

ADVANI HOTELS & RESORTS (INDIA) LIMITED

ANNUAL REPORT | 2020 – 2021







Reviews from
millions of TripAdvisor
travellers place this
hotel in the top 10%
worldwide.

Tripadvisor
Travellers'
Choice
2021

Corporate Information

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR
Sunder G. Advani

EXECUTIVE DIRECTOR
Haresh G. Advani

WHOLE TIME DIRECTOR
Prahlad S. Advani

DIRECTORS
Prakash V. Mehta
Vinod Dhall
S. D. Israni
Adhiraj Harish
Admiral Sureesh Mehta (R)
Menaka S. Advani
Nina H. Advani
Ragini Chopra

COMPANY SECRETARY
Nilesh Jain

BANKERS
Saraswat Bank

STATUTORY AUDITORS
JMT & Associates,
Chartered Accountants
(w.e.f. September 26, 2020)

SOLICITORS
Malvi Ranchoddas & Co.

REGISTERED OFFICE
18A & 18B Jolly Maker Chambers II
Nariman Point
Mumbai 400 021

RESORT LOCATION
Caravela Beach Resort
Varca Beach, Salcete
Goa 403 721

**REGISTRAR AND
SHARE TRANSFER AGENTS**
Datamatics Business Solutions
Limited
Plot No. B-5, Part B
Cross Lane, MIDC Marol
Andheri (East)
Mumbai 400 093

Contents

08
Letter from
the Chairman
& Managing
Director

11
Financial
Summary
Table

12
Awards

20
Creatives

27
Notice

45
Directors'
Report

75
Management
Discussion
and Analysis

79
Report on
Corporate
Governance

96
Auditors'
Certificate
on Corporate
Governance

97
Independent
Auditors'
Report

107
Balance
Sheet

108
Statement
of Profit
and Loss

111
Cash Flow
Statement

112
Notes to
Financial
Statements

158
Resort
Photos

A MESSAGE FROM OUR CHAIRMAN & MD



Dear Fellow Shareholders,

On behalf of the Board of Directors of your Company, it is a proud privilege for me to address you on the 34th Annual General Meeting of your Company.

In normal years, the growth of GDP of India trickles down to the hotel industry. The past year was nowhere close to normal. Most countries tried to prevent the spread of the highly contagious Covid-19, by imposing severe restrictions on travel and entertainment. Our industry was one of the most adversely affected.

A study conducted on India's Tourism Industry by the World Travel and Tourism Council, the London based think tank, shows that in the calendar year 2019, the travel and tourism industry contributed US 10.4% of the world's GDP. As a result of Covid-19, the contribution of travel and tourism to GDP in the world dropped to 5.5%.

The travel and tourism industry in India contributed 6.9% of GDP in 2019. The contribution of our industry dropped to 4.7% in the year 2020. As per this study, this industry contributed 31.8 million jobs or 7.3% of total jobs in India in 2020.

In a recent article in the Economic Times, our Honourable Prime Minister, Mr. Narendra Modi while noting Goa's contribution to the country's economy, stated "Goa is a key centre of India's tourism and thus in India's economy". I am very grateful for the acknowledgement of the tourism industry as an important economic activity and especially for the recognition awarded to Goa, of being a vital centre of India's tourism; and that such an acknowledgment would come from our Honourable Prime Minister.

I have been consistently fighting for issues to grow the tourism industry in India. Some of the successes achieved including bringing international hotel chains to India and to Goa, promoting Goa as a tourist destination worldwide and starting the Casino industry in Goa. Your Company has made all its investments only in Goa.

In a recent article in the Economic Times, our Honourable Prime Minister, Mr. Narendra Modi while noting Goa's contribution to the country's economy, stated "Goa is a key centre of India's tourism and thus India's economy".

The Economic Survey presented to the Parliament in January 2021 by the Chairman of the Council of Economic Advisors stated "We can create 4 crore jobs by 2025 and 8 crore jobs by 2030 by focusing on exports."

Our hotel industry provides the most jobs in travel and tourism as it requires personalised service, (which cannot be delivered by a robot). Moreover hotels in India have a competitive advantage over most countries as labour costs, (which comprise a major expense), are relatively low. Our industry is also an export industry, in that foreign tourists spend a major part of their expenses in hotels. Yet, despite being a valuable earner of foreign exchange for our country, the hotel industry receives very few incentives to encourage hoteliers to actively seek foreign business and earn foreign exchange. The hotel industry makes huge investments, as it is a capital intensive and needs incentives to grow. The Government has recently announced that hotels may qualify as an 'Infrastructure Industry' which will help hotels to obtain loans at a lower interest rate and repayable over a longer period.

Foreign inbound tourism is important as it increases our exports. Our Company has been particularly active in seeking foreign business, as foreign tourists come to Goa because they can stay at a hotel located on one of the best beaches in the world. They find Goa to be tourist-friendly, safe and not overpopulated, (which is even more important in Covid times). With this objective, I met the Minister of Tourism of India on his visit to Goa recently and requested his help in allowing foreign charter flights to resume to Goa. I am glad to report that not only have charter flights to Goa been cleared, but also Visas are available to those foreign Tourists who travel on charter flights with effect from 15th October. Foreign tourists arriving on other flights will be eligible for Visas from 15th November. Our Company normally derives valuable revenue from these tourists, (primarily from the UK and Russia), who stay for a minimum of a week. I have always suggested to the authorities that we need to target few selected countries, with the right message, for attracting foreign tourists.

On a positive note, leisure hotels such as ours are recovering from the massive blow suffered as a result of Covid-19. Research shows that resort hotels are doing extremely well not only in India, but throughout the world. Marriott hotels worldwide recently reported that they are making profits because of the immense contribution made by their resort properties.

We have survived the pandemic period because our operations team in Goa were quick to move and were able to rationalise costs and make sacrifices.

Our strategy of being debt-free and having internal financial reserves, protected the Company from the costs of financial distress during the closure period.

The Government of Goa has selected me as a member of the Goa State Committee on Promotion of Tourism. As a result I have had meetings with the Consul Generals of India in New York, Chicago and San Francisco to seek their assistance in promoting tourism from USA. The highest number of foreign tourists coming to India are from the USA and UK.

During the last financial year our Company had to rely solely on domestic business. Fortunately, unlike many other countries, India has a huge and robust domestic market. Much of the business for hotels in Goa was derived from domestic FIT's and some small Weddings. Conferences were postponed or cancelled due to Covid-19.

On a positive note, leisure hotels such as ours are recovering from the massive blow suffered as a result of Covid-19. Research shows that resort hotels are doing extremely well not only in India, but throughout the world. Marriott hotels worldwide recently reported that they are making profits because of the immense contribution made by their resort properties.

The first 6 months of the financial year 2020-21 were a disaster for the hotel industry in India and for our Company, due to the lockdowns and travel restrictions as a result of Covid-19. After being closed for 6 months, we opened in October 2020 and managed to generate approximately INR 281.8 million in revenue from October 1, 2020 to March 31, 2021.

In the current financial year 2021-22, we had to again shut the hotel in May 2021 and re-opened in August 2021, due to second wave of Covid-19. In October 2021, our occupancy went up to 82.4% as compared to 31.6% in October 2020. Further, our total revenues also went up by 222%.

After Covid-19, there is an increased propensity to take the entire family for a holiday. Goa and particularly our hotel is an excellent choice, as our resort is designed to be child friendly. Studies show that Goa had the highest occupancy rates of all major cities in India.

We have also won several awards and accolades during this period as well!

Our Financial Results:

Our operations team took immediate and effective steps to reduce fixed costs and also to rationalise labour costs with the cooperation of our employees and the Union. The ratio of total employees per room has decreased from approximately 3:1 to 1.5:1. The energy costs also decreased from INR 51.2 million to INR 32.7 million during the financial year. (The newly installed heat pump in March 2021 will help streamline energy costs in the future). As a result, the losses due to the closure of the hotel were minimized.

The total revenue for the financial year dropped by 60.4% from INR 711.6 million to INR 281.8 million. Despite this huge drop in turnover, we incurred a net loss of only INR 40.8 million for the financial year. We have survived the pandemic period because our operations team in Goa were quick to move and were able to rationalise costs and make sacrifices. In addition, our strategy of being debt-free and having internal financial reserves - protected the Company from the costs of financial distress during the closure period.

For the seven month period between April to October 2021, we have almost reached a breakeven point; (despite being closed for over 3 months due to the tragic second wave of Covid-19).

I am happy that our team at the hotel has done an outstanding job in coping with the extraordinary circumstances which have never occurred before. We have also won several awards and accolades during this period as well!

Leisure hotels will bounce back and surpass pre-Covid levels as there is a strong desire to enjoy a holiday (especially after the number of totally vaccinated persons increase). The number of Covid positive cases in India have declined substantially.

I thank our Board for their immense support and advice to me in these difficult times. Our shareholders, tour operators, travel agents and our repeat guests have been the pillars of our strength over these years. We are grateful to all our guests, employees, bankers, Government officials in the Ministry of Finance, Home, Commerce, External Affairs, Tourism, Civil Aviation, Road Transport and Niti Aayog. We are thankful to the Government of Goa, especially the Chief Minister. The Village Panchayat of Varca have extended their full support.

Sunder Advani

Sunder G. Advani
Chairman & Managing Director

Financial Summary

OVER THE LAST EIGHT YEARS

₹ in millions								
Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Gross Revenue inclusive of taxes	327.8	833.5	858.1	765.8				
Net Revenue	281.8	711.6	717.3	638.2	608.6	540.2	490.3	413.3
Total Room Nights Sold (Numbers)	23,515	57,303	59,815	56,485	57,403	52,234	52,725	43,201
Average Revenue Per Occupied Room per night (RevPOR) (‘)	11,681	12,090	11,749	11,018	10,367	10,110	9,030	9,042
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	(19.9)	180.2	176.4	164.9	183.7	144.7	117.2	83.6
EBITDA Margin (%)	-7.1%	25.3%	24.6%	25.8%	30.2%	26.8%	23.9%	20.2%
Depreciation and Amortization	32.7	37.4	36.5	35.2	36.9	40.5	45.1	31.7
Earnings Before Interest and Taxes (EBIT)	(52.6)	142.8	139.9	129.7	146.8	104.2	72.1	51.9
EBIT Margin (%)	-18.7%	20.1%	19.5%	20.3%	24.1%	19.3%	14.7%	12.6%
Interest / Finance Costs	2.0	2.3	0.6	0.6	3.2	10.4	16.9	21.7
Interest / Finance Income	3.6	7.4	8.4	3.8	1.5	0.8	0.4	0.2
Prior Period / Other Adjustments	-	-	-	-	-	-	-	-
Profit / (Loss) Before Tax (PBT)	(54.5)	140.5	139.3	129.1	143.6	93.8	55.2	30.2
PBT Margin (%)	-19.3%	19.7%	19.4%	20.2%	23.6%	17.4%	11.3%	7.3%
Current Tax	-	36.4	40.5	42.7	50.0	29.4	17.3	9.2
Deferred Tax	(13.8)	-8.2	-16.5	1.0	2.9	0.7	2.3	(2.2)
Tax for earlier years	0.1	-0.3	1.6	(0.9)	1.4	(0.3)	(0.4)	0.6
Total Tax	(13.7)	27.9	25.6	42.8	54.3	29.8	19.2	7.6
Tax Rate (%)	25.2%	25.2%	29.1%	34.6%	34.6%	32.5%	32.5%	32.5%
Profit / (Loss) After Tax (PAT)	(40.8)	112.6	113.7	86.3	89.3	64.0	36.0	22.6
PAT Margin (%)	-0.14	15.8%	15.9%	13.5%	14.7%	11.8%	7.3%	5.5%
Other comprehensive income (as per Ind AS)	0.3	0.2	-0.1	0.9	0.0	-	-	-
Earnings Per Share (‘)	-0.9	2.4	2.5	1.9	1.9	1.4	0.8	0.5
Dividend Per Share (‘) including final dividend	-	1.9	2.0	0.7	0.6	0.5	0.4	0.2
Dividend Percentage (Total)	-	95.0%	100.0%	35.0%	30.0%	24.0%	21.0%	12.0%
Dividend Payout (including dividend tax)	-	105.9	111.4	38.9	33.4	26.7	23.3	12.9
Equity Capital (B)	92.4	92.4	92.4	92.4	92.4	92.4	92.4	92.4
Other Equity / Reserves & Surplus (C)	340.0	380.5	452.4	383.4	324.0	284.9	247.5	239.7
Shareholders Funds (B + C)	432.4	472.9	544.8	475.8	416.4	377.3	339.9	332.1
Long Term Debt and Vehicle Loans	2.1	3.3	4.4	5.1	4.8	64.6	147.3	174.1
Cash and Bank Balances including current investments	140.5	127.6	192.6	126.9	32.1	7.8	9.6	12.3
Long Term Debt to Shareholders Funds (Ratio)	0.0	0.01	0.01	0.01	0.01	0.17	0.43	0.52
After-Tax Return on Equity (Shareholders Funds)	-9.4%	23.8%	20.9%	18.1%	21.4%	17.0%	10.6%	6.8%
Return on Assets	-6.2%	15.7%	15.4%	13.2%	14.5%	10.1%	5.4%	3.5%
Current Ratio	1.17	1.43	1.90	1.36	0.84	0.51	0.56	-
Operating Cash Flow (after tax)	19.1	178.2	150.4	153.9	140.1	124.4	97.7	-
CSR expenditure	3.4	2.8	2.5	2.0	1.3	0.5	-	-

* Cash Conversion Cycle = Days of Sales Outstanding + Days of Inventory Outstanding - Days of Payables Outstanding.



We are delighted and humbled to win the Tripadvisor Travellers' Choice Award on May 2021.

Reviews from millions of Tripadvisor travellers place this hotel in the top 10% worldwide.



**Tripadvisor
Travellers'
Choice
2021**

**Caravela
Beach Resort**



Caravela Awards



AWARD FROM HOLIDAYCHECK AG

In April 2020, the Caravela Beach Resort Goa was awarded a Certificate from the CEO of HolidayCheck Germany, for consistently high guest satisfaction scores of 5.0 stars out of a maximum of 6.0 stars!

Caravela Awards



Caravela Awards



BUREAU VERITAS CERTIFICATION

In January 2021, the Caravela Beach Resort Goa received a 'Platinum Grade' with a 97.3% rating from Bureau Veritas, under their COV-SAFE Hygiene Management Certification Program. The 'Caravela Cares' hygiene and safety program was audited and verified by Bureau Veritas and has been independently certified for its exceptional hygiene and safety standards.

Caravela Awards



COVID-19 SAFETY PROGRAM – CERTIFICATE FROM DIVERSEY

In February 2021, after a detailed audit by Diversey, the Caravela Beach Resort Goa received the 'Covid-19 Safety Program Certificate', with a 97.0% safety rating from Diversey Consulting, for compliance with WHO, CDC and local guidelines and for taking effective steps to protect the health and safety of our employees and guests.

Caravela Awards



TIMES FOOD & NIGHTLIFE AWARD

On March 31, 2021, our popular 'Beach Hut' restaurant won the 'Times Food & Nightlife Award', after receiving numerous positive votes from customers all over India!

This prestigious accolade was awarded by the Managing Director of the Times of India newspaper (The Times Group) and reflects the quality of our Food & Beverage experiences and the dedication of our culinary team.



Caravela Awards



The Caravela engaged Bureau Veritas to conduct a detailed Food Safety Audit in the hotel.

Our team secured 104 points (out of a maximum of 114 points) and obtained an A+ rating in the FSSAI (Food Safety & Standards Authority of India) assessment report.