



# ADVANI HOTELS & RESORTS (INDIA) LTD



## ANNUAL REPORT 2012-2013



Mr. Sunder G. Advani, Chairman & Managing Director



# Chairman's Statement

Dear Shareholders,

I would like to welcome each of you to the 26<sup>th</sup> Annual General Meeting of our Company. I would also like to spend a few minutes to explain why our industry is important, and how it can solve some of the important problems being faced by the economy of our country. The travel and tourism industry provided employment to 39.5 million people in India in 2012. Our country's combined exports and funds received from abroad are much lower than what our country spends in foreign currency on imports of oil and other expenditures such as gold etc. This is the main reason that India's Current Account Deficit is so high and is one of the main concerns of the Government. Presently, India earns \$17.7 billion from tourists coming to India. The authorities are slowly realizing the vast potential of tourism as countries such as China or Spain receive over 57 million tourists, as compared to only 6.6 million tourists received by India. A study conducted by the World Travel & Tourism Council entitled Economic Impact 2013 – India shows that International tourist arrivals to India are expected to reach 13.7 million by 2023 and will generate foreign exchange earnings for India equal to INR 2956 billion. In contrast 12 million of us Indians are presently travelling abroad and spending foreign exchange of \$14 billion and this is expected to increase to \$28 billion by 2020. Imports of oil products, which constitute the largest item of expenditure, reached \$96.7 billion in 2012-13. Our policy makers must encourage those industries, which are export earners, to control our country's current account deficit.

## Future of tourism to India:

As we all know, people spend on tourist activities only after their basic needs for food, clothing etc. have been met. Moreover, each traveler has a choice of many competing destinations. It is true that economies of many European countries sending tourists to India have been affected, but several of our competitors such as Thailand and China have shown a significant increase in number of foreign tourists over the last 3 years. In order to encourage more tourists to visit India, the Government has to streamline the Visa process by making it easier to come to India. The initiative taken to give Visas on Arrival to nationals of only certain countries needs to be expanded to cover those countries from where India receives large number of tourists. India is considered an inexpensive destination, as the cost of living is low compared to most international destinations. The international airfares have remained stable over the years due to competition. The potential for increase in number of foreign tourists is enormous, especially after the recent weakening of the Indian rupee.

## Tourism to Goa:

Goa received 12% of the number of tourists that visited India. However, Goa accounted for 15% of the earnings from tourism as the length of stay of each tourist is relatively high compared to other cities. The statistics provided by the Airport Authority of India shows that 593,000 foreign tourists landed at Goa airport in 2012. However, these figures show that foreign traffic to Goa airport increased by only 1% over last year.

The highest number of tourists are still from Russia and their numbers are growing. Fortunately, the Russian economy has not been affected, as compared to the rest of Europe. The economy of the United Kingdom, which provides the second largest number of tourists, is still stagnating and tourists are looking for cheaper options.

The imminent opening of the new international terminal at the existing Dabolim airport will lead to more tourist arrivals, as some foreign airlines were not able to secure landing rights. Airlines can use the new aerobridges to turn around aircraft much quicker and the airport will be able to

accommodate more flights. Moreover, foreigners from select countries can now obtain Visas on Arrival at Goa airport, which was only permitted in four metro cities earlier. Visa on Arrival is being offered by Sri Lanka and Thailand and other competing destinations. Traffic from within India has increased substantially over this period, as Weddings and Conference business has increased. According to estimates, the number of domestic tourists has crossed 2.5 million.

The future of Goa's tourism industry is bright. A recent study conducted by HVS shows that the number of hotel rooms in Goa has increased by only 10% per year over the last 5 years, as compared to 49% in Pune and 26% in Bangalore. The occupancy of all hotels in Goa increased from 67.7% to 68.1% between the financial year 2011 and 2012 and is the highest among all major cities according to this study. The average room rate in Goa has also increased by 8.9% over the last year, as compared to a decline in every other city. Thus, Goa is the only place which enjoyed both an increase in average room rate as well as an increase in occupancy.

## Prospects for our Company:

Our Company will benefit substantially from the recent weakening of the Indian Rupee. Since majority of our contracts are in US Dollars, we will receive more Rupees even if the occupancy remains the same. During the current lean monsoon months, we will be renovating 68 bedrooms which had been built in 1995. These newly renovated rooms will command higher room rates and uplift the image of the entire hotel. Foreign contracts for the coming October 2013 to April 2014 season have already been signed at significantly higher rates.

## Performance of our Company:

Our Company's total income increased by 6.43% to Rs. 3879 lakhs despite the closure of the casino for over 6 months. The profit before depreciation, interest and tax increased by 28.96%. Interest costs have reduced by 11.2% and the Company has a debt equity ratio of only 0.36, indicating our financial stability. The profit after tax increased by 17% to Rs. 262.65 lakhs. Due to this performance, the Company increased its dividends to 13%. There was no increase in room capacity to achieve these results.

## Acknowledgments:

On behalf of the Directors of the Company and myself, I would like to thank the Central Government, especially the Ministries of Tourism and Civil Aviation, and also the Government of Goa for their proactive steps and continued assistance to the tourism industry. I would also like to thank the Bank of Baroda and Bank of India for their continued assistance and support. I would also like to acknowledge the support provided to our hotel by our foreign collaborators, M/s. Wyndham Hotels, USA. I would like to thank my colleagues on the Board for their valuable advice. I would like to thank all the employees and executives at the Ramada Caravela Beach Resort for their dedicated hard work, without which no Company in the service industry can succeed. A special thanks to our business associates, tour operators and travel agents. Last but not the least, I would like to thank all you shareholders for your continued support and encouragement.



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

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<b>BOARD OF DIRECTORS</b>	Mr. Sunder G. Advani	Chairman & Managing Director
	Mr. Haresh G. Advani	Executive Director
	Mr. K. Kannan	
	Mr. Prakash V. Mehta	
	Mr. Anil Harish	
	Mrs. Menaka S. Advani	
<b>GENERAL MANAGER – FINANCE (CFO)</b>	Mr. Shankar Kulkarni	
<b>COMPANY SECRETARY</b>	Mr. Kumar Iyer	
<b>AUDITORS</b>	Messrs J. G. Verma & Co. Chartered Accountants	
<b>SOLICITORS</b>	Messrs Malvi Ranchoddas & Co.	
<b>BANKERS</b>	Bank of Baroda Bank of India	
<b>REGISTERED OFFICE</b>	18A & 18B, Jolly Maker Chambers – II Nariman Point Mumbai - 400 021	
<b>LOCATION OF THE RESORT</b>	Ramada Caravela Beach Resort Varca Beach, Varca Village Salcette, Goa - 403 721	
<b>DELHI SALES OFFICE</b>	4th Floor, Statesman House Barakhamba Road, Connaught Place New Delhi - 110 001	
<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.)	

## NOTICE

Notice is hereby given that the **Twenty Sixth 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 Tuesday, 30<sup>th</sup> July 2013 at 11.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013, Statement of Profit and Loss for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To note the Interim Dividend paid @ 13% (Re. 0.26 per Share) and consider and approve the same as the final dividend for the year 2012-13.
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, 2013

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

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members / Proxies should bring the enclosed Attendance Slip, duly filled-in and signed, in terms of specimen signature lodged with the Company for attending the meeting. The Company will accept only the Attendance Slip from the Member actually attending the meeting or from the person attending as a Proxy under a valid Proxy Form registered with the Company. Attendance Slips of Members/Valid Proxies not personally present at the meeting or relating to Proxies which are invalid will not be accepted from any other Member/person.
3. Corporate Members intending to send their authorised representatives U/S 187 of the Companies Act, 1956, are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22<sup>nd</sup> July 2013 to Tuesday, 30<sup>th</sup> July 2013 (both days inclusive).
5. Pursuant to Section 205A and 205C of the Companies Act, 1956, all dividends remaining unclaimed/unpaid for seven years from the date of transfer to the unpaid dividend account is 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



Company nor the said Fund thereafter. The details of the due dates for transfer of the unpaid/unclaimed dividend to the IEPF are as under:

<b>Year of Declaration</b>	<b>Due Date (For transfer to IEPF)</b>
2006 – 2007	21-03-2014
2007 – 2008 (Interim)	17-05-2015
2007 – 2008 (Final)	13-09-2015
2009 – 2010	22-01-2018
2010 – 2011	10-09-2018
2011 – 2012 (Interim)	22-06-2019
2012 – 2013 (Interim)	12-03-2020

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

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

<b>Name of Director</b>	<b>(1) Mr. Anil Harish</b>	<b>(2) Mrs. Menaka S. Advani</b>
Date of Appointment	23.02.1998	30.09.1989
Age	59 years	67 years
Qualification	B.A. LL.B. LL.M. (USA)	M.A. (Economics) Innkeepers Diploma, Holiday Inn University (USA)
Expertise	Taxation Law	Administration & Human Resource Development
List of other Directorships # Chairmanship/Membership of other Committees of other Companies \$	1. Ador Welding Ltd. 2. Ashok Leyland Ltd. 3. Future Retail Ltd. 4. Future Ventures India Ltd. 5. Hotel Leelaventure Ltd. 6. Hinduja Global Solutions Ltd. 7. Hinduja Ventures Ltd. 8. Hinduja Leyland Finance Ltd. 9. Mukta Arts Ltd. 10. Mahindra Lifespace Developers Ltd. 11. Oberoi Realty Ltd. 12. Unitech Ltd. 13. Valecha Engineering Ltd. <b>Chairman of Audit Committees:</b> 1. Hinduja Ventures Ltd. 2. Hinduja Global Solutions Ltd. 3. Ador Welding Ltd. 4. Ashok Leyland Ltd. <b>Member of Audit Committees:</b> 1. Hotel Leelaventure Ltd. 2. Future Ventures India Ltd. 3. Mahindra Lifespace Developers Ltd. 4. Oberoi Realty Ltd. 5. Unitech Ltd. 6. Valecha Engineering Ltd. <b>Member of Shareholders/Investors Grievance Committee:</b> 1. Oberoi Realty Ltd.	None
No. of Equity Shares held in the Company	Nil	13,05,630

# 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.

7. 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 2230.

8. The Company is concerned about the environment and utilises natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, vide its Circular Nos. 17/2011 and 18/2011 dated 21st April 2011 and 29th April 2011, respectively, has allowed companies to send official documents to their Members electronically as part of its 'Green Initiative in Corporate Governance'. Recognising the spirit of the Circular issued by the MCA, the Company will be sending documents like Notice convening the General Meetings, Directors' Report, Auditors' Report, Financial Statements etc. electronically to the email addresses provided by Members to their respective Depository Participants.

The Company requests the Members to expeditiously update their email address with their respective Depository Participants to ensure that the annual report and other documents reach them on their preferred email address.

Those Members who have shares in physical form are requested to expeditiously inform their email address to the Company or Datamatics Financial Services Limited.

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

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

**Kumar Iyer**  
*Company Secretary*

Place: Mumbai

Date: May 13, 2013

**Registered Office:**

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





## DIRECTORS' REPORT

### Directors' Report to the Members

The Directors have pleasure to present the 26<sup>th</sup> Annual Report of your Company together with the audited financial accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS:

Your Company's financial performance for the year ended March 31, 2013 is set out below:

	(Rs. in Lakhs)	
	For the year ended March 31, 2013	For the year ended March 31, 2012
<b>Particulars</b>		
Total Income .....	<b>3979.26</b>	3738.92
Profit before Depreciation, Interest and Tax (PBDIT) .....	<b>910.24</b>	793.42
Depreciation .....	<b>292.19</b>	270.70
<b>Profit before Interest and Tax</b> .....	<b>618.05</b>	522.72
Interest .....	<b>163.25</b>	183.88
<b>Profit before Tax and prior adjustments</b> .....	<b>454.80</b>	338.84
Prior period adjustments .....	<b>17.83</b>	—
<b>Profit before Tax</b> .....	<b>436.97</b>	338.84
Provision for Taxation:		
– Current Tax .....	<b>160.00</b>	85.00
– Deferred Tax .....	<b>10.53</b>	29.98
– Tax for earlier years .....	<b>3.79</b>	—
<b>Profit for the year after Tax</b> .....	<b>262.65</b>	223.86
Profit brought forward from last year .....	<b>551.47</b>	462.18
<b>Profit available for appropriation</b> .....	<b>814.12</b>	686.04
Transfer to General Reserve .....	<b>14.00</b>	6.00
Interim Dividend paid/Dividend .....	<b>120.17</b>	110.93
Dividend Tax .....	<b>19.49</b>	17.64
Balance Profit carried to Balance Sheet .....	<b>660.46</b>	551.47
Basic and Diluted Earnings per Equity Share of Rs.2/- each (in Rs.) .....	<b>0.57</b>	0.49

### PERFORMANCE/OPERATIONS:

Your Company achieved a total turnover of Rs.3979.26 lakhs, as compared to Rs.3738.92 lakhs in the previous year, registering a growth of 6.4% on a year to year basis. This growth was achieved even though the income from the casino in the hotel declined substantially from Rs.128 lakhs to Rs.34 lakhs, as we voluntarily surrendered our casino licence on 1<sup>st</sup> June 2012, when the Government of Goa increased the annual license fee from Rs.7.6 lakhs to a whopping Rs.250 lakhs. The operations of the casino were restarted on 22<sup>nd</sup> January 2013, after the Government issued a fresh notification that the increase in fee was effective from 24<sup>th</sup> April 2013. Since the Government has not relaxed the annual recurring fee of Rs.250 lakhs, we had no option but to stop the casino from 24<sup>th</sup> April 2013.

The depreciation was higher by Rs.22 lakhs, as the Company made certain required replacements of old equipment amounting to Rs.406.95 lakhs, including new transformers/LT Panels etc. Your Company always uses the slack months between June and October to improve the facilities of the 5-star deluxe resort in Goa. During this period, the Company changed the obsolete LT Panels and this will ensure the power supply is restored to hotel by our generator within 15 seconds of a power failure. In addition, we changed the Transformers and added a new Steam Boiler to save energy. We also improved the fire suppression system and upgraded the Diesel Tanks and Gas Bank to comply with the latest Fire & Safety Standards. These changes will also benefit our Company from a risk point of view. In order to carry out this limited renovation, the hotel had to be totally shut for about 10 days in August 2012.

Your Company has also managed to curtail interest costs, which have decreased from Rs.183.88 lakhs to Rs.163.25 lakhs. Your Company has been conservative in borrowing and the debt equity ratio is only 0.36. The profit for the year before tax increased 29% from Rs.338.84 lakhs to Rs.436.97 lakhs, which has increased income tax from Rs.85 lakhs in the previous year to Rs.160 lakhs in the current year. As a result, your Company's net profit after tax increased by only 17% to Rs.262.65 lakhs. The earnings per Equity Share, which has a face value of Rs.2/-, increased by 16.33% from Rs.0.49 to Rs.0.57.

**DIVIDEND:**

The Board of Directors had made the payment of Interim Dividend of Rs. 0.26 per Share (i.e. 13% on an equity share of face value of Rs.2/- each) for the year 2012-13 on 2<sup>nd</sup> March 2013. This entailed an outflow of Rs.139.66 lakhs, including the Dividend Tax thereon. The Board has recommended that this Interim Dividend be treated as the final dividend for the financial year 2012-13. Your Company has a high payout ratio of 53%.

**DIRECTORS:**

As per the provisions of Section 255 and Section 256 of the Companies Act, 1956, Mr. Anil Harish and Mrs. Menaka S. Advani retire by rotation and being eligible, have offered themselves for re-appointment. A brief background of the retiring Directors seeking re-appointment at the ensuing AGM of the Company, along with their experience, is annexed to the Notice forming part of the Annual Report.

**UPGRADATION PLAN FOR 2013:**

Your Company was finding that some of the hotel guests were complaining of the standard rooms in the New Wing, which had not been renovated from the date they were built about eighteen years ago. After completion of the financial year, your Company has taken steps to improve the quality of these rooms by partially redoing the bathrooms and guestrooms, including replacement of the beds, upholstery, TV's and light fittings of these rooms. One sample room has been completed and work will commence on balance rooms from 15<sup>th</sup> July 2013, and will be completed by October 2013, when the hotel's occupancy will be at the lowest. In addition, to ensure good levels of hygiene and food safety, we are currently renovating all our 8 walk-in refrigerators / cold rooms. This will help us meet the standards required by the Tour Operator Health and Safety Audits, and also save energy.

**FUTURE OUTLOOK:**

Your Company is a major player in the foreign market and obtained higher occupancy and higher rates during the period November to March, which is the peak season for foreign charter flights to Goa. For the first time in the history of Goa's tourism, the Dabolim International airport received the highest charter arrivals with over 1020 flights between October and April. During October and May of the last year the Goa airport received only 900 flights. Even though foreign charter flights have been increasing in recent years, there are some bottlenecks, which have prevented Goa from reaching its full potential. The brand new international terminal at Dabolim International Airport, which was scheduled to open in March 2013, is now scheduled to open in the near future. Requests made by foreign airlines for time slots for landing were not being given. However, when the new international terminal opens with 5 aerobridges, the traffic will increase substantially, especially since the building is three times as spacious with 64 instead of 32 check-in counters. The Government of Goa is also adding to the



infrastructure for tourism, as this is now the major revenue earner for the State after a temporary shutdown of much of the mining industry. Your Company's future looks bright, especially since very little new supply is forthcoming to cater to this increase in demand.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

As required by Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed and that there are no material departures;
- (ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing fraud and other irregularities;
- (iv) The annual accounts have been prepared on a "going concern" basis.

#### **CORPORATE GOVERNANCE:**

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

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

#### **AUDITORS:**

M/s. J. G. Verma & Company, Chartered Accountants and the Independent 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.

#### **FIXED DEPOSITS:**

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

#### **CODE OF BUSINESS CONDUCT:**

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

#### **LISTING:**

Your Company's equity shares are listed on the Bombay Stock Exchange, National Stock Exchange and Delhi Stock Exchange.

#### **ADDITIONAL INFORMATION:**

- (a) Conservation of Energy:

Your Company makes all efforts to reduce consumption and cost of energy on a regular basis.

In 2012-13, the Company bought a new LT Panel with an in-built PLC (Program Logic Controller), which ensures that the DG Sets run at the optimum load to conserve diesel. This new LT Panel capacitor bank has also ensured that we have a Power Factor of 99%. We have got a credit on our electricity bills from the Government Electricity Department each month due to this efficient Panel.

Furthermore, the Company has procured a new 1 ton IBR boiler from Thermax with a good system for condensate recovery. As a result, we have saved approximately Rs.1.50 lakhs per month on diesel and also improved the laundry operation.

Lastly, the Company has installed a new Gas Bank with high safety standards and this new Gas System is also saving the hotel about Rs. 50,000 per month.

(b) Technology absorption:

The relevant particulars relating to technology absorption in terms of Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not applicable as the hotel forms a part of the service industry and as such the Company does not have any manufacturing operations.

(c) Foreign Exchange Earnings and Outgo:

The Company's foreign exchange earnings for the current year were Rs.2167 lakhs (previous year Rs.1652 lakhs). The total outgo in foreign exchange for the current year was Rs.282 lakhs (previous year Rs.330 lakhs).

**PARTICULARS OF EMPLOYEES:**

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is as follows:

Employee Name	Designation	Age in Years	Qualification	Experience In years	Date of Commencement	Remuneration In Rs.	Last Employment
Mr. Sunder G. Advani	Chairman & Managing Director	74	Strategic Hospitality Management Financial Management Courses Cornell University (USA)  Masters in Business Administration from the Wharton School (USA)  B.S. – Business Administration Temple University (USA)	53	01.03.88	73,65,150	Chairman & Managing Director, Plaza Hotels Pvt. Ltd, Mumbai

**ACKNOWLEDGEMENTS:**

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

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2013

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





## **MANAGEMENT DISCUSSION AND ANALYSIS**

The discussion below relates to the financial performance and other developments between 1st April 2012 and 31st March 2013.

### **SCENARIO FOR THE ECONOMY:**

Growth of the hotel industry is dependent on the growth of the GDP. The BRICS countries namely Brazil, Russia, India, China and South Africa were expected to be front runners, while the economies of the rest of the world were stagnating. Unfortunately, the growth of the BRICS countries have not been as expected. India's GDP is lower at 5% though it is higher than other BRICS nations except China. While India's growth has been impacted by the situation worldwide, there are several factors within India that have led to this drop in GDP. The tightening of the monetary policy, making it more expensive to borrow, is partly responsible for the slowdown in almost all sectors. The Reserve Bank of India decided to continue with this policy during this year to control inflation. Although inflation is lower, RBI has not offered any sops to make banks lower their interest rates. The Current Account Deficit is a major cause of concern as also the weakening of the Indian Rupee. The trade deficit would have been higher if oil prices had not come down. Imports of gold which had shot up recently have reduced after the Finance Minister rightly raised the duty on imported gold on two occasions. Since exports are not going up while imports are increasing, there is little hope of curtailing the Current Account Deficit without adopting unpopular measures. Hopefully, more foreign tourists will come to India after the depreciation of the Indian Rupee and dollars spent by them in India may narrow the gap in Current Account Deficit. Also, domestic tourists may prefer to holiday within India instead of going overseas as foreign travel also adds to the Current Account Deficit.

### **TOURISM TO INDIA AND GOA:**

India as a whole recorded a 6% increase in the number of foreign tourists, but this figure of 6.6 million tourist arrivals is very low compared to smaller countries such as Thailand, Singapore, Spain, Malaysia etc. The number of tourists travelling for business or leisure to India was affected as the growth in GDP of India and the rest of the world has reduced. Attracting tourists to India or Goa in this competitive environment requires innovative measures and full co-operation of all Government agencies connected with tourism. Leisure travel within India was also impacted, as people have found it cheaper to holiday overseas because airfares to nearby South East Asian countries are lower than travelling within India. If the new low cost carrier Air Asia starts operations, the cost of air travel may come down significantly. Along with lower demand, there has been an increase in supply of hotel rooms in all major cities with the exception of Goa. As a result, the occupancy and room rates of hotels in all cities except Goa have declined over last year.

Fortunately, Russians are coming to Goa in large numbers as Goa is a short flight and offers good beaches with warm weather between October and April. Nationals of the CIS countries (the former Soviet Union) are also starting to come to Goa. More foreign tourists may visit in future as Visa on Arrival can also be issued at Goa airport now. The new integrated terminal at Dabolim Airport is due to open shortly will lead to a greater number of foreign tourists visiting Goa. The new terminal has an entire floor dedicated to arriving passengers and an equally large floor dedicated exclusively for departing passengers. A separate building for parking of cars has been built to solve the fish market like conditions at the present terminal. Addition of this huge terminal will satisfy Goa's requirements for air travel for decades, especially if a parallel taxiway is added to allow airplanes to reach the take off point without using the runway. The present runway is as long as that of Mumbai airport and receives 747 Jumbo Jets regularly.

### **DOMESTIC TOURISTS TO GOA:**

The number of domestic flights to Goa has been increasing over the years, as connectivity from other places such as Jaipur, Kolkata, Gujarat has increased. The potential for domestic tourism is also very high, as Indians have more disposable income to spend on travel. The brand "Goa" has become synonymous with a place to have

fun and sometimes referred to as “the party capital of India”. The people are friendly and Goa is becoming a year-round destination.

Goa is also becoming increasingly popular for hosting weddings. The scenic beauty, availability of wedding venues at reasonable rates will lead to a further growth of this market. The MICE (Meetings, Incentives, Conventions and Exhibitions) is growing rapidly. Hotels have larger areas for recreations, where bonding is possible between Company officials. The offshore casinos are another major attraction.

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

The total income for the hotel unit for the year was Rs.3979 lakhs, which is the highest achieved by the Company except for the year 2008 when we also owned two other units namely the offshore casino as well as the flight catering unit, both of which have since been sold. The profit before tax has increased to Rs.437 lakhs and this figure is the highest recorded in the last 5 years. The net profit after tax has reached Rs.263 lakhs which represents an increase of 17%. The average occupancy has reduced to 64%. However, the average room rate has increased by over 22%. EBITDA has increased from Rs.793 lakhs to Rs.910 lakhs, which represents an increase of about 15%.

Our Company earned foreign exchange equivalent to INR 1652 lakhs in the previous financial year of 2011-12. In the current year the foreign exchange income increased to INR 2167 lakhs. Thus, 54 per cent of our total income is from foreign exchange, and this increased by 31 per cent over the previous year.

In the upcoming season of 2013-2014, due to the further depreciation of the Indian Rupee, this figure will increase further and add directly to the bottom-line, as our contracts with tour operators have already been signed in foreign currency.

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

Our resort was built at a time when tall atrium lobbies were legal at beachfront locations. The other beachfront hotels cannot offer the arrival experience and the feeling of open space, especially during monsoon months. The design of the hotel is such that most rooms have a view of the pool, ocean or golf course. The white sand outside our beach at Varca is a gift of nature which few others can provide. The rooms and bathrooms of the oldest Wings have been recently refurbished and have a modern look. The remaining rooms are being upgraded in the next few months. As such, though the hotel is old, much of it has been renovated. Since the promoters are hoteliers, the Company was able to obtain a franchise whereby the high fees related to foreign management contracts have been avoided. Moreover, ‘Ramada’ is an international brand which is known throughout the world and especially in our target markets.

The weaknesses are that all of the Company’s investments are in one location namely Goa. A large percentage of the revenue is earned in the months of November to March and any disturbance of normal conditions during this period can affect profitability. There is also a dependence on the continuing flow of Russian tourists to Goa. The opportunities are that with its unique architecture, the hotel can reinvent itself for whichever market has a growth potential. There is over 100,000 square feet FSI available to undertake any expansions, such as a new spa, new rooms, a villa development, new conference center, etc.

The threats are that the Government may undertake policies, which are likely to disturb the normal flow of tourists. The fury of nature and law and order disruptions cannot be predicted. The Company is trying to become less dependent on any one market to reduce risks.

#### **PRODUCT UPGRADATION:**

68 guest rooms which have not been renovated for 18 years are being refurbished with a modern design. To ensure better hygiene and security, cold rooms in the kitchen are being replaced and for better security, a baggage screening machine will be installed at the entrance.



#### **FUTURE TRENDS:**

The domestic spending on foreign travel may reduce due to the depreciation of the Rupee and many more will opt for holidays within India. The airfares within India may stabilize, which will make it economical to travel within India. The number of tourist arrivals to Goa, both from overseas and from within India, will increase, as the new terminal will make travel to Goa a pleasant experience. Since 15% of India's foreign exchange earnings in tourism are from Goa, the Government will probably appreciate the role of the hospitality industry and give special incentives to those earning foreign exchange. The future of our Company and the hospitality industry in Goa look bright.

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

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

- Polio Immunization Program was conducted in co-operation with the Village Health Center with a motive of public health and genuine efforts to support the World Polio Eradication Program.
- Supported Anti-Plastic Drive in association with the Village Panchayat of Varca. Clean-up drive of the main roads in and around the village was undertaken with collaborative support of the community, comprising of the village youth and teenagers. The participants went about the work, collecting waste items such as plastic bottles, bags and cardboard etc, amongst other waste.
- World Environment Day was observed by cleaning of the village road near the resort premises and beach cleaning. This was followed by nurturing of the plants and trees in the resort. The staff were also educated on the need to take positive environmental action in their day to day life.
- The Company observes Earth Hour, by having power shut down for an hour and observes 'Earth Day' aimed to convey environment conservation messages and the need to take action on climate change.
- The Company continues to support the cause of HIV positive children in the form of donations and visits to 'ASSRO' – a regular shelter for the HIV positive.
- The Company supports blood donation camps in collaboration with the Blood Bank of Goa Medical College / Hospicio and Association of Voluntary Blood Donors Goa.
- The Company also supports the South Goa SPCA and the Goa Animal Welfare Trust by donating discarded bed-sheets and old newspapers to help them take care of animal sterilization programs and anti-rabies programs.
- In Mumbai, the Company similarly supports WSD, 'The Welfare of Stray Dogs' association for anti-rabies programs and sterilization efforts to control the stray population.
- The Company also assists terminal cancer patients, by sending blankets to the Lions Club, Goa.
- The Company uses a Meiko German dishwasher, thus reducing the use of chemicals and detergents for washing.
- The Company also cleans the beach in front of the resort on a daily basis and removes any litter to keep the beach clean.

#### **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.

The Internal Auditor 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 Audit Committee of the Board oversees the adequacy of the internal control procedures, monitors and implements internal audit recommendations through the compliance reports submitted to them.

**HUMAN RESOURCES:**

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

**CAUTIONARY STATEMENT:**

Comments made in this analysis describing the Company's objectives, estimates may be "forward looking statements" within the meaning of applicable securities law. These are based on assumptions over which the Company exercises no controls. The Company cannot guarantee that the results will occur. Significant factors that can affect the Company's operations include domestic and international economic conditions affecting supply and demand, law and order problems in India, change in tax and other Government regulations etc.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2013

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





## REPORT ON CORPORATE GOVERNANCE

(As per Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### 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.

The Board of Directors acknowledges that it has a fiduciary relationship and a corresponding duty towards the stakeholders to ensure that their rights are protected. Through the Governance mechanism in the Company, the Board along with its Committees endeavours to strike a right balance with various stakeholders.

### 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 2012-13, 8 (Eight) Board Meetings were held on 11<sup>th</sup> April 2012, 15<sup>th</sup> May 2012, 10<sup>th</sup> July 2012, 14<sup>th</sup> August 2012, 17<sup>th</sup> September 2012, 12<sup>th</sup> November 2012, 16<sup>th</sup> November 2012 and 8<sup>th</sup> February 2013. Majority of the Directors attended all the Meetings. Leave of absence was granted to the Directors who expressed their inability to attend the Meeting.

The details of attendance of Directors at the Board Meetings and at the 25<sup>th</sup> Annual General Meeting as well as the details of their other Directorships / Committee Chairmanships or Memberships are as follows:

Sr. No.	Name of the Director	Designation	No. of Board Meetings attended	Attendance at the last AGM held on 17.09.2012	No. of Outside Directorships #	No. of other Committee Chairmanships/Memberships (excluding the Company) \$	
						Chairmanship	Membership
1.	Mr. Sunder G. Advani	Chairman & Managing Director	08	Present	None	None	None
2.	Mr. Haresh G. Advani	Executive Director	07	Present	None	None	None
3.	Mr. K. Kannan	Director	05	Present	6	3	3
4.	Mr. Prakash V. Mehta	Director	08	Present	8	1	11
5.	Mr. Anil Harish	Director	07	Present	13	4	7
6.	Mrs. Menaka S. Advani	Director	08	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, 5 (Five) meetings of the Audit Committee were held on 15<sup>th</sup> May 2012, 10<sup>th</sup> July 2012, 14<sup>th</sup> August 2012, 12<sup>th</sup> November 2012 and 8<sup>th</sup> February 2013.

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	5
3.	Mrs. Menaka S. Advani	Member	5

The Audit Committee comprises of only non-executive Directors of which two-thirds are independent Directors. The constitution of the Audit Committee also meets the requirements of the provisions of Section 292A of the Companies Act, 1956.

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

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

**REMUNERATION COMMITTEE:**

The composition of the Remuneration Committee and particulars of meetings attended by the Members of the Remuneration Committee are as under. The Committee approves the annual salaries, performance commission, service agreements and other employment conditions of the Executive Directors and relatives of the Directors. During the year under review, 3 (Three) meetings of the Remuneration Committee were held on 10<sup>th</sup> July 2012, 2<sup>nd</sup> January 2013 and 8<sup>th</sup> February 2013.

Sr. No.	Name of the Member	Designation	No. of Committee Meetings attended in the year under review
1.	Mr. K. Kannan	Chairman	3
2.	Mr. Anil Harish	Member	3
3.	Mr. Prakash V. Mehta	Member	3



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 and recommend the remuneration package of the Executive Directors, relative of Directors 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, 2013.**

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	67,76,000	5,89,150	—	5 years	3 months
2.	Mr. Haresh G. Advani Executive Director	42,12,320	4,38,784	—	5 years	3 months

**DETAILS OF SITTING FEES PAID\* TO THE NON-EXECUTIVE DIRECTORS DURING THE YEAR ENDED MARCH 31, 2013.**

Name of the Director	Mr. K. Kannan	Mr. Prakash V. Mehta	Mr. Anil Harish	Mrs. Menaka S. Advani
Sitting Fees Paid (Rs.)	2,60,000	3,20,000	2,00,000	2,80,000

\* exclusive of service tax.

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

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

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

The Company has constituted a Shareholders/Investors Grievance Committee to look into the redressal of complaints of shareholders and investors relating to transfer of shares, transmission of shares, dematerialization 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 21<sup>st</sup> March 2013.

During the year under review, the Company received 9 (Nine) Investor Complaints, which were promptly responded to and resolved to the satisfaction of the respective Investors and as on 31<sup>st</sup> March 2013 there were no pending complaints.

*Advani Hotels & Resorts (India) Limited***SHARE TRANSFER COMMITTEE:**

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

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

The Share Transfer Committee looks into the approval of share transfers, transmissions, issue of duplicate share certificates etc. All the transfers, transmissions are completed within the stipulated time from the date of receipt of complete documents.

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

Particulars	FY 2011-12	FY 2010-11	FY 2009-10
<b>Date</b>	17.09.2012	05.08.2011	15.12.2010
<b>Location</b>	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021	'Rangaswar', 4th Floor, Chavan Centre, Gen. Jagannath Bhosale Marg, Nariman Point, Mumbai-400 021
<b>Time</b>	11.00 a.m.	10.30 a.m.	11.00 a.m.

All the Resolutions, including 3 (Three) Special Resolutions passed (2 at the 25<sup>th</sup> Annual General Meeting and 1 at the 23<sup>rd</sup> 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 respective 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-18, the details of Related Party Transaction are given in the Notes to the Accounts.
- There was no instance of non-compliance on any matter relating to the capital markets during the past three years.
- The Company has complied with all the mandatory requirements of Clause 49 relating to Corporate Governance.
- Pursuant to the provisions of Sub-Clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, the Chairman & Managing Director (CMD) and the General Manager Finance (CFO) have issued a Certificate to the Board, for the financial year ended March 31, 2013.
- The details in respect of Directors seeking re-appointment are provided as part of the Notice convening the ensuing Annual General Meeting.
- Management Discussion and Analysis Report forms part of this Annual Report.

**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', 'The Mint' (in English) and 'Navakal' (in Marathi).
- The Financial results and other disclosures are also available in the Company's website i.e. [www.caravelabeachresort.com](http://www.caravelabeachresort.com).





**STATUS OF COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:**

**(a) Remuneration Committee:**

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

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

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

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

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

**(d) Audit Qualifications:**

During the year under review, there was no audit qualification in the Company's Financial Statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

**(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:**

➤ **26th Annual General Meeting**

Date & Time : Tuesday, 30<sup>th</sup> July 2013 at 11.00 a.m.

Venue : "Rangaswar", 4<sup>th</sup> Floor, Chavan Centre, General Jagannath Bhosale Marg,  
Nariman Point, Mumbai – 400 021.

➤ **Financial Calendar**

The Financial Year of the Company is for the period from 1<sup>st</sup> April every year to 31<sup>st</sup> March of the following year.

For the Financial Year 2013-14, Financial results will be announced as per the following tentative schedule:

1 <sup>st</sup> Quarter ending June 30, 2013	Last week of July 2013
2 <sup>nd</sup> Quarter ending Sept. 30, 2013	Second week of November 2013
3 <sup>rd</sup> Quarter ending Dec. 31, 2013	Second week of February 2014
Year ending March 31, 2014	Last week of May 2014

➤ **Date of Book Closure**

From 22<sup>nd</sup> day of July to 30<sup>th</sup> July 2013 (both days inclusive) for the purpose of Annual General Meeting for the financial year ended March 31, 2013.

➤ **Listing on Stock Exchange**

Bombay Stock Exchange Limited (Stock Code – 523269)

National Stock Exchange of India Limited (Stock Symbol – ADVANIHOTR)

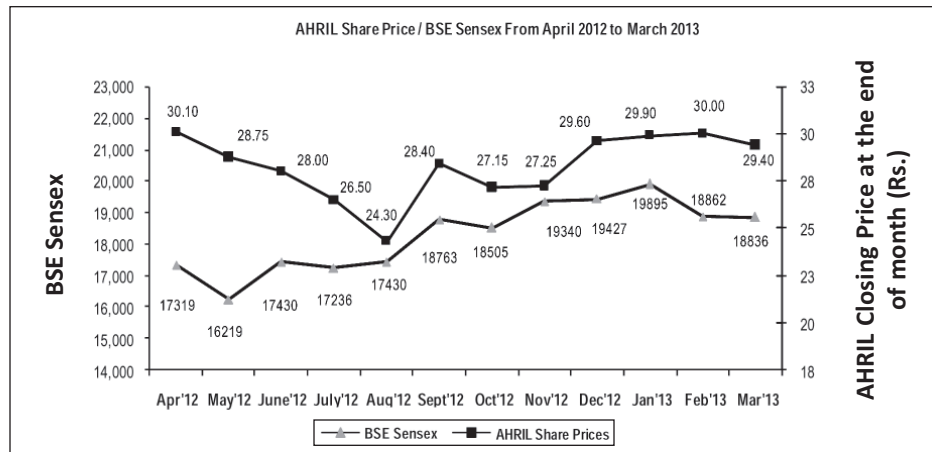
Delhi Stock Exchange Association Limited (Stock Code – 5924)

➤ **Market Price Data**

The high and low Market Price of the Company's shares traded on the Bombay Stock Exchange Limited, during each month in the financial year 2012-13 are given below.

Month	High Rs.	Low Rs.	Close Price Rs.	Month	High Rs.	Low Rs.	Close Price Rs.
April'12	34.25	30.00	30.10	October'12	32.00	27.00	27.15
May'12	32.00	28.60	28.75	November'12	29.70	26.40	27.25
June'12	29.00	25.85	28.00	December'12	29.60	25.90	29.60
July'12	28.50	26.00	26.50	January'13	33.00	28.15	29.90
August'12	28.30	24.25	24.30	February'13	31.00	28.30	30.00
September'12	30.15	24.20	28.40	March'13	31.25	29.00	29.40

➤ **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. Amit Banerjee

➤ **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 transfers are normally processed by Datamatics Financial Services Limited within 10-12 days from the date of receipt, if the documents are complete in all respects.

➤ **Distribution of Shareholding as on March 31, 2013**

Range (No. of Shares)	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	3,647	69.45	1,218,179	2.64
501-1000	837	15.94	783,782	1.70
1001-2000	354	6.74	560,085	1.21
2001-3000	190	3.62	486,248	1.05
3001-4000	41	0.78	149,799	0.32
4001-5000	63	1.20	305,902	0.66
5001-10000	53	1.01	411,930	0.89
10001 and above	66	1.26	42,303,325	91.53
<b>Total</b>	<b>5,251</b>	<b>100.00</b>	<b>46,219,250</b>	<b>100.00</b>



➤ **Category of Shareholding as on March 31, 2013**

Category	No. of Shares	% of Total
Promoters & Promoter Group	23,165,259	50.12
Mutual Funds	56,000	0.12
Bank/FIs/Insurance Companies	2,500	0.01
Foreign Institutional Investors	0	0.00
Bodies Corporate	16,768,449	36.28
General Public	5,066,967	10.96
NRIs/OCBs	1,160,075	2.51
<b>Total</b>	<b>46,219,250</b>	<b>100.00</b>

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

Sr. No.	Non-Executive Directors	No. of Shares held as on March 31, 2013
1.	Mr. K. Kannan	NIL
2.	Mr. Prakash V. Mehta	500
3.	Mr. Anil Harish	NIL
4.	Mrs. Menaka S. Advani	1,305,630

➤ **Demat of shares and liquidity**

The Company's shares are held in the dematerialized form by National Securities Depository Limited and the Central Depository Services (India) Limited under the ISIN INE199C01026. Out of the total Equity Share Capital, 95.05 is held in dematerialised form as on March 31, 2013. Trading in Equity Shares of the Company is permitted in BSE, NSE & DSE only in dematerialised form.

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

➤ **Location of Hotel**

**Ramada Caravela Beach Resort**

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

➤ **Correspondence Address**

Advani Hotels & Resorts (India) Limited  
18A & 18B, Jolly Maker Chambers-II,  
Nariman Point, Mumbai-400 021.  
Telephone No: (022) 2285 0101, Fax No.: (022) 2204 0744  
Email ID: [cs.ho@advanihotels.com](mailto:cs.ho@advanihotels.com)

**CODE OF CONDUCT:**

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

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2013

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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of Corporate Governance of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, for the year ended 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

**For J.G. VERMA & CO.**

*Chartered Accountants*  
Registration No. 111381W

**J.G. VERMA**

*Partner*  
Membership No. 5005

Mumbai, May 13, 2013





## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **ADVANI HOTELS & RESORTS (INDIA) LIMITED**, ("the Company") which comprise of Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order
- 2. As required by Section 227 (3) of the Act, we report that:
  - (a) 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;

- (b) 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;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the applicable Accounting Standards referred to in sub-section (3-C) of Section 211 of the Companies Act, 1956; and
- (e) 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, 2013 from being appointed as a Director under Clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Mumbai, May 13, 2013



## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in our Report of even date to the members of **ADVANI HOTELS & RESORTS (INDIA) LIMITED** on the financial statements for the year ended 31<sup>st</sup> March, 2013. We report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The Company has physically verified its fixed assets during the year in accordance with the regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed by the Management on such physical verification as compared to book records.  
(c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, were not material and have been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loan or advance to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (a) to (d) of clause 4 (iii) of the Order are not applicable to the Company.  
(b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, during the year from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (e) to (f) of clause 4 (iii) of the Order are not applicable to the Company.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control system.
5. In our opinion 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) the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees Five lacs with any party during the year have been made at prices which are reasonable having regard to the 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 4 (vi) of the Order is not applicable to the Company.
7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.
9. (a) According to the records of the Company and the information and explanations given to us, the Company has been *generally* regular in depositing undisputed statutory dues, including provident fund, investor education & protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other applicable statutory dues with the appropriate authorities during the year. The Company's operations do not give rise to any excise duty liability.  
(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of undisputed statutory dues as at 31<sup>st</sup> March, 2013 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	0.29	Asst. Years 2010-11	Commissioner of Income-tax (Appeals)
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 has not defaulted in repayment of dues to banks as per loan agreements or extended due dates. There were no borrowings from any financial institutions or by way of debentures.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures, and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions.
16. In our opinion on an overall basis, and according to the information and explanations given to us, the term loans taken during the year were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have *prima facie*, not been used during the year for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
20. The Company has not raised money by public issue during the year. Accordingly, the provisions of Clause (xx) of Paragraph 4 of the aforesaid Order are not applicable to the Company.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For J.G. VERMA & CO.**

Chartered Accountants  
Registration No. 111381W

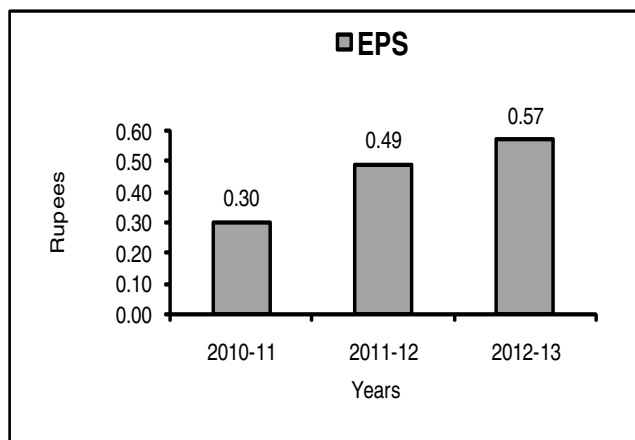
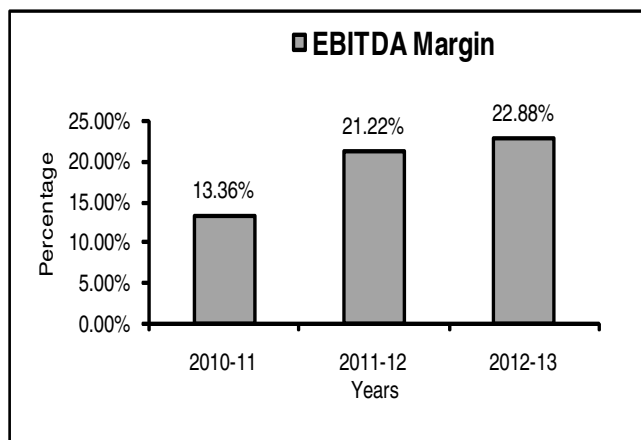
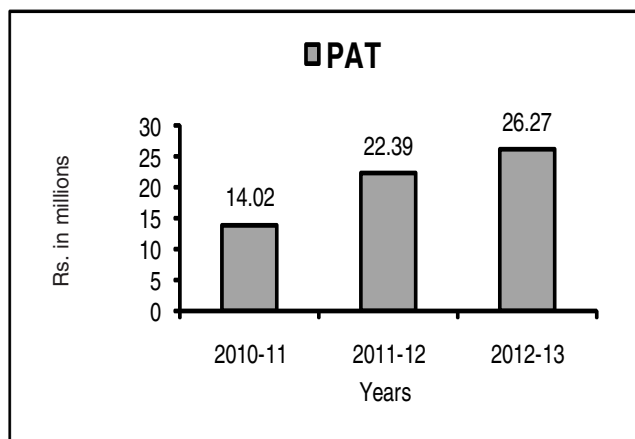
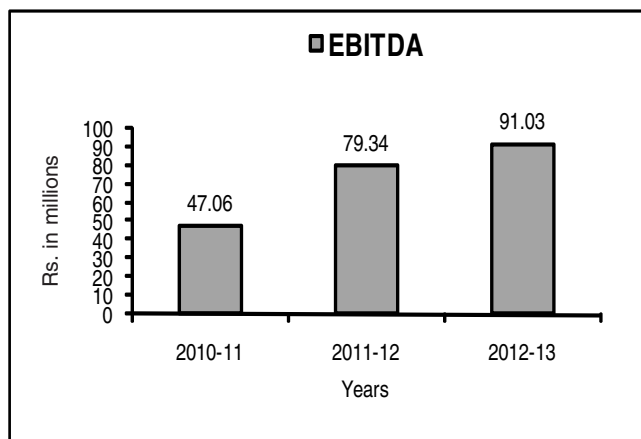
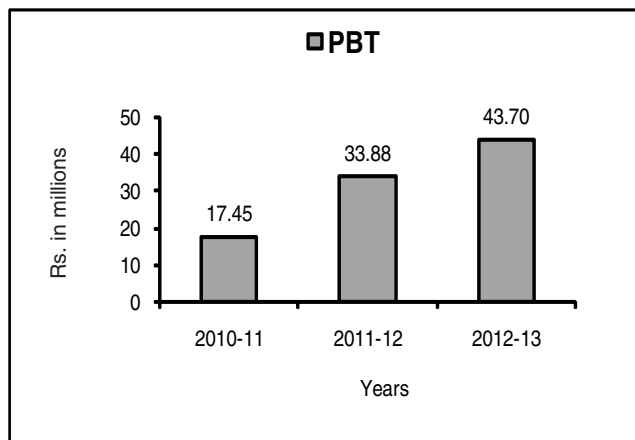
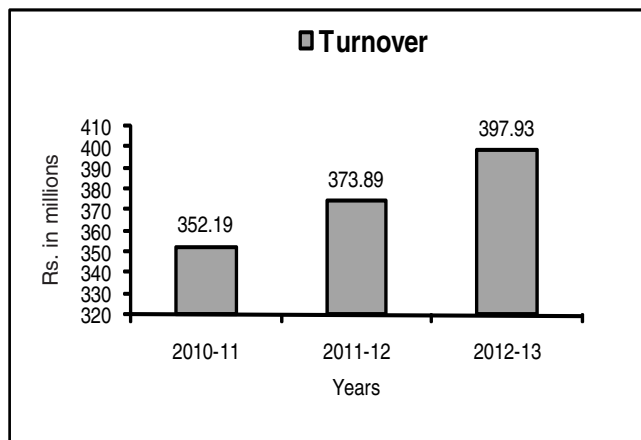
**J.G. VERMA**

Partner

Mumbai, May 13, 2013

Membership No. 5005

## KEY FINANCIAL GRAPHS AND RATIOS





**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital .....	3	92,438,500	92,438,500
Reserves and Surplus .....	4	229,991,099	217,692,326
		<b>322,429,599</b>	310,130,826
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings .....	5	84,184,555	54,877,953
Deferred Tax Liabilities (Net) .....	6	61,049,686	59,996,595
Long Term Provisions .....	7	9,598,357	8,316,194
		<b>154,832,598</b>	123,190,742
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings .....	8	31,353,627	44,579,164
Trade Payables .....	9	26,850,592	27,951,370
Other Current Liabilities .....	10	66,681,038	80,120,980
Short Term Provisions .....	11	8,819,009	2,940,783
		<b>133,704,266</b>	155,592,297
<b>TOTAL</b> .....		<b>610,966,463</b>	588,913,865
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets:	12		
Tangible Assets .....		483,268,777	473,528,912
Intangible Assets .....		508,386	842,822
Capital Work-In-Progress .....		30,824,522	17,186,342
		<b>514,601,685</b>	491,558,076
Long Term Loans and Advances .....	13	19,649,950	8,718,315
		<b>534,251,635</b>	500,276,391
<b>CURRENT ASSETS</b>			
Inventories .....	14	13,573,285	14,205,991
Trade Receivables .....	15	31,127,570	18,915,731
Cash and Bank Balances .....	16	13,524,891	29,019,599
Short Term Loans and Advances .....	17	18,489,082	26,496,153
		<b>76,714,828</b>	88,637,474
<b>TOTAL</b> .....		<b>610,966,463</b>	588,913,865

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

1 to 40

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

As per our report of even date

For and on behalf of the Board

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

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

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

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

Mumbai, May 13, 2013



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note	2012-13 Rupees	2011-12 Rupees
<b>REVENUE</b>			
Revenue from Operations .....	18	<b>386,808,013</b>	366,323,575
Other Income .....	19	<b>11,118,243</b>	7,568,622
<b>TOTAL REVENUE .....</b>		<b>397,926,256</b>	373,892,197
<b>EXPENSES</b>			
Cost of Food, Wine and Liquor Consumed .....	20	<b>29,350,652</b>	28,599,006
Employee Benefits Expense .....	21	<b>114,843,648</b>	103,189,554
Finance Costs .....	22	<b>16,325,089</b>	18,388,072
Depreciation and Amortisation Expense .....	12	<b>29,219,237</b>	27,069,968
Other Expenses .....	23	<b>162,707,141</b>	162,761,080
<b>TOTAL EXPENSES .....</b>		<b>352,445,767</b>	340,007,680
<b>Profit before Exceptional and Extra-Ordinary Items and Tax..</b>		<b>45,480,489</b>	33,884,517
Less: Prior Period Adjustments .....	24	<b>1,783,423</b>	—
<b>Profit before Tax .....</b>		<b>43,697,066</b>	33,884,517
Tax Expense:			
(1) Current Tax .....		<b>(16,000,000)</b>	(8,500,000)
(2) Deferred Tax (Refer Note 6) .....		<b>(1,053,091)</b>	(2,998,260)
(3) Tax for earlier years .....		<b>(378,738)</b>	—
		<b>(17,431,829)</b>	(11,498,260)
<b>Profit after tax for the year</b>		<b>26,265,237</b>	22,386,257
Earnings per Equity Share of face value of Rs.2 each:	35		
(1) Basic .....		<b>0.57</b>	0.49
(2) Diluted .....		<b>0.57</b>	0.49

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

1 to 40

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

As per our report of even date

For and on behalf of the Board

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

**SUNDER G. ADVANI**  
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**KUMAR IYER**  
Company Secretary

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

Mumbai, May 13, 2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	31st March, 2013 Rupees	31st March, 2012 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax .....	43,697,066	33,884,517
<b>Adjustments for:</b>		
Depreciation .....	29,219,237	27,069,968
Loss on sale of assets .....	1,387,573	2,996,854
Provision for doubtful debts .....	121,388	151,012
Provision for employee benefits .....	1,525,410	2,381,449
Interest and Dividend income .....	(1,070,582)	(3,852,267)
Interest expenditure .....	16,325,089	18,388,072
<b>Operating profit before working capital changes: .....</b>	<b>91,205,181</b>	<b>81,019,605</b>
<b>Adjustments for:</b>		
Trade and other receivable .....	(12,333,227)	6,869,268
Inventories .....	632,706	(2,321,877)
Trade payable & Others .....	(2,840,160)	4,229,705
<b>Cash generated from operations:</b>	<b>76,664,500</b>	<b>89,796,701</b>
Direct Taxes paid (Net of refund received) .....	(161,067)	(9,672,211)
<b>Net cash from Operating Activities: .....</b>	<b>76,503,433</b>	<b>80,124,490</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (including Capital Work-in-progress) .....	(53,098,668)	(108,554,669)
Decrease/(Increase) in Loans, Advances and deposits .....	(13,506,538)	9,246,862
Sale of Fixed Assets .....	683,245	1,111,574
Interest and Dividend Received .....	1,069,882	2,691,156
<b>Net Cash (used in) Investing Activities .....</b>	<b>(64,852,079)</b>	<b>(95,505,077)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
<b>Proceeds from Borrowings:</b>		
Long Terms Borrowings .....	54,157,992	46,299,941
Short Term Borrowings .....	15,000,000	44,447,044
<b>Repayment of:</b>		
Long Term Borrowings .....	(21,493,614)	(11,628,636)
Short Term Borrowings .....	(28,225,537)	(30,000,000)
Interest Paid .....	(20,027,689)	(14,770,307)
Dividends paid including Dividend Tax .....	(26,557,214)	(9,929,770)
<b>Net Cash (used in)/from Financing Activities .....</b>	<b>(27,146,062)</b>	<b>24,418,272</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(15,494,708)</b>	<b>9,037,685</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR .....</b>	<b>29,019,599</b>	<b>19,981,914</b>
<b>CASH &amp; CASH EQUIVALENTS AT THE CLOSING OF THE YEAR .....</b>	<b>13,524,891</b>	<b>29,019,599</b>
(See Note below)		

Note: The Closing Balance of Cash & Cash Equivalent includes restricted cash being (i) Lien marked bank deposits of Rs.2,952,651/- (Previous Year Rs.19,443,359/-) and (ii) Dividend Bank Account Balances of Rs. 1,408,939/- (Previous Year Rs. 1,460,349/-).

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

1 to 40

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

As per our report of even date

For and on behalf of the Board

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

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

**HARESH G. ADVANI**  
Executive Director

**J. G. VERMA**  
Partner

**KUMAR IYER**  
Company Secretary

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

Mumbai, May 13, 2013



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### 1 Corporate Information:

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

### 2 Significant Accounting Policies:

#### 2.1 Basis for Preparation of Financial Statements:

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

#### 2.2 Use of Estimates:

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

#### 2.3 Revenue Recognition:

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

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

#### 2.4 Fixed Assets:

Fixed Assets are stated at cost less depreciation. In the case of new projects successfully implemented, substantial expansion of existing units and expenditure resulting into enduring benefit, all pre-operative expenses including interest on borrowings for the project, incurred up to the date of installation are capitalized and added pro-rata to the cost of fixed assets.

#### 2.5 Depreciation:

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

#### 2.6 Impairment:

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

#### 2.7 Investments:

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**2.8 Inventories:**

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

**2.9 Employee Benefits:**

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

**2.10 Foreign Currency Transactions:**

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

**2.11 Prior Period Adjustments, Extra Ordinary Items and Changes in Accounting Policies:**

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

**2.12 Leases:**

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

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

**2.13 Borrowing Costs:**

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

**2.14 Segment Accounting:**

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





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### 2.15 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.

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

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

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

### 3 SHARE CAPITAL:

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
<b>Authorised:</b>		
99,750,000 Equity Shares of Rs. 2/- each .....	199,500,000	199,500,000
5,050,000 Preference Shares of Rs. 10/- each .....	50,500,000	50,500,000
<b>TOTAL .....</b>	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued, Subscribed and Paid up:</b>		
46,219,250 Equity Shares of Rs. 2/- each, fully paid up ...	92,438,500	92,438,500
<b>TOTAL .....</b>	<b>92,438,500</b>	<b>92,438,500</b>

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

Particulars:	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Number of Equity Shares at the beginning .....	46,219,250	46,219,250
Add: Less: Movement during the year .....	—	—
Number of Equity Shares at the end .....	<b>46,219,250</b>	<b>46,219,250</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

3.4. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31/03/2013		As at 31/03/2012	
	Number of shares	% held	Number of shares	% held
Sunder G. Advani .....	9,425,893	20.39%	9,425,893	20.39%
Hareesh G. Advani .....	5,808,502	12.57%	5,801,532	12.55%
Delta Hospitality and Leisure Private Ltd .....	16,453,783	35.60%	16,360,773	35.40%
<b>TOTAL .....</b>	<b>31,688,178</b>	<b>68.56%</b>	<b>31,588,198</b>	<b>68.34%</b>

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

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

**4. RESERVES AND SURPLUS:**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
<b>Capital Reserve:</b>		
As per last accounts .....	84,855,283	84,855,283
<b>Securities Premium Account:</b>		
As per last accounts: .....	47,089,900	47,089,900
<b>Capital Redemption Reserve:</b>		
As per last accounts .....	10,000,000	10,000,000
<b>General Reserve:</b>		
As per last accounts .....	20,600,000	20,000,000
Add: Transfer from Surplus in Statement of Profit and Loss .....	1,400,000	600,000
	<b>22,000,000</b>	<b>20,600,000</b>
<b>Surplus in the Statement of Profit and Loss:</b>		
As per last accounts .....	55,147,143	46,217,302
Add: Net Profit after Tax transferred from Statement of Profit and Loss .....	26,265,237	22,386,257
	<b>81,412,380</b>	<b>68,603,559</b>
<b>Amount available for appropriation .....</b>	<b>81,412,380</b>	<b>68,603,559</b>
<b>Appropriations:</b>		
Interim Dividend @ 13% (Previous year 12%) .....	(12,017,005)	(11,092,620)
Tax on Interim Dividend .....	(1,949,459)	(1,799,500)
Transfer to General Reserve .....	(1,400,000)	(600,000)
Excess provision for dividend tax, written back .....	—	35,704
	<b>66,045,916</b>	<b>55,147,143</b>
<b>TOTAL .....</b>	<b>229,991,099</b>	<b>217,692,326</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**5. LONG TERM BORROWINGS:**

	31 <sup>st</sup> March 2013 Rupees Non-current portion	31 <sup>st</sup> March 2012 Rupees	31 <sup>st</sup> March 2013 Rupees Current maturities	31 <sup>st</sup> March 2012 Rupees
<b>Secured:</b>				
Rupee Term Loans (Note 5.1) .....	83,515,260	52,750,000	26,000,000	20,486,863
<b>Unsecured:</b>				
Vehicle Loans .....	669,295	2,127,953	1,458,658	2,379,006
<b>TOTAL</b> .....	<b>84,184,555</b>	<b>54,877,953</b>	<b>27,458,658</b>	<b>22,865,869</b>

**5.1. Nature of Securities:**

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

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

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
(i) By Directors .....	109,515,260	73,236,863
(ii) By Others .....	—	—
<b>TOTAL</b> .....	<b>109,515,260</b>	<b>73,236,863</b>

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

	Rate of Interest (Per annum)	Repayable in	Amount outstanding as at 31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Bank of Baroda (Limit Rs. 280 Lakhs)	14.75% to 16.00%	4 half yearly installments	20,991,149	25,000,000
Bank of Baroda (Limit Rs. 280 Lakhs) (Refer Note 5.4)	15.00% to 16.25%		—	25,986,863
Bank of Baroda (Limit Rs. 150 Lakhs) (Refer Note 5.4)	15.00% to 16.25%		—	14,000,000
Bank of India (Limit Rs. 150 Lakhs)	14.25% to 15.00%	7 quarterly installments	5,250,000	8,250,000
Bank of Baroda A/c No. 0539	14.75 to 16.00%	8 half yearly installments	13,614,000	—
Bank of Baroda (Limit Rs. 280 Lakhs) FCNR(B) Loan (Refer Note 5.4)	650 bps over LIBOR	9 installments	32,106,881	—
Bank of India (Limit Rs. 675 Lakhs)	14.25%	8 half yearly installments	37,553,230	—
<b>TOTAL</b> .....			<b>109,515,260</b>	<b>73,236,863</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

- 5.4. During the year, Bank of Baroda has converted an amount of Rs.40,000,000/- (Previous year Rs. Nil) into Foreign Currency Loan.

**6. DEFERRED TAX LIABILITIES (NET):**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
<b>Deferred Tax Liability:</b>		
Difference between the written down value of assets under the Companies Act, 1956 and the Income Tax Act, 1961. ....	61,930,965	61,473,753
	<u>61,930,965</u>	<u>61,473,753</u>
<b>Deferred Tax Assets:</b>		
Expenses allowable for tax purpose on payment basis .....	755,505	1,390,769
Provision for doubtful debt/loans and advances .....	125,774	86,389
	<u>881,279</u>	<u>1,477,158</u>
<b>Deferred Tax Liability – net: .....</b>	<b>61,049,686</b>	<b>59,996,595</b>
Deferred Tax Liability for the year .....	<u>1,053,091</u>	<u>2,998,260</u>

**7. LONG TERM PROVISIONS:**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Provision for employee benefits (Refer Note 32) .....	9,598,357	8,316,194
<b>TOTAL .....</b>	<b>9,598,357</b>	<b>8,316,194</b>

**8. SHORT TERM BORROWINGS:**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
<b>Secured:</b>		
Cash Credits (Refer Note 8.1) .....	26,353,627	30,329,164
Short term bank loan (since repaid) (Refer Note 8.2) .....	—	14,250,000
	<u>26,353,627</u>	<u>44,579,164</u>
<b>Unsecured:</b>		
Short term bank loan (since repaid) .....	5,000,000	—
<b>TOTAL .....</b>	<b>31,353,627</b>	<b>44,579,164</b>

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

- 8.2. Secured by lien marked on fixed deposit receipt.

**9. TRADE PAYABLES:**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Micro, small and medium enterprises .....	—	—
Others .....	26,850,592	27,951,370
<b>TOTAL .....</b>	<b>26,850,592</b>	<b>27,951,370</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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

	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Principal amount due and remaining unpaid .....	—	—
Interest due on above and the unpaid interest .....	—	—
Interest paid .....	—	—
Payment made beyond the appointed day during the year .....	—	—
Interest due and payable for the period of delay .....	—	—
Interest accrued and remaining unpaid .....	—	—
Amount of further interest remaining due and payable in succeeding years .....	—	—

**10. OTHER CURRENT LIABILITIES:**

	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Current maturities of long term borrowings (Refer Note 5) .....	<b>27,458,658</b>	22,865,869
Interest accrued and due .....	—	2,516,769
Interest accrued but not due .....	—	1,185,831
Security Deposits .....	<b>2,686,000</b>	2,686,000
Unpaid dividend .....	<b>1,761,720</b>	1,460,349
Staff related dues .....	<b>8,324,766</b>	5,897,114
Statutory dues .....	<b>6,884,427</b>	6,020,736
Advances received from customers .....	<b>9,198,608</b>	10,499,196
Creditors for Capital Expenditure .....	<b>3,496,970</b>	8,584,940
Interim dividend payable .....	—	11,092,620
Tax on interim dividend .....	—	1,799,500
Other payables .....	<b>6,869,889</b>	5,512,056
<b>TOTAL</b> .....	<b><u>66,681,038</u></b>	<b><u>80,120,980</u></b>

**11. SHORT TERM PROVISIONS:**

	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Provision for employee benefits (Refer Note 32) .....	<b>3,184,030</b>	2,940,783
Provision for Income tax for the current year net of taxes paid .....	<b>5,634,979</b>	—
<b>TOTAL</b> .....	<b><u>8,819,009</u></b>	<b><u>2,940,783</u></b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

## 12. FIXED ASSETS:

(Amount in Rupees)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2012	Additions (Note 12.2)	Deductions	As at 31.3.2013	Upto 31.3.2012	For the year	Less: Sales/ (Adjustments)	As at 31.3.2013	As at 31.3.2013	As at 31.3.2012
<b>I. Tangible:</b>										
Land (Freehold) (including landscaping)	23,626,546	1,941,030		25,567,576	—	—	—	—	25,567,576	23,626,546
Buildings	430,543,447	19,336,439	3,953,646	445,926,240	119,938,385	11,049,369	2,483,277	128,504,477	317,421,763	310,605,062
Plant and Equipment	134,241,739	17,041,522	623,013	150,660,248	61,252,663	7,412,711	421,746	68,243,628	82,416,620	72,989,076
Furniture and Fixtures	124,429,607	1,579,541	23,586	125,985,562	74,113,035	7,016,650	31,186	81,098,499	44,887,063	50,316,572
Office Equipment and Computers	11,626,296	712,089	9,000	12,329,385	8,024,148	1,393,989	1,400	9,416,737	2,912,648	3,602,148
Vehicles and Motor Boats	21,464,683	39,500	1,726,736	19,777,447	9,075,175	1,966,719	1,327,554	9,714,340	10,063,107	12,389,508
	745,932,318	40,650,121	6,335,981	780,246,458	272,403,406	28,839,438	4,265,163	296,977,681	483,268,777	473,528,912
<b>II. Intangible:</b>										
Computer Software	2,122,159	45,363		2,167,522	1,519,676	337,424	—	1,857,100	310,422	602,483
Web-site Development Charges	261,411	—		261,411	21,072	42,375		63,447	197,964	240,339
	2,383,570	45,363	—	2,428,933	1,540,748	379,799	—	1,920,547	508,386	842,822
<b>TOTAL</b>	748,315,888	40,695,484	6,335,981	782,675,391	273,944,154	29,219,237	4,265,163	298,898,228	483,777,163	474,371,734
Previous Year Total	675,598,084	91,612,102	18,894,298	748,315,888	261,660,968	27,069,968	14,785,869	273,944,154	474,371,734	
<b>III. Capital Work in Progress [See Note 12.1 below]</b>									30,824,522	17,186,342

## NOTES:

- 12.1. Capital Work in Progress include expenses of Rs. 29,177,537/- (Previous year Rs. 17,186,342/-) incurred on renovation/refurbishing of the hotel, pending completion of the work (pending allocation).
- 12.2. Additions to Fixed Assets include Rs. 1,234,996/- (Previous Year Rs. Nil ) being loss due to fluctuation in foreign currency rates capitalised in accordance with Accounting Standard - 11 Notification.

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

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Capital Advances .....	12,885,451	1,511,469
Security Deposits including for telephones and electricity .....	1,350,870	1,350,870
Other Loans and Advances:		
Prepaid Expenses .....	3,451,124	3,925,119
Payment of income tax (net of provision for taxation) .....	1,962,505	1,915,857
Others .....	—	15,000
<b>TOTAL .....</b>	<b>19,649,950</b>	<b>8,718,315</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**14. INVENTORIES:**

(Valued at lower of cost and net realizable value)

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Operating supplies and stores .....	10,503,394	11,125,977
Food and beverages .....	3,069,891	3,080,014
<b>TOTAL .....</b>	<b>13,573,285</b>	<b>14,205,991</b>

**15. TRADE RECEIVABLES:**

(Unsecured, considered good unless otherwise stated)

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
A. Outstanding for six months from the date they are due for payment (Rs. 387,648/- (Previous Year Rs. 266,260/-) considered doubtful) .....	501,802	635,538
Less: Provision for doubtful debts .....	387,648	266,260
	114,154	369,278
B. Other receivables .....	31,013,416	18,546,453
Less: Provision for doubtful debts .....	—	—
	31,013,416	18,546,453
<b>TOTAL (A + B) .....</b>	<b>31,127,570</b>	<b>18,915,731</b>

**16. CASH AND BANK BALANCES:**

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Cash and cash equivalents:		
Balances with banks on current accounts .....	6,686,427	6,028,666
Cheques / drafts on hand .....	479,053	445,343
Cash on hand .....	1,645,041	1,641,882
	8,810,521	8,115,891
Other bank balances:		
On unpaid dividend account .....	1,761,719	1,460,349
Margin money deposit (Refer Note 16.1) .....	2,952,651	19,443,359
	4,714,370	20,903,708
<b>TOTAL .....</b>	<b>13,524,891</b>	<b>29,019,599</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

	31 <sup>st</sup> March 2013 Rupees	31 <sup>st</sup> March 2012 Rupees
Security and other deposits .....	2,984,574	2,994,574
Advances recoverable in cash or kind .....	3,373,615	1,119,738
Other Loans and Advances:		
Prepaid Expenses .....	5,573,268	5,217,070
Taxes Paid net of Provision .....	5,443,382	7,874,574
Loans to Employees .....	314,859	611,333
Cenvat Credit available .....	598,667	480,717
Other receivable .....	200,717	8,198,147
<b>TOTAL</b> .....	<b>18,489,082</b>	<b>26,496,153</b>

**18. REVENUE FROM OPERATIONS:**

	2012-13 Rupees	2011-12 Rupees
<b>Hotel Operations:</b>		
Room .....	235,924,329	212,691,471
Food .....	100,923,018	95,070,543
Wine and Liquor .....	17,207,246	18,486,812
	<b>354,054,593</b>	<b>326,248,826</b>
<b>Other Operating Revenues:</b>		
Income from electronic amusements and Gaming .....	3,426,409	12,804,212
Guest sight seeing and transportation .....	8,569,275	8,059,702
Health Club, SPA, Beauty Parlor and Swimming Pool .....	9,563,540	9,569,969
Others .....	11,194,196	9,640,866
	<b>32,753,420</b>	<b>40,074,749</b>
<b>TOTAL</b> .....	<b>386,808,013</b>	<b>366,323,575</b>

**19. OTHER INCOME:**

	2012-13 Rupees	2011-12 Rupees
Interest earned on bank deposits .....	207,848	2,691,156
Interest on tax refunds .....	862,734	1,161,111
Foreign Exchange Fluctuation Gain (net) .....	6,868,445	741,601
Excess provision and liabilities not payable, written back .....	2,722,620	2,224,382
Other non-operating income (net of direct expenses) .....	456,596	750,372
<b>TOTAL</b> .....	<b>11,118,243</b>	<b>7,568,622</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

**20. COST OF FOOD, WINE AND LIQUOR CONSUMED:**

	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Opening Stock .....	<b>3,080,014</b>	2,546,646
Add: Purchases .....	<b>29,340,529</b>	29,132,374
	<b>32,420,543</b>	31,679,020
Less: Closing Stock .....	<b>3,069,891</b>	3,080,014
<b>TOTAL .....</b>	<b>29,350,652</b>	28,599,006

**21. EMPLOYEE BENEFITS EXPENSE:**

	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Salaries, Wages and Bonus .....	<b>94,639,671</b>	87,432,879
Contribution to Provident and other Funds .....	<b>4,281,558</b>	4,283,867
Provision for employee benefits .....	<b>1,525,410</b>	2,381,449
Workmen and Staff Welfare Expenses .....	<b>14,397,009</b>	9,091,359
<b>TOTAL .....</b>	<b>114,843,648</b>	103,189,554

**22. FINANCE COSTS:**

	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Interest to banks on Long Term borrowings .....	<b>9,878,494</b>	13,788,794
Interest to banks on Short Term borrowings .....	<b>4,986,836</b>	2,702,733
Other borrowing costs .....	<b>1,459,759</b>	1,896,545
<b>TOTAL .....</b>	<b>16,325,089</b>	18,388,072

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

## 23. OTHER EXPENSES:

	2012-13 Rupees	2011-12 Rupees
Power and Fuel .....	34,739,411	31,152,565
Rent .....	5,815,656	6,786,030
Licence, Rates and Taxes .....	2,638,861	2,196,208
Repairs to Buildings .....	15,617,168	18,999,909
Repairs to Machinery .....	12,337,587	12,182,896
Repairs to other fixed assets .....	7,274,492	4,798,760
Replacement of operating supplies .....	1,368,248	2,227,137
Expenses on apartments and board .....	19,115,118	17,373,337
Water Charges .....	4,869,351	4,082,971
Printing and Stationery .....	1,792,565	1,407,641
Expenses on Communication .....	2,509,639	2,678,136
Travelling and Conveyance .....	12,801,598	12,751,682
Insurance .....	2,667,677	2,520,036
Advertisement, publicity and sales promotion .....	7,889,218	10,402,604
Royalty .....	7,315,886	7,008,504
Service Charges - marketing and collections .....	2,683,465	2,482,636
Band and music .....	6,534,457	5,869,862
Directors Fees .....	1,064,219	640,000
Legal and professional charges .....	7,916,660	8,820,300
Donations [Include Rs. Nil (previous year Rs.1,500,000/-) paid to Goa Pradesh Congress Committee]	570,002	1,589,750
Bad debts and irrecoverable amounts written off .....	413,355	264,428
Provision for Doubtful debts .....	121,388	151,012
Loss on sale/discard of fixed assets (net) .....	1,387,573	2,996,854
Luxury Tax, Sales Tax, Central Excise etc. (including assessment dues)	40,917	75,332
Miscellaneous Expenses .....	3,222,630	3,302,490
<b>TOTAL</b> .....	<b>162,707,141</b>	<b>162,761,080</b>

## 24. PRIOR PERIOD ADJUSTMENTS:

	2012-13 Rupees	2011-12 Rupees
<b>Expenses:</b>		
Excess interest booked in previous year reversed .....	1,783,423	—
<b>TOTAL</b> .....	<b>1,783,423</b>	<b>—</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### 25. Commitments:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.15,383,661/- (Previous Year Rs.18,971,905/-) net of advances.
- (b) Other Commitments:  
In terms of Non-Compete Agreement dated May 30, 2008, the Company as seller of its Flight Catering Unit to a party, has agreed and given an undertaking not to compete with the catering business of the said party in Goa for a period of ten years from the aforesaid date of Agreement.

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

- (a) Claims against the Company not acknowledged as debts Rs.2,545,833/- (Previous Year Rs.3,832,553/-)
- (b) Pending Bank Guarantees:

#### Particulars:

	2012-13 Rupees	2011-12 Rupees
Bank Guarantees .....	9,407,484	6,785,484

- (c) Demand of Rs.3,652,000/- (Previous Year Rs.2,922,000/-) for the period from 2008 to 2012 and interest thereon of Rs.851,040/- (Previous Year Rs.851,040/-) raised by the Goa Government vide letter dated April 4, 2012 for renewal of Amusement and Slot Machine Licence in respect of casino in the Company's hotel at Goa has been disputed by the Company as unreasonable, irrational, discriminatory and unfair. The Company has taken a legal opinion and a writ petition has been filed for cancellation of the demand. Pending writ petition in the court, no provision has been made for the said demand.
- (d) Demand raised by Income Tax authorities disputed by the Company in appeal and rectification proceedings, which are pending – Rs.2,607,583/- (Previous Year Rs.3,196,755/-).
- (e) Demand raised by Service Tax Authorities, disputed by the Company in appeal, which is pending amounting to Rs. Nil (Previous Year Rs.175,862/-).
- (f) Demand raised by Sales Tax authorities, disputed by the Company in appeal, which are pending amounting to Rs.1,215,646/- (Previous Year Rs.1,215,646/-).
- (g) Demand raised by Entertainment Tax Authorities, disputed by the Company in appeal, which is pending amounting to Rs.43,180/- (Previous Year Rs.43,180/-).
- (h) Demand of Rs.310,234/- (Previous Year Rs.310,234/-) raised by Luxury Tax Authorities for financial year 2007-08 is disputed by the Company and rectification application is pending.
- (i) Certain employees of the Company's flight catering unit i.e. Airport Plaza, which is sold in earlier year have demanded higher wages with effect from August 01, 2006. The matter is pending in the Labour Court. Pending disposal of the matter, no provision has been made for the additional wages, as the amount is indeterminate.

27. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This is information as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006" (the Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****28. Details of Auditors' Remuneration:**

	<b>2012-13 Rupees</b>	2011-12 Rupees
Audit fees .....	<b>350,000</b>	275,000
For taxation matters .....	<b>262,500</b>	95,000
For other services .....	<b>130,000</b>	110,000
For expenses .....	<b>106,285</b>	78,524
Service Tax .....	<b>94,233</b>	51,500
<b>TOTAL .....</b>	<b>943,018</b>	610,024

- 29.** The Unclaimed Dividend for the year 2005-06, 2006-07, 2007-08, 2009-10, 2010-11, 2011-12 and 2012-13 aggregating to Rs.1,761,720/- (Previous Year Rs.1,460,349/-) will be deposited with Investor Education and Protection Fund (IEPF) at the appropriate time as and when applicable.

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

<b>Particulars:</b>	<b>2012-13 Rupees</b>	2011-12 Rupees
Opening balance .....	<b>266,260</b>	115,248
Addition during the year .....	<b>121,388</b>	151,012
Closing balance .....	<b>387,648</b>	266,260

**31. Segment Reporting under Accounting Standard 17:**

Hotel business is the Company's only business segment and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 – "Segment Information".

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

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

<b>Particulars:</b>	<b>2012-13 Rupees</b>	2011-12 Rupees
Employer's Contribution to Provident Fund and Pension Scheme .....	<b>4,281,558</b>	4,283,867

**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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 Rupees (Unfunded)	2011-12 Rupees (Unfunded)
<b>Retiring Gratuity Liability:</b>		
<b>I. Assumptions:</b>		
Discount Rate – previous .....	8.25%	8.25%
Salary Escalation – previous .....	4.00%	4.00%
Discount Rate – current .....	8.25%	8.50%
Salary Escalation – current .....	4.00%	4.00%
Attrition Rate .....	2.00%	2.00%
<b>II. Change in Benefit Obligation:</b>		
Liability at the beginning of the year .....	9,556,750	7,889,033
Interest Cost .....	822,740	706,745
Current Service Cost .....	662,468	830,999
Benefit Paid .....	(1,079,846)	(306,850)
Actuarial (Gain) / Loss on obligations .....	834,846	436,823
Liability at the end of the year .....	10,796,958	9,556,750
<b>III. Amount recognized in the Balance Sheet:</b>		
Liability at the end of the year .....	10,796,958	9,556,750
Fair value of Plan Assets at the end of the year .....	—	—
Difference .....	(10,796,958)	(9,556,750)
Amount recognized in the Balance Sheet .....	(10,796,958)	(9,556,750)
<b>IV. Expenses recognized in the Statement of Profit and Loss:</b>		
Current Service Cost .....	662,468	830,999
Interest Cost .....	822,740	706,745
Actuarial Gain or (Loss) .....	834,846	436,823
Expense recognized in the Statement of Profit and Loss .....	2,320,054	1,974,567
<b>V. Balance Sheet Reconciliation:</b>		
Opening Net Liability .....	9,556,750	7,889,033
Expenses as above .....	2,320,054	1,974,567
Employer's Contribution .....	(1,079,846)	(306,850)
Closing Net Liability [Refer note (viii) below] .....	10,796,958	9,556,750
<b>Leave Encashment Liability:</b>		
<b>I. Summary of Assumption:</b>		
Retirement age .....	58 years	58 years
Attrition rate .....	2.00%	2.00%
Future Salary Rise .....	4.00%	4.00%
Rate of Discounting .....	8.25%	8.50%
Mortality Table .....	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate
<b>II. Actuarial Value of leave encashment liability .....</b>	<b>1,935,429</b>	<b>1,650,227</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****Other details:**

- (i) Gratuity is payable @ 15 days salary for each year of service subject to a maximum of Rs.1,000,000/- (Previous Year Rs. 1,000,000/-).
- (ii) Leave is encashable on retirement/while in service/maximum leave accumulation is as per Company's scheme from time to time.
- (iii) The above information is as certified by the Actuary.
- (iv) Salary Escalation is considered as advised by the Company which is in line with the industry practice considering promotion and demand and supply of the employee.
- (v) Number of employees (average) 173 (Previous year 172).
- (vi) Salary per month – Rs. 3,100,503/- (Previous year Rs. 2,721,593/-).
- (vii) Contribution for next year – Rs. Nil (Previous year Rs. Nil).
- (viii) In addition to the provision made for gratuity as per actuarial valuation, the Company has made further provision of Rs. 50,000/- under the relevant provisions of the Goa Shop and Establishment Act, 1973.

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

- (a) **Subsidiary Company:** : None
- (b) **Parties where control exists:** : None
- (c) **Key Management Personnel:**
  - Mr. Sunder G. Advani : Chairman & Managing Director
  - Mr. Haresh G. Advani : Executive Director
  - Mr. Prahlad S. Advani : Vice President & Asset Manager - Relative
- (d) **Other parties being relatives of Key Management Personnel with whom transactions have taken place during the year:**
  - Mrs. Menaka S. Advani : Director and relative
- (e) **Other related parties with whom transactions have taken place during the year:**
  - M/s. D. M. Harish & Co., Advocates : A Partnership firm wherein Mr. Anil Harish, Non-Executive Director of the Company, is a Partner
  - M/s. Malvi Ranchoddas & Co., Solicitors & Advocates : A Partnership firm wherein Mr. Prakash V. Mehta, Non-Executive Director of the Company, is a Partner



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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

Nature of transactions	(Figures in italics are for previous year)	
	Associates and other related parties Rupees	Key Management Personnel Rupees
Remuneration/Sitting Fees	281,114 <i>200,000</i>	15,911,243 <i>14,408,977</i>
Consultancy Fees	1,309,467 <i>672,118</i>	— —
Expenses recovered	— —	2,646,738 <i>1,979,837</i>
<b>Balance outstanding at the year end:</b>		
Creditors / Payables	— —	1,651,772 <i>640,100</i>

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

Particulars:	2012-13 Rupees	2011-12 Rupees
<b>Remuneration to Key Managerial personnel and sitting fees:</b>		
Mr. Sunder G. Advani (Refer Note 33.1) .....	7,365,150	6,819,823
Mr. Haresh G. Advani (Refer Note 33.1) .....	4,651,104	4,261,200
Mr. Prahlad S. Advani .....	3,894,989	3,327,954
Mrs. Menaka S. Advani .....	281,114	200,000
<b>Consultancy Fees:</b>		
Malvi Ranchoddas & Co .....	904,971	341,218
D. M. Harish & Co. ....	404,496	330,900
<b>Expenses recovered:</b>		
Mr. Sunder G. Advani .....	886,541	475,483
Mr. Haresh G. Advani .....	365,068	794,560
Mr. Prahlad S. Advani .....	1,395,129	709,794
<b>Year end balances:</b>		
Sundry Creditors/Payables:		
Mr. Sunder G. Advani .....	465,092	—
Mr. Haresh G. Advani .....	290,716	—
Mr. Prahlad S. Advani .....	895,964	640,100

**33.1.** The Managerial Remuneration of Rs.7,365,150/- (Previous Year Rs.6,819,823/-) to the Chairman and Managing Director (CMD) and Rs.4,651,104/- (Previous Year Rs.4,261,200/-) to Executive Director (ED) has been paid/provided in accordance with the resolutions approved by the Shareholders of the Company at the Annual General Meetings held on September 26, 2007 and September 17, 2012 read with the resolutions passed by the Board of Directors in their meeting held on July 10, 2012, February 08, 2013 and May 13, 2013. However, in view of inadequacy of profits for the year under consideration, the total managerial remuneration paid exceeds the limits prescribed under the Companies Act, 1956 by Rs.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

8,416,254/- (Previous Year Rs.6,693,217/-). The Company is making applications to the Central Government for approval of waiver of the said excess remuneration paid. Similar waiver for excess remuneration paid during the previous year was approved by the Central Government vide their approval letters dated October 26, 2012 for CMD and ED.

- 33.2.** 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.

**34. Lease:**

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

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

<b>Particulars:</b>	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Payable within one year .....	<b>5,675,650</b>	4,302,500
Payable later than one year but not later than five years .....	<b>15,628,475</b>	3,987,500
Payable after five years .....	—	—

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

<b>Particulars:</b>	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Profit after tax (In Rupees) .....	<b>26,265,237</b>	22,386,257
No. of Shares outstanding .....	<b>46,219,250</b>	46,219,250
Nominal face value of share (In Rupees) .....	<b>2</b>	2
Basic & Diluted E.P.S. (In Rupees) .....	<b>0.57</b>	0.49

**36. Earnings in Foreign Exchange:**

<b>Particulars:</b>	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Hotel earnings (including encashment) as certified by the Management and relied upon by the Auditors. The above earnings are on the basis of actual receipts during the year .....	<b>216,675,151</b>	165,201,024

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

<b>Particulars:</b>	<b>2012-13 Rupees</b>	<b>2011-12 Rupees</b>
Royalty .....	<b>7,009,171</b>	6,444,236
Professional & Consultation fees .....	<b>10,246,262</b>	8,138,377
Other matters .....	<b>7,376,423</b>	1,707,835



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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

Particulars	2012-13 Rupees		2011-12 Rupees
Number of Non-Resident Shareholders .....	36	44	47
Year to which the Dividend related .....	2012-13	2011-12	2010-11
Number of Equity Shares held .....	1,101,257	984,364	1,631,435
Amount of Dividend (Rupees) .....	286,327	236,247	326,287

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

Particulars	2012-13 Rupees	2011-12 Rupees
Capital goods .....	1,625,473	14,815,121
Stores, Spares and Supplies .....	—	167,566
Provision, Wines, etc. ....	1,419,184	1,373,101

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

The previous year's figures have been recast/regrouped/rearranged, wherever necessary for comparison purpose.

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, 2013



**FIVE YEAR SUMMARY**

Rs. in Lakhs

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
Total Revenue	3979	3739	3522	3240	3367
Profit before Tax	437	339	175	146	-52
Tax (Including Deferred Tax)	174	115	34	69	-57
Profit after Tax	263	224	185	77	5
Earnings Per Share (Rs.)	0.57	0.49	0.30	0.17	0.01
Dividend per Share (Rs.)	0.26	0.24	0.20	0.10	—
Dividend percentage	13%	12%	10%	5%	—
Dividend payout	120	111	92	46	—
Equity Capital	924	924	924	924	924
Reserves & Surplus	2300	2177	2082	2004	1981
Shareholders Funds	3224	3101	3006	2928	2905
Borrowings	1156	995	595	1574	1254
Capital Employed	4380	4096	3601	4502	4159
Net Block	5146	4915	4141	4216	4464
Payments relating to Employees	1148	1032	952	764	718
Total Debt to Equity	0.36	0.32	0.20	0.54	0.43

TEAR HERE

## ADVANI HOTELS & RESORTS (INDIA) LIMITED

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

### PROXY FORM

I/We .....  
of .....  
being a member/members of Advani Hotels & Resorts (India) Limited hereby  
appoint .....  
of .....  
or failing him/her .....  
of .....  
or failing him/her .....  
of .....  
as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty  
Sixth Annual General Meeting of the said Company to be held at 11.00 a.m. on  
Tuesday, 30<sup>th</sup> July 2013 and at any adjournment thereof.

Signature .....

Date .....

Folio No. ....

Full Name of the Shareholder .....

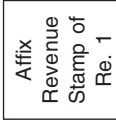
.....

No. of Share/s held .....

Signature(s) of the Shareholder .....

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

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



## ADVANI HOTELS & RESORTS (INDIA) LIMITED

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

### ATTENDANCE SLIP

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

I hereby record my presence at the Twenty Sixth Annual General Meeting of  
Advani Hotels & Resorts (India) Limited held at the 'Rangaswar',  
4<sup>th</sup> Floor, Chavan Centre, General Jagannath Bhosale Marg, Nariman Point,  
Mumbai-400021 at 11.00 a.m. on Tuesday, 30<sup>th</sup> July 2013.

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

No. of Shares held ..... Member's Folio No. ....

Member's/Proxy's Signature

(To be signed at the time of handing over this slip)

For Office Use :

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Mock up of proposed Guest Room



View of Swimming Pool from Existing Rooms





Beach Restaurant



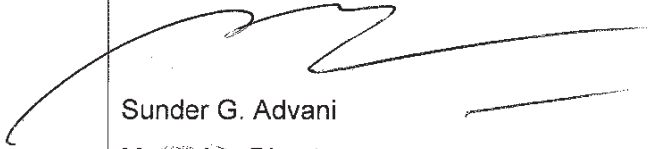
New Integrated Terminal nearing completion at Dabolim International Airport

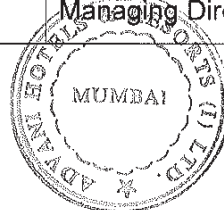
  
**RAMADA®**  
 caravela beach resort  
 Goa

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

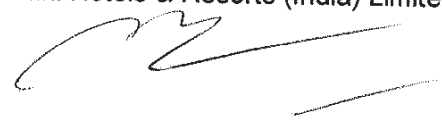

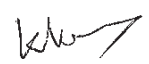

Tel: (91-22)2285 0101, Fax: (91-22) 2204 0744, [www.caravelabeachresort.com](http://www.caravelabeachresort.com)

**FORM 'A'**

1.	Name of the Company	Advani Hotels & Resorts (India) Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	Signed by: Sunder G. Advani Managing Director	For Advani Hotels & Resorts (India) Limited,   Sunder G. Advani Managing Director



**FORM 'A'**

1.	Name of the Company	Advani Hotels & Resorts (India) Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3.	Type of Audit observation	Un-qualified & No Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	<u>Signed by:</u> Sunder G. Advani Managing Director	For Advani Hotels & Resorts (India) Limited, 
	Shankar Kulkarni General Manager – Finance (CFO)	
	K.Kannan Audit Committee Chairman	
	Statutory Auditors of the Company	For J.G. Verma & Co. Chartered Accountants (FRN 111381W)  J.G. Verma Partner (M. No. 5005) 301-B Niranjana, 99, Marine Drive, Mumbai-400002: 22 <sup>nd</sup> July, 2013

