

## DIRECTORS' REPORT

### Directors' Report to the Members

The Directors have pleasure to present the 32<sup>nd</sup> Annual Report of your Company together with the audited financial accounts for the year ended March 31, 2019.

#### 1. FINANCIAL RESULTS:

Your Company's financial performance for the year ended March 31, 2019 is set out as below:

(₹ in millions)

Particulars	March 31, 2019	March 31, 2018
<b>Total Income</b>	<b>717.25</b>	<b>638.22</b>
<b>Profit before Depreciation, Finance Costs and Tax</b>	<b>176.43</b>	<b>164.86</b>
Less: Depreciation	36.54	35.19
<b>Profit before Finance Costs and Tax</b>	<b>139.89</b>	<b>129.67</b>
Less: Finance Costs	0.64	0.59
<b>Profit before Tax</b>	<b>139.25</b>	<b>129.08</b>
Less: Provision for Taxation:		
Current Tax	40.50	42.70
Deferred Tax Liability/(Asset)	(16.53)	0.92
Tax for earlier years	1.57	(0.88)
<b>Profit after Tax</b>	<b>113.71</b>	<b>86.34</b>
<b>Other comprehensive Income (OCI) Net of tax</b>	<b>(0.12)</b>	<b>0.92</b>
<b>Total Comprehensive Income for the year</b>	<b>113.59</b>	<b>87.26</b>
Profit brought forward from last year	206.47	149.52
<b>Profit available for appropriation</b>	<b>320.06</b>	<b>236.78</b>
Transfer to General Reserve	2.50	2.50
Interim / Final Dividends for the Year	36.98	23.11
Dividend Distribution Tax	7.58	4.70
Balance Profit carried to Balance Sheet	273.00	206.47
Basic and Diluted Earnings per Equity Share of ₹2/- each	2.46	1.87

#### INCOME:

Your Company achieved a total turnover of ₹717.25 Million as compared to ₹638.22 Million in the previous year, registering a growth of 12.38% on a year to year basis. This increase was achieved without any expansion in room or food and beverage facilities.

#### EARNINGS BEFORE INTEREST, DEPRECIATION, TAX AND AMORTIZATION (EBIDTA)

The Gross Profit before Depreciation, Finance Costs and Tax increased by 7.02% from ₹164.86 Million to ₹176.43 Million.

#### INTEREST:

Interest Costs for the year have remained almost the same at ₹0.64 Million. The Company is still debt-free.

#### PROFIT BEFORE TAX:

Profit before Tax has increased by 7.88% from ₹129.08 Million to ₹139.25 Million.

#### PROFIT AFTER TAX:

Profit for the year after Tax has increased by 31.7% from ₹86.34 Million to ₹113.71 Million.

## 2. DIVIDEND:

The Company has declared the following dividends for the year out of the available profits of the Company:-

Type of Dividend	Date of Declaration	Record Date	Rate of Dividend per share (Face value ₹2 per share)	%	Total Payout including Dividend Distribution Tax (₹)
1 <sup>st</sup> Interim Dividend	February 14, 2019	February 27, 2019	0.60	30	33,431,833
2 <sup>nd</sup> Interim Dividend	May 10, 2019	May 22, 2019	1.40	70	78,007,609
		<b>Total</b>	2.00	100	111,439,442

The total dividend paid for the year stands at ₹2/- per equity share having face value of ₹2/- each representing 100% dividend. The second interim dividend of 70% i.e., ₹1.40 per Equity share of ₹2/- each was paid to celebrate the completion of 30 years of listing of the company on the Bombay Stock Exchange (BSE).

The Directors have not recommended any final dividend for the financial year ended March 31, 2019.

## 3. TRANSFER TO RESERVES:

We propose to transfer ₹2.5 Million to the General Reserve out of the profit available for appropriation.

## 4. UPGRADATION AND ADDITIONS:

We had planned to replace the lobby flooring in a phased manner to minimise disruption to our ongoing operations. The lobby flooring was replaced in certain sections in 2016-2017 and some sections in 2017-2018. The balance lobby flooring has been replaced in August 2018. With this, the upper and lower lobby flooring has now been replaced entirely.

During the off-season period of FY 2018-2019, the Company appointed CB Richard Ellies (CBRE) India office, as a Project Management Company for hotel related civil, interior, and service works. The scope of work was determined on the basis of inputs derived from the operation team and guest feedback.

The work completed includes the water-proofing of the Varca A and Varca B Ballroom and the South-section and West-section of main lobby roof to arrest certain leakages. Thereafter, the entire 23-meter high lobby was painted with the help of a boom-lift.

Simultaneously, a complete renovation of staff lockers and staff toilets and executive lockers and toilets took place and the service elevator was also completely retrofitted with new equipment from Otis.

The old Garden Villas 11-19 were enhanced by installing a new double leaf arch-shaped balcony door, new balcony tiles, a new main door and new flooring.

The Company procured an imported SALVA bakery deck oven, new dough sheeter, meat mincer and an additional ice cube machine to enhance the kitchen operations.

In addition, the Company added one Toyota Innova Crysta and one new 12-seater coach to the Company's fleet of vehicles to facilitate our guest transportation. One Mahindra Maxi vehicle was also procured to improve material movement.

The Company bought new guest-room telephones, Samsung TV's and minibars.

Lastly, the Company procured new sun loungers for the pool area and also new dining chairs and tables for the beach restaurant.

## 5. SUBSIDIARY / HOLDING COMPANY, ETC.:

The Company does not have any Subsidiary, Holding Company, Associate or Group Venture Company.

## 6. SUSTAINABLE DEVELOPMENT:

Sustainability has been deeply embedded into the Company's business and has become an integral part of its decision making process while considering social, economic and environmental dimensions.

### 7. CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in “Annexure A” of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on the website of the Company at [www.caravelabeachresortgoa.com/investorrelations](http://www.caravelabeachresortgoa.com/investorrelations)

### 8. HUMAN RESOURCES DEVELOPMENT:

The Company has continuously adopted a structure that helps attract good external talent and incentivize internal talent to higher roles and responsibilities. AHRIL's people centric focus, providing an open work environment fostering continuous improvement and development, helped several employees realise their career aspirations during the year.

The Company's Health and Safety Policy is a commitment to provide a healthy and safe work environment to all employees. The Company's progressive workplace policies and benefits, employee engagement and welfare initiatives have addressed stress management and promoted work life balance.

### 9. BUSINESS RISK MANAGEMENT:

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models, which help in identifying risk trends, exposure and potential impact analysis at a Company level. Risk management forms an integral part of the Company's Mid-Term Planning cycle.

### 10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not granted any loans or provided any guarantees or made investments. Hence no disclosures, which are required under Section 186 of the Companies Act, 2013, are applicable for the year.

### 11. VIGIL MECHANISM:

Fraud and corruption free culture has been the core of the company. The Company has established a vigil mechanism for reporting of genuine concerns through the Whistle Blower Policy. This Policy, inter alia, provides a direct access to the Chairman of the Audit Committee of the Company. The Whistle Blower Policy is posted on the Company's website at [www.caravelabeachresortgoa.com/investorrelations](http://www.caravelabeachresortgoa.com/investorrelations).

### 12. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

(a) Appointment / Reappointment: During the year under review, the shareholders of the company have approved by passing special resolution via postal ballot for the continuation of Mr. Prakash V Mehta and Mr. Vinod K. Dhall as independent non executive Directors up to September 23, 2019 of the Company despite having attained age of 75 years.

Mr. Prakash V. Mehta and Mr. Vinod K. Dhall were appointed as independent directors at the 27th Annual General Meeting (AGM) held on September 24, 2014 for a period of five years.

Adm. Sureesh Mehta (Retired) and Mr. Adhiraj A. Harish were appointed as Independent Directors of the Company by the Board of Directors on September 24, 2014 and November 10, 2014 respectively. Based on the recommendations of the Nomination and Remuneration Committee, their re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the Members by way of special resolution.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees for the purpose of attending meetings of the Board/Committee of the Company.

(b) Retirement by rotation: In accordance with the provisions of the Companies Act, 2013, Mrs. Menaka S. Advani, Director of the Company, retires by rotation and is eligible for re-appointment.

Further details about the Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

- (c) Independent Directors Declaration : The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 of the Companies Act, 2013 and provisions of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided therein.
- (d) Evaluation of the Board's performance: In compliance with the Companies Act, 2013, and Regulation 17 of the SEBI Listing Regulations, the performance evaluation of the Board and its Committees were carried out during the year under review. More details on the same are given in the Corporate Governance Report.
- (e) Policy on Directors appointment and remuneration: The Nomination & Remuneration Committee of Directors has approved a Policy for Selection, Appointment and Remuneration of Directors which inter-alia requires that the Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board. The Policy also lays down the positive attributes/ criteria while recommending the candidature for the appointment as Director.

The Company follows a Policy on Remuneration of Directors, KMP and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board. The main objective of the said policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and senior management employees. The Remuneration Policy for the Directors and senior management employees is given in the Corporate Governance Report.

- (f) Familiarization Programme for Independent Directors: In compliance with the Regulation 25(7) of the SEBI Listing Regulations, the familiarization programme aims to provide Independent Directors with the hospitality industry scenario, the socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, significant developments etc, so as to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the Directors on the roles, responsibilities, rights and duties under the Act and other statutes.

The policy on company's familiarization programme for Independent Directors and the details of familiarization programmes imparted to Independent Directors including the number of hours spent by each Independent Director in such programmes is posted on the company's website at [www.caravelabeachresortgoa.com/investorrelations](http://www.caravelabeachresortgoa.com/investorrelations)

- (g) Key Managerial Personnel: Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Mr. Sunder G. Advani, Chairman & Managing Director, Mr. Shankar Kulkarni, Chief Financial Officer and Mr. Nilesh Jain, Company Secretary.

There was no change in the Key Managerial Personnel of the Company during the year however Mr. Shankar Kulkarni, VP Finance, designated as CFO of the Company has resigned on April 5, 2019 and the same has been accepted by the Board of Directors at their meeting held on May 10, 2019. The Board of Directors appreciated the work done by him during his around 11 year stint with the Company and wished him good luck for his future endeavors. He was relieved from his duties on July 13, 2019.

### 13. CORPORATE GOVERNANCE:

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the SEBI listing regulations. A separate section on corporate governance under the listing regulations, along with a certificate from the auditors confirming the compliance, is annexed and forms part of this Annual Report.

### 14. MANAGEMENT DISCUSSION AND ANALYSIS:

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report.

### 15. SECRETARIAL STANDARDS:

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

### 16. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation in Section 134(5)(e) of the Companies Act, 2013.

The Company's internal controls system has been established on values of integrity and operational excellence. The formal and independent evaluation of internal controls and initiatives for remediation of deficiencies by the Internal Auditors has resulted in a sound framework for Internal Controls, commensurate with the size and complexity of the business.

The internal control framework essentially has two elements: (1) structures, policies and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations; (2) an assurance function provided by Internal Auditors.

The Company also has well-documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted due to business needs. The Internal Auditors continuously monitor the efficiency of the internal controls/compliance with SOPs with the objective of providing to Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organization's risk management, control and governance processes. This formalized system of internal control facilitates effective compliance of Section 138 of Companies Act, 2013 and the SEBI Listing Regulations.

The Audit Committee meets regularly to review reports, including significant audit observations and follow up actions thereon. The Audit Committee also meets the company's statutory auditors to ascertain their views on financial statements including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal control system.

The Internal Auditor also assesses opportunities for improvement in the business processes, designed to add value to the organization and follow ups on the implementation of corrective actions and improvements in the business process after review by the Audit Committee.

For the year ended March 31, 2019, the Board is of the opinion that the Company has sound IFC, commensurate with the nature and size of the business operations, wherein controls are in place and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the existing controls and identify gaps, if any. It can implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

During the year ended March 31, 2019 there were no reportable incidents of fraud as defined in Section 143(12) of the Companies Act, 2013.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) In the preparation of the accounts for the financial year ended March 31, 2019, the applicable Indian Accounting Standards have been followed and there are no material departures;
- (ii) They have selected such accounting policies and applied them consistently and made 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 as at March 31, 2019 and of the profit and loss of the Company for the year ended March 31, 2019;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing fraud and other irregularities;
- (iv) They have prepared the annual accounts for the financial year ended March 31, 2019 on a "going concern" basis;
- (v) They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;

(vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018-19.

#### **18. STATUTORY AUDITORS:**

At the 30<sup>th</sup> AGM held on September 27, 2017 the Members approved appointment of Amar Bafna & Associates, Chartered Accountants (Firm Registration No. 114854W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 30<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

#### **19. STATUTORY AUDITORS' REPORT:**

The Statutory Auditors' Report to the Shareholders for the year under review does not contain any qualification, reservations or adverse remarks or disclaimers.

The report of the Statutory Auditors along with the Notes to Schedules forms part of the Annual Report and contains an Unmodified Opinion without any qualification, reservation, disclaimer or adverse remark.

The Statutory Auditors of the Company have not reported any fraud as specified in Section 143(12) of the Act.

#### **20. SECRETARIAL AUDITOR'S REPORT:**

Pursuant to the requirements of the Companies Act, 2013, the company has appointed Mr. Virendra G. Bhatt, Practicing Company Secretary, to undertake the Secretarial Audit of the Company, whose report dated May 3, 2019, is attached separately to this report as "**Annexure B**".

Further, Pursuant to SEBI circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Annual Secretarial Compliance Report dated May 4, 2019 submitted by Mr Virendra G. Bhatt, Practicing Company Secretary also attached separately to this report as "**Annexure C**".

The Secretarial Auditors' Report and the Secretarial Compliance Report for the year under review do not contain any qualification, reservations or adverse remarks or disclaimers and hence, do not call for any further information and explanation under Section 134(3) of the Companies Act, 2013.

#### **21. FIXED DEPOSITS:**

The Company has not accepted any deposits from the public/members under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

#### **22. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS OR REGULATOR:**

There are no significant material orders passed by the Regulators / Courts which would impact the 'going concern' status of the Company and its future operations. However, member's attention is drawn to the statement on contingent liabilities in the notes forming part of the financial statements.

#### **23. 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.

### **24. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREX EARNINGS AND OUTGO:**

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in **Annexure 'D'** hereto and forms part of this Report.

### **25. TRANSFER OF UNCLAIMED DIVIDEND:**

During the year, the company has transferred unpaid dividend related to financial year 2010-2011 to the Investor Education & Protection Fund (IEPF) as per the requirements of the Companies Act, 2013. The company has also transferred 20,392 Equity shares on which dividend has not been paid or claimed by shareholders for a period of seven consecutive years or more to the Investor Education and Protection Fund established by the Ministry of corporate Affairs.

### **26. DISCLOSURES UNDER THE COMPANIES ACT, 2013 AND LISTING REGULATIONS:**

#### **(i) EXTRACT OF ANNUAL RETURN:**

As per the requirements of Section 92(3) of the Act and Rules framed there under, the extract of the Annual Return for FY 2019 is given in "**Annexure E**" in the prescribed Form No. MGT-9, which is a part of this report. The same is available on the website of the company at [www.caravelabeachresortgoa.com/investorrelations](http://www.caravelabeachresortgoa.com/investorrelations)

#### **(ii) MEETINGS:**

The Board of Directors met 5 (five) times in the financial year 2018-19. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report. The gap between the Board Meetings was within the period prescribed under the Companies Act, 2013.

#### **(iii) AUDIT COMMITTEE:**

Details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of the Annual Report.

#### **(iv) RELATED PARTY TRANSACTIONS:**

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and within the limits of the omnibus approval granted by the Audit Committee and Board of Directors. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The statement is supported by the certificate from the MD and the CFO. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at: [www.caravelabeachresortgoa.com/investorrelations](http://www.caravelabeachresortgoa.com/investorrelations).

#### **(v) POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the year under review, the Company has received only one complaint of sexual harassment from the women employees of the Company. One complaint was pending from last financial year. Both the complaints were resolved during the year and no complaint was pending at the end of the year.

**27. PARTICULARS OF EMPLOYEES:**

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as “**Annexure F**”.

Further a statement showing the names and other particulars of employees drawing remuneration in excess of limits, as set out in the Rules 5(2) and 5(3) of the aforesaid rules, forms part of this report.

**28. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company, to which the financial statements relate, and the date of this report.

**29. ACKNOWLEDGEMENTS:**

Your Directors appreciate the assistance provided by the bankers, the Ministry of Finance, Tourism and the Goa Government. We thank the Shareholders, our valued clients and the tour operators for their continued support. 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: August 13, 2019

**SUNDER G. ADVANI**  
Chairman & Managing Director  
(DIN 00001365)