



“Financial Analysis Of Taj Gvk Hotels & Resorts Limited”

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Abstract

According to The World Travel and Tourism Council (WTTC), in the year 2019 the Indian travel and tourism industry contributed 6.8 per cent to GDP. The contribution to employment in India was 8 per cent or approximately 40 million jobs. The travel and tourism industry has to work tirelessly with our partners and the Tourist Department, Government of India to increase tourism so that we can increase our foreign exchange earnings and create more jobs. In 2019 the number of foreign visitors to India totaled 11 million. Over 2.5 million foreign visitors arrived in India on the tourist e-visa scheme, a growth of 24 per cent over the previous year. Foreign visitors from The United States of America contributed 9 per cent, the United Kingdom contributed 6 per cent and Canada and Australia contributed 2 per cent each. However, this share of foreign travelers visiting India relative to other Asian countries continues to disappoint. The Indian travel and tourism industry has to work much harder to attract more foreign visitors to our country.

Key words: Financial Performance, Tourism Industry

INTRODUCTION

A long time before the composition of history started, travel was without a doubt a need for humankind's endurance. Individuals occasionally moved starting with one spot then onto the next to discover wellsprings of food or to upgrade their security. Later on, as man involved various domains on a more lasting premise, make a trip started to have an alternate reason. It turned into an approach to trade the overflow merchandise created in one zone for the produce accessible in another. Travel additionally turned into an assistant of military movement as wars ejected between various communities.¹

The travel industry is a type of portability basically for recreation. It is a comfortable pursuit which is additionally the world's quickest developing industry in which both the created and the creating social orders, and the rich and the poor in every one of these social orders take part. The created social orders for the most part assume the part of visitor to the last mentioned. Overall, the creating social orders assume the part of hosts and their support isn't just moved by implication yet in addition summoned expressly on the grounds of colossal financial capability of the travel industry. The travel industry gives unfamiliar trade, assists change with adjusting of installment, increases national pay and sets out new business open doors and substitute's capital which is scant in agricultural nations with work in plenitude. It requires minimal specialized expertise and has short growth period also.²

There are two sorts every one of vacationer and the travel industry, to be specific, unfamiliar and homegrown. Homegrown traveller is any individual who goes inside the country, from his/her standard spot of home to somewhere else, for at any rate 24 hours or one night.³

TOURISM IN INDIA

In India, we have leftovers of antiquated human advancements, landmarks, various societies, various areas, exceptional celebrations, mountains, sea shores, or more all, well-disposed individuals who give the situation with God to the visitor. Previously, numerous individuals have ventured out to India looking for instruction, exchange, strict reason, and so forth. Indeed, even new nations were found during the time spent finding India.⁴

TOURISM RELATED (ACCOMMODATION) HOTEL INDUSTRY

Convenience offices establish a crucial and key piece of vacationer supply. Among the significant data sources which stream into the vacationer framework is traveler convenience which obliges worldwide sightseers, shaping a crucial

¹Godfrey Harris, Kenneth M.Katz (1999): “Promoting International Tourism”, Atlantiz Publishers and Distributors, p.14.

²Chopra, Sunita (1991): “Tourism and Development in India”, Asish Publishing House, p.2.

³Lickorish L. J. and A. G. Kershaw (1958): “The Travel Trade”, Practical Press, London, p.7.

⁴Sukthankar, S.V. (1998): “Cultural Tourism in Goa”, a Paper presented at a National Seminar hosted by Commerce Association of Kerala at Thiruvananthapuram, 22-24th January, 1998.

segment of the travel industry superstructure and as a significant component of all out-traveler picture of the country? A satisfactory stock of convenience appropriately custom-made to the necessities of vacationer market is one of the fundamental states of the travel industry improvement. The travel industry, generally, is subject to the kind and nature of convenience accessible. Convenience is a vital piece of the travel industry framework and the extension of the travel industry definitely achieves the improvement of accommodation.⁵

The travel industry area, around the world, comprises of blend of public and private area concerns working across a variety of supply-side sub-areas (convenience, transport, attractions, offices, and so on) and cooking for guests with a generally varying need and assumptions. The stock side just as displaying varieties as far as operational attributes incorporates organizations that differ in size and extent of operations.⁶

LITERATURE REVIEW

Anand M. M. (1976), in his examination, makes an endeavor to break down the idea of this multidimensional traveler plan whose exercises range from the arrangement of open to housing to encouraging a visit to a public landmark. He has analyzed the design and working of the arrangement. As indicated by him, the principal essential for the advancement of inn industry is the conjecture of things to come interest, which would mean data about the number and type people who might be utilizing the offices. It is as far as request that the correct stockpile, at ideal spot, opportune time and at right value is to be developed. Inability to consider future interest implies either convenience bottlenecks, which may hit the vacationer business antagonistically, or abundance convenience, which would bring about misfortune to inn industry. Some unacceptable designation of restricted assets for this reason implies that the entire economy is influenced as these assets are denied to other formative areas.⁷

Malkarnekar G. S. (1979), for a situation study has seen that the bookkeeping arrangement of an organization assists with showing the genuine situation in lodging industry. He recommends that the administration should utilize working diagrams for different offices to show benefit loss of different areas during various quarters, incomes and different working costs of these divisions shows their commitment to the net profit of the organization.⁸

Dharmarajan (1981), in his investigation, has featured the significance of the public area in the Hotel Industry. He specifies that hotel industry is worked to help as a framework for the travel industry, which has huge potential to acquire benefit because of potential the travel industry development. The business has contributed tremendously to the public exchequer and gave an enormous number of work openings, other than numerous other multipliers impacts in each portion of industry.⁹

Negi, Jag Mohan (1984), has attempted to dissect various parts of hotel industry, including lodging possession, inn establishment and interest in inns. He raises various issues and challenges, attributable to insufficiencies of factual data. He has laid more endless supply of spending inns for encouraging the progression of low and center pay gatherings of homegrown vacationers. He predicts that the fate of lodging industry relies on the legitimate arranging by the Government for giving financial and monetary motivations so it will draw in numerous youthful inn business visionaries to enter and put resources into inn business increasingly more later on, guaranteeing a consistent development and improvement of the inn business in the country.¹⁰

Dong Jin Kim (2017), in his consider “A Comparative analysis of Money related Ratios between Hotels and Restaurants”, explored money related ratios of lodgings and eateries which speak to two sections of the hotel industry. Particularly, this analysis tests in the event that there's any contrasts in liquidity ratios, dissolvability ratios, movement ratios, and productivity ratios between the two sections. They come about uncover that liquidity and action ratios are higher within the lodging section compared with the hotel. In terms of dissolvability ratios, the restaurant and hotel has more capability to satisfy its long-term monetary commitments. In differentiate, there's no noteworthy distinction in productivity ratios among the two fragments.¹¹

RESEARCH METHODOLOGY

Research Objective

- To examine the financial performance of TAJ GVK HOTELS & RESORTS LIMITED.
- To analyze the profitability of TAJ GVK HOTELS & RESORTS LIMITED.

⁵Bhatia, A.K. (1995): “Tourism Development - Principles and Practice”, Sterling Publication Pvt. Ltd., p.235.

⁶ Lee, Daren (ed.) (2004): “HRM In Tourism and Hospitality”, Thomson and Learning, p.3.

⁷Anand M.M.(1976): “Tourism and Hotel Industry in India”, Prentice-Hall of India, New Delhi, p.1.

⁸Malkarnekar G.S. (1979): “Accounting System and Controls in Hotel Company”, in: ‘The Chartered Accountant’, August, pp.153-156.

⁹Dharmarajan (1981): “Hoteleering in the Public Sector”, in: ‘Indian and Foreign Trade Review’, Vol. 19 (2), 16th November, 1981.

¹⁰ Negi, Jagmohan (1984): “Hotels for Tourism Development”, Metropolitan Co. Pvt. Ltd., New Delhi, p.17.

¹¹ Dong Jin Kim (2017), A Comparative Study of Financial Ratios between Hotels and Restaurants, International Journal of Tourism Sciences, Volume 6.

Research Design and Data

The Study was done by applying descriptive research. We have conducting research by using data of TAJ GVK HOTELS & RESORTS LIMITED. Data sources used in study are balance sheet and profit and loss account. Data are collected from website of TAJ GVK HOTELS & RESORTS LIMITED.

Hypothesis of the study

- H_0 = There is no significant difference in net profit ratio of TAJ GVK HOTELS & RESORTS LIMITED.
- H_1 = There is significant difference in net profit ratio of TAJ GVK HOTELS & RESORTS LIMITED.

ABOUT TAJ GVK HOTELS & RESORTS LIMITED

TAJ GVK is a joint venture between the Hyderabad-based GVK Group and Indian Hotels Co. Ltd., a Tata group firm. The organisation works in the hotel and travel sectors. At the moment, the company operates in Chennai, Hyderabad, and Chandigarh. The company TAJ GVK Hotels & Resorts Ltd. was established in 1995.

TAJ GVK was established in 1999–2000 as a multiparty project between the IHCL and the GVK Group, which has its headquarters in Hyderabad. The GVK Group is a business conglomerate with manifold incorporated ventures in India and globally that has its headquarters in Hyderabad. IHCL is a TATA company that owns the Taj Group of Hotels and activates and preserve a number of hotels both internally and overseas. In addition to one five-star hotel in each of the cities of Chennai and Chandigarh, the company has possession of three 5-star hotels in Hyderabad.

Type	Public
Industry	Hotel
Founded Year	1995
Founder	GVK Reddy
Headquarters	Hyderabad
Numer of Locations	58
Area Served	India
Key People	G Indira Krishna Reddy (Managing Director)
Products	Hotels and Resorts
Owner	Taj-GVK Hotels
Website	www.tajgvk.in

Source : www.tajgvk.in

TABLE: NET PROFIT RATIO OF TAJ GVK HOTELS & RESORTS LIMITED

(` in Lakhs)

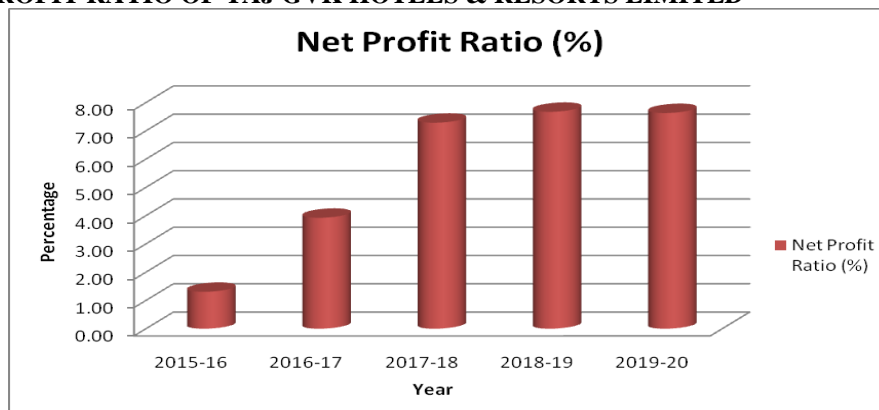
Year	Net Profit	Sales	Net Profit Ratio (%)
2015-16	359.29	27533.15	1.30
2016-17	1037.97	26449.40	3.92
2017-18	2100.71	28825.04	7.29
2018-19	2431.32	31687.46	7.67
2019-20	2385.35	31261.53	7.63
Average	1662.93	29151.32	5.70

Source : Annual reports of TAJ GVK HOTELS & RESORTS LIMITED

The net profit of this company shows in the above table from the year 2015-16 to 2019-20. The net profit of the company was ` 359.29 lakhs in the year 2015-16, it was the lowest net profit throughout the last five years. The net profit was increased to ` 1037.97 lakhs in the year 2016-17. The net profit of the company was ` 2100.71 lakhs in the year 2017-18. The net profit of the company was ` 2431.32 lakhs in the year 2018-19, it was the highest net profit throughout the last five years. The net profit of the company was decreased to ` 2385.35 lakhs in the year 2019-20. The average net profit of the company is ` 1662.93 lakhs.

The sales of this company show that from the above table from the year 2015-16 to 2019-20. The sales of the company was ` 27533.15 lakhs in the year 2015-16. The sales of the company was decreased to ` 26449.40 lakhs in the year 2016-17, it was the lowest sales in the last five years. It was increased in the next year. The sales of the company was ` 31687.46 lakhs in the year 2018-19, it was the highest sales throughout the last five years. The sales of the company was ` 31261.32 lakhs in the year 2019-20 and the average sales of the company is ` 29151.32 lakhs.

CHART: NET PROFIT RATIO OF TAJ GVK HOTELS & RESORTS LIMITED



The statically hypothesis testing through appropriate test also calculated below to understand its profitability by net profit ratio.

HYPOTHESIS TESTING

Anova: Single Factor

SUMMARY

Groups	Count	Sum	Average	Variance
Net Profit	5	8314.64	1662.93	848504.4
Sales	5	145756.58	29151.32	5227574

ANOVA

Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	1889028687	1	1889028687	621.79	7.156	5.317
Within Groups	24304314	8	3038039			
Total	1913333001	9				

INTERPRETATION:

From the above calculation calculated value of $F = 621.79$ and Critical Value of $F = \pm 5.317$. Here null hypothesis false under the rejection region of the critical value = ± 5.317 , so that null hypothesis is rejected. So, there is no significant difference in net profit ratio of the TAJ GVK HOTELS & RESORTS LIMITED.

Result of Hypotheses Testing

H₁ = There is significant difference in net profit ratio of TAJ GVK HOTELS & RESORTS LIMITED.

CONCLUSION

Travel in the removed past was not a thing of joy as it is presently. The explorer in the past was a shipper, a traveler researcher looking for antiquated messages and even an inquisitive voyager anticipating new and energizing encounters. The travel industry signifies the transitory and momentary development of individuals to objections outside where they regularly live and work and their exercises at those destinations. The travel industry accepts all development of individuals outside their local area for all reasons, with the exception of relocation or standard day by day work.

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