



## ADVANI HOTELS & RESORTS (INDIA) LTD.



ANNUAL REPORT 2010 - 2011

# Chairman's Statement

Dear Shareholders,

Some of you may recall my statement in last year's Annual Report where I mentioned that the future of the Indian economy was exceedingly bright and that India had "emerged".

I was one of the three hoteliers from India who attended the World Travel & Tourism Council Summit in Las Vegas in May. A research study was presented which showed that there would be 2 billion new customers availing of international travel in the next 20 years and half of these would be from one country namely India. One can imagine why the eyes of the entire world are on India and why everyone wants to have their brands displayed in India so that Indians will use their product when they travel overseas. The fact that so many Indians will have the means to travel overseas also bodes well for those in the leisure segment of the hospitality industry in India.

These developments may have a good impact on our Company in that Goa is a favourite destination for Indian travelers and is easily accessible from all parts of India even if there are disturbances in the rest of the world. The continuing growth of the Indian economy will ensure that Indians have more disposable income. There is a charm to travel overseas, but Goa itself is different than any other part of India and is often described as the "Riviera next door". Also air connectivity within India has improved.

## Tourism and the Hospitality Industry:

China's Gross Domestic Product (GDP), after taking into effect the rate of inflation, grew by 9.7% in 2010 followed closely by a 7.8% GDP growth in India. In comparison the GDP grew by 1.8% in the USA and only 0.5% in the UK. China and India along with Russia and Brazil are expected to be the growth engines for the recovery of the economies of the world.

The hospitality industry relies both on foreign and domestic clientele to generate revenues. Travelers have a choice of many countries, which compete with one another for the tourist dollar. About 5.3 million visitors from foreign countries came to India in this financial year, which represents an increase of 4%. However, there was a decline in the April to October period combined with a 12% increase between November to March, which represents the peak season for leisure tourism. The largest number of visitors to India came from the USA and the UK, whose economies were severely affected and are yet to recover. Volcanic ash over Ireland, the nuclear accident in Japan, the turmoil in the Middle East and most recently the raid that eliminated Osama Bin Laden in neighbouring Pakistan had an impact on foreign travel.

The foreign market can improve if the Central and State Government reduce the plethora of taxes levied on the tourism industry which makes Goa, and India, a relatively expensive holiday destination. The Government must also do more to create better infrastructure for the growth of the travel and tourism industry, which provides twice the combined employment of the automobile and information technology industries.

Research has shown that it takes 5 years to build a hotel in India because of the multiple permissions required from the Central and State Governments. Thus, the cost of building



hotels will go up especially as interest rates have increased substantially. This may be one reason that more rooms are not coming up though there is a shortage of hotel rooms throughout the country.

## Strategy for our Company:

Our Company decided to cultivate domestic tourists to fill the rooms, as there was a drop in foreign tourists in 2009-10. Goa received less than 500,000 foreign tourists last year and this is miniscule, as compared to 3.5 million tourists that visited Phuket in Thailand. Whereas there is scope for foreign tourism, there is an even larger scope for domestic tourism, as 2.4 million domestic tourists visited Goa. The Airports Council International data shows that domestic arrivals at Goa airport alone were up by 13.7% in 2010.

Efforts have been made to concentrate on its core business of hospitality. At a time when others were investing headlong by taking loans for a sizeable expansion, our Company decided to consolidate and improve its hotel. We built a new state of the art conference venue. We renovated 20 of our guest rooms. We have now started to renovate another 42 guestrooms to make them more attractive for Indian clients.

Though our Company had pioneered the offshore casino business ten years ago, it had become highly competitive and heavily taxed. Our Company decided to sell its investment in Advani Pleasure Cruise Company Private Limited and received all its dues after completing all the formalities. As a result, the Corporate Guarantee of Rs. 836.40 lakhs given by our Company on behalf of the casino subsidiary has been extinguished.

Our goal also has been to pioneer new ideas and provide facilities equivalent to luxury properties at a viable cost in order to give the client value for money. I feel this will help us to compete when price becomes an important issue.

## Our Company's Performance:

Our Company achieved revenues of Rs. 3502 lakhs, which are 8.1% higher than the previous financial year inspite of a 5% reduction in the number of rooms available due to renovation. The profit before interest, depreciation, tax and exceptional items (EBITDA) increased from Rs.371 lakhs to Rs. 471 lakhs. Our profit before tax increased from Rs. 146 lakhs to Rs. 175 lakhs. I am also happy to report that the net profit after tax increased by 82% to Rs. 140 lakhs. The Company has halved its debt burden from Rs. 1574 lakhs to only Rs. 760 lakhs. Your Company is probably the least leveraged in the hospitality industry.

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

A handwritten signature in dark 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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### IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be made by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the form enclosed along with this Annual Report and send the same to the Company or Datamatics Financial Services Ltd.

<b>BOARD OF DIRECTORS</b>	Mr. Sunder G. Advani Mr. K. Kannan Mr. Prakash V. Mehta Mr. Anil Harish Mr. Hareesh G. Advani 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 Talwar Thakore & Associates 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 Fourth 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 Friday, 5<sup>th</sup> August 2011 at 10.30 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2011, Profit & Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 31<sup>st</sup> March 2011.
3. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mrs. Menaka S. Advani, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. J. G. Verma & Co., Chartered Accountants, to hold the office as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to authorise the Board to fix their remuneration.

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

**Kumar Iyer**  
Company Secretary

Place: Mumbai  
Date: May 13, 2011.

**Registered Office:**

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

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY SHALL NOT VOTE EXCEPT ON A POLL.

The Proxy Form, duly completed and stamped, must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 1<sup>st</sup> to 5<sup>th</sup> August 2011 (both days inclusive).
3. 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 unpaid 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:

Year of Declaration	Due Date (For transfer to the IEPF)
2005-2006	25-04-2013
2006-2007	21-03-2014
2007-2008 (Interim)	17-05-2015
2007-2008 (Final)	13-09-2015
2009-2010	22-01-2018

4. Members who have not claimed dividend in respect of the financial year 2005 - 2006 and for the subsequent years are requested to approach the Company / the Registrar and Share Transfer Agents of the Company for claiming the same.
5. The particulars of the Directors seeking re-appointment are furnished below as per the provisions of Clause 49 of the Listing Agreement:

Name of Director	(1) Mr. Anil Harish	(2) Mrs. Menaka S. Advani
Date of Appointment	23.02.1998	30.09.1989
Age	57 years	65 years
Qualification	B.A. LLB. LL.M. (USA)	M.A. (Economics) Innkeepers Diploma Holiday Inn University (USA)
Expertise	Taxation Law	Administration & Human Resource Development
List of other Directorships #	<ol style="list-style-type: none"> <li>1. Ador Welding Ltd.</li> <li>2. Ashok Leyland Ltd.</li> <li>3. Future Ventures India Ltd.</li> <li>4. Hotel Leelaventure Ltd.</li> <li>5. Hinduja Global Solutions Ltd.</li> <li>6. Hinduja Ventures Ltd.</li> <li>7. Mukta Arts Ltd.</li> <li>8. Mahindra Lifespace Developers Ltd.</li> <li>9. Oberoi Realty Ltd.</li> <li>10. Pantaloon Retail (India) Ltd.</li> <li>11. Sunil Mantri Realty Ltd.</li> <li>12. Unitech Ltd.</li> <li>13. Valecha Engineering Ltd.</li> </ol>	
List of Chairmanship/Membership of other Committees \$	<p>Chairman of Audit Committees:</p> <ol style="list-style-type: none"> <li>1. Hinduja Ventures Ltd.</li> <li>2. Hinduja Global Solutions Ltd.</li> <li>3. Ador Welding Ltd.</li> <li>4. Ashok Leyland Ltd.</li> </ol> <p>Member of Audit Committees:</p> <ol style="list-style-type: none"> <li>1. Hotel Leelaventure Ltd.</li> <li>2. Unitech Ltd.</li> <li>3. Valecha Engineering Ltd.</li> <li>4. Mahindra Lifespace Developers Ltd.</li> <li>5. Oberoi Realty Ltd.</li> <li>6. Future Venture India Ltd.</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.

6. 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 Registrar and Share Transfer Agents for any matter relating to Bank details, ECS Mandates, nominations, power of attorney, change in name / address etc.



7. 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.
8. Members desirous of seeking clarifications / explanations on the accounts are requested to forward their queries to the Company at its Registered Office at least 7 days prior to the date of the Meeting.
9. Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.

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

**Kumar Iyer**  
*Company Secretary*

Place: Mumbai  
Date: May 13, 2011.

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

**DIRECTORS' REPORT****Dear Members,**

Your Directors are pleased to present the 24<sup>th</sup> Annual Report and the audited accounts for the financial year ended March 31, 2011.

**1. Financial Results:**

Your Company's financial performance for the year ended March 31, 2011 is set out below:

(Rs. in Lakhs)		
Item	Year ended March 31, 2011	Year ended March 31, 2010
<b>Total Income</b> .....	<b>3502.43</b>	3239.69
<b>Profit before interest, depreciation, tax and exceptional items</b> .....	<b>470.59</b>	371.40
Interest .....	<b>126.09</b>	123.60
Depreciation .....	<b>247.97</b>	248.98
<b>Profit/(Loss) before tax and exceptional items</b> .....	<b>96.53</b>	(1.18)
Exceptional items .....	<b>78.00</b>	147.04
<b>Profit before tax</b> .....	<b>174.53</b>	145.86
<b>Less: Provision for:</b>		
Current tax .....	—	37.00
Deferred tax .....	<b>34.37</b>	31.96
<b>Profit for the year after tax</b> .....	<b>140.16</b>	76.90
Add: Profit brought forward .....	<b>384.92</b>	361.92
Excess Tax provision for earlier year .....	<b>44.88</b>	—
<b>Profit available for appropriation</b> .....	<b>569.96</b>	438.82
Less: Dividend .....	<b>92.44</b>	46.22
Less: Dividend Tax .....	<b>15.35</b>	7.68
Balance Profit carried to Balance Sheet .....	<b>462.17</b>	384.92
Basic and Diluted Earnings per Equity Share of Rs.2/- each (in Rs.) .....	<b>0.30</b>	0.17

**2. DIVIDEND:**

Your Directors have recommended a dividend of Rs. 0.20 (10%) per equity share of Rs. 2 each [previous year Rs. 0.10 (5%) per share] for the financial year 2010–2011, which if approved at the forthcoming Annual General Meeting, will be paid to the shareholders. The payment of dividend would involve an outgo of Rs. 92 lakhs for dividend and a tax thereon of Rs. 15 lakhs.

**3. DIRECTORS:**

As per the provisions of Section 255 and Section 256 of the Companies Act, 1956, Mr. Anil Harish and Mrs. Menaka Advani, Directors of the Company, retire by rotation and being eligible, have offered themselves for reappointment. A brief resume of the Directors seeking reappointment in the forthcoming Annual General Meeting along with their nature of experience is annexed to the Notice forming part of the Annual Report.





**4. UPGRADATION PLAN:**

Over the years, your Company has had special attraction for the European holiday makers, who found our architecturally well-designed hotel with Goa's best beach attached, as a USP. A major part of revenue accrued from the foreign market. As a result of the decline in the economies of the Western European countries, your Company's foreign business suffered a loss in revenues, especially after the 26 November 2008 Mumbai terrorist attacks. Your Company has had to adapt its product to be more attractive for the domestic client, who spends more time in the guest room itself. Three years ago, we redesigned our North Wing of 60 rooms for the upmarket domestic travelers by incorporating large bathrooms and rich interiors. Thereafter, we totally redesigned three Villas to make two large Presidential Villas suitable for the highest level dignitary. During this financial year, we undertook and completed improving the décor of 20 guestrooms in the South Wing. Starting this month, we have commenced renovation of the balance 42 rooms in the South Wing. Although these rooms will not be as elaborately furnished as the North Wing rooms, all these rooms will have flat screen TV's and new furniture with a better design and layout for the domestic clients. We will now be able to attract more weddings and upmarket conferences at higher room rates to bolster revenues in future.

**5. FUTURE OUTLOOK:**

The Current year has had a good start with sales of the hotel for April going up to Rs.302 lakhs as compared to Rs.249 lakhs for the corresponding period in the last year. The Gross Operating Profit is also considerably higher at Rs.96 lakhs as compared to Rs.42 lakhs.

The domestic market looks more promising and efforts will be made to attract higher paying clients, especially those wanting a romantic venue for weddings. The newly renovated rooms, which will have higher room rates, will be fully operational by October 2011. Talks have been started with some international hotel chains for tie-ups to position our hotel differently.

Our Company is also considering to build on the unutilized portion of our 24 acre property to generate further revenues.

**6. SUBSIDIARY COMPANIES:**

As informed in the last Annual Report, Advani Pleasure Cruise Company Private Limited (APCCPL) ceased to be a subsidiary with effect from September 20, 2010. The offshore casino license held by our Company has also been transferred to APCCPL after the close of this financial year and the Bank Guarantee given by the Company has been cancelled. The Company has also applied for the closure of Advani Flight Catering Services Private Limited and the final approval is awaited.

**7. 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.

**8. 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.

9. **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 reappointment. Their reappointment if made will be within the limits of Section 224(1B) of the Companies Act, 1956.
10. **FIXED DEPOSITS:**  
The Company has not accepted or invited any fixed deposits from the public in the year under review.
11. **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.
12. **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 2011-12.
13. **ADDITIONAL INFORMATION:**
- (a) **Conservation of Energy:**  
Your Company makes all efforts to reduce consumption and cost of energy on a regular basis. During the last renovation, thermostats made by Honeywell USA were installed in rooms which facilitates automatic cut-off of power to the room when it is not occupied.
- (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 significant manufacturing operations.
- (c) **Foreign Exchange Earnings and Outgo:**  
The Company's foreign exchange earnings for the current year were Rs.1274 lakhs (previous year Rs. 1036 lakhs). The total outgo in foreign exchange for the current year were Rs.700 lakhs (previous year Rs. 494 lakhs).
14. **PARTICULARS OF EMPLOYEES:**  
During the year under review, the Company has not employed any person who was in receipt of remuneration which, in aggregate, exceeds the limit fixed under Section 217(2A) of the Companies Act, 1956.
15. **ACKNOWLEDGEMENTS:**  
Your Directors thank the Company's bankers, the Wyndham Hotel Group International, 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: May 13, 2011

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



## MANAGEMENT DISCUSSION AND ANALYSIS

The discussion in this Section refers to the financial performance and other issues relating to the 5-star deluxe 'Ramada Caravela Beach Resort' in Goa for the period April 1, 2010 to March 31, 2011 and to the future prospects thereof. Some of the statements may be considered as forward looking. Results may differ based on various factors including the growth of the economies of the countries and cities within India from which Goa receives its tourists, the relative strength of the Indian currency, the impediments to travel including visa restrictions, the cost of aviation fuel, security issues, future supply of rooms, health issues, Government policies on taxation etc.

### INDUSTRY OUTLOOK:

#### The Foreign Market:

Only few of the world's largest economies especially China, India, Brazil and Russia had significant growths in GDP. The economies of countries which send majority of tourists to India viz. USA, UK have yet to recover. However, the Russian economy is doing well and Goa has started to receive a larger number of Russian tourists to make up for the shortfall from the UK market. Tourists from other land-locked countries in Eastern Europe are also visiting Goa between November and April to get away from the harsh European winters, but they seem to be having difficulties in smoothly obtaining visas from the Indian Embassies. Last year, new Russian operators added several flights to Goa, but the sudden increase in seat capacity led to heavy discounting and filling of the planes with cheaper tourists. There is a greater demand for the top end hotels, as these are few in number, and also for the cheaper hotels. In the mid-sector including our hotel, there are many competitors pursuing the same market, which acts as a dampener for increasing room rates. The average occupancy at our hotel increased from 67.4% to 73.4% primarily due to the foreign clients, who contributed 24% of the occupancy instead of 18% in that previous year. The foreign tourists have longer stays averaging 10 days, but the numbers are dependent upon the relative harshness of the climate and the availability of cheaper options with warm climates. Normally increase in prices of oil make long distance travel more expensive, but airlines are able to sell tickets from Europe to longer destinations, such as Thailand, at cheaper prices due to larger volumes and greater demand due to the attractiveness of Thailand.

There is an increase in the number of foreign visitors to Goa on scheduled airlines, as they are able to match the prices of air tickets offered by the charter airlines. Moreover, flying on scheduled airlines is more comfortable and flexible as a tourist can go back when he likes instead of exactly after 1 week or 2 weeks. Our hotel has an advantage when clients travel on charter aircraft when tour operators block a large number of seats to Goa for the entire tourist season.

Indian travel agents are also recommending to visitors bound for Goa to spend time at the resorts in Kerala, which will reduce the number of room nights in hotels in Goa. Some German tour operators have decided to sell tickets on the charter aircraft used exclusively for Goa by adding a stop to take passengers to Dubai, which also reduces the number of passengers for Goa. The airline industry in the UK has been in the process of amalgamation whereby instead of two different airlines flying to Goa, there is only one amalgamated airline flying which leads to fewer arrivals in Goa. UK has also imposed a hefty tax on each passenger going abroad, which also discourages travel. Our prices are quoted in Indian rupees and the strengthening of the rupee and the increase in Government taxes in India is making it more expensive to visit India.

Although the work on the additional terminal is on in full swing, there is no possibility that this work will be completed by the start of the tourist season beginning in October. However, this new terminal will greatly alleviate the fish market type of situation at the busy airport. The availability of slots for flights, which are tightly controlled by the Ministry of Civil Aviation, will also be increased leading to more traffic in Goa.

The desire for travel will be affected if there are fears of terrorist attacks or law and order problems or any outbreak of a health threatening disease. The economic situation in the country of residence and the price of aviation fuel are other factors, which may impact the foreign market. These tourists come to Goa only between October and April and spend most of their time outdoors and only use the guestrooms for sleeping.

The foreign market can improve if citizens of other nations discover Goa and Goa becomes more affordable in view of the reduced spending power of the foreign traveller.

### **The Indian Market:**

India's economy is growing rapidly and expected to grow at higher rates than the rest of the world. As a result, Corporates have more funds and executives have high disposable incomes. The market for Goa consists partly of Corporates, who hold seminars and get-togethers for their employees and dealers. Organizers hold these conferences at all times of the year and normally require a large conference hall and accommodation of over 100 rooms (at a single hotel), which few hotels in Goa were able to offer. This scenario will partly change with the announced opening of the Grand Hyatt with 300-rooms in the next few months. However, newer hotels built at today's costs will have to charge higher rates to secure an adequate return on their investments. Older hotels such as ours will always be able to offer competitive rates. The Presidential Villas at our hotel will also be an added USP for their Company head. The electronic casino in our hotel may also be an attraction. The efficient layout of our hotel offering quick access from the guestrooms to the Conference events during the monsoon months is an added plus.

Indians are travelling all over the world and the numbers going outbound is increasing and expected to increase rapidly in the future. However, with the increased wealth, they are unable to take long periods off at a stretch and hence they go for short breaks just to relax. Goa with its greenery, beautiful beaches and a cosmopolitan culture not found elsewhere in India, is a definite draw. Goa is well connected to all major cities with frequent direct flights and the low cost carriers have kept a control on prices. In addition to 24 daily flights from Mumbai, there are several flights to Goa from such places as Delhi / Bangalore / Jaipur / Hyderabad / Chennai / Kolkata / Cochin / Ahmedabad and other cities. Some carriers also offer flights early in the morning and late in the evening. This however can lead to a shorter average stay. Family reunions with visiting NRI's from the UK, UAE and USA are also becoming more popular. The wedding market for Goa is becoming very large as, in addition to the natural beauty, hotels in Goa are very attractively priced. Moreover, liquor is extremely cheap and there are no restrictions on area of consumption. With the increase in the number of cars and improvement in the road network, more travelers prefer to drive to Goa and use their automobiles to explore the various restaurants and interact with the friendly people of Goa. Many are also coming to Goa by train and the main train station is only 10 kms. from our hotel.

Until recently, our hotel was not offering sizeable rooms to the Indian market during the November to April foreign tourist season. With the uncertainty of the foreign market, it was decided to pursue the domestic market aggressively throughout the year. However, the guestrooms had to be upgraded to make them more Indian friendly with a change in layout to facilitate in-room dining, in-room entertaining, TV watching, larger beds for family use etc. The newly refurbished rooms will be ready by October and will be a welcome change for those who found our deluxe rooms too expensive and our standard rooms too sparse. Inflation is a cause of concern.

### **FINANCIAL RESULTS / OPERATIONAL PERFORMANCE:**

Our Company has published its results in the Annual Report on a stand-alone basis, as the investment in the offshore casino subsidiary has been sold during the financial year.

The total income increased by 8.1% to Rs.3502 lakhs although the number of rooms available for sale for the year decreased from 72,635 to 68,617 due to renovation. Despite fewer rooms, the operating revenues of the hotel unit increased from Rs.3173 lakhs to Rs.3373 lakhs in the financial year 2010-11. The average occupancy increased from 67.4% to 73.4%. The average room rate increased slightly from Rs.4092/- to Rs.4186/-.

Although operating and general expenses have increased by 5.6%, certain expenses like legal and professional fees have gone up by 50% from Rs.126 lakhs to Rs.181 lakhs and are one-time legal costs relating to the sale of the casino subsidiary. Another one-time increase is the provision for retirement benefits, which are Rs.31 lakhs instead of Rs.7 lakhs in the previous year. The Earnings before Interest, Depreciation and Taxes (EBIDTA) has increased by 27% from Rs.371 lakhs to Rs.471 lakhs.

### **CORPORATE SOCIAL RESPONSIBILITIES:**

Our Company decided to contribute one new 4-wheel drive vehicle to the Government of Goa's Tourism Security Force for patrolling the places visited by tourists which will hopefully reduce crimes against tourists. The Chief Minister of Goa thanked the World Travel and Tourism Council, which organized this unique experiment.



The management of Ramada Caravela Beach Resort, including all its executives and employees, recognizes CSR as a vital part of corporate activity and therefore strives to promote social contribution activities as a good corporate citizen in order to realize a better society. Besides, it also works to minimize environmental effects and utilize resources towards the development of a sustainable society that is in harmony with the environment.

The Company supports 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 will contribute to the building of a prosperous and vibrant society through efficient usage of the sewage treatment plant, recycling of garbage, using of nature friendly packaging, energy saving devices and Bio Chemicals.

#### **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 and we had a successful long term wage settlement with the employees' Union. The Company has initiated the setup of 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

**SUNDER G. ADVANI**

*Chairman & Managing Director*

Place: Mumbai

Date: May 13, 2011



**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 2010-11, 6 (Six) Board Meetings were held on 07.05.2010, 12.08.2010, 20.09.2010, 01.11.2010, 15.12.2010 and 14.02.2011. All Board Meetings were attended by all the Directors.

The details of attendance of Directors at the Board Meetings and at the 23<sup>rd</sup> Annual General Meeting as well as the details of their other Directorships/Committee Chairmanships or Memberships are as follows:

Sr. No.	Name of Directors	Designation	No. of Board Meetings attended	Attendance at the last AGM held on 15.12.2010	No. of Outside Directorships #	No. of other Committee Chairmanships/Memberships (excluding the Company) \$	
						Chairmanship	Membership
1.	Mr. Sunder G. Advani	Chairman & Managing Director	6	Present	None	None	None
2.	Mr. Haresh G. Advani	Executive Director	6	Present	None	None	None
3.	Mr. K. Kannan	Director	6	Present	6	2	5
4.	Mr. Prakash V. Mehta	Director	6	Present	8	None	7
5.	Mr. Anil Harish	Director	6	Present	13	4	6
6.	Mrs. Menaka S. Advani	Director	6	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 07.05.2010, 12.08.2010, 01.11.2010 and 14.02.2011.

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	4
3.	Mrs. Menaka S. Advani	Member	4

The Audit Committee comprises of only non-executive Directors of which two-third 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 one Meeting of the Remuneration Committee was held on 01.11.2010.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings attended in the year under review
1.	Mr. K. Kannan	Chairman	1
2.	Mr. Anil Harish	Member	1
3.	Mrs. Menaka S. Advani*	Member	0
4.	Mr. Prakash V. Mehta	Member	1

\* Resigned w.e.f. 4/11/2010

*Advani Hotels & Resorts (India) Limited*

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, 2011.**

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	48,00,000	5,00,000	0	5 years	3 months
2.	Mr. Haresh G. Advani Executive Director	29,95,200	3,12,000	0	5 years	3 months

**DETAILS OF SITTING FEES PAID TO NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED MARCH 31, 2011.**

Name of the Director	Mr. K. Kannan	Mr. Prakash V. Mehta	Mr. Anil Harish	Mrs. Menaka S. Advani
Sitting Fees Paid (Rs.)	2,20,000	2,20,000	1,40,000	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 the 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 14.02.2011.

During the year under review, the Company received 15 Shareholders' Complaints, which were promptly responded to and resolved to the satisfaction of the respective shareholders and as on 31.03.2011 there were no pending complaints.



#### **SHARE TRANSFER COMMITTEE:**

The Committee comprises of the following two Executive Directors:

<b>Sr. No.</b>	<b>Name of the Member</b>	<b>Designation</b>
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**

<b>Particulars</b>	<b>FY 2009-10</b>	<b>FY 2008-09</b>	<b>FY 2007-08</b>
<b>Date</b>	15.12.2010	25.09.2009	28.08.2008
<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	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai-400 021
<b>Time</b>	11.00 a.m.	11.00 a.m.	11.00 a.m.

All the Resolutions including 1 (one) Special Resolution passed at the previous Annual General Meeting of the Company, as set out in the respective notices 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 except Clause 49 (III) (i) due to the resignation of the Company's Independent Director from the Board of its subsidiary Advani Pleasure Cruise Company Private Limited (APCCPL) w.e.f. 12<sup>th</sup> June 2009. The said APCCPL has ceased to be the Company's subsidiary w.e.f. 20<sup>th</sup> September 2010.
- 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, 2011.

#### **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' and/or "The Free Press Journal" (in English) and 'Navshakti' or 'Sakal' (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) **Audit Qualifications:**  
The Company has initiated measures to move towards a regime of unqualified financial statements.
- (d) **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.
- (e) **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:**

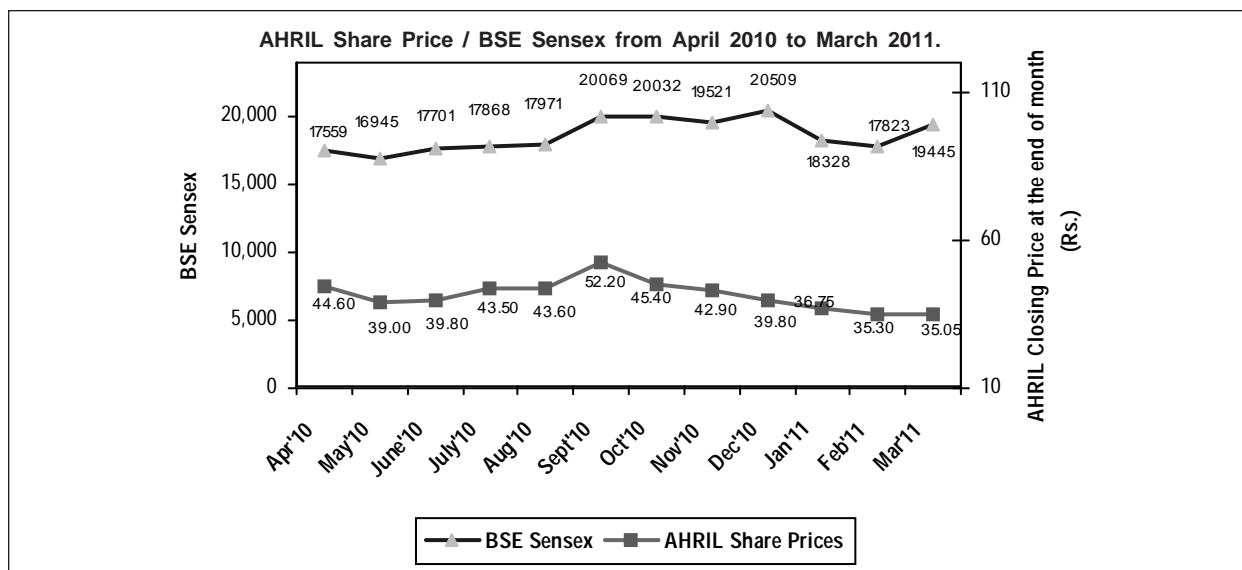
- **24th Annual General Meeting**  
Date & Time : Friday, August 5, 2011 at 10.30 a.m.  
Venue : Rangaswar, 4th Floor, Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai - 400 021
- **Financial Calendar**  
Annual General Meeting for the FY 2010-11 August 5, 2011  
Results for the Quarter ending June 30, 2011 First week of August, 2011  
Results for the Quarter ending Sept. 30, 2011 Second week of November, 2011  
Results for the Quarter ending Dec. 31, 2011 Second week of February, 2012  
Results for the Quarter ending March 31, 2012 Second week of May, 2012
- **Date of Book Closure**  
From 1<sup>st</sup> day of August 2011 to 5<sup>th</sup> August 2011 (both days inclusive) for the purpose of payment of Dividend for the year 2010-11 and Annual General Meeting for the financial year ended March 31, 2011.
- **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 2010-11 are given below.

Month	High Rs.	Low Rs.	Close Price Rs.	Month	High Rs.	Low Rs.	Close Price Rs.
April'10	55.40	39.20	44.60	October'10	54.00	44.05	45.40
May'10	48.90	36.80	39.00	November'10	55.55	39.20	42.90
June'10	42.90	37.15	39.80	December'10	44.35	36.85	39.80
July'10	48.00	38.85	43.50	January'11	41.35	35.20	36.75
August'10	52.70	40.75	43.60	February'11	40.10	32.00	35.30
September'10	64.80	42.00	52.20	March'11	38.00	35.00	35.05





➤ **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, 2011**

Range (No. of Shares)	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	3,962	69.04	13,23,373	2.86
501-1000	923	16.08	8,56,767	1.85
1001-2000	385	6.71	6,10,190	1.32
2001-3000	215	3.75	5,52,942	1.20
3001-4000	49	0.85	1,79,460	0.39
4001-5000	77	1.34	3,77,038	0.82
5001-10000	58	1.01	4,57,690	0.99
10001 and above	70	1.22	4,18,61,790	90.57
<b>Total</b>	<b>5,739</b>	<b>100.00</b>	<b>4,62,19,250</b>	<b>100.00</b>

*Advani Hotels & Resorts (India) Limited*➤ **Category of Shareholding as on March 31, 2011**

Category	No. of Shares	% of Total
Promoters & Promoter Group	2,31,06,598	49.99
Mutual Funds	56,000	0.12
Bank/FIs/Insurance Companies	2,500	0.01
Foreign Institutional Investors	32,246	0.07
Corporate Bodies	1,66,14,450	35.95
NRIs/OCBs	16,01,138	3.46
General Public	48,06,318	10.40
<b>Total</b>	<b>4,62,19,250</b>	<b>100.00</b>

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

Sr. No.	Name	No. of Shares held as on 31-03-2011
1.	Mr. K. Kannan	NIL
2.	Mr. Prakash V. Mehta	500
3.	Mr. Anil Harish	NIL
4.	Mrs. Menaka S. Advani	13,05,630

➤ **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, 94.08% is held in dematerialised form as on March 31, 2011. 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

➤ **Address for correspondence**

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 [www.caravelabeachresort.com](http://www.caravelabeachresort.com). All Directors and designated personnel in the Senior Management have affirmed compliance with the code for the year under review.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2011

**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, 2011 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 *except Clause 49 (III) (i) due to the resignation of the Company's Independent Director from the Board of its subsidiary Advani Pleasure Cruise Company Private Limited (APCCPL) w.e.f. 12<sup>th</sup> June 2009. The said APCCPL has ceased to be the Company's subsidiary w.e.f. 20<sup>th</sup> September 2010.*

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, May 13, 2011

**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, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Further to our comments in the Annexure referred to above, 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, Profit and Loss Account and Cash Flow Statement, dealt with by this Report, are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Profit and Loss Account 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, 2011 from being appointed as a Director under Clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies stated in Schedule "K" and the other notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

**J.G. VERMA**  
Partner

Mumbai, May 13, 2011

Membership No. 5005



## 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) During the year under report, the Company has formulated a policy to carry out physical verification of its fixed assets in a phased manner at regular intervals, which in our opinion is reasonable having regard to its size of the Company and nature of fixed assets. The Company has physically verified its fixed assets during the year in accordance with the above policy. 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) The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable;  
(b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loan or advance to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 except an interest free advance of Rs. NIL (maximum balance Rs. 96,980,573/-) being amount due on current account from one of its erstwhile subsidiaries, *out of which Rs. 25,315,947/- has been written off as irrecoverable against the provision made for the same in the previous year.*  
(b) The terms and conditions of above interest free advance given were *prima facie* not prejudicial to the interest of the Company *except to the extent indicated in 3(a) above.*  
(c) According to the information and explanations given to us, there is no stipulation for repayment of the above advance given by the Company to its subsidiary. However, the entire amount except Rs. 25,315,947/- which is considered doubtful by the Management has been recovered during the year.  
(d) In view of our comment in paragraph 3 (c) above, clause III (d) of paragraph of the aforesaid Order is not applicable to the Company.  
(e) The Company 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. In view of the same, our comments on clauses III (f) and (g) of paragraph (4) of the aforesaid 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) such transactions exceeding the value of Rupees Five lacs in respect of any party during the year have been made at prices, which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA and other



provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Hence the clause (vi) of the Order is not applicable to the Company.

7. In our opinion, the internal audit functions carried out during the year by 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, 2011 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)

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 had 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. 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 had given a guarantee for loan taken by one of its erstwhile subsidiaries from a bank, the terms and conditions whereof, in our opinion, were not *prima facie* prejudicial to the interest of the Company. The said guarantee has been extinguished during the year.
16. In our opinion on an overall basis, and according to the information and explanations given to us, the term loans



taken during the year were applied for the purpose for which the loans were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that funds raised on short term basis have *prima facie*, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (XIX) of paragraph 4 of the aforesaid Order are not applicable to the Company.
20. The Company has not raised money by public issue during the year. Accordingly, the provisions of clause (XX) of paragraph 4 of the aforesaid Order are not applicable to the Company.
21. To the best of our knowledge and belief, and according to the information given to us, no fraud on or by the Company was noticed or reported during the year.

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

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

Mumbai, May 13, 2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

<b>SOURCES OF FUNDS:</b>	<b>Schedule</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Previous Year Rupees</b>
<b>SHAREHOLDERS' FUNDS:</b>				
Share Capital .....	'A'	92,438,500		92,438,500
Reserves and Surplus .....	'B'	208,162,485		200,437,464
			<b>300,600,985</b>	292,875,964
<b>LOAN FUNDS:</b>				
Secured Loans .....	'C'	66,153,877		95,952,256
Unsecured Loans .....	'D'	9,821,594		61,452,388
			<b>75,975,471</b>	157,404,644
<b>DEFERRED TAX LIABILITY</b> .....			<b>56,998,335</b>	53,561,105
<b>TOTAL</b> .....			<b>433,574,791</b>	503,841,713
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS:</b>	'E'			
Gross Block (At cost) .....		675,598,085		666,129,004
Less: Depreciation .....		261,660,056		244,862,538
Net Block .....		413,938,029		421,266,466
Capital Work in Progress .....		496,775		363,682
			<b>414,434,804</b>	421,630,148
<b>INVESTMENTS</b> .....	'F'		—	22,285,000
<b>FOREIGN CURRENCY MONETARY ITEMS TRANSLATION DIFFERENCE:</b> .....			—	126,174
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>	'G'			
Interest accrued .....		—		14,755
Stock .....		11,884,114		13,598,464
Sundry Debtors .....		25,936,010		21,364,352
Cash and Bank Balances .....		19,981,914		8,840,212
Loans and Advances .....		41,875,008		92,688,368
		<b>99,677,046</b>		136,506,151
<b>LESS: CURRENT LIABILITIES AND PROVISIONS:</b>	'H'			
Current Liabilities .....		60,882,393		65,537,428
Provisions .....		19,654,666		11,168,332
		<b>80,537,059</b>		76,705,760
<b>NET CURRENT ASSETS</b> .....			<b>19,139,987</b>	59,800,391
<b>TOTAL</b> .....			<b>433,574,791</b>	503,841,713
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b> .....	'K'			

As per our report of even date

Signature on the above Balance Sheet and Schedules "A" to "H" and "K"  
For and on behalf of the Board**FOR J. G. VERMA & CO.**  
Chartered Accountants**SUNDER G. ADVANI**  
Chairman & Managing Director**HARESH G. ADVANI**  
Executive Director**J. G. VERMA**  
Partner**KUMAR IYER**  
Company Secretary**SHANKAR KULKARNI**  
General Manager – Finance (CFO)

Mumbai, May 13, 2011



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	Rupees	Rupees	Previous Year Rupees
<b>INCOME:</b>				
Rooms, Restaurant, Bar, Banquets and Other Services .....	'I'		337,308,545	317,332,209
Other Income .....			12,934,081	6,635,850
<b>TOTAL .....</b>			<b>350,242,626</b>	<b>323,968,059</b>
<b>EXPENDITURE:</b>				
Operating and General Expenses .....	'J'		294,575,586	278,220,801
Managerial Remuneration (Refer Note 14(i) of Part B of Schedule 'K') .....			8,608,490	8,607,200
Depreciation .....			24,796,778	24,898,280
Interest:				
(a) On Fixed Loans .....		9,505,060		9,944,553
(b) On Other Loans .....		3,103,505		2,415,611
<b>TOTAL .....</b>			<b>12,608,565</b>	<b>12,360,164</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS .....</b>			<b>9,653,207</b>	<b>(118,386)</b>
Add: Exceptional Items .....	'J-1'		7,800,000	14,704,285
<b>PROFIT/(LOSS) BEFORE TAXATION .....</b>			<b>17,453,207</b>	<b>14,585,899</b>
Less: Provision for taxation				
Current tax .....		—		3,700,000
Deferred tax Liability/(Asset) .....		3,437,230		3,196,361
<b>PROFIT FOR THE YEAR AFTER TAX .....</b>			<b>3,437,230</b>	<b>6,896,361</b>
<b>PROFIT FOR THE YEAR AFTER TAX .....</b>			<b>14,015,977</b>	<b>7,689,538</b>
Add: Profit brought forward .....			38,492,281	36,192,312
Excess tax provision for earlier year, written back .....			4,488,182	—
<b>PROFIT AVAILABLE FOR APPROPRIATION .....</b>			<b>56,996,440</b>	<b>43,881,850</b>
Less: Appropriations made:				
Proposed Dividend .....		9,243,850		4,621,925
Tax on Dividend .....		1,535,288		767,644
<b>Balance Profit carried to Balance Sheet</b>			<b>10,779,138</b>	<b>5,389,569</b>
<b>Basic and Diluted Earnings Per Share (In Rs.) .....</b>			<b>46,217,302</b>	<b>38,492,281</b>
<b>Face value Rs. 2/- per share (Refer note 12 of Part B of Schedule "K")</b>			<b>0.30</b>	<b>0.17</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS .....</b>	'K'			

As per our report of even date

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

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

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

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

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

Mumbai, May 13, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	31st March, 2011 Rupees	31st March, 2010 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and adjustments .....	17,453,207	14,585,899
Adjustments for:		
Depreciation .....	24,796,752	24,898,280
(Profit)/Loss on sale of assets .....	(82,019)	1,286,652
Profit on sale of Investment .....	(2,252,805)	—
Provision for doubtful debts/(written back) .....	(3,110,889)	166,977
Provision for diminution in value of investment/(written back) .....	—	(22,185,000)
Provision for doubtful Loans & Advances/(written back) .....	(25,315,947)	(319,285)
Provision for doubtful Jetty deposit/(written back) .....	(7,800,000)	7,800,000
Provision for employee benefits .....	3,096,765	366,027
Interest and Dividend Income .....	(145,131)	(165,552)
Interest expenditure .....	12,608,565	12,360,164
Amortisation of Foreign Exchange Difference .....	107,219	126,174
<b>Operating profit before working capital changes:</b> .....	<b>19,355,717</b>	<b>38,920,336</b>
Adjustments for:		
Trade and other receivables .....	(1,460,770)	(4,034,252)
Inventories .....	1,714,350	2,318,069
Trade payable .....	(4,645,981)	2,727,531
<b>Cash generated from operations:</b> .....	<b>14,963,316</b>	<b>39,931,684</b>
Direct Taxes paid (Net of refund received) .....	(783,925)	(9,215,598)
<b>Cash Flow before Extraordinary Items:</b> .....	<b>14,179,391</b>	<b>30,716,086</b>
Extraordinary Items .....	—	—
<b>Net cash from Operating Activities:</b> .....	<b>14,179,391</b>	<b>30,716,086</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress) .....	(17,461,720)	(10,617,455)
Decrease/(Increase) in Loans, Advances and Deposits .....	89,201,414	(55,944,304)
Disposal of Investment in subsidiaries .....	24,537,805	—
Sale of Fixed Assets .....	377,676	427,443
Interest and Dividend received .....	159,886	165,552
<b>Net Cash from/(used in) Investing Activities</b> .....	<b>96,815,061</b>	<b>(65,968,764)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Proceeds from Borrowings:</b>		
Term Loans .....	28,342,837	11,344,085
Unsecured Loans .....	2,593,350	51,250,000
Cash Credits .....	402,613	16,155,572
<b>Repayment of:</b>		
Term Loans .....	(58,960,218)	(34,214,464)
Unsecured Loans .....	(54,224,144)	(2,378,256)
Interest paid .....	(12,608,565)	(12,449,920)
Dividend paid for earlier years including Dividend Tax .....	(5,398,623)	(23,015)
<b>Net Cash (used in)/from Financing Activities</b> .....	<b>(99,852,750)</b>	<b>29,684,002</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b> .....	<b>11,141,702</b>	<b>(5,568,676)</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Opening Balance) ..</b>	<b>8,840,212</b>	<b>14,408,888</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE CLOSING OF THE YEAR</b> .....	<b>19,981,914</b>	<b>8,840,212</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. 17,011,249/- (Previous Year Rs. 1,917,343/-) and (ii) Dividend Bank Account Balances of Rs. 617,710/- (Previous Year Rs. 655,741/-). Out of the above, Rs. 15,000,000/- (Previous Year Rs. Nil) has since been released.

As per our report of even date

Signature on the above Cash Flow Statement  
For and on behalf of the BoardFOR J. G. VERMA & CO.  
Chartered AccountantsSUNDER G. ADVANI  
Chairman & Managing DirectorHARESH G. ADVANI  
Executive DirectorJ. G. VERMA  
PartnerKUMAR IYER  
Company SecretarySHANKAR KULKARNI  
General Manager – Finance (CFO)

Mumbai, May 13, 2011





**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rupees	Rupees	Previous Year Rupees
<b>SCHEDULE "A" : SHARE CAPITAL</b>			
<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
<b>SCHEDULE "B" : RESERVES AND SURPLUS</b>			
<b>CAPITAL RESERVE:</b>			
As per last accounts:			
Subsidy received under the Central Investment subsidy scheme of the Government of Goa .....	<b>2,500,000</b>		2,500,000
Profit on re-issue of forfeited shares .....	<b>14,000</b>		14,000
Surplus being capital gain on sale of flight catering unit .....	<b>82,341,283</b>		82,341,283
		<b>84,855,283</b>	84,855,283
<b>SECURITIES PREMIUM ACCOUNT:</b>			
As per last accounts .....		<b>47,089,900</b>	47,089,900
<b>CAPITAL REDEMPTION RESERVE</b>			
As per last accounts .....		<b>10,000,000</b>	10,000,000
<b>GENERAL RESERVE</b>			
As per last accounts: .....		<b>20,000,000</b>	20,000,000
<b>SURPLUS IN PROFIT AND LOSS ACCOUNT .....</b>		<b>46,217,302</b>	38,492,281
<b>TOTAL</b>		<b>208,162,485</b>	200,437,464
<b>SCHEDULE "C" : SECURED LOANS</b>			
<b>FROM BANKS:</b>			
Term Loans (Note 1):			
Rupee .....		<b>35,936,922</b>	10,594,088
Foreign Currency .....		<b>—</b>	55,506,000
Cash Credits (Note 2) .....		<b>30,132,120</b>	29,729,507
Interest accrued and due .....		<b>84,835</b>	122,661
<b>TOTAL</b>		<b>66,153,877</b>	95,952,256

**NOTES:**

1. 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.

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

- 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.
- Amount payable within one year Rs. 11,000,000/- (Prev. Year Rs. 58,505,000/-).

### SCHEDULE "D" : UNSECURED LOANS

	Rupees	Previous Year Rupees
Vehicle Loans .....	7,135,594	7,426,548
From erstwhile Collaborators .....	—	14,840
Security Deposits from erstwhile Subsidiary .....	1,186,000	1,186,000
Security Deposits from Shop and Others .....	1,500,000	1,575,000
Short term loan from Delta Corp Ltd. ....	—	51,250,000
<b>TOTAL</b>	<b>9,821,594</b>	<b>61,452,388</b>

Note: Amount payable within one year Rs.2,614,155/- (Previous Year Rs.2,884,302/-)

### SCHEDULE "E" : FIXED ASSETS

(Amount in Rupees)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2010	Additions (Note 2)	Deductions (Note 3)	As at 31.3.2011	Upto 31.3.2010	For the year (Note 4)	Less: Sales/ (Adjustments)	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
1. Land (Free hold) (Including landscaping)	23,626,546	—	—	23,626,546	—	—	—	—	23,626,546	23,626,546
2. Buildings	375,657,780	4,045,107	1,489,351	378,213,536	108,009,899	9,214,520	1,423,397	115,801,022	262,412,514	267,647,881
3. Plant and Machinery	127,910,422	3,597,789	5,808,925	125,699,286	54,487,218	6,362,351	5,581,989	55,267,580	70,431,706	73,423,204
4. Furniture, Fixtures and Office Equipment	118,343,695	6,585,866	971,815	123,957,746	76,224,343	6,917,035 (Ref. Note 4)	969,074	82,172,304	41,785,442	42,119,352
5. Vehicles and Motor Boats	18,608,737	3,535,210	24,800	22,119,147	5,280,735	1,982,404	24,800	7,238,339	14,880,808	13,328,002
6. Intangible Asset- Computer Software	1,981,824	—	—	1,981,824	860,343	320,468	—	1,180,811	801,013	1,121,481
<b>TOTAL</b>	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	421,266,466
Previous Year Total	669,775,597	12,039,614	15,686,207	666,129,004	225,149,888	24,898,280	5,185,630	244,862,538	421,266,466	
7. Capital Work in Progress [See Note (1) below]									496,775	363,682

#### NOTES:

- Capital Work in Progress include expenses and advances of Rs.496,775/- (Previous year Rs.363,682/-) incurred on renovation/ refurbishing of the hotel, pending completion of the work (pending allocation).
- Additions to Fixed Assets include Rs.435,344/- (Previous Year Rs.Nil) being loss due to fluctuation in foreign currency rates capitalised in accordance with AS-11 Notification.
- Deductions from Fixed Assets include foreign exchange gain of Rs Nil (Previous year Rs.8,786,483/-) due to fluctuation of foreign currency rates in accordance with AS-11 Notification.
- After deducting Rs.4,760/- excess provided in earlier years, which is written back (Previous Year Rs.23,757/- short provided).



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rupees	Rupees	Previous Year Rupees
<b>SCHEDULE "F" : INVESTMENTS: (Long Term)</b>			
<b>Trade:</b>			
Investment in Shares of Subsidiary Companies: (Unquoted) (Fully paid up)			
Advani Pleasure Cruise Co. Private Limited:			
2,218,500 Equity Shares of Rs. 10/- each .....		—	22,185,000
(Refer Note 15 (a) of Part B Schedule "K")			
Less: Provision for diminution in Value of Investment .....		—	—
		—	22,185,000
Advani Flight Catering Services Private Limited:			
10,000 Equity Shares of Rs. 10/- each .....		—	100,000
(Refer Note 15 (b) of Part B Schedule "K")			
<b>TOTAL</b>		—	22,285,000
Note: Aggregate of unquoted investments – Cost .....		—	22,285,000
<b>SCHEDULE "G" : CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>CURRENT ASSETS:</b>			
<b>Interest accrued</b> .....		—	14,755
<b>Stock:</b>			
(Valued and certified by the Management)			
Stores and Operating Supplies .....	9,337,468		11,766,234
Food and Beverage .....	2,546,646		1,832,230
		11,884,114	13,598,464
<b>Sundry Debtors:</b>			
(Unsecured, good unless otherwise stated)			
Over six months .....	742,683		3,874,199
(Rs.115,249/- considered doubtful (Prev. Year Rs. 3,226,137/-)			
Others .....	25,308,576		20,716,290
	26,051,259		24,590,489
Less: Provision for Doubtful Debts .....	115,249		3,226,137
		25,936,010	21,364,352
<b>Cash and Bank Balances:</b>			
On Hand .....	1,296,218		1,150,277
With Scheduled Banks on:			
Current Account .....	16,545,391		5,643,536
(Includes Rs.15,000,000/-{Previous Year Rs.Nil} lien marked,{since released})			
Margin/Deposit Account (Deposit Receipts pledged with banks) .....	2,011,249		1,917,343
With other Bank on:			
Current Account (Refer Note 6(c) of part B of Schedule "K") .....	129,056		129,056
		19,981,914	8,840,212
<b>LOANS AND ADVANCES:</b>			
(Unsecured, good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received .	19,923,608		103,094,812
[Rs. Nil considered doubtful (Previous year Rs.25,315,947/-)]			
[Refer Note 6(a) of Part B of Schedule "K"]			
Less: Provision for doubtful loans and advances .....	—		(25,315,947)
	19,923,608		77,778,865
Deposits .....	6,296,144		12,326,354
Less: Provision for liability for refund of Deposit .....	—		(7,800,000)
Payments of taxes .....	15,655,256		10,383,149
[Net of Provision of Rs.81,258,895/- (Previous year Rs.85,747,077/-)]			
<b>TOTAL</b>		41,875,008	92,688,368
		99,677,046	136,506,151

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**

	Rupees	Rupees	Previous Year Rupees
<b>SCHEDULE "H" : CURRENT LIABILITIES AND PROVISIONS:</b>			
<b>CURRENT LIABILITIES:</b>			
Sundry Creditors .....		<b>42,545,006</b>	47,469,318
(Include Rs. Nil [Previous Year Nil] due to Micro and Small Enterprises)			
Dividend Warrants issued but not encashed .....		<b>646,686</b>	655,740
Advances from Customers .....		<b>11,667,769</b>	13,067,840
Other Liabilities .....		<b>6,022,932</b>	4,344,530
		<b>60,882,393</b>	65,537,428
<b>PROVISIONS:</b>			
Provision for employee benefits:			
As per last accounts .....	<b>5,778,763</b>		5,412,736
Add: Addition during the year .....	<b>3,096,765</b>		749,378
	<b>8,875,528</b>		6,162,114
Less: Deduction during the year .....	—		383,351
	<b>8,875,528</b>		5,778,763
Proposed Dividend and Tax thereon .....	<b>10,779,138</b>		5,389,569
		<b>19,654,666</b>	11,168,332
<b>TOTAL</b>		<b>80,537,059</b>	76,705,760

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011****SCHEDULE "I" : ROOMS, RESTAURANTS, BAR, BANQUETS AND OTHER INCOME:**

<b>Rooms, Restaurants, Bar, Banquets and Other Services</b> .....	<b>337,308,545</b>	317,332,209
[(Include sale of food, beverages & liquor Rs. 99,534,912/-) (Prev. Year Rs. 91,351,777/-)]		
(Tax deducted at source Rs.698,018/-) (Prev. Year Rs.705,677/-)		
<b>Other Income:</b>		
Exchange Gain (net) .....	<b>2,849,239</b>	2,361,431
Interest (Gross) .....	<b>145,131</b>	165,552
(Tax deducted at source Rs.13,510/-) (Previous Year Rs.20,813/-)		
Profit on sale/disposal of investments in Subsidiaries (Net) ....	<b>2,252,805</b>	—
Profit on disposal of fixed assets, etc. (Net) .....	<b>82,019</b>	—
Excess provisions/credits written back .....	<b>5,511,835</b>	2,133,368
(Net of Sundry Debit balances of Rs. 2,344,053/- (Previous Year Rs. Nil) written off)		
Miscellaneous Income .....	<b>2,093,052</b>	1,975,499
	<b>12,934,081</b>	6,635,850
<b>TOTAL</b>	<b>350,242,626</b>	323,968,059



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31ST MARCH, 2011**

	Rupees	Rupees	Previous Year Rupees
<b>SCHEDULE "J" : OPERATING AND GENERAL EXPENSES</b>			
<b>OPERATING EXPENSES:</b>			
<b>(A) CONSUMPTION OF PROVISIONS, WINES, AND LIQUOR:</b>			
Opening Stock .....	1,832,230		1,790,099
Add: Purchases .....	27,401,499		25,781,808
	<u>29,233,729</u>		<u>27,571,907</u>
Less: Closing Stock .....	2,546,646		1,832,230
		<b>26,687,083</b>	<b>25,739,677</b>
<b>(B) PAYMENTS TO AND PROVISIONS FOR EMPLOYEES:</b>			
Salaries, Wages and Bonus .....	71,226,976		64,746,755
Contribution to Provident and other Funds .....	5,212,333		4,430,223
Provision for employee benefits .....	3,096,765		749,378
Workmen and Staff Welfare Expenses .....	<u>7,064,016</u>		<u>6,481,054</u>
		<b>86,600,090</b>	<b>76,407,410</b>
<b>(C) OTHER OPERATING EXPENSES:</b>			
Power and Fuel .....	33,414,002		29,631,141
Rent .....	24,568,680		39,013,344
Licences, Rates and Taxes .....	2,024,161		2,196,285
Repairs to Building .....	21,354,234		7,386,480
Repairs to Plant and Machinery .....	9,037,188		10,018,131
Repairs – Others .....	4,946,966		3,840,327
Replacements of Operating Supplies .....	3,241,988		3,986,354
Expenses on Apartments and Board .....	15,243,724		16,732,944
Water Charges .....	<u>5,764,800</u>		<u>6,020,578</u>
		<b>119,595,743</b>	<b>118,825,584</b>
<b>GENERAL EXPENSES:</b>			
Printing and Stationery .....	1,406,050		1,370,746
Expenses on Communication .....	2,681,110		2,585,627
Travelling and Conveyance .....	10,680,037		10,580,541
Insurance .....	1,844,044		2,321,723
Advertisement, Publicity and Sales Promotion .....	7,659,827		6,284,837
Royalty .....	6,248,410		5,984,670
Service Charges – Marketing and collections .....	3,980,624		3,985,882
Band and Music .....	5,210,447		4,933,434
Directors' Fees .....	780,000		1,140,000
Legal and Professional Fees .....	<u>18,061,366</u>		<u>12,637,636</u>
<b>Carried forward .....</b>	<b>58,551,915</b>	<b>232,882,916</b>	<b>220,972,671</b>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rupees	Rupees	Previous Year Rupees
<b>Brought forward .....</b>	<b>58,551,915</b>	<b>232,882,916</b>	220,972,671
<b>SCHEDULE "J": continued:</b>			
<b>GENERAL EXPENSES:</b>			
Donations .....	104,002		301,501
(Includes Rs. Nil (Prev. Year Rs.200,000/-) paid to Goa Pradesh Congress Committee)			
Bad debts and irrecoverable advances written off .....	3,176,776		288,679
Less: Adjusted against Provision for doubtful debts .....	(3,176,472)		—
Provision for Doubtful debts .....	65,583		166,977
Loss on sale/discard of fixed assets, etc. (Net) .....	—		1,286,652
Sales tax and other taxes .....	175,967		797,938
[Includes Rs.92,697/- for earlier years (Previous Year Rs.797,938/-)]			
Amortisation of Foreign Exchange Monetary Item Translation Difference .....	107,219		126,174
Miscellaneous Expenses .....	2,687,680		2,455,113
		<b>61,692,670</b>	57,248,130
<b>TOTAL</b>		<b>294,575,586</b>	278,220,801
<b>SCHEDULE "J-1": EXCEPTIONAL ITEMS (NET)</b>			
<b>EXCEPTIONAL ITEMS OF INCOME:</b>			
Provision for diminution in value of investment in Subsidiary no longer required, written back .....	—		22,185,000
Provision for Incomplete Hotel Project no longer required, written back ..	—		11,956,815
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		319,285
		<b>33,115,947</b>	34,461,100
<b>LESS: EXCEPTIONAL ITEMS OF EXPENSES:</b>			
Loss on Abandoning of Jaipur Hotel Project .....	—		11,956,815
Irrecoverable amounts due from subsidiary, written off .....	25,315,947		—
Provision for liability for refund of Jetty Deposit .....	—		7,800,000
		<b>25,315,947</b>	19,756,815
<b>TOTAL</b>		<b>7,800,000</b>	14,704,285





## **SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

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

#### **A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis for preparation of financial statements:**

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

**2. Use of Estimates:**

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

**3. Revenue Recognition:**

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

Export Benefits arising out of Duty Free Scrips utilised for the acquisition of fixed assets are being adjusted against the cost of the related fixed assets.

**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.

**5. Depreciation:**

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

**6. Impairment:**

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

**7. Investments:**

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

**8. Inventories:**

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

**9. Employee Benefits:**

Company's contributions to Provident Fund are charged to Profit and Loss Account. Gratuity payable at the time of retirement are charged to Profit and Loss Account 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 Profit and Loss Account. Gratuity in certain applicable cases is provided for in accordance with the provisions of the Goa Shops & Establishment Act, 1973. Provision for compensated absences is made on the basis of independent external actuarial valuation carried out at the end of the year.

## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

#### 10. Foreign Currency Transactions:

- (i) Sales made in foreign currency are converted at the prevailing applicable exchange rate.
- (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 Profit and Loss Account. 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.

#### 11. Prior period adjustments, Extraordinary items and Changes in accounting policies:

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

#### 12. Leases:

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

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

#### 13. Borrowing costs:

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

#### 14. Segment Accounting:

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

#### 15. Taxes on Income:

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

#### 16. Accounting Provisions, Contingent Liabilities and Contingent Assets:

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



**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH, 2011**

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

**B. NOTES ON ACCOUNTS:**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.2,586,391/- (Previous Year Rs.541,680/-) net of advances.
2. Contingent liabilities not provided for in respect of:
  - (a) Claims against the Company not acknowledged as debts Rs.6,524,488/- (Previous Year Rs.5,603,834/-).
  - (b) Pending Bank Guarantees:

Particulars	Current year Rupees	Previous year Rupees
Bank Guarantee	6,785,484	6,785,484

- (c) The Company had given a Corporate Guarantee of Rs.83,640,000/- in earlier years on behalf of its then subsidiary Company M/s. Advani Pleasure Cruise Company Private Limited to Bank of Baroda, Mumbai, which was 51% of the sanctioned loan amount of Rs.164,000,000/- (Previous Year Rs.164,000,000/-). The above Corporate Guarantee has been extinguished during the year.
- (d) Demand raised by Income Tax authorities disputed by the Company in appeal and rectification proceedings, which are pending – Rs.2,578,815/- (Previous Year Rs.1,065,815/-).
- (e) 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/-).
- (f) Demand raised by Entertainment Tax Authorities, disputed by the Company in appeal, which are pending amounting to Rs.43,180/- (Previous Year Rs.43,180/-).
- (g) 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.
3. 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, 2011. 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.
4. **Details of Auditors' Remuneration:**

Particulars	Current Year Rupees	Previous Year Rupees
Audit Fees	200,000	200,000
Tax Audit Fees	55,000	55,000
For Tax matters	15,000	15,000
For Certification	35,000	20,000
For Limited Review	80,000	30,000
For Expenses	113,033	90,194
Service Tax	41,715	35,638
Total	539,748	445,832

## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

5. The Unclaimed dividend for the year 2005-06, 2006-07, 2007-08 and 2009-10 aggregating to Rs.646,686/- (Previous Year Rs. 655,741/-) will be deposited at the appropriate time as and when applicable.
6. (a) Current Assets, Loans and Advances (Schedule "G") include Rs NIL (Previous Year Rs. 91,045,154/-) due from the erstwhile Subsidiary Company, viz. Advani Pleasure Cruise Company Private Limited, out of which Rs. NIL (Previous Year Rs. 25,452,377/-) is considered doubtful and provided for.

- (b) Movement in Provision for Doubtful Debts/Loans and Advances:

Particulars	Current Year Rupees	Previous Year Rupees
Opening balance	28,542,084	28,694,391
Addition during the year	65,583	166,977
Deduction during the year (written back on account of bad debts)	(28,492,418)	(319,284)
Closing balance	115,249	28,542,084

- (c) Cash and Bank balances (Schedule "G") includes Rs.129,056/- (Previous year Rs.129,056/-) with Priyadarshini Mahila Co-op. Bank Limited on Current Account. Maximum balance Rs.129,056/- (Previous Year Rs.129,112/-).
7. As the turnover of the Company includes sale of food and beverage, it is not possible to give quantity-wise details of sale and consumption of food and beverage. The Department of Company Affairs vide its general exemption notification No. S.O. 301(E) dated February 8, 2011 has exempted the Company from giving such details for the year ended March 31, 2011.
8. **Segment Reporting under Accounting Standard 17:**  
Hotel business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 – "Segment Information".
9. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

#### Defined Contribution Plan

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

Particulars	Current Year Rupees	Previous Year Rupees
Employer's Contribution to Provident Fund and Pension Scheme	3,890,923	3,398,236

#### Defined Benefit Plan

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



**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH, 2011**

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

	<b>Current Year Rupees (Unfunded)</b>	<b>Previous Year Rupees (Unfunded)</b>
<b>Retiring Gratuity Liability</b>		
<b>I. Assumptions:</b>		
Discount rate – previous	<b>8.00%</b>	8.00%
Salary Escalation – previous	<b>4.00%</b>	4.00%
Discount rate – current	<b>8.25%</b>	8.00%
Salary Escalation – current	<b>4.00%</b>	4.00%
<b>II. Change in Benefit Obligation:</b>		
Liability at the beginning of the year	<b>5,028,435</b>	4,279,057
Interest cost	<b>416,922</b>	342,325
Current Service Cost	<b>650,921</b>	627,213
Benefit Paid	<b>(935,664)</b>	(104,155)
Actuarial (Gain) / Loss on obligations	<b>2,728,419</b>	(116,005)
Liability at the end of the year	<b>7,889,033</b>	5,028,435
<b>III. Recognition of Transitional Liability:</b>	<b>N.A.</b>	N.A.
<b>IV. Amount recognized in the Balance Sheet:</b>		
Liability at the end of the year	<b>7,889,033</b>	5,028,435
Fair value of Plan Assets at the end of the year	<b>—</b>	—
Difference	<b>(7,889,033)</b>	(5,028,435)
Amount recognized in the Balance Sheet	<b>(7,889,033)</b>	(5,028,435)
<b>V. Expenses recognized in the Profit and Loss Account:</b>		
Current Service Cost	<b>650,921</b>	627,213
Interest Cost	<b>416,922</b>	342,325
Actuarial Gain or (Loss)	<b>2,728,419</b>	(116,005)
Expense recognized in the Profit and Loss Account	<b>3,796,262</b>	853,533
<b>VI. Balance Sheet Reconciliation:</b>		
Opening Net Liability	<b>5,028,435</b>	4,279,057
Expenses as above	<b>3,796,262</b>	853,533
Employer's Contribution	<b>(935,664)</b>	(104,155)
Closing Net Liability	<b>7,889,033</b>	5,028,435
<b>Leave Encashment Liability</b>		
<b>I. Summary of Assumption:</b>		
Retirement age	<b>60 years</b>	60 years
Attrition rate	<b>2.00%</b>	2.00%
Future Salary Rise	<b>4.00%</b>	4.00%
Rate of Discounting	<b>8.25%</b>	8.00%
Mortality Table	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
<b>II. Actuarial Value of leave encashment liability</b>	<b>936,495</b>	700,328

## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

#### 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. 350,000/-).
- (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) 180 (Previous year 188).
- (vi) Salary per month – Rs. 2,724,677/- (Previous year Rs. 1,968,047/-).
- (vii) Contribution for next year – Rs. Nil (Previous year Rs. Nil).

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

##### (a) Subsidiary Company:

- (i) Advani Pleasure Cruise Company Private Limited (51%)  
(Ceased to be a subsidiary during the year w.e.f. September 20, 2010 consequent to sale of Investments).
- (ii) Advani Flight Catering Service Private Limited (100%)  
(Company has applied to the Registrar of Companies, Goa for striking off its name from the Register of Companies and the final approval of dissolution is awaited).

##### (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).		





**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH, 2011**

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

(f) Summary of transactions during the year with Related Parties and status of outstanding balances as on 31st March, 2011:

(Figures in italics are for previous year)

Sr. No.	Nature of transactions	Subsidiary Rupees	Associates and other related parties Rupees	Key Management Personnel Rupees
1	Sale of goods & services	—	—	—
2	Purchase of goods & services	—	—	—
		266,550	—	—
3	Remuneration including Sitting Fees	—	780,000	10,669,872
		—	1,140,000	11,019,949
4	Consultancy Fees	—	1,634,899	—
		—	1,051,299	—
5	Expenses recovered	—	—	993,787
		51,093,299	—	884,876
6	Loans & Advances given / (recovered)	(65,592,777)	—	—
		90,273,493	—	—
7	<b>Balance outstanding at the year end:</b>			
	Unsecured Loans (Deposit) taken	1,186,000	—	—
		1,186,000	—	—
	Accounts receivable	—	—	—
		136,430	—	—
	Loans & Advances recoverable	—	—	—
		90,908,724	—	—
	Creditors / Payables	—	—	978,396
		—	—	155,200
	Investments in shares	—	—	—
		22,285,000	—	—
8	Dividend paid	—	637,468	1,653,578
		—	—	—
9	Amount written off/(written back) arising out of debts due	25,315,947	—	—
		(319,284)	—	—
10	Guarantee given on behalf of (Refer to Note 2 (c) Part B of Schedule "K")	—	—	—
		80,117,060	—	—

## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

(g) Disclosure of Material Transactions with Related Parties:

Particulars	Current Year Rupees	Previous Year Rupees
<b>Purchase of goods and services:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	—	266,550
<b>Remuneration to Key Managerial personnel and sitting fees:</b>		
Sunder G. Advani	5,300,397	5,300,000
Haresh G. Advani	3,308,093	3,307,200
Prahlad S. Advani	2,061,382	2,412,049
Prakash V. Mehta	220,000	320,000
K Kannan	220,000	320,000
Anil Harish	140,000	200,000
Mrs. Menaka S. Advani	200,000	300,000
<b>Consultancy Fees:</b>		
Malvi Ranchoddas & Co.	1,359,149	786,299
D. M. Harish & Co.	275,750	265,000
<b>Expenses recovered:</b>		
Sunder G. Advani	456,221	331,306
Haresh G. Advani	161,585	164,296
Prahlad S. Advani	375,981	389,274
Advani Pleasure Cruise Co. Pvt. Ltd.	—	51,093,299
<b>Loans and Advances given (recovered)</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	(65,592,777)	90,273,493
<b>Dividend paid:</b>		
Sunder G. Advani	942,489	—
Haresh G. Advani	573,689	—
Mrs. Menaka S. Advani	130,563	—
Mrs. Nina H. Advani	213,110	—
Mrs. Indira Thadani	27,500	—
Ms. Lalita S. Advani	138,380	—
Prahlad S. Advani	137,400	—
Jihan Advani	12,250	—
Mrs. Natasha Mirchandani	74,140	—
Mrs. Rukmani G. Advani	1,050	—
Mrs. Sabrina Dilip Jhangiani	2,625	—
Sunder Advani Investments Pvt. Ltd.	37,850	—
<b>Irrecoverable advances written off:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	25,315,947	—
<b>Excess Provision written back:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	—	319,284
<b>Year end balances:</b>		
<b>Unsecured Loan taken:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	1,186,000	1,186,000
<b>Debtors, Loans and Advances:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	—	91,045,154
<b>Sundry Creditors/payables:</b>		
Sunder G. Advani	400,000	—
Haresh G. Advani	249,400	—
Prahlad S. Advani	328,996	155,200
<b>Investments:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	—	22,185,000
Advani Flight Catering Services Pvt. Ltd.	—	100,000
<b>Corporate Guarantee given:</b>		
Advani Pleasure Cruise Co. Pvt. Ltd.	—	80,117,060



**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH, 2011**

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

11. The Company has taken certain premises on operating lease. Hitherto the rentals were expensed out on straight line method. On a review, the management has changed the basis of charging the rentals from straight line basis to with reference to lease terms and other considerations. The change has not impacted the profits of the current year. The aggregate lease rentals payable are charged as rent in the Profit and Loss Account.

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

<b>Particulars</b>	<b>Current Year Rupees</b>	<b>Previous Year Rupees</b>
Payable within one year	<b>5,940,500</b>	14,665,927
Payable later than one year but not later than five years	<b>8,290,000</b>	1,764,000
Payable after five years	<b>Nil</b>	Nil
<b>12. Earnings per share (E.P.S.) under Accounting Standard 20:</b>		
Profit after tax as per Accounts	<b>14,015,977</b>	7,689,538
No. of Shares outstanding	<b>46,219,250</b>	46,219,250
Nominal face value of share	<b>Rs. 2</b>	Rs. 2
Basic & Diluted E.P.S. (Rupees per share)	<b>0.30</b>	0.17
<b>13. Components of Deferred Tax Assets and Liabilities are as under:</b>		
<b>Deferred tax liabilities on account of:</b>		
Difference between the written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961.	<b>63,468,332</b>	67,273,860
<b>TOTAL (A)</b>	<b>63,468,332</b>	67,273,860
<b>Deferred tax assets on account of:</b>		
Expenses allowable for tax purpose on payment basis	<b>1,400,081</b>	1,406,453
Provision for doubtful debt/loans and advances	<b>38,283</b>	9,655,082
Provision for liability for refund of jetty deposit	<b>—</b>	2,651,220
Unabsorbed Depreciation/Business loss	<b>5,031,633</b>	—
<b>TOTAL (B)</b>	<b>6,469,997</b>	13,712,755
Deferred Tax Liability-net (A – B)	<b>56,998,335</b>	53,561,105
<b>Deferred Tax Debit / (Credit) for the year</b>	<b>3,437,230</b>	3,196,361

## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

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

	Current Year Rupees	Previous Year Rupees
<b>(i) Managerial Remuneration:</b>		
<b>Paid to Chairman and Managing Director (CMD):</b>		
Salary	3,000,000	3,000,000
House Rent Allowance	1,800,000	1,800,000
Other Perquisites	500,397	500,000
<b>SUB TOTAL (A)</b>	<b>5,300,397</b>	<b>5,300,000</b>
<b>Paid to Executive Director (ED):</b>		
Salary	1,872,000	1,872,000
House Rent Allowance	1,123,200	1,123,200
Other Perquisites	312,893	312,000
<b>SUB TOTAL (B)</b>	<b>3,308,093</b>	<b>3,307,200</b>
<b>TOTAL (A + B)</b>	<b>8,608,490</b>	<b>8,607,200</b>

#### Notes:

- (a) The above Managerial Remuneration 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. 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.5,008,490/- (Previous year Rs.5,007,200/-) and therefore, 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 January 20, 2011 for CMD and approval dated March 15, 2011 for ED.
- (b) The above remuneration excludes provision for gratuity and leave availment since it is provided on an actuarial valuation of the Company's liability to all its employees.
- (c) Since there is no commission paid or payable to the above managerial personnel in this year or previous year, computation of Net Profit under Section 198 (1) read with Section 349 of the Companies Act for the year ended March 31, 2011 is not applicable, hence not given.
- (d) Payments to and Provisions for Employees of Rs.86,600,090/- (Previous year Rs.76,407,410/-) include Rs.296,396/- (Previous year Rs. Nil) payable to Mr. Prahlad S. Advani, Asset Manager and a relative of the



## SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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

Directors, in respect of which the Company has made an application to the Central Government for approval under Section 314 (1-B) of the Companies Act, 1956, which is awaited.

	Current Year Rupees	Previous Year Rupees
<b>(ii) Earnings in Foreign Exchange:</b>		
Hotel earnings (including encashment) as certified and reported by the Company to the Department of Tourism and relied upon the Auditors	<b>127,420,928</b>	103,564,239
<b>(iii) Expenditure in foreign Currency on account of:</b>		
(a) Royalty (actual payment during the year net of TDS Rs. 3,845,282/-) (Previous year Rs. 5,084,655/-)	<b>6,248,410</b>	5,074,970
(b) Professional & Consultation Fees	<b>164,333</b>	1,697,320
(c) Interest and other charges [actual payment during the year Rs. 2,372,227/- (Previous year Rs. 7,194,188/-)]	<b>2,296,782</b>	6,981,771
(d) Other matters	<b>791,224</b>	318,330
<b>(iv) Non-resident Shareholders etc.:</b>		
(a) Number of Non-Resident Shareholders	<b>50</b>	46
(b) Year to which the dividend related	<b>2009-10</b>	2008-09
(c) Number of equity shares held	<b>1,633,384</b>	887,524
(d) Amount of dividend (Rupees)	<b>163,338</b>	NIL
<b>(v) C.I.F. Value of Imports: (on payment basis)</b>		
Capital goods	<b>2,663,820</b>	6,265,369
Stores, Spares and Supplies	<b>1,438,654</b>	197,914
Provision, Wines, etc.	<b>342,203</b>	395,830
<b>15. (a)</b> During the year, the Company has sold its stake in its subsidiary viz. Advani Pleasure Cruise Company Private Limited (APCCPL) to Delta Corp Limited (the Acquirer) in terms of the Agreement dated September 20, 2010 at a consideration of Rs.24,501,000/-. In view of sale of shares as stated above, APCCPL is no longer a subsidiary of the Company with effect from September 20, 2010.		
<b>(b)</b> The Company's other subsidiary Advani Flight Catering Services Private Limited, which had not commenced any business operations, has applied under the Easy Exit Scheme, 2011 to the Registrar of Companies, Goa for striking off its name under Section 560 of the Companies Act, 1956 and the final approval of dissolution is awaited.		
<b>(c)</b> In terms of the Agreement for sale of shares referred to above, the Company had furnished a bank guarantee of Rs.15,000,000/- to the Acquirer as and by way of security for the performance of its obligation to transfer the casino gaming license to APCCPL. The Company has fulfilled its obligation to transfer the casino gaming license after the close of the financial year and accordingly the bank guarantee of Rs.15,000,000/- has since been cancelled.		

**SCHEDULE FORMING PART OF THE ACCOUNTS FOR THE YEAR  
ENDED 31ST MARCH, 2011**

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

16. Rent (Schedule J) includes Rs.7,800,000/- (Previous Rs. Nil) being amount deposited for Jetty Office equivalent to six months rent for the said Jetty office paid to Fisheries Dept., Government of Goa written off on pre-mature termination of leave and license agreement during the year. The aforesaid deposit is payable to the erstwhile subsidiary APCCPL in terms of the Share Purchase Agreement dated September 20, 2010, which has since been paid after the close of the year.
17. Previous year's figures have been recast / regrouped / rearranged, wherever necessary for comparison sake.

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

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

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

**KUMAR IYER**  
*Company Secretary*

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

Mumbai, May 13, 2011





**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL  
BUSINESS PROFILE:**

**(a) Registration Details:**

Registration No. : 42891  
State Code : 011  
Date of Balance Sheet : 31st March, 2011

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

(Rupees in thousands)

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

**(c) Position of mobilization and deployment:**

Total Liabilities	433,575
Total Assets	433,575

**Sources of Funds:**

Paid up Capital	92,439
Reserves and Surplus	208,162
Secured loans	66,154
Unsecured loans	9,822
Deferred Tax Liability	56,998

**Application of Funds:**

Net Fixed Assets	414,435
Net Current Assets	19,140

**(d) Performance of Company**

Turnover / Other Income	350,242
Total Expenditure	340,589
Profit before Tax	17,453
Profit after Tax and adjustments	14,016
Earning per share (year end): Rupees	0.30
Dividend rate (%) (Proposed)	10.00%

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

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

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

**HARESH G. ADVANI**  
Executive Director

**KUMAR IYER**  
Company Secretary

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

Mumbai, May 13, 2011

## SELECTED FINANCIAL DATA

(Rs. In Million)

For the year ended March 31	2004	2005	2006	2007	2008	2009	2010	2011
Sales & Other Income	264	331	370	378	475	337	324	350
Profit Before Tax	8	65	68	63	10	(5)	15	17
Tax (Including Deferred Tax)	3	27	24	18	39	(6)	7	3
Adjustments (Previous Year)	1	1	—	2	1	—	—	—
Net Profit	10	37	43	42	64	1	8	14
Dividend (Including Tax)	—	—	5	10	36	—	5	11
<b>ASSETS</b>								
Fixed Assets – Gross	566	580	612	711	758	670	666	676
Fixed Assets – Net (including CWIP)	339	329	361	454	524	446	422	414
Investments	44	44	44	22	22	—	22	—
Foreign Currency Monetary Items								
Translation Difference:	—	—	—	—	—	2	—	—
Current Assets	105	115	120	114	128	87	137	100
Profit & Loss Account	70	33	—	—	—	—	—	—
<b>TOTAL</b>	<b>558</b>	<b>521</b>	<b>525</b>	<b>590</b>	<b>674</b>	<b>535</b>	<b>581</b>	<b>514</b>
<b>REPRESENTED BY</b>								
Share Capital	92	92	92	92	92	92	92	92
Reserves & Surplus	57	59	64	96	130	198	200	208
Deferred Tax Liability	15	37	57	60	65	50	54	57
Secured Loan	243	255	227	238	207	113	96	66
Unsecured Loan	20	10	8	8	8	13	62	10
Current Liabilities	131	68	77	96	172	69	77	81
<b>TOTAL</b>	<b>558</b>	<b>521</b>	<b>525</b>	<b>590</b>	<b>674</b>	<b>535</b>	<b>581</b>	<b>514</b>
Debt Equity Ratio (Secured and Unsecured Loans are considered as Debt.)	2.86	2.88	2.55	2.67	2.34	1.37	1.72	0.83



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