

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Introduction

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 billion. FEEs during January 2019, was US\$ 2.55 billion.

Market Size

India is the most digitally-advanced traveller nation in terms of digital tools being used for planning, booking and experiencing a journey, India's rising middle class and increasing disposable incomes has continued to support the growth of domestic and outbound tourism.

During 2018, foreign tourist arrivals (FTAs) in India stood at 10.56 million, achieving a growth rate of 5.20 per cent year-on-year. FTAs in January 2019 stood at 1.10 million, up 5.30 per cent compared to 1.05 million year-on-year.

The travel & tourism sector in India accounted for 8 per cent of the total employment opportunities generated in the country in 2017, providing employment to around 41.6 million people during the same year. The number is expected to rise by 2 per cent annum to 52.3 million jobs by 2028.

International hotel chains are increasing their presence in the country, as it will account for around 47 per cent share in the Tourism & Hospitality sector of India by 2020 & 50 per cent by 2022.

Investments

During the period April 2000-December 2018, the hotel and tourism sector attracted around US\$ 12 billion of FDI, according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Government Initiatives

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub.

Some of the major initiatives planned by the Government of India to give a boost to the tourism and hospitality sector of India are as follows:

- The Government of India is working to achieve 1 per cent share in world's international tourist arrivals by 2020 and 2 per cent share by 2025.
- Under Budget 2019-20, the government allotted Rs 1160 crore (US\$ 160.78 million) for development of tourist circuits under Swadesh Darshan.

- Under Budget 2019-20, the government allotted Rs 160.50 crore (US\$ 22.25 million) for development of tourist circuits under Swadesh Darshan.

Achievements

Following are the achievements of the government during 2017-18:

During 2018-19, a total of seven projects worth Rs 384.67 crore (US\$ 54.81 million) were sanctioned under the Swadesh Darshan scheme.

As of July 2018, 14 states had deployed tourist police. In November 2018, Nagaland also deployed a separate tourist police in the state.

Opportunities and Threats

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. Incredible India 2.0 campaign was launched in September 2017. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveller to India and showcase major experiences for travelling. The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

The Government has also been making serious efforts to boost investments in tourism sector. In the hotel and tourism sector, 100 per cent FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4 star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). Total FDI received by Indian hotel & tourism sector was US\$ 12.35 billion between April 2000 and March 2019. India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists.

Segment-Wise Performance

The company is presently engaged in only one segment of business i.e. Hotel.

Outlook

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In March 2019, Rs 720 crore had been allocated by Uttar Pradesh towards strengthening the infrastructure for tourism.

Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 trillion (US\$ 234.03 billion) in 2017 to Rs 32.05 trillion (US\$ 492.21 billion) in 2028. India was ranked 7th among 184 countries in terms of travel & tourism's total contribution to GDP in 2017. Travel and tourism is the third largest foreign exchange earner for India. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 billion. Foreign Tourist Arrivals (FTAs) increased 5.20 per cent year-on-year to 10.56 million in the same period. Foreign tourist arrivals for medical purpose increased from 427,014 in 2016 to 495,056 in 2017(P). During 2018, arrivals through e-tourist visa increased 39.60 per cent year-on-year to 2.37 million. During January 2019, arrivals through e-tourist visa increased by 21.10 per cent year-on-year to 0.29 million.

As of 2017-18, 81.1 million people are employed in the tourism sector in India which was 12.38 per cent of total employment in the country. The Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well.

ABOUT BLUE COAST HOTELS LIMITED

Blue Coast Hotels Limited is engaged in only Hotel Industry.

On account of default in repayment of term loan IFCI initiated recovery proceeding under SARFAESI Act, 2002, against the company and allegedly sold the Hotel property Park Hyatt, Goa for an amount of Rs. 515,44.01 Lakhs. On 19.03.2018 Hon'ble Supreme Court of India ordered the Company to handover the possession of the Hotel to the auction purchaser within a period of six months. In compliance of Hon'ble Supreme Court order, the company has handed over the possession of the property Park Hyatt Goa Resort & Spa to the auction purchaser on 19.09.2018.

The handing over of only operational asset of the company to the auction purchaser pursuant to aforesaid order has impacted the company's ability to continue as a going concern.

The Company has availed its right to redeem the property u/s 60 of the Transfer of Property Act, 1882 by giving notice to IFCI before handing over the possession of property, though during the reporting year the Company has accounted for the sale of its aforesaid property in its financial books. The Writ Petition is pending adjudication at Hon'ble High Court of Bombay at Goa. The outcome of the writ petition may have the material impact on the company as a going concern and may also impact the alleged sale of Hotel property at Goa.

Financial Performance with respect to Operational Performance

Standalone

For the period under report, the Company's total income for the year under report stood at Rs. 5522.19 Lakhs (previous period Rs 13632.30 Lakhs). The Company has a net loss (after tax) of Rs 19378.51 Lakhs as against the net loss (after tax) of Rs 165.61 Lakhs previous year. For the period under report (1st April, 2018 to 18th Sep, 2018), Park Hyatt Goa Resort & Spa achieved an average occupancy of 73.9% (Previous Year 73.1%) and its Rev PAR is 8.95% higher than previous period.

Consolidated

For the period under report, the Company's total income for the year under report stood at Rs. 5522.19 Lakhs (previous period Rs 13379.16 Lakhs). The Company has a net loss (after tax) of Rs 19379.69 Lakhs as against the net loss (after tax) of Rs 166.07 Lakhs previous year

Risks and Concerns

The handing over of only operational asset of the company to the auction purchaser has impacted the company's ability to continue as a going concern.

Internal Control System

The Company has an internal financial control system, commensurate with size, scale and complexity of its operations. The internal financial control system is adequate and operating effectively so as to ensure orderly and efficient conduct of business operations. The Company's internal financial control procedures ensure the reliability of the Financial Statements of the Company and prepared in accordance with the applicable laws.

Human Resources

Your Company lays great emphasis on the importance of human resources and recognizes the fact that no organization can grow without a committed team of employees at all level. The number of people employed on full time basis by the Company as on 31st March 2019 stood at 5.

Details of Significant Changes in Key Financial Ratios:-

Particulars	Year Ended	
	March 31, 2019	March 31, 2018
Debtors Turnover Ratio	4.46	0.58
Inventory Turnover*	7.72	7.59
Interest Coverage Ratio	(1.11)	(0.07)
Current Ratio	0.22	0.12
Debt Equity Ratio**	Nil	2.36
Operating Profit Margin (%)	(0.32)	0.21
Net Profit Margin (%)	(3.51)	(0.01)

* The company has handed over the possession of its only operational asset i.e. Park Hyatt Goa along with the entire inventories. Hence inventory is Nil as on March 31, 2019.

** Preference Share has not been taken into account as debt.

Particulars	Period Ended September 18, 2018	Year Ended March 31, 2018
Occupancy Ratio	73.90%	73.1%
Rev PAR (in Rs.)	7,768	9,862
TRev POR (in Rs.)	17,058	17,364
FRev POR (in Rs.)	5,928	6,051

Change in Return on Net Worth

During the year under review Return on Net Worth stood at is (244.18)% whereas in previous year it was (1.33)%. There is a change of in Return on Net worth (245.51)%

During the year, the Company has recorded losses on account of loss on sale of investment in subsidiary and accumulated dividend on Preference Share, resultantly the Net worth of the Company has turned negative.

Disclosure of Accounting Treatment:

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

By Order of the Board
For **Blue Coast Hotels Limited**

Sd/-
Kushal Suri
(Whole Time Director)
DIN: 02450138

Place: New Delhi
Date: 12.08.2019