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ADVANI HOTELS & RESORTS (INDIA) LTD



2012

Annual Report 2011 - 2012

# Chairman's Statement

Dear Shareholders,

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

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

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

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

## Future of Tourism and Goa:

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



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

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

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

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

## Strategy for our Company:

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

## Our Company performance:

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

## Acknowledgments:

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

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

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



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<b>BOARD OF DIRECTORS</b>	Mr. Sunder G. Advani Mr. Haresh G. Advani Mr. K. Kannan Mr. Prakash V. Mehta Mr. Anil Harish Mrs. Menaka S. Advani	Chairman & Managing Director Executive Director
<b>GENERAL MANAGER – FINANCE (CFO)</b>	Mr. Shankar Kulkarni	
<b>COMPANY SECRETARY</b>	Mr. Kumar Iyer	
<b>AUDITORS</b>	Messrs J. G. Verma & Co. Chartered Accountants	
<b>SOLICITORS</b>	Messrs Malvi Ranchoddas & Co.	
<b>BANKERS</b>	Bank of Baroda Bank of India	
<b>REGISTERED OFFICE</b>	18A & 18B, Jolly Maker Chambers – II Nariman Point, Mumbai - 400 021	
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	Datamatics Financial Services Limited Plot No. B-5, Part B, Cross Lane, MIDC Marol, Andheri (East), Mumbai - 400 093	
<b>FOREIGN COLLABORATORS</b>	Wyndham Hotels, U.S.A. (Previously Ramada International, Inc., U.S.A.)	
<b>LOCATION OF THE RESORT</b>	Ramada Caravela Beach Resort Varca Beach, Varca Village, Salcette, Goa - 403 721	





## NOTICE

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

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

### SPECIAL BUSINESS:

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

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

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

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

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

7. To consider and if thought fit, to pass with or without modification(s) as a Special Resolution the following:  
"Resolved that pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 ("the Act") and subject to the approval of the Central Government, if deemed necessary, the Members of the Company do hereby approve the re-appointment of Mr. Haresh G. Advani as the Executive Director of the Company for a period of five years i.e. from 1<sup>st</sup> March 2013 to 28<sup>th</sup> February 2018 on such terms and conditions, including remuneration, as are set out in the draft agreement proposed to be entered into between the Company and Mr. Haresh G. Advani, a copy of which, initialed by Mr. Prakash V. Mehta, Independent Director for the purpose of identification, is placed before the meeting.

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

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

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

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

**Kumar Iyer**  
Company Secretary

Place: Mumbai  
Date: July 10, 2012

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

**NOTES:**

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



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

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

7. The particulars of the Directors seeking re-appointment are furnished below as per the provisions of Clause 49 of the Listing Agreement:

<b>Name of Director</b>	<b>(1) Mr. K. Kannan</b>	<b>(2) Mr. Prakash V. Mehta</b>
Date of Appointment	28.07.2003	30.06.1989
Age	73 years	70 years
Qualification	FCA, AICWA	LL.B. Solicitor
List of other Directorships #	<ol style="list-style-type: none"> <li>Kesar Enterprises Ltd.</li> <li>Patel Engineering Ltd.</li> <li>Prithvi Asset Reconstruction &amp; Securitisation Co. Ltd.</li> <li>Kesar Terminals &amp; Infra Ltd.</li> <li>Kesar Multimodal Logistics Ltd.</li> <li>Patel Realty India Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>Bharat Bijlee Ltd.</li> <li>Camphor &amp; Allied Products Ltd.</li> <li>Hikal Ltd.</li> <li>India Safety Vaults Ltd.</li> <li>JBF Industries Ltd.</li> <li>Mukand Ltd.</li> <li>Mukand Engineers Ltd.</li> <li>PCS Technology Ltd.</li> <li>W. H. Brady &amp; Co. Ltd.</li> </ol>
Chairmanship/Membership of other Committees of the Companies \$	<ol style="list-style-type: none"> <li>Kesar Enterprises Ltd. – Member-Audit Committee</li> <li>Patel Engineering Ltd. – Chairman-Audit Committee – Chairman-Shareholders Grievance Committee</li> <li>Prithvi Asset Reconstruction &amp; Securitisation Co. Ltd. – Member-Audit Committee</li> <li>Kesar Terminals &amp; Infra Ltd. – Member-Audit Committee</li> </ol>	<ol style="list-style-type: none"> <li>Bharat Bijlee Ltd. – Member-Audit Committee – Member-Shareholders Grievance Committee</li> <li>Mukand Engineers Ltd. – Member-Audit Committee</li> <li>JBF Industries Ltd. – Member-Shareholders Grievance Committee</li> <li>Hikal Ltd. – Member-Audit Committee – Member-Shareholders Grievance Committee</li> <li>Mukand Ltd. – Member-Audit Committee</li> </ol>

# Excludes Directorships in Private Limited Companies, Unlimited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships

\$ Includes only membership/s of Audit Committee and Shareholders/Investors Grievance Committee of other Public Limited Companies.

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

**Datamatics Financial Services Limited**

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

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

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

9. In view of the numerous advantages offered by the Depository System, members holding Shares in physical form are requested to avail of the facility of dematerialisation of the Company's shares.
10. Members desirous of seeking clarifications/explanations are requested to forward their queries to the Company at its Registered Office at least 7 days prior to the date of the Meeting.
11. Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.

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

**Kumar Iyer**  
*Company Secretary*

Place: Mumbai

Date: July 10, 2012

**Registered Office:**

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





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

**Item No: 6**

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

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

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

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

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

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

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

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

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

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

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

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

*Advani Hotels & Resorts (India) Limited*

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

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

**Period of Appointment**

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

**Remuneration**

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

**Commission**

Commission as may be approved by the Board of Directors from time to time subject to the condition that the total remuneration payable including salary, perquisites and commission payable to Mr. Sunder G. Advani in any financial year shall not exceed 5% of the net profits of the Company computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.

**Perquisites**

- I. Housing: Any one of the options given below:  
Housing I – The expenditure by the Company on hiring unfurnished accommodation for the Managing Director subject to a maximum of 60% of the basic salary payable.  
Housing II – The Company owned accommodation. The perquisite value shall be determined as per the Income Tax Rules.  
Housing III – In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance equal to 60% of the basic salary payable.
- II. In addition to Housing, reimbursement of gas and electricity expenses at actuals.

**Other Costs**

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

**Minimum Remuneration**

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

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

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

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

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

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



The Board of Directors recommend the passing of the resolution set out in Item No. 6 of the accompanying Notice as it feels the same is in the interest of the Company.

**Item No: 7**

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

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

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

Mr. Haresh G. Advani is a graduate from the Cornell School of Hotel Administration, U.S.A. and has worked in various hotels in USA including Holiday Inn and Belmonte Plaza (now W) in NYC.

Mr. Haresh G. Advani was the Promoter of one of the first marketing and advertising agency in Dubai in the year 1978. Mr. Haresh G. Advani returned to India and joined Mr. Sunder G. Advani in Plaza Hotels (P) Ltd in 1983, which owned and operated the 80 room Airport Plaza hotel and Flight Kitchen at Bombay airport which is now known as Hotel Orchid, a part of Kamat Hotels.

Mr. Haresh G. Advani looks after domestic marketing and the overall operational activities of the hotel.

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

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

Members are requested to approve the re-appointment and revised remuneration payable to Mr. Haresh G. Advani, Executive Director, aged 61 years, for the period from 1<sup>st</sup> March 2013 to 28<sup>th</sup> February 2018 by passing a Special resolution.

The total remuneration payable including salary, perquisites, other allowances and commission to the Managing Director and the Executive Director taken together shall not exceed 10% of the profits of the Company calculated in accordance with Section 198 and 309 of the Companies Act, 1956.

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

**Period of Appointment**

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

**Remuneration**

Mr. Haresh G. Advani will receive a salary of Rs. 2,56,700/- p.m. effective from 1<sup>st</sup> March 2013 in the grade of Rs. 2,56,700 – 23,300 – 3,49,900 p.m. as the Executive Director of the Company.

**Commission**

Commission as may be approved by the Board of Directors from time to time subject to the condition that the

total remuneration payable including salary, perquisites and commission payable to Mr. Haresh G. Advani in any financial year shall not exceed 4% of the net profits of the Company computed in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956.

**Perquisites**

- I. Housing: Any one of the options given below:  
Housing I – The expenditure by the Company on hiring unfurnished accommodation for the Executive Director subject to a maximum of 60% of the basic salary payable.  
Housing II – The Company owned accommodation. The perquisite value shall be determined as per the Income Tax Rules.  
Housing III – In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance equal to 60% of the basic salary payable.
- II. In addition to Housing, reimbursement of gas and electricity expenses at actuals.

**Other Costs:**

- I. Medical Reimbursement:  
Expenses actually incurred by the Executive Director for himself and the members of his family subject to a maximum of one month's basic salary payable per annum.
- II. Leave Travel Allowance:  
Leave Travel Allowance for the Executive Director and his family once in a year subject to a maximum of one month's basic salary payable per annum.
- III. Personal Accident Insurance:  
Premium not to exceed Rs. 6000/- per annum.

**Minimum Remuneration**

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

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

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

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

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

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

The Board of Directors recommend the passing of the resolution set out in Item No. 7 of the accompanying Notice as it feels the same is in the interest of the Company.

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

**Kumar Iyer**  
Company Secretary

Place: Mumbai  
Date: July 10, 2012

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



## DIRECTORS' REPORT

**Dear Members,**

Your Directors are pleased to present the 25<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2012.

### FINANCIAL RESULTS:

Your Company's financial performance for the year ended March 31, 2012 is set out below:

Item	(Rs. in Lakhs)	
	2011-12	2010-11
Total Income .....	<b>3738.92</b>	3521.89
Profit before Depreciation, Interest and Tax (PBDIT) .....	<b>793.42</b>	476.68
Less: Depreciation .....	<b>270.70</b>	247.97
Profit before Interest and Tax .....	<b>522.72</b>	228.71
Less: Interest .....	<b>183.88</b>	132.18
<b>Profit before Tax and Exceptional Items</b> .....	<b>338.84</b>	96.53
Add: Exceptional Items .....	—	78.00
Profit before Tax .....	<b>338.84</b>	174.53
<b>Less: Provision for:</b>		
— Current Tax .....	<b>85.00</b>	—
— Deferred Tax .....	<b>29.98</b>	34.37
<b>Profit for the year after Tax</b> .....	<b>223.86</b>	140.16
Add: Profit brought forward .....	<b>462.17</b>	384.92
Excess Tax provision for earlier year .....	—	44.88
<b>Profit available for appropriation</b> .....	<b>686.04</b>	569.96
Less: Transfer to General Reserve .....	<b>6.00</b>	—
Less: Interim Dividend paid/Dividend .....	<b>110.93</b>	92.44
Less: Dividend Tax .....	<b>18.00</b>	15.35
Add: Excess Dividend Tax provision written back .....	<b>0.36</b>	—
Balance Profit carried to Balance Sheet .....	<b>551.47</b>	462.17
Basic and Diluted Earnings per Equity Share of Rs. 2/- each (in Rs.) .....	<b>0.49</b>	0.30

### SILVER JUBILEE YEAR OF THE COMPANY:

Your Company has completed 25 years in 2012. Your Company has over the years served thousands of satisfied guests, many of whom are repeat clients. The Bankers and other stakeholders have supported your Company in good and bad times. Ethics, transparency and values are the foundations of your Company.

### PERFORMANCE / OPERATIONS:

Although your Company's total income for the financial year 2011-12 increased by only 6% from Rs. 3522 lakhs to Rs. 3739 lakhs, the profit before depreciation, interest and tax increased by 66% to Rs. 793 lakhs, as against Rs. 477 lakhs. The profit for the year before tax and exceptional items increased by 251% to Rs. 339 lakhs. Your Company's profit after tax increased by 60% to Rs. 224 lakhs, as compared to Rs. 140 lakhs in the previous year.



**DIVIDEND:**

Your Directors have declared and paid an Interim Dividend of Re. 0.24 (12%) per equity share of Rs. 2 each [previous year Final Dividend Re. 0.20 (10%) per share] for the financial year 2011-12 and the same be treated as final dividend for the year 2011-12. The outflow on account of dividend was Rs. 129 lakhs inclusive of Dividend Tax.

**DIRECTORS:**

As per the provisions of Section 255 and Section 256 of the Companies Act, 1956, Mr. K. Kannan and Mr. Prakash V. Mehta, Directors of the Company, retire by rotation and being eligible, have offered themselves for re-appointment. A brief resume of the Directors seeking re-appointment in the forthcoming Annual General Meeting along with their experience is annexed to the Notice forming part of the Annual Report.

**UPGRADATION PLAN:**

After the completion of the financial year, the Company has started replacing certain mechanical equipment including Transformer, LT Panels, Boiler, Gas Bank etc. which have exceeded their useful life. The Company has appointed an Interior Designer to suggest improvements to the public areas and these will be evaluated and work carried out in the near future, as these areas have not been improved since the construction of the hotel.

**FUTURE OUTLOOK:**

The Company is making efforts to increase the revenues of the hotel by obtaining higher room rates both from the foreign and domestic clients. The Government of Goa has announced plans to double the number of tourists in the next few years by building a large convention centre for 10,000 persons very close to our hotel. The present Dabolim International Airport is also being expanded by adding a separate terminal with several aero bridges. This will be ready in the near future and lead to an increase in passengers visiting Goa. The Government is also planning to add to the tourist infrastructure by building marinas, cable cars and other attractions. Since very little new supply of rooms is forthcoming, our hotel will do better in future.

**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 there are no material departures;
- (ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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.

**CORPORATE GOVERNANCE:**

The Company has complied with the requirements regarding the Corporate Governance as required under Clause 49 of the Listing Agreement.

The report on Management Discussion and Analysis, Corporate Governance as well as the Auditors' Certificate on the compliance of Corporate Governance form part of the Annual Report.

**AUDITORS:**

M/s. J. G. Verma & Company, Chartered Accountants and the Statutory Auditors of the Company are due to retire at the forthcoming Annual General Meeting. They have confirmed that they are eligible and they have offered themselves for re-appointment. Their re-appointment if made will be within the limits of Section 224(1B) of the Companies Act, 1956.



**FIXED DEPOSITS:**

The Company has not accepted or invited any fixed deposits from the public in the year under review.

**CODE OF BUSINESS CONDUCT:**

As per the Listing Agreement, the Board has a 'Code of Conduct' in place whereby all Board Members and Senior Management have declared and complied with the said Code. A declaration to this effect signed by the Chairman & Managing Director has been obtained.

**LISTING:**

Your Company's equity shares are listed on the Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange. Your Company has paid the Listing Fees for the financial year 2012-13.

**ADDITIONAL INFORMATION:**

(a) Conservation of Energy:

Your Company makes all efforts to reduce consumption and cost of energy on a regular basis. The Company has energy conserving DG Sets from Caterpillar, very efficient screw chillers from Trane, Meiko German dishwashers with an in-built heat exchanger for energy saving. The Company has also installed several VFDs (Variable Frequency Drives) on certain pumps to save energy.

(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 as such the Company does not have any manufacturing operations.

(c) Foreign Exchange Earnings and Outgo:

The Company's foreign exchange earnings for the current year were Rs. 1652 lakhs (previous year Rs. 1274 lakhs). The total outgo in foreign exchange for the current year was Rs. 330 lakhs (previous year Rs. 700 lakhs).

**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 as follows:

Employee Name	Designation	Age in Years	Qualification	Experience In years	Date of Commencement	Remuneration In Rs.	Last Employment
Mr. Sunder G. Advani	Chairman & Managing Director	73	Strategic Hospitality Management Financial Management Courses Cornell University (USA)  Masters in Business Administration from the Wharton School (USA)  B.S. – Business Administration Temple University (USA)	52	01.03.88	68,19,823	Chairman & Managing Director, Plaza Hotels (Pvt) Ltd, Mumbai

*Advani Hotels & Resorts (India) Limited*

**ACKNOWLEDGEMENTS:**

Your Directors thank the Company's bankers, the Wyndham Hotel Group International, the Goa Government, the Government of India, the Shareholders, our valued clients and the suppliers for their continued support during the year. Your Directors also appreciate the contributions made by all employees to improve the operations of the Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: July 10, 2012

**SUNDER G. ADVANI**  
*Chairman & Managing Director*



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **ECONOMIC OUTLOOK:**

### **INDUSTRY STRUCTURE, OPPORTUNITIES & OUTLOOK:**

The world economy has been going through turbulent times in the recent past. Besides Greece, other countries in the Euro Zone are facing severe economic problems. It was felt that the BRIC countries namely Brazil, Russia, India and China would be the savior for the rest of the world. Unfortunately, these hopes have been belied as the fast growing economies of China and India are slowing down. The GDP growth of India for 2011-12 is now pegged at 6.9% as compared to a forecast of 8%. For the year 2012-13, the GDP is expected to be about 7% compared to a 9% growth projected in the 5 year plan.

Exports should increase as a result of the recent devaluation of the Indian rupee, which could make Indian products & services cheaper. The Reserve Bank of India has kept interest rates high on the assumption that this will bring down inflation. More attention could be given to bring down the deficit in the current account by increasing foreign exchange earnings through export of goods and services. Earnings from inbound tourism and the hospitality industry could assist in reducing the current account deficit.

### **TOURISM AND THE HOSPITALITY INDUSTRY IN GOA:**

The number of foreign visitors to India grew by about 9% in 2011. However, this figure of 6.29 million is considerably lower than the 57.58 million visitors to China. The Government of India has now recognized the importance of tourism and is taking measures to increase tourist inflow by allowing Visa on arrival to a greater number of countries at several airports including Goa. The long demand for allowing citizens of Russia to obtain Visas on arrival has been agreed in principle. The number of foreign tourists in Goa for the calendar year 2011 was about 446,000 with Russians being the largest provider for the hospitality industry in Goa. Fortunately, the Russian economy is doing well and even more Russians are expected in the coming season between November 2012 and April 2013. The number of visitors from the UK is the second largest provider of tourists.

However, as the UK economy is not showing signs of recovery, their numbers are not likely to increase significantly. More visitors from Germany are expected in the next tourist season as Condor Airlines has decided to re-introduce direct charter flights with bigger aircraft from Frankfurt to Goa as compared to combining passengers bound for Dubai and Goa. The Charter flights are also expected from Stockholm, Copenhagen and Warsaw. Moreover, Qatar Airways continues to bring passengers on scheduled flights to Goa.

Due to increased demand and the weakening of the Indian Rupee, our Company has decided to sign contracts with tour operators who are willing to pay in foreign currency. This policy will lead to increased revenues in rupee terms by over 20%. Fortunately, some of the competing destinations such as Sri Lanka have also increased their room rates due to shortage of hotel rooms. Goa will also benefit as some of the tourists who traditionally visit Egypt and surrounding countries may avoid these areas.

The new integrated terminal is under construction at Dabolim airport since May 2011 and expected to be ready by December 2012 at a cost of Rs. 500 crores. 4 of the 11 aerobridges will be ready in the first phase. This new terminal can handle 2750 passengers per hour. This will enable Goa to receive more passengers.

### **DOMESTIC MARKET:**

Although foreign exchange earnings are a priority to reduce India's current account deficit, there is an increasingly large number of potential clients available within our country. The leisure segment is growing with rising levels of discretionary spending power. The first domestic destination for a holiday for all ages is undoubtedly Goa. However, even our middle income groups have choices to travel anywhere in the world and find it cheaper to travel overseas especially since air carriers have increased their fares for travel within India. It is cheaper to fly from Delhi/North India to Thailand/Malaysia/Singapore than flying to Goa. Domestic clients can choose from various categories of hotels, which offer better value for money. With the depreciating Indian Rupee and recent floods in Thailand, many may find it cheaper and safer to stay within India.

The more lucrative market especially for Goa is the MICE (Meetings, Incentives, Conference, Exhibition) segment. Goa is referred to as the "RIVIERA NEXT DOOR" or "LISBON OF THE EAST" and offers a unique lifestyle, scenic beauty, atmosphere which is not found anywhere else in India.

Those companies who are doing well need to reward or update their workers/clients about their policies/products and find Goa an ideal destination especially since Goa is easily accessible by air and rail from all parts of India. There is a natural possibility of mixing business with pleasure which leads to a businessman bringing his family to Goa for a holiday in future. The availability of casinos is an added attraction.

Our hotel was the first to bring casinos into India almost 20 years ago. However, the casinos in 5 Star Hotels in Goa have recently received two major setbacks. The Government of Goa issued a notification on 29<sup>th</sup> May fixing the annual recurring license fee of casinos in hotels at 250 lakhs irrespective of the number of slot machines. Until this date our Company's in-house casino was paying only Rs. 7.60 lakhs annually. Since this annual recurring fee has been increased 33 times, we have objected to it and voluntarily surrendered our licence under protest unless a fair charge is levied. Our Company has requested for a review. Thereafter, on 7<sup>th</sup> August 2012, the Government of Goa has also passed a bill in the Assembly whereby only "tourists" will be allowed in any casino. Thereby the nearby local market existing in Goa may not be available for casino operators.

#### **STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS:**

Goa is known all over the world and also in India. Our hotel is in Goa and is strategically located having a wide frontage on Varca Beach, which is considered as one of the best beaches in the world. Our hotel is only 35 minutes from the international airport and 10 minutes from the Goa's commercial capital, Margao, which is also the main train station for visitors to Goa. International architects have designed our hotel to make it suitable for both foreign and increasing number of domestic clients who visit Goa in monsoon months. Our Company has enough spare FSI available to add substantial number of guest rooms without increase to public areas.

The weaknesses are that the Company has only one hotel. Revenues are earned primarily in the November to April season when occupancies & rates are high. Visitors from Russia account for a large percentage of our occupancy during these months. The newly built hotels look fresher and are specifically built for the MICE market with larger conference facilities.

The opportunities lie in the fact that the bones of the hotel, though old, are solid. Small modifications can enable the hotel to compete with any of the newer rivals. Fortunately, there is very little new supply of rooms expected because the Regional Master Plan has temporarily been frozen. There is an increase in demand from both domestic and the foreign market. The new Government in Goa is committed to improve tourism infrastructure.

In order to increase our market share in the MICE segment, several improvements to the product are being considered.

The threats to our Company are related to terror attacks in India, any outbreak of epidemics or health affecting diseases, law and order problems, garbage and other problems affecting the beaches in Goa. There is severe competition during the May – October season when supply exceeds demand. The Company is trying to diversify its business model so that there is less dependence on any one segment. The Website and social media are being strengthened to attract more high spending clients to improve average rates.

#### **FUTURE OUTLOOK:**

Based on the above assumptions, the outlook for Goa hotels, especially our Company's 200 room beach front hotel are bright. Our Company is in a comfortable position to take advantage of the increasing demand for hotels in Goa as it requires very few permissions to add more capacity. The Company has been very conservative in borrowing and has a debt of around Rs. 10 crores. 62 guest rooms have been recently renovated. Public areas are also planned to be improved. The promoters have vast experience in hotel management and can adapt to a changing environment at short notice.

#### **CORPORATE SOCIAL RESPONSIBILITIES:**

The management of Ramada Caravela Beach Resort, including all its executives and employees, recognizes CSR as a vital part of corporate activity and therefore continues to strive to promote social contribution activities





as a good corporate citizen in order to realize a better society. Besides, it also continues to work to minimize environmental effects and utilize resources towards the development of a sustainable society that is in harmony with the environment.

The Company continues to support the cause of HIV positive children in the form of donations and visits to 'ASSRO' – a regular shelter for the HIV positive. The Company also supports blood donation camps in collaboration with the Blood Bank of Goa Medical College and Association of Voluntary Blood Donors Goa.

The Company observes Earth Hour, by having power shut down for an hour and observes 'Earth Day' aimed to convey environment conservation messages to the guests and World Environment Day with activities such as a road cleanliness drive and tree plantation.

The Company also supports the South Goa SPCA and the Goa Animal Welfare Trust by donating discarded bed-sheets and old newspapers to help them take care of animal sterilization programs and anti-rabies programs.

The Company also assists terminal cancer patients, by sending blankets to the Lions Club, Goa.

The Company uses Meiko German dishwashers, thus reducing the use of chemicals and detergents for washing.

The Company also cleans the beach in front of the resort on a daily basis and removes any litter to keep the beach clean.

To reduce the impact of wet garbage, the Company has installed a 'Vermi Gold' compost system, through which the wet garbage is converted by the use of vermi-culture into natural fertilizer. This fertilizer is used by the Company in its garden thus eliminating the purchase of any chemical fertilizers.

The Company had also invited orphans from a local Orphanage in Goa to play games and have lunch at the Resort.

#### **INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Adequate internal control systems exist in terms of financial reporting, efficiency of operations and compliances with various rules, regulations etc. covering all operational departments.

A firm of Chartered Accountants as Internal Auditors reviews the internal control procedures and its implementation on a regular basis and submits monthly reports. In order to enhance the control system further, each department has to justify the variances and discrepancies.

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.

#### **HUMAN RESOURCES:**

The Company is continuing its commitment to retain and promote the deserving team members. Accordingly, systems are formulated to monitor the performance, guest satisfaction and employee recognition. The Company has initiated various welfare initiatives for the staff, which includes assistance in form of short term loans in case of emergency, listening posts, improvise back of the house areas and improved employee safety and security. The industrial relations have been cordial during the year. The Company continues to have a structured learning and development department to do the "Training need analysis" and provide inputs for the team development.

#### **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 that the results will occur. Significant factors that can affect the Company's operations include domestic and international economic conditions affecting supply and demand, law and order problems in India, change in tax and other Government regulations etc.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: July 10, 2012

**SUNDER G. ADVANI**  
*Chairman & Managing Director*

**REPORT ON CORPORATE GOVERNANCE****CORPORATE PHILOSOPHY:**

The Company subscribes fully to the basic principles of good corporate governance, the objective of which is to increase productivity and competitiveness, thus maximize shareholder value. The Company continues to adhere to the philosophy of good Corporate Governance and believes in values of transparency, professionalism, accountability and is also committed to continually evolving and adopting appropriate Corporate Governance best practices.

**BOARD OF DIRECTORS:****Composition of the Board**

The Board of Directors of the Company consists of Executive and Non-Executive Directors, of whom three are Independent Directors who are experts in diverse fields. The Independent Directors comprise of 50% of the total strength of the Board of Directors of the Company. 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 2011-12, 5 (Five) Board Meetings were held on 13.05.2011, 05.08.2011, 04.10.2011, 04.11.2011, and 08.02.2012. Majority of the Directors attended all 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 24<sup>th</sup> Annual General Meeting as well as the details of their other Directorships, Committee Chairmanships and Memberships are as follows:

Sr. No.	Name of Directors	Designation	No. of Board Meetings attended	Attendance at the last AGM held on 05.08.2011	No. of Outside Directorships #	No. of other Committee Chairmanships/Memberships (excluding the Company) \$	
						Chairmanship	Membership
1.	Mr. Sunder G. Advani	Chairman & Managing Director	05	Present	None	None	None
2.	Mr. Haresh G. Advani	Executive Director	05	Present	None	None	None
3.	Mr. K. Kannan	Director	04	Present	7	2	3
4.	Mr. Prakash V. Mehta	Director	03	Absent	8	None	7
5.	Mr. Anil Harish	Director	04	Present	13	4	6
6.	Mrs. Menaka S. Advani	Director	05	Present	None	None	None

# Excludes Directorships contemplated under Section 278 of the Companies Act, 1956.

\$ Includes only membership/s of Audit Committee and Shareholders/Investors Grievance Committee of other Public Limited Companies.



**AUDIT COMMITTEE:**

The composition of the Committee and particulars of meetings attended by the Members of the Audit Committee are as under. During the year under review, 4 (Four) meetings of the Audit Committee were held on 13.05.2011, 05.08.2011, 04.11.2011 and 08.02.2012.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings attended in the year under review
1.	Mr. K. Kannan	Chairman	4
2.	Mr. Prakash V. Mehta	Member	2
3.	Mrs. Menaka S. Advani	Member	4

The Audit Committee comprises of only non-executive Directors of which two-thirds are independent Directors. 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.
- To 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 particulars of meetings attended by the Members of the Remuneration Committee are as under. The Committee approves the annual salaries, performance commission, service agreements and other employment conditions of the Executive Directors and relatives of the directors. During the year under review 2 (two) meetings of the Remuneration Committee were held on 13.11.2011 and 27.03.2012.

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.	Mr. Prakash V. Mehta	Member	2

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 and relative of Directors from time to time;
- To periodically review the remuneration package of the Executive Directors, relative of Director and recommend suitable revision;
- 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, 2012.

Sr. No.	Name of the Director	Salary (Basic + HRA) Rs.	Perquisites Rs.	Commission Rs.	Service Tenure	Notice Period
1.	Mr. Sunder G. Advani Chairman & Managing Director	62,40,000	5,79,823	0	5 years	3 months
2.	Mr. Haresh G. Advani Executive Director	38,59,200	4,02,000	0	5 years	3 months

#### DETAILS OF SITTING FEES PAID TO NON - EXECUTIVE DIRECTORS DURING THE YEAR ENDED MARCH 31, 2012.

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

#### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee comprises of the following two Non-Executive Directors and two Executive Directors:

Sr. No.	Name of the Member	Designation
1.	Mrs. Menaka S. Advani	Chairperson & Non-Executive Director
2.	Mr. Sunder G. Advani	Member & Managing Director
3.	Mr. Haresh G. Advani	Member & Executive Director
4.	Mr. K. Kannan	Member & Non-Executive Independent Director

The Company has constituted a Shareholders/Investors Grievance Committee to look into the redressal of complaints of shareholders and investors relating to transfer of shares, non-receipt of Annual report, dividends etc. The Chairperson of the Committee is a non-executive Director.

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

The Company Secretary acts as the Compliance Officer and regularly interacts with the Registrar & Share Transfer Agents (RTA) to ensure that the complaints/ grievances of the shareholders/investors are attended to without delay and where deemed expedient, the complaints are referred to the Chairperson of the Committee or discussed at its meetings.

During the year under review one meeting of the Shareholders/Investors Grievance Committee was held on 05.08.2011.

During the year under review, the Company received 6 (Six) Shareholders' Complaints, which were promptly responded to and resolved to the satisfaction of the respective shareholders and as on 31.03.2012 there were no pending complaints.



**SHARE TRANSFER COMMITTEE:**

The Committee comprises of the following two Executive Directors:

Sr. No.	Name of the Member	Designation
1.	Mr. Sunder G. Advani	Member & Managing Director
2.	Mr. Haresh G. Advani	Member & Executive Director

The Share Transfer Committee looks into the approval of share transfers, transmissions, issue of duplicate share certificates etc.

**GENERAL BODY MEETINGS AND POSTAL BALLOT:**

**Annual General Meetings held during the last 3 years**

Particulars	FY 2010-11	FY 2009-10	FY 2008-09
<b>Date</b>	05.08.2011	15.12.2010	25.09.2009
<b>Location</b>	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021
<b>Time</b>	10.30 a.m.	11.00 a.m.	11.00 a.m.

All the Resolutions, including 1 (one) Special Resolution passed at the 23<sup>rd</sup> Annual General Meeting of the Company, as set out in the respective notice/s were passed unanimously by a show of hands by the Members of the Company present at the said Annual General Meetings.

The Company has not conducted any business through postal ballot during the year under review.

**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.
- There was no instance of non-compliance on any matter relating to the capital markets during the past three years.
- The Company has complied with all the mandatory requirements of Clause 49 relating to Corporate Governance.
- Pursuant to the provisions of Sub-Clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Chairman & Managing Director (CMD) and the General Manager Finance (CFO) have issued a Certificate to the Board, for the financial year ended March 31, 2012.

**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 the stock exchanges and all statutory bodies.
- The Financial results are usually published in the 'Business Standard' (in English) and 'Navakal' (in Marathi).
- Management Discussion and Analysis Report forms part of this Annual Report.



**STATUS OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:****(a) Remuneration Committee:**

The Company has a Remuneration Committee, the details whereof are furnished above in this Report.

**(b) Tenure of Independent Directors:**

The Board has not laid down any specific maximum tenure for the Independent Directors.

**(c) Training of Board Members:**

The Directors of the Company are senior professionals of high standing and experience in corporate sector and the industry in which the Company operates. They are being kept informed of the business model, growth factors and the risk profile of the Company. Hence, the Company has not laid down any formal training mechanism for its directors.

**(d) Whistle Blower Policy:**

Though the Company does not have a formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestion given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. The Company promotes ethical behaviour in all its business activities. All employees are free to approach the Audit Committee to raise their concern relating to fraud, malpractice or any other activity or event which is against the Company's interest.

**GENERAL SHAREHOLDERS INFORMATION:****➤ 25th Annual General Meeting**

Date & Time : Monday, 17<sup>th</sup> September 2012 at 11.00 a.m.

Venue : "Rangaswar", 4<sup>th</sup> Floor, Chavan Centre, General Jagannath Bhosale Marg,  
Nariman Point, Mumbai – 400021

**➤ Financial Calendar**

Annual General Meeting for the FY 2011-12	September 17, 2012
Results for the Quarter ending June 30, 2012	Second week of August 2012
Results for the Quarter ending Sept. 30, 2012	Second week of November 2012
Results for the Quarter ending Dec. 31, 2012	Second week of February 2013
Results for the Quarter ending March 31, 2013	Second week of May 2013

**➤ Date of Book Closure**

From 11<sup>th</sup> September 2012 to 17<sup>th</sup> September 2012 (both days inclusive) for the purpose of Annual General Meeting for the financial year ended March 31, 2012.

**➤ 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)

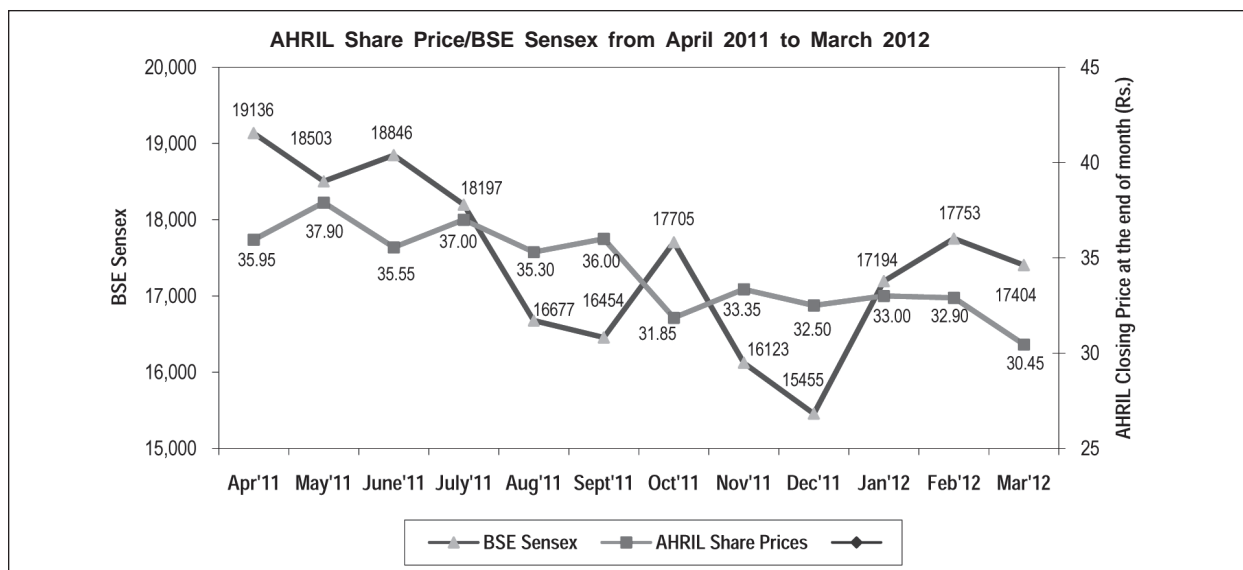
**➤ Market Price Data**

The high and low Market Price of the Company's shares traded on the Bombay Stock Exchange Limited, during each month in the financial 2011-12 are given below.

Month	High Rs.	Low Rs.	Close Price Rs.	Month	High Rs.	Low Rs.	Close Price Rs.
April'11	43.00	34.60	35.95	October'11	36.50	31.85	31.85
May'11	40.70	31.85	37.90	November'11	34.00	29.25	33.35
June'11	39.55	34.00	35.55	December'11	34.50	32.00	32.50
July'11	37.75	35.50	37.00	January'12	36.00	32.05	33.00
August'11	37.30	33.05	35.30	February'12	35.80	32.00	32.90
September'11	38.00	34.00	36.00	March'12	36.60	30.35	30.45



➤ **Performance of Company's Share Price in comparison to BSE Sensex**



➤ **Registrar and Share Transfer Agent**

Datamatics Financial Services Limited  
 [Unit: Advani Hotels & Resorts (India) Limited]  
 Plot No. B-5, Part B Cross Lane,  
 MIDC Marol, Andheri (East), Mumbai-400 093  
 Telephone No.: (022) 6671 2237, Fax No.: (022) 6671 2230  
 Contact Person: Mr. Salim Sheikh

➤ **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 by Datamatics Financial Services Ltd. All the share certificates are returned within 21 days from the date of lodgment provided the transfer instruments are valid and complete in all respects.

➤ **Distribution of Shareholding as on March 31, 2012**

Range (No. of Shares)	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	3,811	69.44	1,265,224	2.74
501-1000	882	16.07	823,652	1.78
1001-2000	363	6.61	575,876	1.25
2001-3000	197	3.59	506,643	1.10
3001-4000	46	0.84	167,978	0.36
4001-5000	68	1.24	330,438	0.71
5001-10000	57	1.04	447,983	0.97
10001 and above	64	1.17	42,101,456	91.09
<b>Total</b>	<b>5,488</b>	<b>100.00</b>	<b>46,219,250</b>	<b>100.00</b>

*Advani Hotels & Resorts (India) Limited*➤ **Category of Shareholding as on March 31, 2012**

Category	No. of Shares	% of Total
Promoters & Promoter Group	23,140,044	50.07
Mutual Funds	56,000	0.12
Bank/FIs/Insurance Companies	2,500	0.01
Foreign Institutional Investors	32,246	0.07
Bodies Corporate	16,786,391	36.31
General Public	4,943,851	10.70
NRIs/OCBs	1,258,218	2.72
<b>Total</b>	<b>46,219,250</b>	<b>100.00</b>

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

Sr. No.	Name	No. of Shares held as on March 31, 2012
1.	Mr. K. Kannan	NIL
2.	Mr. Prakash V. Mehta	500
3.	Mr. Anil Harish	NIL
4.	Mrs. Menaka S. Advani	1,305,630

➤ **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, 94.92% is held in dematerialised form as on March 31, 2012. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. May 28, 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**

Hotel
<b>Ramada Caravela Beach Resort</b> Varca Beach, Varca Village, Salcette, Goa-403 721 Telephone No: (0832) 6695000

➤ **Correspondence Address**

Advani Hotels & Resorts (India) Limited  
18A & 18B, Jolly Maker Chambers-II,  
Nariman Point, Mumbai-400021  
Telephone No.: (022) 2285 0101, Fax No.: (022) 2204 0744  
Email ID: [cs.ho@advanihotels.com](mailto:cs.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. 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

Place: Mumbai  
Date: July 10, 2012

**SUNDER G. ADVANI**  
Chairman & Managing Director



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
Advani Hotels & Resorts (India) Limited

We have examined the compliance of Corporate Governance of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, for the year ended 31<sup>st</sup> March, 2012 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*  
Registration No. 111381W

**J.G. VERMA**  
*Partner*  
Membership No. 5005

Mumbai, July 10, 2012

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the attached Balance Sheet of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company 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 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, we report that:

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, Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Statement of Profit and Loss and 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 31<sup>st</sup> March, 2012 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 and the other notes appearing on the financial statements stated in the Notes on Financial Statements, 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 31<sup>st</sup> March, 2012;
  - (ii) in the case of Statement of Profit and Loss, 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*  
Registration No. 111381W

**J.G. VERMA**  
*Partner*

Membership No. 5005

Mumbai, July 10, 2012





**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.  
(b) The Company has physically verified its fixed assets during the year in accordance with the regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed by the Management on such physical verification as compared to book records.  
(c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, 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) According to the information and explanations given to us, 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. Therefore, the provisions of sub-clauses (a) to (d) of clause 4 (iii) of the Order are not applicable to the Company.  
(b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, during the year from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (e) to (f) of clause 4 (iii) of the Order are not applicable to the Company.
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) there were no such transactions exceeding the value of Rupees five lacs in respect of any party during the year and accordingly our comments on the reasonableness of the prices have not been given.
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 4 (vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by a firm 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 *generally* 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, excise duty, cess and other applicable statutory dues with the appropriate authorities during the year. 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 undisputed amounts payable in respect of undisputed statutory dues as at 31<sup>st</sup> March, 2012 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
Central Sales Tax Act, 1956	Central Sales tax	12.16	Asst. Years 2005-06 & 2006-07	Asst. Commissioner of Commercial Tax (Value Added Tax)
Income-tax Act, 1961	Income-tax on completion of regular assessment	10.66	Asst. Year 2005-06	Income-Tax Appellate Tribunal
Income-tax Act, 1961	Income-tax on assessment of TDS	15.13	Asst Years 2005-06 to 2008-09	Commissioner of Income-tax (Appeals)
Finance Act, 1994	Service tax	1.76	October 2004 to April 2006	Commissioner (Appeals), Customs, C. Excise and Service Tax

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 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. According to the information and explanations given to us, 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 loan taken by others from banks 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. According to the information and explanations given to us, 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. According to the information and explanations given to us, 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 and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For J.G. VERMA & CO.**  
Chartered Accountants  
Registration No. 111381W

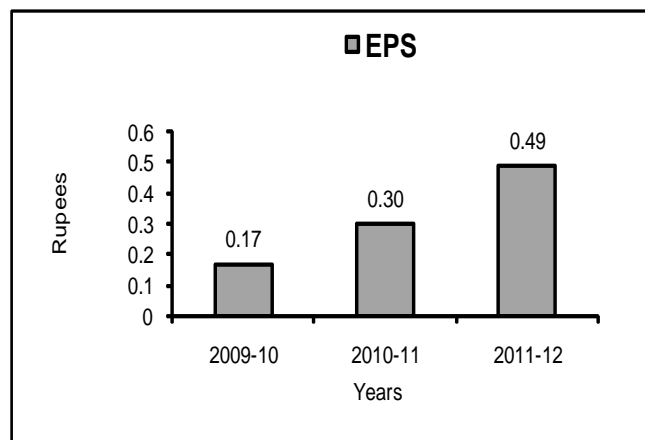
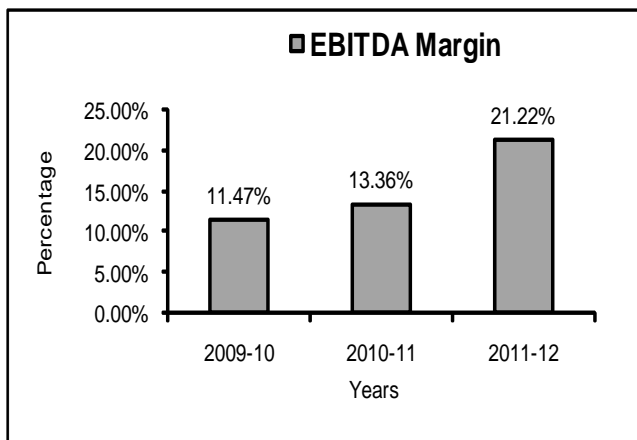
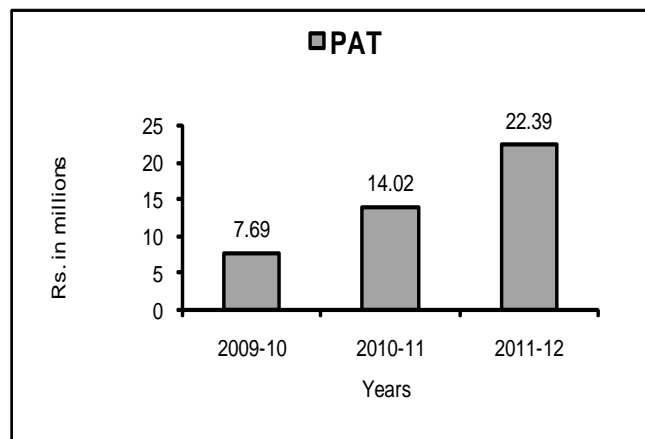
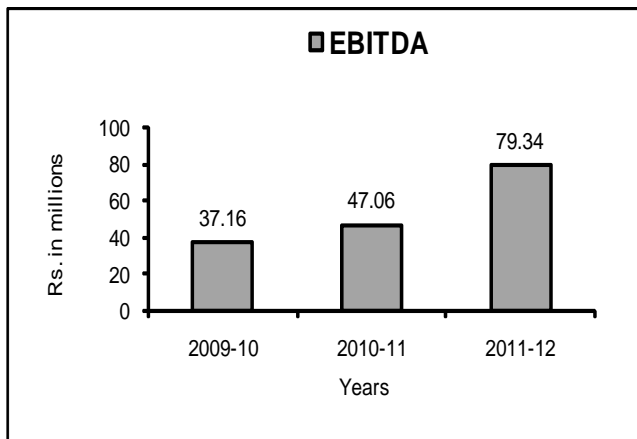
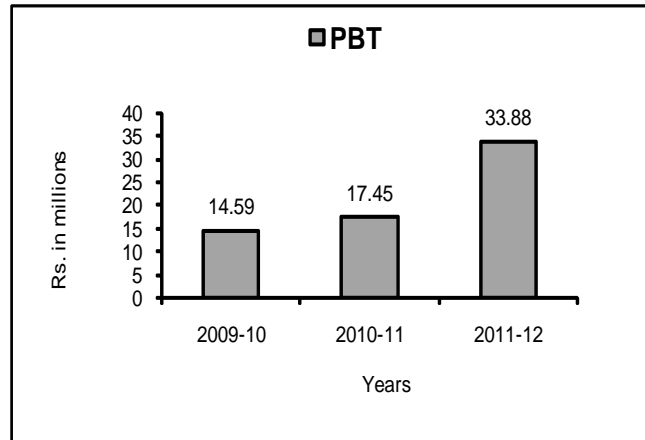
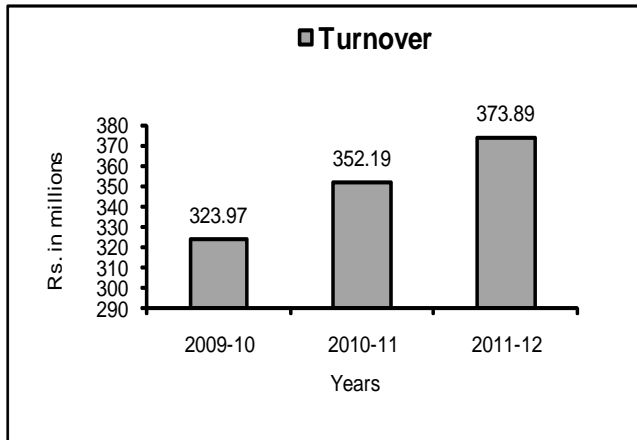
**J.G. VERMA**  
Partner

Membership No. 5005

Mumbai, July 10, 2012



KEY FINANCIAL GRAPHS AND RATIOS



**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital .....	3	92,438,500	92,438,500
Reserves and Surplus .....	4	217,692,326	208,162,485
		<b>310,130,826</b>	<b>300,600,985</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings .....	5	54,877,953	29,458,361
Deferred Tax Liabilities (Net) .....	6	59,996,595	56,998,335
Long Term Provisions .....	7	8,316,194	6,134,147
		<b>123,190,742</b>	<b>92,590,843</b>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings .....	8	44,579,164	30,132,120
Trade Payables .....	9	27,951,370	30,947,489
Other Current Liabilities .....	10	80,120,980	46,319,894
Short Term Provisions .....	11	2,940,783	13,520,519
		<b>155,592,297</b>	<b>120,920,022</b>
<b>TOTAL</b> .....		<b>588,913,865</b>	<b>514,111,850</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets:	12		
Tangible Assets .....		473,528,912	413,137,016
Intangible Assets .....		842,822	801,013
Capital Work-In-Progress .....		17,186,342	243,775
Long Term Loans and Advances .....	13	16,592,889	29,125,957
		<b>508,150,965</b>	<b>443,307,761</b>
<b>CURRENT ASSETS</b>			
Inventories .....	14	14,205,991	11,884,114
Trade Receivables .....	15	18,915,731	25,936,010
Cash and Bank Balances .....	16	29,019,599	19,981,914
Short Term Loans and Advances .....	17	18,621,579	13,002,051
		<b>80,762,900</b>	<b>70,804,089</b>
<b>TOTAL</b> .....		<b>588,913,865</b>	<b>514,111,850</b>

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS**

1 to 40

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

**FOR J. G. VERMA & CO.**  
Chartered Accountants

**SUNDER G. ADVANI**  
Chairman & Managing Director

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

**SHANKAR KULKARNI**  
General Manager – Finance (CFO)

Mumbai, July 10, 2012



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>INCOME</b>			
Income from Hotel Operations .....	18	366,323,575	342,934,994
Other Income .....	19	7,568,622	9,254,136
<b>TOTAL INCOME .....</b>		<b>373,892,197</b>	<b>352,189,130</b>
<b>EXPENSES</b>			
Cost of Food and Beverages consumed .....	20	28,599,006	26,687,083
Employee Benefit Expense .....	21	103,189,554	95,208,580
Finance Costs .....	22	18,388,072	13,218,159
Depreciation and Amortisation Expense .....	12	27,069,968	24,796,777
Other Expenses .....	23	162,761,080	182,625,324
<b>TOTAL EXPENSES .....</b>		<b>340,007,680</b>	<b>342,535,923</b>
<b>Profit before Exceptional and Extra-Ordinary Items and Tax ..</b>		<b>33,884,517</b>	9,653,207
<b>Add: Exceptional Items: .....</b>	24	—	7,800,000
<b>Profit before Extra-Ordinary Items and Tax .....</b>		<b>33,884,517</b>	17,453,207
Extra-Ordinary Items .....		—	—
<b>Profit before Tax .....</b>		<b>33,884,517</b>	17,453,207
Tax Expense:			
(1) Current Tax .....		(8,500,000)	—
(2) Deferred Tax (Refer Note 6) .....		(2,998,260)	(3,437,230)
		(11,498,260)	(3,437,230)
(3) Excess Provision of Taxes for earlier years, written back .		—	4,488,182
		(11,498,260)	1,050,952
<b>Profit after tax .....</b>		<b>22,386,257</b>	<b>18,504,159</b>
Earnings per Equity Share of face value of Rs. 2 each	35		
(1) Basic .....		0.49	0.30
(2) Diluted .....		0.49	0.30

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS**

1 to 40

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

**FOR J. G. VERMA & CO.**  
Chartered Accountants

**SUNDER G. ADVANI**  
Chairman & Managing Director

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

**SHANKAR KULKARNI**  
General Manager – Finance (CFO)

Mumbai, July 10, 2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	31st March, 2012 Rupees	31st March, 2011 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and adjustments .....	33,884,517	17,453,207
Adjustments for:		
Depreciation .....	27,069,968	24,796,777
(Profit)/Loss on sale/discard of fixed assets .....	2,996,854	(82,019)
Profit on sale of Investment (Net) .....	—	(2,252,805)
Provision for doubtful debts/(written back) .....	151,012	(3,110,889)
Provision for doubtful Loans & Advances/(written back) .....	—	(25,315,947)
Provision for doubtful Jetty deposit/(written back) .....	—	(7,800,000)
Provision for employee benefits .....	2,381,449	3,096,765
Interest and Dividend Income .....	(3,852,267)	(145,131)
Interest expenditure .....	18,388,072	13,218,159
Amortisation of Foreign Exchange Difference .....	—	107,219
<b>Operating profit before working capital changes: .....</b>	<b>81,019,605</b>	<b>19,965,336</b>
Adjustments for:		
Trade and other receivables .....	6,869,268	(1,460,770)
Inventories .....	(2,321,877)	1,714,350
Trade Payable & Others .....	4,229,705	(4,645,981)
<b>Cash generated from operations: .....</b>	<b>89,796,701</b>	<b>15,572,935</b>
Direct Taxes paid (Net of refund received) .....	(9,672,211)	(783,925)
<b>Net cash from Operating Activities (A) .....</b>	<b>80,124,490</b>	<b>14,789,010</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress) .....	(108,554,669)	(17,461,720)
Decrease/(Increase) in Loans, Advances and Deposits .....	9,246,862	89,201,414
Disposal of Investment in subsidiaries .....	—	24,537,805
Sale of Fixed Assets .....	1,111,574	377,651
Interest and Dividend received .....	2,691,156	159,886
<b>Net Cash from/(used in) Investing Activities (B) .....</b>	<b>(95,505,077)</b>	<b>96,815,036</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Proceeds from Borrowings:</b>		
Long Term Borrowings .....	46,299,941	30,936,187
Short Term Borrowings .....	44,447,044	402,613
<b>Payment of:</b>		
Long Term Borrowings .....	(11,628,636)	(113,184,362)
Short Term Borrowings .....	(30,000,000)	—
Interest paid .....	(14,770,307)	(13,218,159)
Dividend paid for earlier years including Dividend Tax .....	(9,929,770)	(5,398,623)
<b>Net Cash (used in)/from Financing Activities (C) .....</b>	<b>24,418,272</b>	<b>(100,462,344)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C) .....</b>	<b>9,037,685</b>	<b>11,141,702</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance) ..</b>	<b>19,981,914</b>	<b>8,840,212</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE CLOSING OF THE YEAR .....</b>	<b>29,019,599</b>	<b>19,981,914</b>
(Closing Balance) (See Note below)		

Note: The Closing Balance of Cash & Cash Equivalent includes restricted cash being (i) Lien marked bank deposits of Rs. 19,443,359/- (Previous Year Rs. 17,011,249/-) and (ii) Dividend Bank Account Balances of Rs. 1,460,349/- (Previous Year Rs. 617,710/-). Out of the above, Rs. 15,000,000/- (Previous Year Rs. Nil) has since been released.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS 1 to 40**

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

**FOR J. G. VERMA & CO.**  
Chartered Accountants

**SUNDER G. ADVANI**  
Chairman & Managing Director

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

**SHANKAR KULKARNI**  
General Manager – Finance (CFO)

Mumbai, July 10, 2012





## **NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

### **1 Corporate Information:**

Advani Hotels & Resorts (India) Limited is a Public Limited Company, which was incorporated on March 13, 1987 in the name of Ramada Hotels (India) Limited. The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange. The Company is primarily engaged in the Hotel Business through its "Ramada Caravela Beach Resort," a five star Deluxe Resort situated in South Goa.

### **2 Significant Accounting Policies:**

#### **2.1 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.

#### **2.2 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.

#### **2.3 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 Benefits arising out of Duty Free Scrips utilised for the acquisition of fixed and other assets are being adjusted against the cost of the related assets.

#### **2.4 Fixed Assets:**

Fixed Assets are stated at cost less depreciation. 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 capitalized and added pro-rata to the cost of fixed assets.

#### **2.5 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.

#### **2.6 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.

#### **2.7 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.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**2.8 Inventories:**

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

**2.9 Employee Benefits:**

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

**2.10 Foreign Currency Transactions:**

- (i) Sales made in foreign currency are converted at the prevailing applicable exchange rate.
- (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) Monetary assets and liabilities denominated in foreign currency at the balance sheet date other than long term foreign currency items of assets and liabilities having a term of twelve months or more as discussed herein below, are translated at the year end exchange rate and the resultant exchange differences are recognized in the Statement of Profit and Loss. Exchange differences relating to long term foreign currency items of assets and liabilities having a term of twelve months or more as covered in the Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009 in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the assets and depreciated over the balance useful life of the asset, and in other cases are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item in accordance with the aforesaid Notification.

**2.11 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.

**2.12 Leases:**

Lease payment under an operating lease is recognized as an expense in the Statement of Profit and Loss with reference to the lease terms and other consideration.

Assets taken on finance lease are capitalized and finance charges are charged to the Statement of Profit and Loss on accrual basis.

**2.13 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.

**2.14 Segment Accounting:**

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

**2.15 Taxes on Income:**

Tax on income for the current period is determined on the basis of taxable income and tax credits



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

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.

**2.16 Accounting Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognized in terms of Accounting Standards 29 – “Provisions, Contingent Liabilities and Contingent Assets” as 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.

**3 SHARE CAPITAL:**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Authorised:</b>		
99,750,000 Equity Shares of Rs. 2/- each .....	<b>199,500,000</b>	199,500,000
5,050,000 Preference Shares of Rs. 10/- each .....	<b>50,500,000</b>	50,500,000
<b>TOTAL .....</b>	<b>250,000,000</b>	250,000,000
<b>Issued, Subscribed and Paid up:</b>		
46,219,250 Equity Shares of Rs. 2/- each, fully paid up ...	<b>92,438,500</b>	92,438,500
<b>TOTAL .....</b>	<b>92,438,500</b>	92,438,500

- 3.1. The Company has issued one class of shares referred to as equity shares having a par value of Rs. 2/-. Each holder is entitled to one vote per share.
- 3.2. The Company declares and pays dividends in Indian Rupees. The payment of interim dividend is approved by the Board of Directors and ratified by the Shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.
- 3.3. Reconciliation of the number of shares outstanding:

<b>Particulars:</b>	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Number of Equity Shares at the beginning .....	<b>46,219,250</b>	46,219,250
Add: Less: Movement during the year .....	—	—
Number of Equity Shares at the end .....	<b>46,219,250</b>	46,219,250

- 3.4. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**3.5. Particulars of shareholders holding more than 5% shares:**

Particulars	As at 31/03/2012		As at 31/03/2011	
	Number of shares	% held	Number of shares	% held
Sunder G. Advani .....	9,425,893	20.39%	9,425,893	20.39%
Haresh G. Advani .....	5,801,532	12.55%	5,768,086	12.48%
Delta Hospitality and Leisure Private Ltd .....	16,360,773	35.40%	16,132,021	34.90%
<b>TOTAL .....</b>	<b>31,588,198</b>	<b>68.34%</b>	<b>31,326,000</b>	<b>67.78%</b>

**3.6.** No shares of the Company have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

**3.7.** The Company has not issued any security which is convertible into equity/preference shares.

**4. RESERVES AND SURPLUS**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Capital Reserve:</b>		
As per last accounts .....	84,855,283	84,855,283
<b>Securities Premium Account:</b>		
As per last accounts: .....	47,089,900	47,089,900
<b>Capital Redemption Reserve:</b>		
As per last accounts .....	10,000,000	10,000,000
<b>General Reserve:</b>		
As per last accounts .....	20,000,000	20,000,000
Add: Transfer from Surplus in the Statement of Profit and Loss .....	600,000	—
	<b>20,600,000</b>	20,000,000
<b>Surplus in the Statement of Profit and Loss:</b>		
As per last accounts .....	46,217,302	38,492,281
Add: Net Profit after Tax transferred from Statement of Profit and Loss .....	22,386,257	18,504,159
	<b>68,603,559</b>	56,996,440
<b>Appropriations:</b>		
Interim Dividend (dividend @ 12%) .....	(11,092,620)	—
Tax on Interim Dividend .....	(1,799,500)	—
Final Dividend (dividend @ 10%) .....	—	(9,243,850)
Tax on Final Dividend .....	—	(1,535,288)
Transfer to General Reserve .....	(600,000)	—
Excess provision for dividend tax, written back .....	35,704	—
	<b>(13,456,416)</b>	(10,779,138)
	<b>55,147,143</b>	46,217,302
<b>TOTAL .....</b>	<b>217,692,326</b>	208,162,485



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**5. LONG TERM BORROWINGS**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
	<b>Non-current borrowings</b>		<b>Current maturities</b>	
<b>Secured:</b>				
Rupee Term Loans (Note 5.1) .....	<b>52,750,000</b>	24,936,921	<b>20,486,863</b>	11,000,000
<b>Unsecured:</b>				
Vehicle Loans .....	<b>2,127,953</b>	4,521,440	<b>2,379,006</b>	2,614,155
<b>TOTAL ...</b>	<b>54,877,953</b>	<b>29,458,361</b>	<b>22,865,869</b>	<b>13,614,155</b>

**5.1. Nature of Securities:**

Term Loans are secured by a mortgage by deposit of title deeds of all the immovable properties of the Company situated at Village Varca, Salcette, Goa, a first charge by way of hypothecation of all the movables (except book debts and inventories) including machinery, spares, tools and accessories, present and future and certain collateral securities.

**5.2. Particulars of Term Loans from Banks-Secured-Guaranteed:**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
(i) By Directors .....	<b>73,236,863</b>	35,936,921
(ii) By Others .....	—	—
<b>TOTAL .....</b>	<b>73,236,863</b>	<b>35,936,921</b>

**5.3. Particulars of terms of repayment of loans:**

	Rate of Interest (Per annum)	Repayable in	Amount outstanding as at 31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Bank of Baroda (Limit Rs. 2.80 Crores) (Refer Note 5.4)	15.00% to 16.25%	6 half yearly installments	<b>25,000,000</b>	24,686,921
Bank of Baroda (Limit Rs. 2.80 Crores) (Refer Note 5.4)	15.00% to 16.25%	6 half yearly installments	<b>25,986,863</b>	—
Bank of Baroda (Limit Rs. 1.50 Crores) (Refer Note 5.4)	15.00% to 16.25%	7 half yearly installments	<b>14,000,000</b>	—
Bank of India (Limit Rs. 1.50 Crores)	15.00% p.a.	11 quarterly installments	<b>8,250,000</b>	11,250,000
<b>TOTAL</b>			<b>73,236,863</b>	<b>35,936,921</b>

**5.4.** Out of the above loans, the Bank of Baroda has converted an amount of Rs. 40,000,000/- into Foreign Currency FCNR(B) Loan carrying interest rate of around 7.25% p.a. (650 bps over LIBOR) after close of the financial year.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

## 6. DEFERRED TAX LIABILITY (NET)

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Deferred Tax Liability (A)</b>		
Difference between the written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961 .....	61,473,753	63,468,332
	<u>61,473,753</u>	<u>63,468,332</u>
<b>Deferred Tax Assets (B)</b>		
Expenses allowable for tax purpose on payment basis .....	1,390,769	1,400,081
Provision for doubtful debt / loans and advances .....	86,389	38,283
Unabsorbed Depreciation / Business loss .....	—	5,031,633
	<u>1,477,158</u>	<u>6,469,997</u>
<b>Deferred Tax Liability (A-B) – net</b> .....	<b>59,996,595</b>	<b>56,998,335</b>
Deferred Tax Liability for the year .....	<u>2,998,260</u>	<u>3,437,230</u>

## 7. LONG TERM PROVISIONS

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Provision for employee benefits (Refer Note 32) .....	8,316,194	6,134,147
<b>TOTAL</b> .....	<u>8,316,194</u>	<u>6,134,147</u>

## 8. SHORT TERM BORROWINGS

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Secured:</b>		
Cash Credits (Refer Note 8.1) .....	30,329,164	30,132,120
Short term bank loan (since repaid) (Refer Note 8.2) .....	14,250,000	—
<b>TOTAL</b> .....	<u>44,579,164</u>	<u>30,132,120</u>

8.1. Cash Credits are secured by hypothecation of Company's inventories of stocks, stores and provisions, goods in transit and other moveable items and book debts.

8.2. Secured by lien marked on fixed deposit receipt.

## 9. TRADE PAYABLES

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Micro, small and medium enterprises .....	—	—
Others .....	27,951,370	30,947,489
<b>TOTAL</b> .....	<u>27,951,370</u>	<u>30,947,489</u>





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**9.1. Details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company:**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Principal amount due and remaining unpaid .....	—	—
Interest due on above and the unpaid interest .....	—	—
Interest paid .....	—	—
Payment made beyond the appointed day during the year .....	—	—
Interest due and payable for the period of delay .....	—	—
Interest accrued and remaining unpaid .....	—	—
Amount of further interest remaining due and payable in succeeding years .....	—	—

**10. OTHER CURRENT LIABILITIES**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Current maturities of long term borrowings (Refer Note 5) .....	22,865,869	13,614,155
Interest accrued and due .....	2,516,769	84,835
Interest accrued but not due .....	1,185,831	—
Security deposits .....	2,686,000	2,686,000
Unpaid dividend .....	1,460,349	646,686
Staff related dues .....	5,897,114	6,090,605
Statutory dues .....	6,020,736	6,022,932
Advances received from customers .....	10,499,196	7,229,294
Creditors for Capital Expenditure .....	8,584,940	3,120,790
Interim dividend payable (since paid Rs. 10,772,453/-) .....	11,092,620	—
Tax on interim dividend (since paid) .....	1,799,500	—
Other payables .....	5,512,056	6,824,597
<b>TOTAL</b> .....	<b>80,120,980</b>	<b>46,319,894</b>

**11. SHORT TERM PROVISIONS**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Provision for employee benefits (Refer Note 32) .....	2,940,783	2,741,381
Proposed dividend .....	—	9,243,850
Provision for tax on proposed dividend .....	—	1,535,288
<b>TOTAL</b> .....	<b>2,940,783</b>	<b>13,520,519</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

## 12. FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2011	Additions (Note 12.2)	Deductions	As at 31.3.2012	Upto 31.3.2011	For the year (Note 12.3)	Less: Sales/ (Adjustments)	As at 31.3.2012	As at 31.3.2012	As at 31.3.2011
<b>I. Tangible:</b>										
Land (Free hold) (Including landscaping)	23,626,546	—	—	23,626,546	—	—	—	—	23,626,546	23,626,546
Buildings	378,213,536	61,848,930	9,519,019	430,543,447	115,801,022	10,095,460	5,958,097	119,938,385	310,605,062	262,412,514
Plant and Machinery	125,699,286	9,029,295	486,842	134,241,739	55,267,580	6,424,082	438,999	61,252,663	72,989,076	70,431,706
Furniture, Fixtures	113,098,756	19,526,624	8,195,773	124,429,607	75,821,368	6,457,181	8,165,514	74,113,035	50,316,572	37,277,388
Office Equipment & Computers	10,858,989	767,307	—	11,626,296	6,350,935	1,673,213	—	8,024,148	3,602,148	4,508,054
Vehicles and Motor Boats	22,119,147	38,200	692,664	21,464,683	7,238,339	2,060,095	223,259	9,075,175	12,389,508	14,880,808
	673,616,260	91,210,356	18,894,298	745,932,318	260,479,244	26,710,031	14,785,869	272,403,406	473,528,912	413,137,016
<b>II. Intangible</b>										
Computer Software	1,981,824	140,335	—	2,122,159	1,180,811	338,865	—	1,519,676	602,483	801,013
Web-site Development Charges	—	261,411	—	261,411	—	21,072	—	21,072	240,339	—
	1,981,824	401,746	—	2,383,570	1,180,811	359,937	—	1,540,748	842,822	801,013
<b>TOTAL</b>	675,598,084	91,612,102	18,894,298	748,315,888	261,660,055	27,069,968	14,785,869	273,944,154	474,371,734	413,938,029
Previous Year Total	666,129,004	17,763,972	8,294,891	675,598,085	244,862,538	24,796,778	7,999,260	261,660,056	413,938,029	
III. Capital Work in Progress [See Note 12.1 below]									17,186,342	243,775

## NOTES:

- 12.1. Capital Work in Progress include expenses of Rs. 17,186,342/- (Previous year Rs. 496,775/-) incurred on renovation/refurbishing of the hotel, pending completion of the work (pending allocation).
- 12.2. Additions to Fixed Assets include Rs. Nil (Previous Year Rs. 435,344/-) being loss due to fluctuation in foreign currency rates capitalised in accordance with AS-11 Notification.
- 12.3. After deducting Rs. Nil (Previous year Rs. 4,760/-) excess provided in earlier years, which is written back.

13. LONG TERM LOANS AND ADVANCES  
(Unsecured, considered good)

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Capital Advances .....	1,511,469	5,743,911
Security Deposits including for telephones and electricity .....	1,350,870	3,100,860
Other Loans and Advances:		
Prepaid Expenses .....	3,925,119	4,604,930
Payment of income tax (net of provision for taxation) .....	9,790,431	15,655,256
Others .....	15,000	21,000
<b>TOTAL .....</b>	<b>16,592,889</b>	<b>29,125,957</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**14. INVENTORIES**

(Valued at lower of cost and net realizable value)

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Operating supplies and stores .....	11,125,977	9,337,468
Food and beverages .....	3,080,014	2,546,646
(As per inventories valued and certified by the Management)		
<b>TOTAL</b> .....	<b>14,205,991</b>	<b>11,884,114</b>

**15. TRADE RECEIVABLES**

(Unsecured, considered good unless otherwise stated)

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
A. Outstanding for six months from the date they are due for payment (Rs. 266,260/- (Previous Year Rs. 115,249/-) considered doubtful) .....	635,538	590,270
Less: Provision for doubtful debts .....	266,260	115,249
	<b>369,278</b>	<b>475,021</b>
B. Other receivables .....	18,546,453	25,460,989
Less: Provision for doubtful debts .....	—	—
	<b>18,546,453</b>	<b>25,460,989</b>
<b>(A + B) TOTAL</b> .....	<b>18,915,731</b>	<b>25,936,010</b>

**16. CASH AND BANK BALANCES**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Cash and cash equivalents:		
Balances with banks on current accounts .....	6,028,666	1,035,584
Cheques / drafts on hand .....	445,343	212,973
Cash on hand .....	1,641,882	1,083,245
	<b>8,115,891</b>	<b>2,331,802</b>
Other bank balances:		
Balances with Banks on Lien Marked Account .....	—	15,021,153
On unpaid dividend account .....	1,460,349	617,710
Margin money deposit (Refer Note 16.1) .....	19,443,359	2,011,249
	<b>20,903,708</b>	<b>17,650,112</b>
<b>TOTAL</b> .....	<b>29,019,599</b>	<b>19,981,914</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

16.1. Note: A Margin Money deposit with a carrying amount of Rs. 15,000,000/- (Previous year Rs. Nil) is subject to lien marked by a Bank for loan taken against the said Fixed Deposit.

**17. SHORT TERM LOANS AND ADVANCES  
(Unsecured, considered good)**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Security and other deposits .....	2,994,574	3,195,284
Advances recoverable in cash or kind .....	1,119,738	1,244,719
Other Loans and Advances:		
Prepaid Expenses .....	5,217,070	5,744,208
Loans to Employees .....	611,333	257,600
Cenvat Credit available .....	480,717	2,560,240
Income-tax refund receivable (since received) .....	8,198,147	—
<b>TOTAL</b> .....	<b>18,621,579</b>	<b>13,002,051</b>

**18. REVENUE FROM OPERATIONS**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Hotel Operations:</b>		
Room .....	212,691,471	209,429,405
Food .....	95,070,543	85,215,210
Wine and Liquor .....	18,486,812	14,691,327
	<b>326,248,826</b>	<b>309,335,942</b>
<b>Other Operating Revenues:</b>		
Income from electronic amusements and Gaming .....	12,804,212	12,097,194
Guest sight seeing and transportation .....	8,059,702	3,604,989
Health Club, SPA, Beauty Parlor and Swimming Pool .....	9,569,969	8,472,155
Others .....	9,640,866	9,424,714
	<b>40,074,749</b>	<b>33,599,052</b>
<b>Total revenues from operations</b> .....	<b>366,323,575</b>	<b>342,934,994</b>

**19. OTHER INCOME**

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Interest earned on bank deposits .....	2,691,156	145,131
Interest on tax refunds .....	1,161,111	—
Insurance claim .....	—	154,459
Profit on sale of long term Investments (net) .....	—	2,252,805
Profit on disposal of fixed assets (net) .....	—	82,019
Foreign Exchange Fluctuation Gain (net) .....	741,601	1,107,886
Excess provision and liabilities not payable, written back .....	2,224,382	5,511,836
Other non-operating income (net of direct expenses) .....	750,372	—
<b>TOTAL</b> .....	<b>7,568,622</b>	<b>9,254,136</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**20. COST OF PROVISIONS, WINE AND LIQUOR CONSUMED**

	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
	<b>Rupees</b>	Rupees
Opening Stock .....	<b>2,546,646</b>	1,832,230
Add: Purchases and Expenses .....	<b>29,132,374</b>	27,401,499
	<b>31,679,020</b>	29,233,729
Less: Closing Stock .....	<b>3,080,014</b>	2,546,646
<b>TOTAL</b> .....	<b>28,599,006</b>	26,687,083

**21. EMPLOYEE BENEFIT EXPENSES**

	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
	<b>Rupees</b>	Rupees
Salaries, Wages and Bonus .....	<b>87,432,879</b>	79,428,176
Contribution to Provident and other Funds .....	<b>4,283,867</b>	4,021,205
Provision for employee benefits .....	<b>2,381,449</b>	3,096,765
Workmen and Staff Welfare Expenses .....	<b>9,091,359</b>	8,662,434
<b>TOTAL</b> .....	<b>103,189,554</b>	95,208,580

**22. FINANCE COSTS**

	<b>31<sup>st</sup> March 2012</b>	31 <sup>st</sup> March 2011
	<b>Rupees</b>	Rupees
Interest to banks on Long Term borrowings .....	<b>13,788,794</b>	7,189,908
Interest to banks on Short Term borrowings .....	<b>2,702,733</b>	3,103,505
Other borrowing costs .....	<b>1,896,545</b>	2,924,746
<b>TOTAL</b> .....	<b>18,388,072</b>	13,218,159

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

## 23. OTHER EXPENSES

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
Power and Fuel .....	31,152,565	33,414,002
Rent .....	6,786,030	24,568,680
Licence, Rates and Taxes .....	2,196,208	2,024,161
Repairs to Buildings .....	18,999,909	21,354,234
Repairs to Machinery .....	12,182,896	9,037,189
Repairs to other fixed assets .....	4,798,760	4,946,965
Replacement of operating supplies .....	2,227,137	3,241,988
Expenses on apartments and board .....	17,373,337	17,190,229
Water Charges .....	4,082,971	5,764,800
Printing and Stationery .....	1,407,641	1,406,050
Expenses on Communication .....	2,678,136	2,681,110
Travelling and Conveyance .....	12,751,682	10,680,037
Insurance .....	2,520,036	1,844,044
Advertisement, publicity and sales promotion .....	10,402,604	7,659,827
Royalty .....	7,008,504	6,248,410
Service Charges - marketing and collections .....	2,482,636	3,980,624
Band and music .....	5,869,862	5,210,447
Directors Fees .....	640,000	780,000
Legal and professional charges .....	8,820,300	18,061,366
Donations (Include Rs. 1,500,000/- (previous year Rs. Nil) paid to Goa Pradesh Congress Committee)	1,589,750	104,002
Bad debts and irrecoverable amounts written off .....	264,428	3,176,776
Less: Adjusted against provision for doubtful debts .....	—	(3,176,472)
Provision for Doubtful debts .....	151,012	65,583
Loss on sale/discard of fixed assets (net) .....	2,996,854	—
Amortisation of foreign exchange monetary items translation difference	—	107,219
Luxury tax, Sales tax, Central Excise, etc. (including assessment dues)	75,332	175,967
Miscellaneous Expenses .....	3,302,490	2,078,086
<b>TOTAL</b> .....	<b>162,761,080</b>	<b>182,625,324</b>

## 24. EXCEPTIONAL ITEMS

	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2011 Rupees
<b>Income:</b>		
Provision for liability for refund of jetty deposit, no longer required written back .....	—	7,800,000
Provision for doubtful loans and advances, no longer required written back .....	—	25,315,947
	—	33,115,947
<b>Expenses:</b>		
Irrecoverable amounts due from subsidiary, written off .....	—	25,315,947
	—	25,315,947
<b>TOTAL</b> .....	<b>—</b>	<b>7,800,000</b>





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**25. Commitments**

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 18,971,905/- (Previous Year Rs. 2,586,391/-) net of advances.
- (b) Other Commitments:  
In terms of Non-Compete Agreement dated May 30, 2008, the Company as seller of its Flight Catering undertaking to a party, has agreed and given a commitment not to compete with the catering business of the said party in Goa for a period of ten years from the aforesaid date of Agreement.

**26. Contingent liabilities not provided for in respect of:**

- (a) Claims against the Company not acknowledged as debts Rs. 3,832,553/- (Previous Year Rs. 6,524,488/-)
- (b) Pending Bank Guarantees:

**Particulars:**

	<b>2011-12 Rupees</b>	2010-11 Rupees
Bank Guarantees .....	<b>6,785,484</b>	6,785,484

- (c) Demand of Rs. 2,922,000/- (Previous Year Rs. Nil) for the period from 2008 to 2012 and interest thereon of Rs. 851,040/- (Previous Year Rs. Nil) raised by the Goa Government vide letter dated April 4, 2012 for renewal of Amusement and Slot Machine Licence in respect of casino in the Company's hotel at Goa has been disputed by the Company and Company is contemplating taking appropriate proceeding in that behalf. Pending that no provision has been made for the said demand.
- (d) Demand raised by Income Tax authorities disputed by the Company in appeal and rectification proceedings, which are pending – Rs. 3,196,755/- (Previous Year Rs. 2,578,815/-).
- (e) Demand raised by Service Tax Authorities, disputed by the Company in appeal, which is pending amounting to Rs. 1,75,862/- (Previous Year Rs. Nil).
- (f) Demand raised by Sales Tax authorities, disputed by the Company in appeal, which are pending amounting to Rs.1,215,646/- (Previous Year Rs. 1,215,646/-).
- (g) Demand raised by Entertainment Tax Authorities, disputed by the Company in appeal, which is pending amounting to Rs. 43,180/- (Previous Year Rs. 43,180/-).
- (h) Demand of Rs. 310,234/- (Prev. Year Nil) raised by Luxury Tax Authorities for financial year 2007-08 is disputed by the Company and rectification application is pending.
- (i) Certain employees of the Company's flight catering unit i.e. Airport Plaza, which is sold in earlier year have demanded higher wages with effect from August 01, 2006. The matter is pending in the Labour Court. Pending disposal of the matter, no provision has been made for the additional wages, as the amount is indeterminate.

- 27.** There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This is information as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006" (the Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****28. Details of Auditors' Remuneration:**

	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
Audit Fees .....	<b>275,000</b>	200,000
For Taxation matters .....	<b>95,000</b>	70,000
For Other services .....	<b>110,000</b>	115,000
For Expenses .....	<b>78,524</b>	113,033
Service Tax .....	<b>51,500</b>	41,715
<b>TOTAL</b> .....	<b>610,024</b>	<b>539,748</b>

29. The Unclaimed dividend for the year 2005-06, 2006-07, 2007-08, 2009-10 and 2010-11 aggregating to Rs. 1,460,349/- (Previous Year Rs. 646,686/-) will be deposited at the appropriate time as and when applicable.

**30. Movement in Provision for Doubtful Debts / Loans and Advances:**

<b>Particulars:</b>	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
Opening balance .....	<b>115,249</b>	28,542,084
Addition during the year .....	<b>151,011</b>	65,883
Deduction during the year (written back on account of bad debts) .....	—	(28,492,419)
Closing balance .....	<b>266,260</b>	115,249

**31. 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".

**32. The disclosures required under Accounting Standard 15 "Employee Benefits":****Defined Contribution Plan**

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

<b>Particulars:</b>	<b>2011-12</b>	2010-11
	<b>Rupees</b>	Rupees
Employer's Contribution to Provident Fund and Pension Scheme .....	<b>4,283,867</b>	4,021,205

**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 recognizes 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 on actuarial valuation basis.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	2011-12 Rupees (Unfunded)	2010-11 Rupees (Unfunded)
<b>Retiring Gratuity Liability:</b>		
<b>I. Assumptions:</b>		
Discount rate – previous .....	8.25%	8.00%
Salary Escalation – previous .....	4.00%	4.00%
Discount rate – current .....	8.50%	8.25%
Salary Escalation – current .....	4.00%	4.00%
Attrition rate .....	2.00%	2.00%
<b>II. Change in Benefit Obligation:</b>		
Liability at the beginning of the year .....	7,889,033	5,028,435
Interest Cost .....	706,745	416,922
Current Service Cost .....	830,999	650,921
Benefit Paid .....	(306,850)	(935,664)
Actuarial (Gain) / Loss on obligations .....	436,823	2,728,419
Liability at the end of the year .....	9,556,750	7,889,033
<b>III. Amount recognized in the Balance Sheet:</b>		
Liability at the end of the year .....	9,556,750	7,889,033
Fair value of Plan Assets at the end of the year .....	—	—
Difference .....	(9,556,750)	(7,889,033)
Amount recognized in the Balance Sheet .....	(9,556,750)	(7,889,033)
<b>IV. Expenses recognized in the Statement of Profit and Loss:</b>		
Current Service Cost .....	830,999	650,921
Interest Cost .....	706,745	416,922
Actuarial Gain or (Loss) .....	436,823	2,728,419
Expense recognized in the Statement of Profit and Loss .....	1,974,567	3,796,262
<b>V. Balance Sheet Reconciliation:</b>		
Opening Net Liability .....	7,889,033	5,028,435
Expenses as above .....	1,974,567	3,796,262
Employer's Contribution .....	(306,850)	(935,664)
Closing Net Liability .....	9,556,750	7,889,033
<b>Leave Encashment Liability:</b>		
<b>I. Summary of Assumption:</b>		
Retirement age .....	58 years	60 years
Attrition rate .....	2.00%	2.00%
Future Salary Rise .....	4.00%	4.00%
Rate of Discounting .....	8.50%	8.25%
Mortality Table .....	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
<b>II. Actuarial Value of leave encashment liability .....</b>		
	<b>1,650,227</b>	<b>936,495</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****Other details:**

- (i) Gratuity is payable @ 15 days salary for each year of service subject to a maximum of Rs. 1,000,000/- (Previous Year Rs. 1,000,000/-).
- (ii) Leave is encashable on retirement/while in service/maximum leave accumulation is as per Company's scheme from time to time.
- (iii) The above information is as certified by the Actuary.
- (iv) Salary Escalation is considered as advised by the Company which is in line with the industry practice considering promotion and demand and supply of the employee.
- (v) Number of employees (average) 172 (Previous year 180).
- (vi) Salary per month – Rs. 2,721,593/- (Previous year Rs. 2,724,677/-).
- (vii) Contribution for next year – Rs. Nil (Previous year Rs. Nil).

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

- (a) Subsidiary Company:** : 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 : Vice President & Asset Manager - Relative
- (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
  - Mrs. Nina H. Advani : Relative
  - Ms. Lalita S. Advani : Relative
  - Mrs. Natasha Mirchandani : Relative
  - Mr. Jihan H. Advani : Relative
  - Mrs. Indira Thadani : Relative
  - Mrs. Rukmani G. Advani : Relative
  - Mrs. Sabrina D. Jhangiani : Relative
- (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
  - M/s. D. M. Harish & Co., Advocates : A Partnership firm wherein Mr. Anil Harish is a partner
  - M/s. Malvi Ranchoddas & Co., Solicitors & Advocates : A Partnership firm wherein Mr. Prakash V. Mehta is a partner
  - Sunder Advani Investments Private Limited : A Company wherein Mr. Sunder G. Advani and Mrs. Menaka S. Advani are Directors



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**(f) Summary of transactions during the year with Related Parties and status of year-end outstanding balances:**

(Figures in italics are for previous year)

Nature of transactions	Associates and other related parties Rupees	Key Management Personnel Rupees
Sitting Fees/Remuneration	<b>640,000</b> <i>780,000</i>	<b>14,408,977</b> <i>10,669,872</i>
Consultancy Fees	<b>672,118</b> <i>1,634,899</i>	— —
Expenses recovered	— —	<b>1,979,837</b> <i>993,787</i>
Dividend paid	<b>1,274,936</b> <i>637,468</i>	<b>3,315,890</b> <i>1,653,578</i>
<b>Balance outstanding at the year end:</b>		
Creditors / Payables	— —	<b>640,100</b> <i>978,396</i>

**(g) Disclosure of Material Transactions with Related Parties:  
Particulars**

Particulars	2011-12 Rupees	2010-11 Rupees
<b>Remuneration to Key Managerial personnel and sitting fees:</b>		
Mr. Sunder G. Advani (Refer Note 33.1) .....	<b>6,819,823</b>	5,300,397
Mr. Haresh G. Advani (Refer Note 33.1) .....	<b>4,261,200</b>	3,308,093
Mr. Prahlad S. Advani .....	<b>3,327,954</b>	2,061,382
Mr. Prakash V. Mehta .....	<b>140,000</b>	220,000
Mr. K. Kannan .....	<b>200,000</b>	220,000
Mr. Anil Harish .....	<b>100,000</b>	140,000
Mrs. Menaka S. Advani .....	<b>200,000</b>	200,000
<b>Consultancy Fees:</b>		
Malvi Ranchoddas & Co .....	<b>341,218</b>	1,359,149
D. M. Harish & Co. ....	<b>330,900</b>	275,750
<b>Expenses recovered:</b>		
Mr. Sunder G. Advani .....	<b>475,483</b>	456,221
Mr. Haresh G. Advani .....	<b>794,560</b>	161,585
Mr. Prahlad S. Advani .....	<b>709,794</b>	375,981
<b>Dividend paid:</b>		
Mr. Sunder G. Advani .....	<b>1,885,179</b>	942,489
Mr. Haresh G. Advani .....	<b>1,155,911</b>	573,689
Mrs. Menaka S. Advani .....	<b>261,126</b>	130,563
Mrs. Nina H. Advani .....	<b>426,220</b>	213,110
Ms. Indira Thadani .....	<b>55,000</b>	27,500
Ms. Lalita S. Advani .....	<b>276,760</b>	138,380
Mr. Prahlad S. Advani .....	<b>274,800</b>	137,400
Mr. Jihan Advani .....	<b>24,500</b>	12,250
Mrs. Natasha Mirchandani .....	<b>148,280</b>	74,140
Mrs. Rukmani G. Advani .....	<b>2,100</b>	1,050
Mrs. Sabrina Dilip Jhangiani .....	<b>5,250</b>	2,625
Sunder Advani Investments Private Limited .....	<b>75,700</b>	37,850

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Year end balances:	2011-12 Rupees	2010-11 Rupees
Sundry Creditors/payables:		
Mr. Sunder G. Advani .....	—	400,000
Mr. Haresh G. Advani .....	—	249,400
Mr. Prahlad S. Advani .....	<b>640,100</b>	328,996

**33.1.** The Managerial Remuneration of Rs. 6,819,823/- (Previous year Rs. 5,300,397/-) to the Chairman and Managing Director (CMD) and Rs. 4,261,200/- (Previous year Rs. 3,308,093/-) to Executive Director (ED) has been paid/provided in accordance with the resolutions approved by the shareholders of the Company in the Annual General Meeting held on September 26, 2007 read with the resolution passed by the Board of Directors in their meeting held on May 7, 2010 and May 13, 2011. However, in view of inadequacy of profits for the year under consideration, the above remuneration exceeds the limits prescribed under the Companies Act, 1956 by Rs. 6,693,217/- (Previous year Rs. 5,008,490/-). The Company is making an application to the Central Government for approval of waiver of the excess remuneration paid. Similar waiver for excess remuneration was approved by the Central Government vide approval dated October 11, 2011 for CMD and approval dated October 7, 2011 for ED.

**33.2.** The above remuneration excludes provision for gratuity and leave avilment since it is provided on an actuarial valuation of the Company's liability to all its employees.

**34. Lease:**

**34.1.** The Company has taken certain premises on operating lease. Rentals are with reference to lease terms and other consideration. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss.

**34.2.** Future commitments in respect of minimum lease payments payable for non-cancelable operating leases entered into by the Company:

Particulars	2011-12 Rupees	2010-11 Rupees
Payable within one year – .....	<b>4,302,500</b>	5,940,500
Payable later than one year but not later than five years – .....	<b>3,987,500</b>	8,290,000
Payable after five years – .....	<b>Nil</b>	Nil

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

Particulars	2011-12 Rupees	2010-11 Rupees
A. Profit after current tax as per Accounts (In Rupees) .....	<b>22,386,257</b>	14,015,977
No. of Shares outstanding .....	<b>46,219,250</b>	46,219,250
Nominal face value of share (In Rupees) .....	<b>2</b>	2
Basic & Diluted E.P.S. (In Rupees) .....	<b>0.49</b>	0.30
B. Profit after current tax and earlier periods tax adjustments as per Accounts (In Rupees) .....	<b>22,386,257</b>	18,504,159
No. of Shares outstanding .....	<b>46,219,250</b>	46,219,250
Nominal face value of share (In Rupees) .....	<b>2</b>	2
Basic & Diluted E.P.S. (In Rupees) .....	<b>0.49</b>	0.40





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

**36. Earnings in Foreign Exchange:**

**Particulars**

Hotel earnings (including encashment) as certified and reported by the Company to the Department of Tourism and relied upon by the Auditors .....

2011-12 Rupees	2010-11 Rupees
165,201,024	127,420,928

**37 Expenditure in Foreign Currency on account of (on accrual basis):**

**Particulars**

Royalty .....  
Professional & Consultation fees .....  
Interest and other charges .....  
Other matters .....

2011-12 Rupees	2010-11 Rupees
6,444,236	6,248,410
8,138,377	164,333
—	2,296,782
1,707,835	791,224

**38. Non-resident Shareholders etc.:**

**Particulars**

Number of Non-Resident Shareholders .....  
Year to which the dividend related .....  
Number of equity shares held .....  
Amount of Dividend (Rupees) .....

2011-12 Rupees	2010-11 Rupees
47	50
2010-11	2009-10
1,631,435	1,633,384
326,287	163,338

**39. C.I.F. Value of Imports:**

**Particulars**

Capital goods .....  
Stores, Spares and Supplies .....  
Provision, Wines, etc. ....

2011-12 Rupees	2010-11 Rupees
14,815,121	2,663,820
167,566	1,438,654
1,373,101	342,203

**40. Comparative Figures of Previous Year:**

During the year ended 31<sup>st</sup> March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company for preparing and presenting the Financial Statements. The Company has reclassified previous year figures, which were prepared and presented in the financial statements in accordance with pre-revised Schedule VI to the Companies Act, 1956, to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

For and on behalf of the Board

**SUNDER G. ADVANI**  
*Chairman & Managing Director*

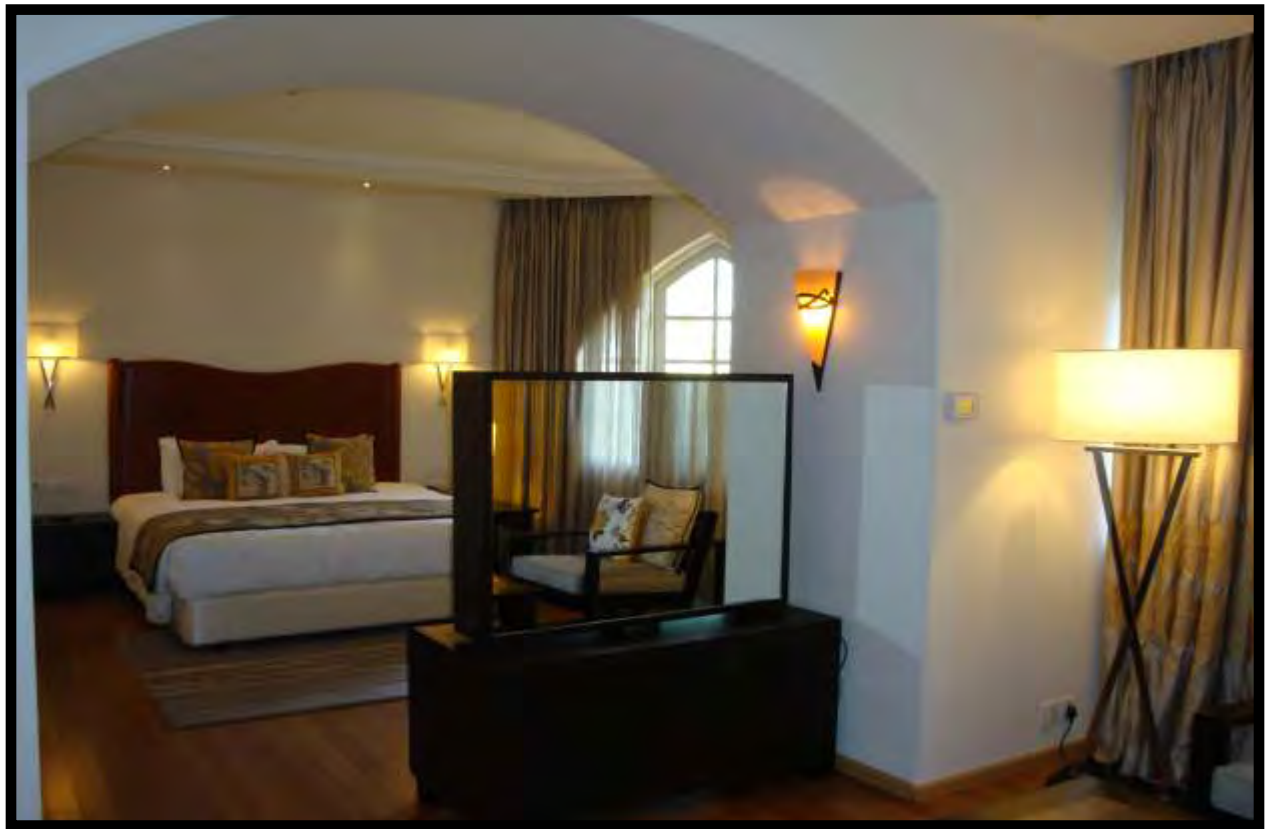
**HARESH G. ADVANI**  
*Executive Director*

**KUMAR IYER**  
*Company Secretary*

**SHANKAR KULKARNI**  
*General Manager – Finance (CFO)*

Mumbai, July 10, 2012





Newly Renovated Junior Suite



Newly Renovated Superior Room



Sunder G. Advani (extreme right) was invited to speak on the panel at the Annual HVS Conference in Mumbai



New Integrated Terminal under construction since May 2011 at Dabolim International Airport

  
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Goa

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