



May 20, 2022

VARCA, GOA

To, The National Stock Exchange of India Limited The Listing Compliance Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051 <u>Symbol : ADVANIHOTR</u>	To, BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, <u>Dalal Street, Mumbai – 400 021.</u> <u>Symbol: 523269</u>
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Dear Sirs,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Notice is hereby given that at the Meeting of the Board of Directors held on 20th May 2022, the Board has accepted the recommendations given by Crowe Howarth HTL Private Limited (who are specialists in the hotel industry segment), and have on that basis approved of the suggestion by the Management to renovate the 62 Ocean-facing rooms of the Company, to increase customer satisfaction and preserve shareholder value over the long-term.

Crowe Howarth HTL Private Limited has assessed the future performance and potential of the Caravela Beach Resort Goa in the light of prevailing market conditions, Covid-19 related disruptions, the upcoming MOPA Airport in Goa, and have recommended potential courses of actions the Company could take and the resultant valuation estimates under different scenarios, in order to provide various strategic options for preserving and growing long-term shareholder value.

The Report examines various positioning options for the Caravela Beach Resort, ranging from an upscale resort under continued management by the Company with renovation of the Ocean-facing wing of the Resort, to conversion of the Resort into an upper-upscale resort or a premium resort, under chain branding and chain management. The Report also provides insights on the potential investments and subsequent valuations on expansion of the upper-upscale and/or premium resort options, by adding rooms and/or villas.

An Executive Summary of the above Report, submitted by Crowe Howarth HTL Consultants Private Limited is enclosed herewith for the sake of good order.


Having due regard to the continuing war between Russia and Ukraine and the potential uncertainties in the travel and tourism industry as a result thereof, the Management has proposed, and the Board at its meeting held on 20th May 2022 has approved that the Company can proceed to renovate the Ocean-facing wing in May 2023 and the process of appointing an Interior Designer can proceed accordingly. Such renovation is intended to be undertaken with the funds available from the internal accruals of the Company. It is expected that the renovation of the Ocean-facing rooms will increase the ARR of those rooms, improve the guest experience and secure the hotels market-share over the long-term.

The Company wishes to assure the ordinary minority / retail / small shareholders that the Company will apply a risk management framework and take suitable steps to secure long-term shareholder value.

Yours sincerely,



Sunder G. Advani
Chairman & Managing Director
DIN: 00001365



Haresh G. Advani
Executive Director
DIN: 00001358

3 March, 2022

Advani Hotels & Resorts (India) Ltd
18 Jolly Maker Chambers II
Nariman Point,
Mumbai 400021.

Attention: Mr. Sunder Advani, Chairman & Managing Director
Mr. Haresh Advani, Executive Director

Dear Sirs,

You have requested us to provide an assessment of the performance and potential of Caravela Beach Resort, Goa in the light of market conditions and also provide the resultant valuation estimate under different scenarios in order to provide guidance to the Board of Directors as regards future strategy for the resort.

We have completed this exercise which has considered various aspects including the market and resort performance, the standards and features of the resort, current and future demand and supply characteristics of the Goa hotel market and other factors that we considered relevant. We have examined the potential impact of shift of Goa airport from Dabolim to the upcoming Mopa airport; we believe such impact will be insignificant in view of road infrastructure being created to facilitate smooth travel from south Goa to Mopa airport, particularly as most beach resorts are in south Goa. Further, the beach quality and beach resort status of Caravela Beach Resort will be an advantage towards drawing business to the resort.

The resort is currently owner managed as an upscale resort. Its wide beach frontage, excellent beach at Varca in south Goa, and layout with rooms closer to the beachfront than at several other resorts in Goa are of significant advantage. We believe that the resort could be repositioned at upper upscale or premium level, subject to making commensurate investments.

Our assessment is based on various positioning options – (a) an upscale resort under continued owner management, with renovation of the Ocean facing wing of the resort; we have separately considered an upscale resort with addition of a banquet hall and spa, renovation of the Ocean facing wing, and chain branding and management; (b) conversion of the resort into an upper upscale resort under chain branding and management; (c) conversion of the resort into a premium resort under chain branding and management; (d) expansion of the upper upscale and premium resorts by adding 50 rooms or 12 villas respectively. All conversion options include a new banquet hall and spa; we understand that FSI required for this has been applied for. The expansion options require additional FSI which is reasonably expected to be available once the related government policy approval process which is under way, gets completed.

The aforesaid options require investment of limited or larger magnitude, estimated in a range of Rs. 501mn to Rs. 1,397mn for different positionings. These requirements have been reasonably estimated but are subject to variation based on standards and designs prepared in conjunction with the hotel

operator. Renovation of the Ocean facing wing, under upscale positioning is expected to cost Rs. 126mn.

Revenue projections (aggregate for 10 years starting 1 April 2022) under different options reflect a range from Rs. 9,429 million to Rs. 13,037 million.

Enterprise Value under each option is determined based on earnings valuation using the Discounted Cash Flow (DCF) method. The Weighted Average Cost of Capital used for the valuation assumes 60:40 Debt-Equity ratio, cost of debt at 8.5% subject to tax, and Cost of Equity ranging from 15% to 18%. The base cost of equity as an upscale resort is considered at 15% in the absence of any development risks or repositioning efforts; additional costs are considered for the upper-upscale and premium resort conversions and expansions.

The resultant net enterprise value (also reflecting effective benefit from various efforts) ranges between Rs. 5,242 million and Rs. 5,831 million, as at 1 April 2022. Consistent with the assumption that the 22,000 sft FSI applied for, to be used in relation to the banquet hall and spa, will be available under the policy, the enterprise value of the upscale option where a new banquet hall and spa is not assumed, includes the value of 22,000 sft FSI.

The gross enterprise value under these options ranges between Rs. 5,384 million and Rs. 6,798 million. The net enterprise value is arrived at by deducting the expected investment requirement for the various options from the gross enterprise value.

The Table below summarises the key elements of the various options:

Rs. Million						
	Upscale		Upper Upscale resort	Upper Upscale Expanded	Premium resort	Premium resort expanded
	A (i) #	A (ii) ##	(B)	D(i)	C	D(ii)
Number of rooms	201	201	201	251	176	188
10 years Revenue	9429	9,974	11,020	12,864	12,174	13,037
10 years EBITDA	3604	3,949	4,087	4,777	4,405	4,729
Gross Valuation	5,164	5,743	6,202	6,854	6,798	7,477
Investment	126	501	841	1,138	1,397	1,646
Net Valuation	5038	5,242	5,361	5,716	5,401	5831
FSI Value addition	220	-	-	-	-	-
Total Value Net	5,258	5,242	5,361	5,716	5,401	5,831

A(i) represents Current resort with renovation of Ocean Wing

A(ii) represents Current resort with Ocean Wing renovation and new banquet hall & spa

Further value could arise if additional FSI sanctioned for the resort is more than 50,000 sft currently assumed for the banquet and spa (22,000 sft applied for) and for the expansion options (28,000 sft). We understand that the management has an architect's confirmation of entitlement of about 137,000 sft for the resort, based on the draft policy. In this context, our assumption of use of 50,000 sft is reasonable (subject, of course, to the final sanction).

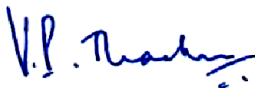
The operating revenue and profit estimates underlying the valuation may not be achieved, in full or in part, based on business conditions, travel environment and other factors. Similarly, branding and conversion cost may vary based on plans and designs. Consequently, revenue and profit projections and resultant valuations could vary from our estimates. However, we believe that the range of revenue projections and valuations provide by us is a fair estimate of the potential of the resort.

A copy of our report will follow.

Thank you

Yours faithfully,

For Crowe Horwath HTL Consultants Pvt. Ltd



Vijay Thacker
Managing Director