



## ADVANI HOTELS & RESORTS (INDIA) LTD



ANNUAL REPORT | **2015-2016**



**Mr. Sunder G Advani, Chairman & Managing Director**

## Organizing of Important Events



**Mr. Amitabh Kant, CEO, NITI Aayog, Guest of Honour and keynote speaker at the IACC Travel & Tourism Forum held in New Delhi on 29th June 2016, being welcomed by Mr. Sunder G. Advani, who chaired the Event**



**Mr. Sunder G. Advani, Regional President, Indo-American Chamber of Commerce (IACC) and U.S. Ambassador to India Mr. Richard Verma, who was the Chief Guest at the IACC Forum on Travel & Tourism in New Delhi**



## Participation in Important Events



Mr. Sunder G. Advani led a Delegation of IACC to New York. The Consul General of India at the Indian Consulate in New York had invited media and professionals to meet Mr. Sunder G. Advani, CMD and the delegates. Deputy Consul General requested the CMD to distribute Awards to the International Achievers who were recognized at the Event



Deputy Mayor of Jersey City, N.J., Mr. Raj Mukherjee receiving an award from Mr. Sunder G. Advani at the Event in New York

## Participation in Important Events



**Mr. Piyush Goyal, Minister of State with Independent Charge for Power, Coal, New and Renewable Energy and Mines addressed an Interactive Meeting organized by IACC in Mumbai where Mr. Sunder G. Advani, CMD was Guest Speaker**



**Mr. Sunder G. Advani presents a memento to Guest Speaker Dr. Mukund Rajan, Director, Tata Sons, at the Indo American Corporate Excellence Awards Event held in Mumbai**



## Events at our Hotel

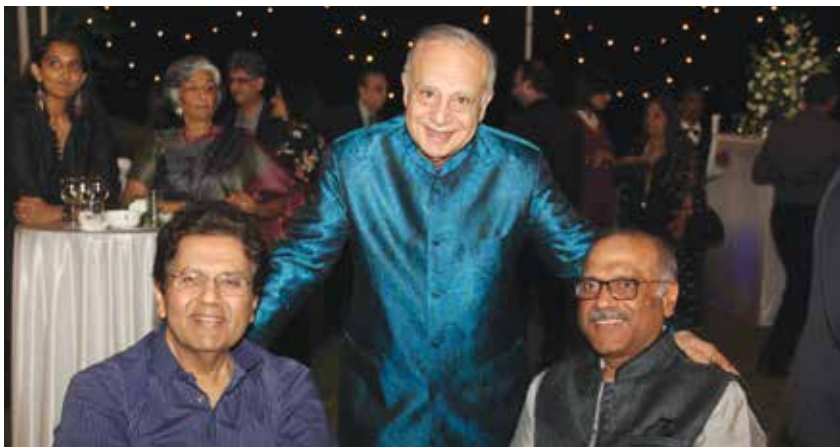


**Blood Donation Camp organized at the Hotel on June 17, 2016**



**Goanna Masterchef 2016 Award held in our hotel**

## 25th Anniversary Celebration at Willingdon Club, Mumbai



Some of the VIP Guests



## **25th Anniversary Celebration at our Resort in Goa**



**Mr. Sunder G. Advani cutting the Anniversary Cake**



**Former Chief Minister of Goa, Mr. Digambar Kamat, addressing the invited guests along with Directors**



**Directors with their family members**





## Chairman's Speech

Dear Fellow Shareholders,

India is now the fastest growing economy in the world with a growth in GDP of over 7.3%. However, our country whose population is over 1.25 billion, and growing, has a high unemployment rate of over 7%. We need to create jobs so that our young people are gainfully employed which will lead to all round prosperity and reduction in anti-social activities.

### Importance of Tourism:

I have always maintained that India has a better chance of success in the 'Services' sector, as compared to the 'Manufacturing' sector, which requires more capital, more dependence on coordination between various factors of production to create a product at a cheaper cost than anyone else. The Chinese have succeeded in making everything cheaper largely because they have a low cost of capital and lower wages in relation to productivity, primarily due to the absence of trade unions, democracy. Our major advantage is that India has a large number of educated manpower who can communicate better in English. It should not be a surprise that almost 58% of our GDP is derived from Services. Tourism, which accounts for 1 out of 11 jobs globally and which is part of the Services sector, has a great potential in our country. The more liberal Civil Aviation Policy announced recently will increase air connectivity.

I, as the Chairman of the Travel and Tourism Forum of the Indo American Chamber of Commerce, held a one day Seminar in New Delhi recently where prominent speakers from the Government, tour operators, airlines spoke on tourism issues. Mr. Amitabh Kant, the CEO of Niti Aayog and the creator of the 'Incredible India' Campaign in his keynote address stated "I have always believed that tourism is critical to India, and has a multiplier effect in impacting creation of jobs and that the top political leadership, the Prime Minister himself, is committed to the betterment of the tourism sector". He further stated "I have been involved in the Manufacturing sector, and can tell you that it is a long term gain and takes time in yielding desired results. Tourism on the other hand can give you quick results". Mr. Kant also advocated that India should concentrate on attracting high spending tourists and not mass tourism.

The U.S. Ambassador to India was the Chief Guest. The largest number of foreign tourists to India come from the U.S. and also avail the maximum E-Tourist Visas issued. On his recent visit to the U.S., our Prime Minister succeeded

in having India selected as the tourism partner of the U.S. for 2017. The Ambassador's key message, which was highlighted by the media was that 'Tourism could support 47 million Jobs by 2025 in India'. Mr. Suman Billa, the Joint Secretary of the Tourism Ministry, while sharing details of the budget allocated for tourism, admitted that "Inbound has grown almost by 10 percent compared to the previous year. The problem is that we are growing on a very narrow base, if you consider India's diverse product offerings".

In my speech, I highlighted that the impact of travel and tourism was also benefiting smaller towns and that tourism led to the growth of ancillary industries. The other advantages for encouraging this industry, besides job creation, were that when a foreign tourist visited India, not only did the tourist spend on hotel accommodation but also on local travel, shopping etc. The hotel industry earned valuable foreign exchange and as such was also an exporter. However, it did not receive the same incentives received by other exporters. The tax structure was such that India had become a more expensive destination as compared to competing destinations such as Thailand, Sri Lanka and Vietnam where the tax on tourism was about 5% as compared to almost 35% in India. India was never considered as a country that one visits for leisure. Also that we needed to change India's image and the over emphasis on the Delhi-Agra-Jaipur Golden Triangle. Though the beaches of Goa were far superior to Bali, we were not as successful in attracting affluent tourists.

### Goa:

The small state of Goa has contributed significantly to India's tourism efforts. India has a huge coast line with excellent beaches on the East Coast and West Coast as well as the Andaman Islands. But Goa is the one beach destination where tourism has flourished. Goa has recorded an Average Annual Growth Rate of 15% over the last 6 years. There are many reasons why Goa keeps growing in popularity year after year. German and British tourists, who discovered Goa in the mid-80's, found that not only were the beaches of Goa world class but the local Goans welcomed tourists. Then the Russians came to Goa in droves to escape their severe winters. European tourists arrived during the winter months by charter flights directly into Goa from London, Frankfurt and Moscow. Russian tourists were the main occupants of most hotels in Goa until two years ago.

Domestic tourists could not access Goa, as it was a part of Portugal until 1961, and there was only one daily flight

operating to Goa from Mumbai and Cochin till 1990. Since Indian tourists have better incomes to spend on holidays and with increased flights into Goa from every major city, Goa has become a favourite holiday destination. It has also gained popularity for conferences and weddings. Goa has now become a year round destination with high occupancies year round. There are 24 daily flights to Goa from Mumbai alone. Since it is difficult to obtain the permissions from the various authorities to build hotels in Goa, the existing hotels are doing extremely well. Our 5 Star Deluxe hotel in South Goa is on one of the largest beaches in the world. Some new hotels have come up but these are smaller properties and primarily in North Goa which has become commercialized.

As such, the prestigious DefExpo India 2016 was held in South Goa when delegations from Israel, Russia and other countries stayed in our 200 room hotel. Most of the delegates for the even more high profile BRICS Conference, where the President of China is expected, will be staying in South Goa. Our hotel is one of the few selected by the Ministry of External Affairs to house the VIPs. Goa's future depends on the State Government's timely action on issues like cleanliness, infrastructure, law and order, which will determine if Goa can attract affluent tourists. The present airport at Dabolim is equidistant to North and South Goa hotels. However, the original expansion plan to renovate the old terminal needs to be implemented.

### **Financial Highlights:**

This has been an excellent year for Goa and especially our hotel. The overall occupancies of hotels in Goa for the year was 70.7%, which is second highest of all cities in India. The Average Room Rate (ARR) in Goa was also second only to Mumbai. Our hotel achieved an occupancy of 72%. Our REVPAR (Revenue Per Room) increased by over 15% as our ARR went up by 18%. As a result, our Company recorded the highest ever net profit of ₹ 64 million. This represents a

growth of 56% year on year. We achieved an increase in gross profit of 70% compared to last year.

The first quarter results which were published after our Board Meeting on 28th July 2016 were exceptionally good. We registered an increase in occupancy from 73.7% to 77.7%. Moreover, our Average Room Rate for the first quarter also increased by 9.5% to ₹ 5994. As a result, our Profit Before Tax increased by 64% and our Profit After Tax increased by 31%. As a result of the good performance, the Board approved payment of interim dividend of 10% for the financial year 2016-17. We have unutilized FSI of over 100,000 sq.ft. and we propose to add a larger Banquet Hall to capture the increasing Wedding and Conference business. Our Company is almost debt free.

### **Acknowledgments:**

In closing, I would like to place on record my gratitude to the entire Board of Directors for their inputs and suggestions.

I would like to thank the Central Government, especially the Ministries of Tourism, Civil Aviation, External Affairs, Finance and also the Government of Goa for their continued assistance to the tourism industry. I would also like to thank the Wyndham Hotel Group, Bank of Baroda and Bank of India for their support. The employees and executives of the Ramada Caravela Beach Resort are our most important assets and deserve immense praise. 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 faith in our Company.



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