Rs. 3,600,000/- (maximum balance – Rs. 3,600,000/-) from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 numbering three. These loans have been fully repaid during the year.
(f) The rates of interest and other terms and conditions of above unsecured loans taken were *prima facie* not prejudicial to the interest of the Company.
(g) The Company was regular in payment of principal amount and interest on the above loans taken during the year.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. To the best of our knowledge and belief and according to the information and explanations given to us, (a) the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section; and (b) such transactions exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public within the meaning of Section 58A 58AA and other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Hence the clause (vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the records of the Company and the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including provident fund, investor education & protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other applicable statutory dues with the appropriate authorities during the year *though there have been instances of delays in a few cases*. The Company's operations do not give rise to any excise duty liability.
- (b) According to the information and explanations given to us, there are no amounts payable in respect of any undisputed statutory dues as at 31st March, 2008 which were outstanding for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and on the basis of our examination of the documents and records, there are no cases of non-deposit with appropriate authorities of disputed dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess except the following:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Goa, Daman and Diu (Sales Tax) Act, 1964	Sales tax	18.01	Asst. Years 1995-96 to 1997-98	Asst. Commissioner of Commercial Tax (Sales-Tax)
Goa, Daman and Diu (Sales Tax) Act, 1964	Sales tax	3.61	Asst. Year 2003-04	Asst. Commissioner of Commercial Tax (Sales-Tax)
Goa Tax on Luxuries (Hotels and Lodging Houses) Act, 1988	Luxury Tax	25.03	Asst. Years 1995-96 to 1997-98	Asst. Commissioner of Luxury Tax
Income-tax Act, 1961	Income-tax on completion of regular assessment	10.66	Asst. Years 2005-06	Commissioner of Income-tax (Apeals)

10. The Company neither had accumulated losses at the end of the financial year nor incurred any cash losses either during the financial year or preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks within the due dates as per loan agreements or extended due dates There were no borrowings from any financial institutions or by way of debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. The Company is not a dealer or trader in shares, securities, debentures, and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion on an overall basis, and according to the information and explanations given to us, the term loans taken during the year were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that funds raised on short term basis have prima facie, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (XIX) of paragraph 4 of the aforesaid Order are not applicable to the Company.
20. The Company has not raised money by public issue during the year, Accordingly, the provisions of clause (XX) of paragraph 4 of the aforesaid Order are not applicable to the Company.
21. To the best of our knowledge and belief, and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

For J.G.VERMA & CO.
Chartered Accountants

J.G.VERMA
Partner

Membership No. 5005

Mumbai, 18th July, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

SOURCES OF FUNDS:	Schedule	Rupees	Rupees	Previous Year Rupees
SHAREHOLDERS' FUNDS:				
Share Capital	'A'	92,438,500		92,438,500
Reserves & Surplus	'B'	130,362,346		96,171,743
			222,800,846	188,610,243
LOAN FUNDS:				
Secured Loans	'C'	207,403,124		237,842,844
Unsecured Loans	'D'	7,310,595		7,970,018
			214,713,719	245,812,862
DEFERRED TAX LIABILITY (Net)			64,920,947	59,622,221
TOTAL			502,435,512	494,045,326
APPLICATION OF FUNDS:				
FIXED ASSETS:				
Gross Block (At cost)	'E'	758,148,517		710,603,561
Less: Depreciation		262,954,011		281,745,501
Net Block		495,194,506		428,858,060
Capital Work in Progress		29,295,110		25,303,647
			524,489,616	454,161,707
INVESTMENTS:	'F'		22,385,500	22,385,500
CURRENT ASSETS, LOANS & ADVANCES:				
Interest accrued	'G'	16,910		16,236
Stock		18,434,164		19,671,263
Sundry Debtors		44,514,826		40,845,528
Cash & Bank Balances		7,469,594		12,233,644
Loans & Advances		57,447,824		40,805,801
		127,883,318		113,572,472
LESS: CURRENT LIABILITIES & PROVISIONS:				
Current Liabilities	'H'	96,008,044		65,173,000
Provisions		76,314,878		30,901,353
		172,322,922		96,074,353
NET CURRENT ASSETS:			(44,439,604)	17,498,119
TOTAL			502,435,512	494,045,326
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS				
	'K'			

As per our report of even date

Signature on the above Balance Sheet and Schedules "A" to "H" and "K"
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAIRAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME:				
Rooms, Restaurant, Bar, Banquets, Flight Catering & Other Income	‘I’		475,448,164	378,001,076
EXPENDITURE:				
Operating & General Expenses	‘J’		307,806,533	253,251,517
Managerial Remuneration			10,226,400	6,433,800
Depreciation			26,065,313	25,670,206
Interest:				
(a) On Fixed Loans		22,354,785		26,008,896
(b) On Other Loans		5,623,073		4,022,047
			27,977,858	30,030,943
			372,076,104	315,386,466
PROFIT BEFORE TAXATION			103,372,060	62,614,610
Less: Provision for taxation				
Current tax		32,500,000		12,400,000
Fringe Benefits tax		1,100,000		900,000
MAT Credit for earlier year no longer available, reversed		—		2,406,000
Deferred tax Liability		5,298,726		2,621,901
			38,898,726	18,327,901
PROFIT FOR THE YEAR BEFORE ADJUSTMENTS:			64,473,334	44,286,709
Less : Prior Periods adjustments (net)				
[Incl. Rs. 469,830/- for taxes (Previous Year Rs. 901,399/-)]			665,957	1,880,368
PROFIT AFTER TAX & ADJUSTMENTS:			63,807,377	42,406,341
Add: Profit brought forward			36,567,843	4,701,802
PROFIT AVAILABLE FOR APPROPRIATION:			100,375,220	47,108,143
Less: Interim Dividend			18,487,700	9,243,850
Dividend Distribution Tax on Interim Dividend			1,256,814	1,296,450
Proposed Dividend			9,243,850	—
Dividend Distribution Tax on Proposed Dividend.....			628,410	—
Transfer to General Reserve			6,390,000	—
			36,006,774	10,540,300
Balance Profit carried to Balance Sheet			64,368,446	36,567,843
Basic and Diluted Earnings Per Share (In Rs.)			1.38	0.92
Face value Rs. 2/- per share (Refer note 12 Schedule “K”)				
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	‘K’			

As per our report of even date

Signature on the above Profit and Loss Account and Schedules “I” to “K”
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAIRAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	31st March, 2008 Rupees	31st March, 2007 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and adjustments	103,372,060	62,614,610
Adjustments for:		
Depreciation (This Year : Net of excess provision written back)	21,798,875	25,670,206
(Profit)/Loss on sale of assets	8,340,436	3,634,737
Notional Foreign Exchange rate difference	(15,080,846)	(3,461,698)
Monetary Value of Duty Free Entitlement	(9,921,913)	—
Provision for Employee benefits	1,471,435	266,232
Interest and Dividend received	(132,592)	(11,285,154)
Interest paid	27,977,858	30,030,943
Operating profit before working capital changes:	137,825,313	107,469,876
Adjustments for:		
Trade & other receivable	(3,669,298)	(655,532)
Inventories	1,237,099	(542,495)
Trade payable	15,786,904	8,416,230
Cash generated from operations:	151,180,018	114,688,079
Interest paid	(27,977,858)	(30,030,943)
Direct Taxes paid (Net of refund received)	(16,688,037)	(7,765,764)
Cash Flow before Extraordinary Items:	106,514,123	76,891,372
Extraordinary Items of expenses	(196,127)	(979,019)
Net cash from Operating Activities:	106,317,996	75,912,353
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-progress):	(91,965,974)	(126,931,786)
Proceeds of Redemption of Preference Shares of Subsidiary	—	21,750,000
Investment in shares of Subsidiary	—	(100,000)
Decrease in Loans, Advances and deposits	45,340	10,748,941
Sale of Fixed Assets	1,420,667	3,011,112
Interest and Dividend Income	132,592	11,285,154
Net Cash used in Investing Activities	(90,367,375)	(80,236,579)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings:		
Term Loans	63,674,332	69,919,913
Unsecured Loans	4,648,106	3,000,000
Cash Credits	1,724,915	9,521,369
Repayment of :		
Term Loans	(80,758,121)	(63,994,244)
Unsecured Loans	(5,307,529)	(2,806,622)
Dividend including dividend tax for current year	—	(5,780,037)
Dividend paid for earlier years	(4,696,374)	(5,123,563)
Net Cash used in Financing Activities	(20,714,671)	4,736,816
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(4,764,050)	412,590
CASH & CHEQUE EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	12,233,644	11,821,054
CASH & CHEQUE EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)	7,469,594	12,233,644

As per our report of even date

Signature on the above Cash Flow Statement
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "A" : SHARE CAPITAL			
AUTHORISED:			
99,750,000 (Prev. Year 19,950,000) Equity Shares of Rs. 2/- each (Prev. year Rs. 10/- each)		199,500,000	199,500,000
5,050,000 Preference Shares of Rs. 10/- each		50,500,000	50,500,000
TOTAL		250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP:			
46,219,250 (Prev. Year 9,243,850) Equity Shares of Rs. 2/- (Prev. Year Rs. 10/- each) fully paid up		92,438,500	92,438,500
TOTAL		92,438,500	92,438,500
NOTE:			
The Equity shares of face value of Rs. 10/- have been sub-divided into Equity Share of Rs. 2/-, fully paid up during the year.			
SCHEDULE "B" : RESERVES & SURPLUS			
CAPITAL RESERVE:			
As per last accounts:			
Subsidy received under the Central Investment subsidy scheme of the Government of Goa	2,500,000		2,500,000
Share Premium Account	47,089,900		47,089,900
Profit on re-issue of forfeited shares	14,000		14,000
		49,603,900	49,603,900
CAPITAL REDEMPTION RESERVE			
As per last accounts		10,000,000	10,000,000
GENERAL RESERVE			
Set aside this year		6,390,000	—
SURPLUS IN PROFIT & LOSS ACCOUNT		64,368,446	36,567,843
TOTAL		130,362,346	96,171,743
SCHEDULE "C" : SECURED LOANS			
FROM BANKS:			
1. Term Loan (By way of ECB) (Note 1)		40,377,000	98,949,300
2. Additional Term Loan (Note 1)		5,154,006	6,527,714
3. New Term Loan for renovation (Note 1)		24,607,740	587,861
4. New Foreign Currency Term Loan for renovation (Note 1)		42,641,650	70,779,900
5. Rupee Term Loan for renovation (Note 2)		39,654,453	—
6. Medium Term Loans (Note 2)		153	764,888
7. Foreign Currency Term Loan (Note 3)		22,518,485	29,375,979
8. Cash Credits (Note 4)		32,449,637	30,724,722
9. Interest accrued and due		—	132,480
TOTAL		207,403,124	237,842,844
NOTES:			
1. Loans under items No. (1) to (4) from Bank of Baroda are secured by (i) a mortgage executed in favour of Bank of Baroda by deposit of title deeds of all the immovable properties of the Company situated at Village Varca, Salcette, Goa and at Airport Plaza, Airport Road, Sancoale, Dabolim, Goa, both present and future, (ii) a first charge by way of hypothecation of all the movables			

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

(except book debts) including machinery, spares, tools and accessories, present and future (subject to the charges created in favour of the Company's Bankers on its stocks of raw material, consumable stores, etc. for working capital borrowings) and (iii) personal guarantees of the Managing Director and Executive Director. The balance in Loan Account under item No. (1) and (4) is after adjustment of foreign exchange gain of Rs. 12,980,046/- (Prev. year Rs. 3,730,102/-) arose during the year.

- Loans under item No. (5) and (6) from Bank of India is secured by way of second charge on immovable properties of the Company situated at Village Varca, Salcette, Goa and at Airport Plaza, Airport Road, Sancoale, Dabolim, Goa, both present and future and a second charge on all the movable assets of the Company including machinery, spares, tools and accessories, present and future and by way of personal guarantees of the Managing Director and Executive Director.
- Loan under item No. (7) from Bank of India is secured by first charge on the moveable and immovable properties of the Company referred to in (1) above on a *pari passu* basis along with referred to therein. The balance in above Loan Account is after adjustment of foreign exchange gain of Rs. 2,100,800/- (Prev. year Rs. 759,091/-) arose during the year.
- Cash Credits from Bank of Baroda and Bank of India under item No. (8) are secured by hypothecation of Company's inventories of stocks, stores and provisions, goods in transit and other moveable items and book debts, both present and future.
- Amount payable within one year Rs. 93,616,000/- (Prev. Year Rs. 91,521,045/-).

	Rupees	Previous Year Rupees
SCHEDULE "D" : UNSECURED LOANS		
Vehicle / Equipment Loans	4,409,755	5,069,178
From erstwhile Collaborators (Note)	14,840	14,840
Security Deposits from a Subsidiary Company	1,186,000	1,186,000
Security Deposits from Shops and Others	1,700,000	1,700,000
TOTAL	7,310,595	7,970,018

Note: Represent surplus money available with the Company after adjusting a part of the amount towards allotment of shares in earlier year.

SCHEDULE "E" : FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2007	Additions	Deductions (Note 2)	As at 31.3.2008	Upto 31.3.2007	For the year	Less: Sales/ Adjustments (Note 3)	As at 31.3.2008	As at 31.3.2008	As at 31.3.2007
1 Land (Free hold) (Including landscaping)	31,590,929	2,35,894	—	31,826,823	—	—	—	—	31,826,823	31,590,929
2 Buildings	363,129,826	58,896,329	2,876,408	419,149,747	92,016,307	9,977,250	2,139,851	99,853,706	319,296,041	271,113,519
3 Plant & Machinery	180,551,985	11,945,371	34,848,211	157,649,145	90,938,375	7,564,381	28,496,419	70,006,337	87,642,808	89,613,610
4 Furniture, Fixtures & Office Equipment	109,116,150	24,105,014	11,025,506	122,195,658	82,128,263	6,556,415	12,164,129	76,520,549	45,675,109	26,987,887
5 Vehicles & Motor Boats	25,112,216	1,351,358	1,601,343	24,862,231	16,564,690	1,591,479	2,056,404	16,099,765	8,762,466	8,547,526
6 Intangible Asset- Computer Software	1,102,455	1,362,458	—	2,464,913	97,866	375,788	—	473,654	1,991,259	1,004,589
TOTAL	710,603,561	97,896,424	50,351,468	758,148,517	281,745,501	26,065,313	44,856,802	262,954,011	495,194,506	428,858,060
Previous Year Total	612,265,418	121,817,088	23,478,945	710,603,561	272,908,391	25,670,206	16,833,096	281,745,501	428,858,060	
6 Capital Work in Progress [See Note (1) below]									29,295,110	25,303,647

NOTES:

- Capital Work in Progress includes:
 - Rs. 4,817,715/- (Prev. Year Rs. 2,729,156) on account of Pre-Operative Expenses and Rs. 7,541,280/- (Prev. Year Rs. 7,541,280) being advance for purchase of Land.
 - Pre-Operative Expenses include : Payments of Legal and Consultants' Fees - Rs. 2,336,760/- (Prev. Year Rs. 481,685); Travelling & Conveyance of Rs. 986,271/- (Prev. Year Rs. 935,993) and Security Expenses of Rs. 1,469,877/- (Prev. Year Rs. 1,286,671).
 - Expenses and advances of Rs. 16,936,116/- (Prev. year Rs. 15,033,212) incurred on renovation/refurbishing of the hotel, pending completion of the work, (pending allocation).
- Deductions from Fixed Assets include Rs. Nil (Prev. Year Rs. 962,452/-) being loss due to fluctuation in foreign currency rates.
- Adjustment from Depreciation include excess provision made in earlier years of Rs. 4,266,439/- (Prev. Year Nil), which has been written back during the year.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "F" : INVESTMENTS: (Long Term)			
Trade : (At cost)			
Investment in Shares of Subsidiary Companies: (Unquoted) (Fully paid up)			
Advani Pleasure Cruise Co. Private Limited: 2,218,500 Equity Shares of Rs. 10/- each	22,185,000		22,185,000
Advani Flight Catering Services Private Limited: 1,000 Equity Shares of Rs. 10/- each	100,000		100,000
Other : (At cost)			
Priyadarshini Mahila Co-Op Bank Limited: 10,050 Shares of Rs. 10/- each (Unquoted)			
	100,500		100,500
TOTAL	22,385,500		22,385,500
Note: Aggregate of unquoted investments – Cost	22,385,500		22,385,500
SCHEDULE "G" : CURRENT ASSETS, LOANS & ADVANCES			
CURRENT ASSETS:			
Interest accrued		16,910	16,236
Stock: (Valued and certified by the Management)			
Stores and Operating Supplies	15,850,011		17,064,725
Food and Beverage	2,584,153		2,606,538
		18,434,164	19,671,263
Sundry Debtors: (Unsecured, good unless otherwise stated)			
Over six months	2,968,495		3,797,220
(Rs.1,113,997/- considered doubtful (Prev. Year Rs. 1,113,997/-) Others	42,660,328		38,162,305
	45,628,823		41,959,525
Less: Provision for Doubtful Debts	1,113,997		1,113,997
		44,514,826	40,845,528
Cash & Bank Balances:			
On Hand	956,107		1,094,704
With Scheduled Banks: On Current Account	4,674,955		9,356,631
On Margin / Deposit Account	1,709,410		1,653,187
With other Bank on: Current Account (Refer Note 6(c) of Schedule "K")	129,122		129,122
		7,469,594	12,233,644
LOANS & ADVANCES: (Unsecured, good)			
Advances recoverable in cash or in kind or for value to be received .	14,917,225		14,996,589
Deposits	3,910,881		3,877,531
Payments of taxes	38,619,718		21,931,681
		57,447,824	40,805,801
TOTAL	127,883,318		113,572,472

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "H" : CURRENT LIABILITIES & PROVISIONS:			
CURRENT LIABILITIES:			
Sundry Creditors		50,901,376	42,140,346
[include amounts due to parties covered under Micro, Small and Medium Enterprise Act Rs. Nil (Refer note 3 of Schedule "K")] (Include Rs. 4,974,290/- due to directors) (Prev. Year Rs. 583,049/-)			
Advances from Customers		12,596,355	5,374,923
Interest accrued but not due on loans		1,069,024	2,293,745
Interim Dividend payable		18,487,700	4,760,263
Dividend Distribution tax payable		1,256,814	—
Dividend Warrants issued but not encashed		320,595	256,706
Other Liabilities		11,376,180	10,347,017
		<u>96,008,044</u>	<u>65,173,000</u>
PROVISIONS:			
Provision for taxation:			
As per last accounts	25,519,247		14,465,665
Add: Addition during the year	34,069,830		13,363,247
	<u>59,589,077</u>		<u>27,828,912</u>
Less: Deduction during the year	—		2,309,665
(Incl. MAT Credit adjusted Rs. Nil (Prev. Year Rs. 214,000/-)			
	<u>59,589,077</u>		<u>25,519,247</u>
Provision for Employee benefits:			
As per last accounts	5,382,106		5,115,871
Add: Addition during the year	1,471,435		924,061
	<u>6,853,541</u>		<u>6,039,932</u>
Less: Deduction during the year	—		657,826
	<u>6,853,541</u>		<u>5,382,106</u>
Proposed Dividend	9,243,850		—
Dividend Distribution Tax	628,410		—
	<u>9,872,260</u>		<u>—</u>
		<u>76,314,878</u>	<u>30,901,353</u>
TOTAL		<u><u>172,322,922</u></u>	<u><u>96,074,353</u></u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "I" :			
ROOMS, RESTAURANTS, BAR, BANQUETS, FLIGHT CATERING AND OTHER INCOME			
1. (a) Rooms, Restaurants, Banquets, Flight Catering and Other Services (Gross)	408,764,532		321,119,692
[(Include sale of food, beverages, etc. Rs. 151,611,695/-) (Prev. Year Rs. 122,902,547/-)] (Tax deducted at source Rs. 2,058,787/-) (Prev. Year Rs. 1,315,731/-)			
(b) Wines and liquor	23,939,782		20,491,714
(c) Telephone	387,839		294,942
	433,092,153		<u>341,906,348</u>
 2. Other Income:			
Exchange Gain (net)	23,890,792		12,955,691
[Incl. Gain of Rs. 15,080,846/- for Foreign Currency Loans (Prev. Year Rs. 3,461,698/-)]			
Interest (Gross)	132,592		192,654
(Tax deducted at source Rs. 23,416/-) (Prev. Year Rs. 19,684/-)			
Dividend (Gross)	—		11,092,500
Excess provisions/credits written back	5,642,551		3,432,528
(Including liabilities not payable written back)			
Excess provision for doubtful debts, no longer required, written back	—		2,481,033
Miscellaneous Income	12,690,076		5,940,322
(Including Licence fees from shops Rs. Nil) (Prev. Year Rs. 1,212,500/-) (Tax deducted at source Rs. Nil) (Prev. Year Rs. 249,645/-)			
		42,356,011	<u>36,094,728</u>
TOTAL		475,448,164	<u><u>378,001,076</u></u>
 SCHEDULE "J" : OPERATING AND GENERAL EXPENSES			
Operating Expenses			
(A) CONSUMPTION OF PROVISIONS, WINES, & SMOKES:			
(i) Provisions, Beverages (excluding Wines and Liquor) and smokes:			
Opening Stock	1,578,013		1,416,791
Add: Purchases	47,627,264		35,668,074
	49,205,277		<u>37,084,865</u>
Less: Closing Stock	1,606,299		1,578,013
		47,598,978	<u>35,506,852</u>
(ii) Wine and Liquor:			
Opening Stock	1,028,525		1,023,524
Add: Purchases	3,586,698		2,938,055
	4,615,223		<u>3,961,579</u>
Less: Closing Stock	977,854		1,028,525
		3,637,369	<u>2,933,054</u>
Carried forward		51,236,347	<u>38,439,906</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR
ENDED 31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
<i>Brought forward</i>		51,236,347	38,439,906
SCHEDULE "J" continued:			
OPERATING AND GENERAL EXPENSES			
(B) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries, Wages & Bonus	72,130,337		61,576,357
Contributions to Provident and Other Funds	4,404,649		3,717,008
Provision for employee benefits	1,658,572		924,058
(Gratuity and Leave Encashment benefits)			
Workmen and Staff Welfare Expenses	8,807,749		7,484,354
		<u>87,001,307</u>	<u>73,701,777</u>
(C) OTHER OPERATING EXPENSES:			
Power & Fuel	35,059,790		33,062,780
Repairs to Building	11,451,635		12,829,366
Repairs to Plant & Machinery	8,236,441		8,779,447
Repairs – Others	3,666,303		4,126,566
Replacements	2,453,688		2,118,732
Expenses on Apartments and Board	14,461,670		10,835,852
Band & Music	6,700,300		4,662,719
Water Charges	4,115,282		3,605,911
		<u>86,145,109</u>	<u>80,021,373</u>
(D) GENERAL EXPENSES:			
Licences, Rent, Rates & Taxes	6,273,672		3,508,754
Printing & Stationery	1,894,501		1,721,115
Expenses on communication	2,842,959		2,084,566
Travelling & Conveyance	14,773,330		9,729,392
Insurance	3,361,372		2,884,522
Advertisement & Publicity	5,572,549		7,374,086
Royalty and Cess thereon	6,604,272		5,197,186
Service Charges – Marketing and collections	13,671,538		8,001,851
Directors' Fees	840,000		225,000
Legal & Professional Fees	10,294,457		5,702,491
Donations	667,325		185,000
(Includes Rs. 100,000/- Prev. Year Nil) paid to Goa Pradesh Congress Committee)			
Bad debts & irrecoverable advances written off	1,346,532		2,733,796
Provision for Doubtful debts	—		1,113,997
Loss on sale/discard of fixed assets (Net)	8,340,436		3,634,737
Service tax and other Taxes	1,009,521		1,520,354
(Incl. Rs. 1,009,521/- for earlier years (Previous Rs. 1,506,354/-))			
Miscellaneous Expenses	5,931,306		5,471,614
		<u>83,423,770</u>	<u>61,088,461</u>
TOTAL		<u><u>307,806,533</u></u>	<u><u>253,251,517</u></u>

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis for preparation of financial statements:

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with accounting principles accepted in India ("Indian GAAP") and are in compliance with Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006.

2. Use of Estimates:

The preparation of the financial statements in conformity with the Indian GAAP requires Company management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements. Actual results could differ from these estimates and assumptions. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Revenue Recognition:

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue yet to be billed is recognized as unbilled revenue. Sales and services are stated exclusive of taxes.

Export Benefit in the nature of Duty Credit Scrips are recognised in the Profit and Loss Account upon the actual utilization of Duty Credit Scrips.

4. Fixed Assets:

- (i) Fixed Assets are stated at cost less depreciation. Fee paid for acquisition of technical know-how is capitalised.
- (ii) In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalised and added pro-rata to the cost of fixed assets.

5. Depreciation:

- (i) Depreciation is provided in the accounts on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Where the historical cost of a depreciable asset undergoes a change due to increase or decrease on account of price adjustments, changes in duties or similar factors, depreciation on the revised amount is provided prospectively over the residual useful life of the asset.

6. Impairment:

In accordance with Accounting Standard 28 – Impairment of Assets, the carrying amount of the Company's assets including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as the higher of the net selling price and the value in use. Any impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

7. Investments:

Long Term Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent. Other Investments are valued at cost or market value whichever is lower.

8. Inventories:

Stock of food, beverages and operating supplies are carried at cost (computed on weighted average basis) or net realizable value, whichever is lower.

9. Employee Benefits:

Company's contributions to Provident Fund are charged to Profit & Loss Account. Gratuity payable at the time of retirement are charged to the Profit and Loss Account on the basis of independent external actuarial valuation determined and basis of projected unit credit method carried annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account. Gratuity in certain applicable cases is provided for in accordance with the provisions of the Goa Shops & Establishment Act, 1973. Provision for leave encashment is made on the basis of independent external actuarial valuation carried out at the end of the year.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

10. Foreign Currency Transactions:

- (i) Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realization.
- (ii) Payment made in foreign currency including for acquiring fixed assets are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year except in cases of subsequent payments where liability is provided at actual. Foreign currency in hand is translated at the year-end exchange rate.
- (iii) Foreign currency assets and liabilities are realigned at the rate ruling at the year-end. Exchange differences are dealt with in the Profit and Loss Account in the year in which they arise.

11. Prior period adjustments, Extra Ordinary items and Changes in accounting policies:

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

12. Leases:

Lease payment under an operating lease is recognized as an expense in the profit and loss account on a straight line basis over the lease period.

Assets taken on finance lease are capitalized and finance charges are charged to profit and loss account on accrual basis.

13. Borrowing costs:

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

14. Segment Accounting:

Reportable Segments are identified having regard to the dominant source of revenue and nature of risks and returns.

15. Taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

16. Accounting Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized in terms of Accounting Standards 29 – "Provisions, Contingent Liabilities and Contingent Assets" issued by ICAI, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow or resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

B. NOTES ON ACCOUNTS:

- 1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 10,742,400/- (Prev. year Rs. 33,514.427/-) net of advances.
- 2. Contingent liabilities not provided for in respect of:
 - (a) Claims against the Company not acknowledged as debts Rs. 3,485,112/- (Prev. year, net of counter claims, Rs. 3,212,877/-).
 - (b) Other money for which the Company is contingently liable:

Bank Guarantee

Current year Rupees	Previous year Rupees
6,275,484	6,775,484

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

- (c) Demand raised by Income Tax authorities disputed by the Company in appeal and rectification proceedings, which are pending – Rs. 1,065,815/- (Prev. year Rs. NIL).
- (d) Demand raised by Sales tax and luxury tax authorities, disputed by the Company in appeal, which are pending amounting to Rs.4,665,536/- (Prev. year Rs. 4,665,536/-).
3. On the basis of information available with the company no amount is payable as on 31st March 2008 suppliers who are covered under the Micro Small & Medium Enterprises Development Act, 2006

4. **Details of Auditors' Remuneration:**

	Current Year Rupees	Previous Year Rupees
Audit Fees	160,000	130,000
Tax Audit Fees	55,000	70,000
For Tax matters	15,000	15,000
For Certification, opinion etc.	52,500	37,000
For Expenses	58,504	62,967
Service Tax	37,386	32,681

5. The Company has deposited unclaimed dividend of Rs.97,380/- (Previous year Rs.9,269/-) declared for the year ended March 31, 2000 in the 'Investor Education and Protection Fund'. The balance unclaimed dividend for subsequent years amounting to Rs. 320,595/- (Previous Year Rs. 5,016,969/-) will be deposited at the appropriate time as and when applicable.
6. (a) Current Assets, Loans & Advances (Schedule "G") includes Rs. 3,572,056/- (Prev. year Rs. 2,858,914/-) due from the Subsidiary Company, viz. Advani Pleasure Cruise Company Private Limited.
- (b) Movement in provision for doubtful debts – opening balance Rs. 1,113,997.30 (Previous year Rs. 2,481,032.79)
Addition during the year Rs. Nil (Previous year Rs. 1,113,997.30)
Deduction during the year Rs. Nil (Previous year Rs. 2,481,032.79)
Closing balance Rs. 1,113,997.30 (Previous year Rs. 1,113,997.30)
- (c) Cash and Bank balances (Schedule "G") includes Rs. 129,122/- (Prev. year Rs. 129,122/-) with Priyadarshini Mahila Co-op Bank Limited on Current Account Maximum balance Rs. 129,122/- (Previous Year 129,122/-).
- (d) Duty Credit Scrips recognized in the Profit and Loss Account amount to Rs. 9,921,913/- (previous year Rs. NIL) and is included under Other Income being on Capital account.
7. Since it is not practicable to give quantity wise details in respect of purchase, consumption, turnover, stock, etc., the Department of Company Affairs through its Order No. 46/65/2005/CL-III dated July 13, 2005 has exempted the Company from giving such details for the year ended March 31, 2005, March 31, 2006 and March 31, 2007 subject to certain disclosures. An application has been made by the Company for such exemption for 2007-08 and subsequent years, which is pending disposal. Pending receipt of the approval, required disclosures have been made on the basis of previous approval.
8. **Segment Reporting under Accounting Standard 17:**
Hotel business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 – "Segment Information".
9. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

Particulars	In Rupees
Employer's Contribution to Provident Fund	1,824,756
Employer's Contribution to Pension Scheme	1,366,478

Defined Benefit Plan

In respect of Employees' Retiring Gratuity, the present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31ST MARCH, 2008**

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

S.No.	Particulars	In Rupees Gratuity (Unfunded)	In Rupees Leave Encashment (Unfunded)
I.	Assumptions:		
	Discount rate – previous	8.00%	8.00%
	Salary Escalation – previous	4.00%	4.00%
	Discount rate – current	8.00%	8.00%
	Salary Escalation – current	4.00%	4.00%
II.	Change in Benefit Obligation:		
	Liability at the beginning of the year	3,968,743	502,647
	Interest cost	344,629	56,329
	Current Service Cost	581,796	293,166
	Past Service Cost (Non Vested benefit)	—	—
	Past Service Cost (Vested benefit)	—	—
	Liability Transfer in	—	—
	Liability Transfer out	—	—
	Benefit Paid	(485,356)	(183,392)
	Actuarial (Gain) / Loss on obligations	85,939	(120,278)
	Liability at the end of the year	4,495,751	548,472
III.	Recognition of Transitional Liability:		
	Transitional Liability at start	—	—
	Transitional Liability recognized during the year	—	—
	Transition Liability at end	—	—
IV.	Amount recognized in the Balance Sheet:		
	Liability at the end of the year	4,495,751	548,472
	Fair value of Plan Assets at the end of the year	—	—
	Difference	(4,495,751)	(548,472)
	Unrecognized Past Service Cost	—	—
	Unrecognized Transition Liability	—	—
	Amount recognized in the Balance Sheet	(4,495,751)	(548,472)
V.	Expenses recognized in the Profit and Loss Account:		
	Current Service Cost	581,796	293,166
	Interest Cost	344,629	56,329
	Expected return on Plan assets	—	—
	Past Service Cost (non-vested benefit) recognized	—	—
	Past Service Cost (vested benefit) recognized	—	—
	Recognition of Transition Liability	—	—
	Actuarial Gain or (Loss)	85,939	(120,278)
	Expense recognized in the Profit and Loss Account	1,012,364	229,217
VI.	Balance Sheet Reconciliation:		
	Opening Net Liability	3,968,743	502,647
	Expenses as above	1,012,364	229,217
	Employer's Contribution	485,356	183,392
	Closing Net Liability	4,495,751	548,472

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

VII. Other details:

1. Gratuity is payable @ of 15 days salary for each year of service subject to a maximum of Rs.350,000/-.
2. Leave is encashable on retirement / while in service/ maximum leave accumulation is a per company's scheme from time to time.
3. The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.
4. Salary Escalation is considered as advised by the company which in line with the industry practice considering promotion and demand and supply of the employee
5. Number of employees (average)
6. Salary per month (average)
7. Contribution for next year
8. In respect of Company's Unit viz. Airport Plaza Liability towards gratuity and leave has been provided at Rs. 800,081/- and Rs. 219,864/- respectively on the basis of actual liability payable instead of actuarial valuation as the said Unit has been disposed off after the close of the accounting year.

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Rs. 2,006,500

10. **Related Party Disclosures under Accounting Standard 18:**

(a) **Subsidiary Companies:**

- (i) Advani Pleasure Cruise Company Private Limited (51%)

The Company has taken a ship on lease / bareboat charter basis from a party and given the same to the above subsidiary for its operation of pleasure cruise and casino on board. The lease rent for the ship and other expenses relating to the business being carried on by the subsidiary, as mentioned in item [f(5)] below, have been recovered from the said subsidiary Company.

- (ii) Advani Flight Catering Service Private Limited (100%)

(b) **Parties where control exists: None**

(c) **Key Management Personnel:**

Mr. Sunder G. Advani ... Chairman & Managing Director
 Mr. Hareesh G. Advani ... Executive Director
 Mr. Prahlad S. Advani ... Manager – Asset Management and Relative (Son)

- (d) Other parties being relatives of Key Management Personnel with whom transactions have taken place during the year:

Mrs. Menaka S. Advani ... Director and relative (Wife)

- (e) Other related parties with whom transactions have taken place during the year:

Mr. K. Kannan ... Non-executive Director
 Mr. Prakash V. Mehta ... Non-executive Director
 Mr. Anil Harish ... Non-executive Director
 D.M. Harish & Co., Advocates (Partnership firm wherein Mr. Anil Harish is a partner)

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

(f) Summary of transactions during the year with Related Parties and status of outstanding balances as on 31st March, 2008:

Sr. No.	Nature of transactions	Subsidiary Rupees	Associates and other related parties Rupees	Key Management Personnel Rupees
1	Sale of goods & services	12,302,166 <i>9,864,827</i>	—	—
2	Purchase of goods & services	820,700 <i>785,730</i>	—	—
3	Remuneration including Sitting Fees	—	840,000 <i>225,000</i>	12,411,579 <i>8,321,999</i>
4	Consultancy Fees	—	240,450 <i>225,000</i>	—
5	Expenses recovered	73,130,704 <i>32,212,704</i>	—	1,174,967 <i>1,370,160</i>
6	Interest paid	—	18,375 <i>—</i>	279,971 <i>2,05,192</i>
7	Loans taken	—	200,000 <i>0,00</i>	3,400,000 <i>3,000,000</i>
8	Loans & Advances given / (recovered)	(942,515) <i>(9,807,424)</i>	—	—
9	Investment in Preference shares	—	—	—
10	Balance outstanding at the year end:			
	Unsecured Loans taken	—	—	—
	Accounts receivable	733,667 <i>943,499</i>	—	—
	Loans & Advances recoverable	2,838,389 <i>1,895,875</i>	—	—
	Creditors / Payables	117,000 <i>19,811</i>	—	4,570,130 <i>495,000</i>
11	Dividend paid	—	20,500 <i>11,092,500</i>	—
12	Amount written off / back arising out of debts due	—	—	—

(Figures in italics are for previous year)

11. The Company's significant leasing arrangements for its subsidiary company is in respect of operating lease for the ship, from where the pleasure cruise business is carried on by the subsidiary company. As per the arrangement, the lease rent of the ship is being reimbursed by the subsidiary company to the Company.

The Company has also taken certain premises on lease. The aggregate lease rentals payable are charged as rent in the Profit and Loss Account.

Future commitments in respect of minimum lease payments payable for non-cancelable operating leases entered into by the Company including in respect of the ship referred to above :

Particulars	Current Year Rupees	Previous Year Rupees
Payable within one year	22,520,000	22,424,700
Payable later than one year but not later	17,175,000	39,695,000
Payable after five year	Nil	Nil

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

12. **Earnings per share (E.P.S.) under Accounting Standard 20:**

Particulars	Current Year Rupees	Previous Year Rupees
Profit after tax as per Accounts (Rs.)	63,807,377	42,406,341
No. of Shares issued	46,219,250	46,219,250
Nominal face value of share	2	2
Basic & Diluted E.P.S. (Rupees per share)	1.38	0.92

Note : The face value of the equity shares has been sub divided from Rs.10/- to Rs.2/- per share during the year. Accordingly the Basic and Diluted EPS of previous year has been recomputed to make it comparable with the EPS of current year.

13. **Components of Deferred Tax Assets and Liabilities are as under:**

Particulars	Current Year Rupees	Previous Year Rupees
(A) Deferred tax liabilities on account of:		
Difference between the written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961.	66,761,187	62,191,524
TOTAL (A)	66,761,187	62,191,524
(B) Deferred tax assets on account of:		
Expenses allowable for tax purpose on payment basis	1,461,592	2,194,331
Provision for doubtful debt	378,648	374,972
TOTAL (B)	1,840,240	2,569,901
Deferred Tax Liability -net (A – B)	64,920,947	59,622,221
Deferred Tax Debit / (Credit) for the year	5,298,726	2,621,901

14. In compliance with the Accounting Standard relating to 'Financial Reporting of Interest in Joint Venture (AS-27) issued by the Institute of Chartered Accountants of India, the Company has interest in the following jointly controlled entity.

Joint Venture Company	Country of Incorporation	Holding %	Amount of Interest based on the last Audited Accounts for the year ended March 31, 2008			
			Assets Rupees	Liabilities Rupees	Income Rupees	Expenditure Rupees
Advani Pleasure Cruise Co. Pvt. Ltd.	India	51 (51)	86,036,640 71,704,527	86,036,640 71,704,527	169,969,398 172,743,208	116,475,483 84,279,688

Note: Figures in the italics are for previous year.

15. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part – II and Part – IV of Schedule VI to the Companies Act, 1956 are given as under to the extent applicable:

Particulars	Current Year Rupees	Previous Year Rupees
(i) Managerial Remuneration:		
Paid to Chairman and Managing Director:		
Salary	2,098,000	2,016,000
House Rent Allowance	1,258,800	1,209,600
Commission	20,00,000	15,000
Other Perquisites	336,000	336,000
SUB TOTAL	5,692,800	3,576,600
Paid to Executive Director:		
Salary	1,311,000	1,260,000
House Rent Allowance	786,600	756,000
Company's contribution to Provident Fund	126,000	151,200
Commission	2,100,000	480,000
Other Perquisites	210,000	210,000
SUB TOTAL	4,533,600	2,857,200
TOTAL	10,226,400	6,433,800

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

- (ii) Computation of net profits for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 is as under:

Computation of Net Profit under Section 198(1) read with Section 349 of the Companies Act, 1956:

Particulars	Rupees	Rupees	Previous Year Rupees
Profit before taxation		103,372,060	62,614,610
Add: Directors' Remuneration	10,226,400		6,433,800
Depreciation charged to accounts	26,065,313		25,670,206
Directors' Sitting Fees	840,000		225,000
Loss / (Profit) on sale of assets	8,340,436		3,634,944
Provision for doubtful debts (net of excess provision written back)	—		(1,367,036)
		45,472,149	34,596,914
		148,844,209	97,211,523
Less: Depreciation under Section 350 of the Companies Act, 1956		26,065,313	25,670,206
Profit for the purpose of Directors' commission		122,778,896	71,541,317

Note: Commission is payable to the Managing Director and Executive Director as may be decided by the Board of Directors of the Company, however, that such commission alongwith other remuneration and perquisites shall not exceed 5% and 4% of the net profit of the Company as worked out above to the Managing Director and Executive Director respectively. The Board of Directors has approved Commission of Rs. 2,000,000/- and Rs. 2,100,000/- payable to the Managing Director and Executive Director respectively for the above year.

	Current Year Rupees	Previous Year Rupees
(iii) Earnings in Foreign Exchange:		
Hotel earnings (including encashment) as certified and reported by the Company to the Department of Tourism and relied upon the Auditors	325,519,950	231,229,697
(iv) Expenditure in foreign Currency on account of:		
(a) Royalty (actual payment during the year Rs. 5,498,671/-)	6,604,271	5,112,696
(b) Professional & Consultation Fees	3,418,955	3,862,548
(c) Interest and other charges	7,069,211	15,425,584
(d) Other matters	5,745,027	5,348,575
(v) Non-resident Shareholders etc.:		
(a) Number of Non-Resident Shareholders	14	15
(b) Year to which the dividend related	2006-07	2005-06
(c) Number of equity shares held	297,895	310,895
(d) Amount of dividend (Rupees)	297,895	155,198
(vi) C.I.F. Value of Imports: (on payment basis)		
Capital goods	27,839,837	28,642,952
Stores, Spares and Supplies	698,618	438,052
Provision, Wines, etc.	517,334	195,245

16. **Subsequent Events:** The Company has sold its Flight Catering unit at Goa i.e. Airport Plaza after the close of the financial year, as approved by the shareholders of the Company.

17. Previous year's figures have been recast / regrouped / rearranged, wherever necessary for comparison sake.

SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'K' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

18. Balance Sheet Abstract and Company's General Business Profile:

(a) **Registration Details:**

Registration No.	:	42891
State Code	:	011
Date of Balance Sheet	:	31st March, 2008

(b) **Capital raised during the year:**

(Rupees in thousands)

Public Fresh Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private placements		Nil

(c) **Position of Mobilization and deployment**

Total Liabilities		502,436
Total Assets		502,436

Sources of Funds:

Paid up Capital		92,439
Reserves & Surplus		130,362
Secured loans		207,403
Unsecured loans		7,311
Deferred Tax Liability		64,921

Application Funds:

Net Fixed Assets		524,490
Investments		22,385
Net Current Assets		(44,439)
Miscellaneous Expenditure		—
Accumulated Loss		—

(d) **Performance of Company**

Turnover / Other Income		475,448
Total Expenditure		372,076
Profit before Tax		103,372
Profit after Tax and adjustments		63,807
Earning per share (year end)		1.38
Dividend rate (including interim Dividend of 20%)		30%

(e) Generic Names of three Principal Products of Company: The Company is in the business of hoteliering and catering, which is not covered under ITC Classification.

Signature on the Schedules "A" to "K"
For and on behalf of the Board

SUNDER G. ADVANI
Chairman & Managing Director

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

SRILATHA DORAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai: July 18, 2008

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

1. Name of the Subsidiary Company	Advani Pleasure Cruise Company Private Limited	Advani Flight Catering Services Private Limited
2. Financial year of the Subsidiary ended on	March 31, 2008	March 31, 2008
3. Shares of the Subsidiary held by the Holding Company on the above datea.		
(a) Number and face value	2,218,500 Equity Shares of Rs. 10/- each	10,000 Equity Shares of Rs. 10/- each
(b) Extent of holding	51%	100%
4. The net aggregate amount of Profit / (Loss) of the Subsidiary for the above financial year, so far as they concern the Members of the Company.		
(a) Dealt with in the accounts of the Company for the year ended March 31, 2008	Nil	Nil
(b) Not dealt with in the accounts of the Company for the year ended March 31, 2008	Rs. 34,595,687/-	(Rs. 5,618/-)
5. The net aggregate of Profit / (Loss) of the subsidiary for the previous financial years, since it became a subsidiary, so far as they concern the Members of the Company.		
(a) Dealt with in the accounts of the Company for the year ended March 31, 2008	Nil	Nil
(b) Not dealt with in the accounts of the Company for the year ended March 31, 2008	Rs. 9,074,020/-	(Rs. 9,518/-)
Note: There are no business operations till March 31, 2008 in Advani Flight Catering Services Private Limited.		

For and on behalf of the Board

SUNDER G. ADVANI
Chairman & Managing Director

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

SRILATHA DORAIRAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

Mumbai: July 18, 2008

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF ADVANI HOTELS & RESORTS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES

**The Board of Directors,
Advani Hotels & Resorts (India) Limited**

We have examined the attached Consolidated Balance Sheet of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** and its subsidiaries (viz. (1) Advani Pleasure Cruise Company Private Limited and (2) Advani Flight Catering Services Private Limited) (the Company and its subsidiaries together constitute "the group") as at 31st March, 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of applicable provisions of Accounting Standard 21 "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and the explanations given to us and on consideration of separate audit reports on individual financial statements of the Company and its subsidiaries, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated the Balance Sheet, of the state of the affairs of the Company and its subsidiary as at 31st March, 2008;
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Company and its subsidiaries for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Company and its subsidiaries for the year ended on that date.

For J.G.VERMA & CO.
Chartered Accountants

J.G.VERMA
Partner

Membership No. 5005

Mumbai, 18th July, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

SOURCES OF FUNDS	Schedule	Rupees	Rupees	Previous Year Rupees
SHAREHOLDERS' FUNDS:				
Share Capital	'A'	92,438,500		92,438,500
Reserves & Surplus	'B'	192,334,652		128,374,550
			284,773,152	220,813,050
LOAN FUNDS:				
Secured Loans	'C'	208,778,580		237,842,844
Unsecured Loans	'D'	11,160,092		11,333,197
			219,938,672	249,176,041
DEFERRED TAX LIABILITY (Net)			65,585,507	63,711,433
MINORITY INTEREST			113,716,882	80,477,888
TOTAL			684,014,213	614,178,412
APPLICATION OF FUNDS:				
FIXED ASSETS:				
Gross Block (At cost)	'E'	861,527,557		798,646,337
Less: Depreciation		306,021,933		318,005,832
Net Block		555,505,624		480,640,505
Capital Work in Progress		35,317,430		30,328,742
			590,823,054	510,969,247
INVESTMENTS:	'F'		100,500	200,500
CURRENT ASSETS, LOANS & ADVANCES:				
Interest accrued	'G'	17,641		17,673
Stock		22,206,476		22,006,100
Sundry Debtors		50,889,078		42,815,434
Cash & Bank Balances		107,112,580		99,756,916
Loans & Advances		212,128,765		122,791,807
		392,354,540		287,387,930
LESS: CURRENT LIABILITIES & PROVISIONS:				
Current Liabilities	'H'	128,052,020		106,914,631
Provisions		176,724,060		89,617,083
		304,776,080		196,531,714
NET CURRENT ASSETS			87,578,460	90,856,216
MISCELLANEOUS EXPENDITURE	'I'		5,512,199	7,349,599
PROFIT AND LOSS ACCOUNT			—	4,802,850
TOTAL			684,014,213	614,178,412
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS				
	'L'			

As per our report of even date

Signature on the Consolidated Balance Sheet and Schedules "A" to "H" and "K"
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2008**

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME:				
Rooms, Restaurant, Bar, Banquets, Flight Catering, Casino & Other Income	‘J’		796,419,327	695,216,831
EXPENDITURE:				
Operating & General Expenses	‘K’		516,935,032	401,698,120
Managerial Remuneration			10,226,400	6,433,800
Depreciation			32,872,903	32,029,153
Interest:				
(a) On Fixed Loans		22,354,785		26,008,896
(b) On Other Loans		5,791,456		4,047,737
			28,146,241	30,056,633
TOTAL			588,180,576	470,217,706
PROFIT BEFORE TAXATION			208,238,751	224,999,125
Less: Provision for taxation:				
Current tax		72,500,000		69,323,000
Fringe Benefits tax		1,580,000		1,400,000
MAT credit for earlier year, no longer available, reversed		—		2,406,000
Deferred tax Liability		1,874,074		4,898,585
			75,954,074	78,027,585
PROFIT FOR THE YEAR BEFORE ADJUSTMENTS: .			132,284,677	146,971,540
Less : Prior Periods adjustments (net)			665,957	1,899,501
PROFIT AFTER TAX & ADJUSTMENTS:			131,618,720	145,072,039
LESS: MINORITY INTEREST			33,238,994	60,575,282
PROFIT AFTER MINORITY INTEREST			98,379,726	84,496,757
Less: Loss brought forward			4,802,850	7,151,369
PROFIT AVAILABLE FOR APPROPRIATION:			93,576,876	77,345,388
Less: Interim Dividend and Tax thereon			19,744,514	24,248,238
Proposed Dividend and Tax thereon			9,872,260	—
Transfer to Capital Redemption Reserve			—	43,500,000
Transfer to Contingency Reserve			—	3,000,000
Transfer to General Reserve			13,173,468	11,400,000
Balance Profit / (Loss) carried to Balance Sheet			50,786,634	(4,802,850)
Basic and Diluted Earnings Per Share (In Rs.)			2.13	1.83
Face value Rs. 2/- per share (Refer note 13 Schedule “L”)				
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	‘L’			

As per our report of even date

Signature on the above Consolidated Profit & Loss and Schedules “J” to “L”
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAIRAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	31st March, 2008 Rupees	31st March, 2007 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and adjustments	208,238,751	224,999,125
Adjustments for:		
Depreciation (net of excess provision written back)	28,606,465	32,029,153
(Profit)/Loss on sale of assets	8,340,436	4,862,964
Notional Foreign Exchange rate difference	(15,478,826)	(3,461,698)
Monitory Value of Duty Free Entitlement	(10,337,260)	—
Provision for Employee benefits	2,684,887	688,210
Provision for Doubtful Debts	200,000	—
Amortisation of Expenses	1,837,400	1,837,400
Interest and Dividend received	(4,070,745)	(4,715,196)
Interest paid	28,146,241	30,056,633
Operating profit before working capital changes:	248,167,349	286,296,591
Adjustments for:		
Trade & other receivable	(8,161,266)	2,991,675
Loan, Advances and deposits	(31,205,835)	594,560
Inventories	(200,376)	(848,296)
Trade payable	17,033,057	1,215,808
Cash generated from operations:	255,632,929	290,250,338
Interest paid	(28,146,241)	(30,056,633)
Direct Taxes paid (Net of refund received)	(58,131,797)	(68,662,662)
Cash Flow before Extraordinary Items:	139,354,891	191,531,043
Extraordinary Items of expenses	(196,127)	(998,152)
Net cash from Operating Activities:	139,158,764	190,532,891
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets (including Capital Work-in-progress):	(107,884,115)	(135,748,563)
Investment in Mutual Funds	—	(100,000,000)
Proceeds from disposal of investment	—	100,000,000
Investment in shares (Adjustment on consolidation)	100,000	(100,000)
Sale of Fixed Assets	1,420,667	3,367,771
Interest and Dividend income	4,070,745	4,715,196
Net Cash used in Investing Activities	(102,292,703)	(127,765,596)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings:		
Term Loans	65,474,332	69,919,913
Vehicle Loan / Unsecured Loans	5,134,424	3,000,000
Cash Credits	1,724,915	9,521,369
Repayment of :		
Term Loans	(81,182,665)	(63,994,244)
Unsecured Loans	(5,307,529)	(4,841,649)
Redemption of Preference shares of Casinos Austria	—	(21,750,000)
Dividend including dividend tax paid for current year	—	(8,830,475)
Dividend paid for earlier years	(15,353,874)	(5,123,563)
Net Cash used in Financing Activities	(29,510,397)	(22,098,649)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	7,355,664	40,668,646
CASH & CHEQUE EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance)	99,756,916	59,088,270
CASH & CHEQUE EQUIVALENTS AT THE CLOSING OF THE YEAR (Closing Balance)	107,112,580	99,756,916

As per our report of even date

Signature on the Consolidated Cash Flow Statement
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAIRAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "A" : SHARE CAPITAL			
AUTHORISED:			
99,750,000 (Prev. year 19,950,000) Equity Share of Rs. 2/-		199,500,000	199,500,000
(Prev. year Rs. 10/- each)			
5,050,000 Preference Shares of Rs. 10 each		50,500,000	50,500,000
		250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP:			
46,219,250 Equity Shares of Rs. 2/- each fully paid up		92,438,500	92,438,500
(Prev. year Rs. 10/- each)			
TOTAL		92,438,500	92,438,500
Note: The Equity Shares of face value of Rs. 10/- have been sub-divided into Equity Share of Rs. 2/-, fully paid up during the year.			
SCHEDULE "B" : RESERVES & SURPLUS:			
CAPITAL RESERVE:			
As per last accounts:			
Subsidy received under the Central Investment:			
Subsidy Scheme of the Government of Goa	2,500,000		2,500,000
Share Premium Account	57,960,550		57,960,550
Profit on re-issue of forfeited shares	14,000		14,000
		60,474,550	60,474,550
CAPITAL REDEMPTION RESERVE:			
As per last accounts:	53,500,000		10,000,000
Set aside during the year	—		43,500,000
Carried forward to next year:		53,500,000	53,500,000
CONTINGENCY RESERVE:			
As per last accounts:	3,000,000		—
Set aside during the year	—		3,000,000
Carried forward to next year:		3,000,000	3,000,000
GENERAL RESERVE:			
As per last accounts:	11,400,000		—
Set aside during the year	13,173,468		11,400,000
		24,573,468	11,400,000
SURPLUS IN PROFIT AND LOSS ACCOUNT		50,786,634	—
TOTAL		192,334,652	128,374,550
SCHEDULE "C": SECURED LOANS:			
FROM BANKS:			
1. Term Loan (By way of ECB) (Note 1)	40,377,000		98,949,300
2. Additional Term Loan (Note 1)	5,154,006		6,527,714
3. New Term Loan for renovation (Note 1)	24,607,740		587,861
4. New Foreign Currency Term Loan for renovation (Note 1)	42,641,650		70,779,900
5. Rupee Term Loan for renovation (Note 2)	39,654,453		—
6. Medium Term Loans (Note 2)	153		764,888
7. Foreign Currency Term Loan (Note 3)	22,518,485		29,375,979
8. Cash Credits (Note 4)	32,449,637		30,724,722
9. Interest accrued and due	—		132,480
10. Vehicle Loan from a Bank	1,375,456		—
TOTAL		208,778,580	237,842,844

(Refer page 30 and 31 for details of securities for the above loans)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Rupees	Previous Year Rupees
SCHEDULE "D" : UNSECURED LOANS:		
Vehicle/Equipment Loans	4,409,755	5,175,171
From erstwhile Collaborators	14,840	14,840
Security Deposits from Shops and Others	1,700,000	1,700,000
Amount due to the Shareholders	5,035,497	4,443,186
TOTAL	11,160,092	11,333,197

SCHEDULE "E" : FIXED ASSETS

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2007	Additions	Deductions (Note 2)	As at 31.3.2008	Upto 31.3.2007	For the year	Less: Sales/ Adjustments (Note 3)	As at 31.3.2008	As at 31.3.2008	As at 31.3.2007
1. Land (Free hold) (Including landscaping)	31,590,929	9,181,469	—	40,772,398	—	—	—	—	40,772,398	31,590,929
2. Capital expenditure on the Casino Project	22,038,063	—	—	22,038,063	6,440,493	1,101,903	—	7,542,396	14,495,667	15,597,570
3. Buildings	363,129,826	58,896,329	2,876,408	419,149,747	92,016,307	9,977,250	2,139,851	99,853,706	319,296,041	281,324,215
4. Improvement to Leased Building	1,203,550	—	—	1,203,550	115,467	19,618	—	135,085	1,068,465	1,088,083
5. Plant & Machinery	198,102,766	13,262,482	34,848,210	176,517,038	95,428,052	8,444,792	28,496,419	75,376,425	101,140,613	98,853,683
6. Furniture, Fixtures & Office Equipment	153,273,610	26,350,694	11,025,506	168,598,798	106,363,467	10,848,783	12,164,129	105,048,121	63,550,677	41,757,801
7. Vehicles & Motor Boats	28,205,138	4,179,255	1,601,343	30,783,050	17,544,181	2,104,769	2,056,404	17,592,546	13,190,504	9,423,635
8. Intangible Asset	1,102,455	1,362,458	—	2,464,913	97,866	375,788	—	473,654	1991,259	1,004,589
TOTAL	798,646,337	113,232,687	50,351,467	861,527,557	318,005,833	32,872,903	44,856,802	306,021,933	555,505,624	480,640,505
Previous Year Total	699,459,857	125,608,770	26,422,290	798,646,337	304,168,234	32,029,153	18,191,555	318,005,832	480,640,505	
9. Capital Work in Progress (See Note below)									35,317,430	30,328,742

NOTES:

1. Capital Work in Progress includes:
 - (a) Rs. 4,817,715/- (Previous Year Rs. 2,729,156/- on account of Pre-Operative Expenses and Rs. 7,541,280/- (Previous Year Rs. 9,344,380/-) being advance for purchase of Land.
 - (b) Pre-Operative Expenses include : Payments to Consultants Rs. 2,336,760/- (Prev. Year Rs. 481,685/-); Travelling Expenses of Rs. 986,271/- (Previous Year Rs. 935,993/-) and Security Expenses of Rs. 1,469,877/- (Previous Year Rs. 1,286,671/-).
 - (c) Expenses and advances of Rs.16,936,116/- (Previous year Rs. 15,033,212/-) incurred on renovation/refurbishing of the hotel, pending completion of the work, (pending allocation).
2. Deductions from Fixed Assets include Rs. Nil (Previous Year Rs. 962,452) being loss due to fluctuation in foreign currency rates.
3. Adjustment from Depreciation include excess provision made in earlier years of Rs. 4,266,439/- (Prev. Year Nil), which has been written back during the year.

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "F"			
INVESTMENTS: (Long Term)			
Trade : (At cost)			
Advani Flight Catering Services Private Limited 1,000 Equity Shares of Rs. 10 each		—	100,000
Other : (At cost)			
Priyadarshini Mahila Co-Op Bank Ltd. 10,050 Shares of Rs. 10 each (Unquoted)		100,500	100,500
TOTAL		100,500	200,500
Note: Aggregate of unquoted investments - Cost		100,500	200,500
SCHEDULE "G" : CURRENT ASSETS, LOANS & ADVANCES:			
CURRENT ASSETS:			
Interest accrued		17,641	17,673
Stock:			
(Valued and certified by the Management)			
Stores and Operating Supplies (At lower cost or realisable value)	18,222,939		18,790,345
Food and Beverage (At lower cost or realisable value)	3,983,537		3,215,755
		22,206,476	22,006,100
Sundry Debtors:			
(Unsecured, good unless otherwise stated)			
Over six months	3,115,019		4,769,904
(Rs. 1,113,997/- Considered doubtful (Prev. Year Rs. 1,113,997/-)			
Others	49,088,056		39,159,527
	52,203,075		43,929,431
Less: Provision for Doubtful Debts	1,313,997		1,113,997
		50,889,078	42,815,434
Cash & Bank Balances:			
On Hand	11,815,533		9,527,960
With Scheduled Banks: on:			
Current Account	40,641,183		22,497,882
Margin / Deposit Account	54,526,742		67,601,952
With Other Bank On:			
Current Account	129,122		129,122
		107,112,580	99,756,916
LOANS & ADVANCES:			
(Unsecured, good)			
Advances recoverable in cash or in kind or for value to be received	22,716,396		17,924,390
Deposits	11,678,001		11,663,931
Payments of taxes	143,367,974		85,236,177
Prepaid Expenses	34,366,394		7,967,309
		212,128,765	122,791,807
TOTAL		392,354,540	287,387,930

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2008**

Previous Year
Rupees

SCHEDULE "H" : CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES:

	Rupees	Rupees	
Sundry Creditors	69,421,228		73,224,477
(Include Rs. 4,974,290/- due to directors) (Previous Year — Rs. 583,049/-)			
Advances from Customers	12,596,355		5,374,923
Interest accrued but not due on loans	1,069,024		2,293,745
Interim Dividend payable	18,487,700		15,417,763
Dividend Distribution Tax payable	1,256,814		—
Dividend Warrants issued but not encashed	320,595		256,706
Other Liabilities	24,900,304		10,347,017
	<hr/>	128,052,020	<hr/>
			106,914,631

PROVISIONS:

Provision for taxation:			
As per last accounts	83,323,777		17,072,195
Add: Addition during the year	74,549,830		70,786,247
	<hr/>		<hr/>
	157,873,607		87,858,442
Less: Deduction during the year	—		4,534,665
	<hr/>		<hr/>
	157,873,607		83,323,777
Provision for Employee benefits:			
As per last accounts	6,293,306		5,605,096
Add: Addition during the year	2,684,887		1,346,036
	<hr/>		<hr/>
	8,978,193		6,951,132
Less: Deduction during the year	—		657,826
	<hr/>		<hr/>
	8,978,193		6,293,306
Proposed Dividend	9,243,850		—
Dividend Distribution Tax	628,410		—
	<hr/>		<hr/>
	9,872,260		—
		<hr/>	<hr/>
		176,724,060	89,617,083

TOTAL

304,776,080

196,531,714

SCHEDULE "I" : MISCELLANEOUS EXPENDITURE:

(To the extent not written off)

Preliminary Expenses	13,080		17,440
Pre-operative Expenses	5,499,119		7,332,159
	<hr/>		<hr/>
TOTAL	5,512,199		7,349,599

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
SCHEDULE "J" : ROOMS, RESTAURANTS, BAR, BANQUETS, FLIGHT CATERING, CASINO AND OTHER INCOME:			
1. (a) Rooms, Restaurants, Banquets, Flight Catering and Other Services (Gross) [Include sale of food, beverages, etc. Rs. 151,611,695/-] (Previous Year Rs. 122,902,547/-) (Tax deducted at source Rs. 2,058,787/-, Prev. Year Rs. 1,315,731/-)		396,462,366	311,254,865
(b) Income from Casino		293,792,196	302,931,220
(c) Wines and liquor		23,939,782	20,491,714
(d) Telephone		387,839	294,942
		714,582,183	634,972,741
2. Other Income:			
Exchange Gain (net)	25,905,525		12,416,601
[Including Gain of Rs. 15,080,846/- for Foreign Currency Loans (Previous Year Rs. 3,461,698/-)]			
Recoveries towards provision of food & beverage	32,152,639		28,932,742
Interest (Gross)	4,070,745		2,756,501
(Tax deducted at source Rs. 782,902/-) (Previous Year Rs. 590,489/-)			
Dividend (Gross) (Tax free)	—		1,958,695
Excess provisions/credits written back	5,953,226		5,664,713
(Including liabilities not payable written back)			
Excess provision for doubtful debts, no longer required,	—		2,481,033
written back			
Miscellaneous Income (Including Licence fees from shops) ...	13,755,009		6,033,805
(Tax deducted at source Rs. Nil) (Previous Year Rs. 249,645/-)			
		81,837,144	60,244,090
TOTAL		796,419,327	695,216,831
SCHEDULE "K" : OPERATING AND GENERAL EXPENSES:			
Operating Expenses:			
(A) CONSUMPTION OF PROVISIONS, WINES, & SMOKES:			
(i) Provisions, Beverages (excluding Wines and Liquor) and smokes:			
Opening Stock	1,578,013		1,416,791
Add: Purchases	47,627,264		35,668,074
	49,205,277		37,084,865
Less: Closing Stock	1,606,299		1,578,013
		47,598,978	35,506,852
(ii) Wine and Liquor:			
Opening Stock	1,028,525		1,023,524
Add: Purchases	3,586,698		2,938,055
	4,615,223		3,961,579
Less: Closing Stock	977,854		1,028,525
		3,637,369	2,933,054
<i>Carried Forward</i>		51,236,347	38,439,906

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT
31ST MARCH, 2008**

	Rupees	Rupees	Previous Year Rupees
<i>Brought Forward</i>		51,236,347	38,439,906
(B) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:			
Salaries, Wages & Bonus	107,097,872		93,384,220
Contributions to Provident and Other Funds	5,880,495		4,946,147
Provision for Employee benefits	2,872,024		1,346,033
(Gratuity and Leave Encashment benefits)			
Workmen and Staff Welfare Expenses	13,170,251		10,254,138
		129,020,642	109,930,538
(C) OTHER OPERATING EXPENSES:			
Casino Operating Expenses	69,232,910		29,164,460
Power & Fuel	43,778,992		41,306,223
Repairs to Building	11,451,635		12,829,366
Repairs to Plant & Machinery	19,157,391		12,004,772
Repairs – Others	6,586,101		4,632,648
Replacements	2,453,688		2,118,732
Expenses on Apartments and Board	23,497,041		17,947,294
Band & Music	10,914,279		8,845,261
Water Charges	4,393,412		3,784,144
Management Fees	15,789,405		22,149,935
Other Operating Expenses	2,115,472		2,973,395
		209,370,326	157,756,230
(D) GENERAL EXPENSES:			
Licences, Rent, Rates & Taxes	16,194,172		11,170,391
Printing & Stationery	2,460,216		2,287,721
Expenses on communication	3,209,595		2,571,313
Travelling & Conveyance	22,037,502		14,611,755
Insurance	4,759,875		4,290,911
Advertisement & Publicity	15,387,725		19,137,605
Royalty and Cess thereon	6,604,272		5,197,186
Service Charges – Marketing and collections	16,643,528		10,444,951
Directors' Fees	900,000		305,000
Legal & Professional Fees	11,463,423		6,361,915
Donations	888,430		185,000
[(Includes Rs. 200,000/- Prev. Year Nil) (paid to Goa Pradesh Congress Committee)]			
Bad debts & irrecoverable advances written off	1,346,532		3,847,793
Provision for Doubtful debts	200,000		—
Loss on sale/discard of fixed assets, etc. (Net)	8,340,436		4,862,964
Service tax and other taxes	8,364,316		1,520,354
(Incl. Rs. 1,009,521/- for earlier years (Prev. Year 1,506,354))			
Amortisation of Expenses	1,837,400		1,837,400
Miscellaneous Expenses	6,670,295		6,939,187
		127,307,717	95,571,446
TOTAL		516,935,032	401,698,120

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

A. SIGNIFICANT ACCOUNTING POLICIES:

1. **Basis of Accounting:**

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the requirements of the Companies Act, 1956.

2. **Basis of Consolidation:**

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements (AS 21)" notified by the Companies (Accounting Standards) Rules, 2006. The consolidated financial statements are based on the audited financial statements of the subsidiary for the financial year. The financial statements of the Company and its subsidiary Company have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. All intra group balances and transactions have been eliminated on consolidation. Minority interest in the net income and net assets of the subsidiary is computed and disclosed separately. The subsidiary Company considered in the Consolidated Financial Statements are:

Name of the Company	Country of incorporation	Percentage holding
Advani Pleasure Cruise Company Private Limited (Jointly controlled entity)	India	51%
Advani Flight Catering Services Private Limited	India	100%

3. **Revenue Recognition:**

The Company derives revenues primarily from hospitality services. Revenue on time and material contracts are recognized as the related services are performed. Revenue yet to be billed is recognized as unbilled revenue. Sales and services are stated exclusive of taxes. Income from Live Casino Business is accounted for on the basis of winnings and losses at the end of each night of play with the count of chips. Income from Slot machines is accounted for on the basis of actual collection in the respective machine. Interest income is recognized on time proportion basis. Dividend income is recognized when the right receive payment is established.

Export Benefit in the nature of Duty Credit Scrips are recognised in the Profit and Loss Account upon the actual utilization of Duty Credit Scrips.

4. **Sales and Services:**

Sales are stated net of discount and allowances.

5. **Fixed Assets:**

- (i) Fixed Assets are stated at cost less depreciation. Fee paid for acquisition of technical know-how is capitalised.
- (ii) In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalised and added pro-rata to the cost of fixed assets.

6. **Depreciation:**

- (i) Depreciation is provided in the accounts on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Where the historical cost of a depreciable asset undergoes a change due to increase or decrease on account of price adjustments, changes in duties or similar factors, depreciation on the revised amount is provided prospectively over the residual useful life of the asset.

7. **Investments:**

Long Term Investments are valued at cost. Provision for diminution in value is made, if in the opinion of the management, such a decline is considered permanent. Other Investments are valued at cost or market value whichever is lower.

8. **Inventories:**

Inventories are valued after providing for obsolescence as under:

- Stores and Operating Supplies – At lower of cost or realisable value;
- Food and Beverage – At lower of cost or realisable value; and
- Goods in transit – At lower of cost or realisable value.

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

9. Employee Benefits:

Company's contributions to Provident Fund are charged to Profit & Loss Account. Gratuity payable at the time of retirement are charged to the Profit and Loss Account on the basis of independent external actuarial valuation determined and basis of projected unit credit method carried annually. Actuarial gains and losses are immediately recognized in the Profit and Loss Account. Gratuity in certain applicable cases is provided for in accordance with the provisions of the Goa Shops & Establishment Act, 1973. Provision for leave encashment is made on the basis of independent external actuarial valuation carried out at the end of the year.

9. Foreign Currency Transactions:

- (i) Sales made in foreign currency are converted at the prevailing applicable exchange rate. Gain/Loss arising out of fluctuation in exchange rate is accounted for on realization.
- (ii) Payment made in foreign currency including for acquiring fixed assets are converted at the applicable rate prevailing on the date of remittance. Liability on account of foreign currency is converted at the exchange rate prevailing at the end of the year except in cases of subsequent payments where liability is provided at actual. Foreign currency in hand is translated at the year-end exchange rate.
- (iii) Foreign currency assets and liabilities are realigned at the rate ruling at the year-end. Exchange differences are dealt with in the Profit and Loss Account in the year in which they arise.

10. Prior period adjustments, Extra Ordinary items and Changes in accounting policies:

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

11. Amortisation of Expenses:

Share Issue Expenses and Deferred Revenue Expenses incurred prior to 1st April 2003 are continued to be amortised over a period of ten years and over the period over which such benefit is expected to accrue respectively in line with the Accounting Standard 26 (AS - 26) – "Intangible Assets" notified by the Companies (Accounting Standards) Rules, 2006.

12. Borrowing costs:

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

13. Segment Accounting:

Reportable Segments are identified having regard to the dominant source of revenue and nature of risks and returns.

14. Taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Accounting Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized in terms of Accounting Standards 29 – "Provisions, Contingent Liabilities and Contingent Assets" notified by the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow or resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

B. NOTES ON ACCOUNTS:

- 1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 10,768,152/- (Prev. year Rs. 40,759,372/-) net of advances.
- 2. Contingent liabilities not provided for in respect of:
 - (a) Claims against the Company not acknowledged as debts Rs. 6,145,820/- (Prev. year, net of counter claims, Rs. 5,873,585/-).

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

- (b) The Dy. Commissioner of Central Excise, Service tax Goa, vide his order dated 31st March 2005 has held the Company liable to pay service tax on amounts paid by way of management fee and reimbursement of salaries to expatriates under the management Agreement signed by the Company with Casinoinvest, Austria and raised a demand of Rs. 5,10,349/- in respect of payments of management fees and salaries upto 31.3.2001 paid during 2003-04 and a further demand of Rs. 30,167/- towards interest & penalties.

The Company's first appeal against the said order has been rejected and second appeal has been filed by the Company, which is pending. The Company has paid further amounts of management fees upto the period ended December 2005, and based on the findings in the order dated 31st March 2005, deposited further service tax of Rs. 8,75,106/- for subsequent period under protest pending disposal of the Company's appeal. The disputed tax, interest & penalty paid so far of Rs. 14,15,622/- (RS. 5,10,349/- and Rs. 8,75,106/- & interest & penalty Rs. 30,167/-) has not been provided for in the accounts and the same has been shown under 'Loans & Advances'.

- (c) Demand raised by Sales tax and luxury tax authorities, disputed by the Company in appeal, which are pending amounting to Rs.46.66 lakhs (Prev. Year Rs. 46.66 lakhs).
- (d) Demand raised by Income Tax authorities disputed by the Company in appeal and rectification proceedings, which are pending – Rs. 10.66 lakhs (Prev. year Rs. Nil).
- (e) Other money for which the Company is contingently liable:

	Current year Rupees	Previous year Rupees
Bank Guarantee	6,275,484	6,775,484

4. Segment Reporting under Accounting Standard 17:

(Figure in Rupees)

Particulars	Hotel	Casino Operations	Consolidated
1. Segment Revenue	463,149,998	333,273,329	796,419,327
	<i>357,043,749</i>	<i>338,173,082</i>	<i>695,216,831</i>
2. Segment Results	103,348,722	104,890,029	208,238,751
	<i>41,657,283</i>	<i>183,341,842</i>	<i>224,999,125</i>
3. Profit after taxation (After prior period items)	63,784,039	67,834,681	131,618,720
	<i>21,449,014</i>	<i>123,623,025</i>	<i>145,072,039</i>
4. Segment Assets	524,489,616	71,845,637	526,007,344
	<i>454,161,707</i>	<i>64,157,139</i>	<i>518,318,846</i>
5. Segment Liabilities	214,713,719	8,306,826	223,020,547
	<i>245,812,862</i>	<i>6,445,054</i>	<i>252,257,916</i>

Related Party Disclosures under Accounting Standard 18:

- (a) Parties where control exists: None
- (b) Parties where control exists: None
- (c) Key Management Personnel:
- Mr. Sunder G. Advani : Chairman & Managing Director
- Mr. Haresh G. Advani : Executive Director
- Mr. Prahlad S. Advani : Manager – Asset Management and Relative (Son)

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

- (d) Other parties being relatives of Key Management Personnel with whom transactions have taken place during the year:
None.
- (e) Other related parties with whom transactions have taken place during the year:
Mr. K. Kannan, Mr. Prakash V. Mehta, and Mr. Anil Harish – Non-Executive Directors
Mrs. Menaka S. Advani, Non-Executive Director and a relative
D. M. Harish & Co., Advocates (Partnership firm wherein Mr. Anil Harish is a partner)
Malvi Ranchoddas & Co. Solicitors & Advocates (Partnership firm wherein Mr. Prakash V. Mehta is a partner)
CAI CasinoInvest GMBH (substantial shareholder of the Subsidiary)
- (f) Summary of transactions during the year with Related Parties and status of outstanding balances as on 31st March, 2008:

Sr. No.	Nature of transactions	Subsidiary Rupees	Associates and other related parties Rupees	Key Management Personnel Rupees
1	Sale of goods & services	—	—	—
2	Purchase of goods & services	—	—	—
3	Remuneration including Sitting Fees	—	900,000	12,411,579
		—	<i>305,000</i>	<i>8,321,999</i>
4	Consultancy Fees	—	240,450	—
		—	<i>225,000</i>	—
5	Expenses recovered	—	—	1,174,967
		—	—	<i>1,370,160</i>
6	Interest paid	—	18,375	279,971
		—	—	<i>205,192</i>
7	Management Fees	—	15,789,405	—
		—	<i>22,149,935</i>	—
8	Loans taken	—	200,000	3,400,000
		—	—	<i>3,000,000</i>
9	Loans & Advances given / (recovered)	—	—	—
		—	—	—
10	Balance outstanding at the year end:			
	Amount Payable	—	—	—
		—	—	—
	Accounts receivable	—	20,478,172	—
		—	<i>21,228,465</i>	—

(Figures in italics are for previous year)

5. The Company's significant leasing arrangements are in respect of operating lease for the ship, from where the pleasure cruise business is carried on by the subsidiary Company. The Company has also taken certain premises on lease. The aggregate lease rentals payable are charged as rent in the Profit and Loss Account.

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

Future commitments in respect of minimum lease payments payable for non-cancelable operating leases entered into by the Company including in respect of the ship referred to above :

Particulars	Current Year Rupees	Previous Year Rupees
Payable within one year	23,970,667	23,651,016
Payable later than one year but not later	17,175,000	34,940,600
Payable after five year	Nil	Nil

6. Earnings per share (E.P.S.) under Accounting Standard 20:

Particulars	Current Year Rupees	Previous Year Rupees
Profit after tax as per Accounts (Rs.)	98,379,726	84,496,757
No. of Shares issued (No.)	46,219,250	46,219,250
Nominal face value of share (Rs.)	2	2
Basic & Diluted E.P.S. (Rs.)	2.13	1.83

Note : The face value of the equity shares of the Company has been sub divided from Rs.10/- to Rs.2/- per share during the year. Accordingly the Basic and Diluted EPS of previous year have been recomputed to make it comparable with the EPS of current year.

7. Components of Deferred Tax Assets and Liabilities are as under:

Particulars	Current Year Rupees	Previous Year Rupees
Deferred tax liabilities on account of:		
Difference between the written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961.	73,211,615	69,207,955
Amount allowable under Section 40(a)(ia)/43B of the Income-tax Act, 1961	1,503,729	6,595,980
Total (A)	74,715,344	75,803,935
Deferred tax assets on account of:		
Expenses allowable for tax purpose on payment basis	1,461,592	2,194,331
Disallowance under Section 40(a)(ia)/43B of the Income-tax Act, 1961	6,607,312	9,216,489
Provision for Employee benefits	682,285	306,710
Provision for doubtful debt	378,648	374,972
Total (B)	9,129,837	12,092,502
Deferred Tax Liability – Net (A – B)	65,585,507	63,711,433
Deferred Tax Debit / (Credit) for the year	1,874,074	4,898,585

SCHEDULE FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 'L' : SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS—(contd.)

8. The Company has obtained exemption from the Department of Company Affairs (DCA) vide its letter No 47/477/2008-CL-III dated July 17, 2007 for publication of the Accounts of its subsidiaries under the provisions of the Companies Act, 1956. The relevant information for the year ended March 31, 2008, as required under the condition 3 of the said approval, is given below:

(Rupees)

Particulars	Advani Pleasure Cruise Co. Pvt. Ltd.	Advani Flight Catering Services Pvt. Ltd.
LIABILITIES:		
Share Capital	43,500,000	100,000
Reserves & Surplus	116,227,907	—
Deferred Tax Liability	664,560	—
Secured Loan	1,375,456	—
Unsecured Loan	6,931,372	—
Current Liabilities	171,462,908	11,236
TOTAL LIABILITIES	340,162,203	111,236
ASSETS:		
Fixed Assets-Net (incl. CWIP)	66,333,438	—
Investments	—	—
Current Assets	268,316,566	87,898
Miscellaneous Expenditure	5,512,199	—
Profit and Loss Account	—	23,338
TOTAL ASSETS	340,162,203	111,236
Turnover	333,273,329	—
Profit Before Taxation	104,890,029	(5,618)
Provision for Tax (Including Deferred Tax)	37,055,348	—
Profit After Tax	67,834,681	(5,618)
Interim Dividend 50% (Including Tax)	25,446,413	—
Proposed Dividend 25% (Including Tax)	12,723,206	—

Note: There are no business operations till March 31, 2008 in Advani Flight Catering Services Private Limited.

9. **Subsequent Events:** The Company has sold its Flight Catering unit at Goa i.e. Airport Plaza after the close of the financial year, as approved by the shareholders of the Company.
10. Previous year's figures have been recast / regrouped / rearranged wherever necessary for comparison sake.

As per our report of even date

Signature on the Schedules "A" to "L"
For and on behalf of the Board

FOR J. G. VERMA & CO.
Chartered Accountants

SUNDER G. ADVANI
Chairman & Managing Director

J. G. VERMA
Partner

HARESH G. ADVANI
Executive Director

K. KANNAN
Director

Mumbai: July 18, 2008

SRILATHA DORAJAH
Chief Financial Officer

KUMAR IYER
Company Secretary

TEAR HERE

ADVANI HOTELS & RESORTS (INDIA) LIMITED

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

PROXY FORM

I/We
of
being a member/members of Advani Hotels & Resorts (India) Limited hereby
appoint
of
or failing him/her
of
or failing him/her
of
as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty
First Annual General Meeting of the said Company to be held at 11.00 a.m. on
Thursday, 28th August, 2008 and at any adjournment thereof.

Signature

Date

Folio No.

Full Name of the Shareholder

.....

No. of Share held

Signature(s) of the Shareholder

Note : (1) Proxy Form must reach the Company's Registered Office not less
than 48 hours before the time of the Meeting.

(2) A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Affix
Revenue
Stamp of
Re. 1

ADVANI HOTELS & RESORTS (INDIA) LIMITED

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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the Twenty First Annual General Meeting of
Advani Hotels & Resorts (India) Limited held at the Kamalnayan Bajaj Hall,
Ground Floor, Bajaj Bhavan, Jamnial Bajaj Marg, Nariman Point,
Mumbai - 400 021 at 11.00 a.m. on Thursday, 28th August, 2008.

Full Name of the Shareholder (In Block Letters)
Full Name of the Proxy (In Block Letters) [To be Filled in if the Proxy attends instead of the Member(s)]

No. of Shares held Member's Folio No.

For Office Use :

Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

TEAR HERE