



Techno Economic Viability Study  
**Sir Biotech India Limited**  
- Hotel Project (Dehradun)





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## Executive Summary

### Project Background & Scope

<b>Name of the Company</b>	<b>Sir Biotech India Limited ('SBIL' or 'Company')</b>
Date of incorporation	15 <sup>th</sup> May 1995
Constitution	Public Limited Company
Industry	Hotel Industry
Nature of activity	Services
Registered Office	6926, Jaipuria Mill, Clock Tower, SubziMandi Delhi-110007
Promoter Directors	<ul style="list-style-type: none"> <li>• Mr. Jai Prakash Agrawal – Promoter Director</li> <li>• Mr. Yuvraj Dalmia- Promoter Director</li> <li>• Mr. Vishal Saxena – Professional Director</li> </ul>
Brief details on the project	<ul style="list-style-type: none"> <li>• The Company proposes to construct a five star luxury hotel on the land admeasuring 17,216 M<sup>2</sup></li> <li>• The hotel will have 182 Guest Rooms, Banquet Halls, Health Club including Swimming Pool and Restaurants to be operated under Radisson brand name.</li> <li>• The Company has tied up with Radisson group of Hotels to operate a 5 star hotel in Dehradun. The construction of these properties is expected to begin in January 2015 and will take 30 months to complete.</li> </ul>
Proposed Project Location	Danioka Danda Village, Pargana-Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand
Size of the Land	17,216 M <sup>2</sup>
Debt Equity Ratio	1.32:1
Promoters' Contribution <ul style="list-style-type: none"> <li>- Equity</li> <li>- Term Loan (quasi)</li> </ul>	Equity- INR 60.52 Crores Debt- INR 80.00 Crores
Current status	The Company has acquired the land for the proposed project. The Company has critical of the approvals at place like MDDA



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

	approval, environmental and forest clearance etc. Based on these set of approvals, the Company can commence the construction of the hotel.
Techno-Economic Viability	Yes (Subject to Critical Success Factors and mitigation of risk associated to the project as mentioned in pages no. 66-72)

### Brief Background

The Company, Sir Biotech India Limited was incorporated on May 15, 1995 as a Public Limited Company in the name and style of Raghunath Textiles Limited with Registrar of Companies, NCT of Delhi and Haryana. The registration number of the Company is CIN – U51109DL1995PLC068537. Later on, the name of the Company was changed to Raghunath Overseas Limited on November 18, 1998 and further to Sir Bio Tech India Limited on October 20, 2006.

### Shareholding Pattern

The shareholding pattern of the Company as on 31.10.14 is as follows –

Sr.No	NAME	% of shareholding
1	Mr. Om Prakash Agrawal	0.95%
2	Mr. Jai Prakash Agrawal	0.38%
3	Mrs. Geeta Agrawal	0.08%
4	Mrs. Ranjana Agrawal	1.87%
5	Mrs. Alka Dalmia	0.26%
6	P.J. Softwares Private Limited	29.66%
7	RTCL Limited	15.64%
8	Eternity Town Ship Private Limited	0.37%
9	Raghunath Builders Private Limited	0.17%
10	Muskan Towers Private Limited	0.09%
11	Damodar Infrastructure (India) Private Limited	18.27%
13	Celeste Merchandise Limited	3.76%
14	Prabhu Dhan Travels (P) Ltd	2.27%
15	Mohit Agency-Prop. Gayatri Gupta	0.02%
16	Mrs. Geeta Devi	0.02%
17	Rohit Agency-Prop. Raj Kumar (HUF)	0.05%
18	Mr. Prakhar Dalmia	0.07%
19	Ms. Stuti Dalmia	0.15%
20	JNJ Finance Company Private Limited	25.92%

Source: SBIL



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Project Implementation

D&B India finds the Commercial Operation Date of 1<sup>st</sup> October 2017 as sufficient based on the experience of conducting similar assignment in the past.

### Project Cost & Means of Finance

The overall project cost has been estimated at INR 140.52 Crores, the summary of which has been provided in the exhibit below –

Exhibit: Project Cost	
Particulars	Amount (INR Cr)
Land and Land Development	4.18
Building and Civil Works	89.62
Plant and Machinery	20.89
<b>Hard Cost</b>	<b>114.69</b>
Provision for Contingencies	2.87
Preliminary & Preoperative Expenses	8.73
Margin Money for Working Capital	-
Interest During Construction	14.23
<b>Soft Cost</b>	<b>25.83</b>
<b>Total Project Cost</b>	<b>140.52</b>

Source: SBIL and D&B India Estimates

The Project is proposed to be funded via a Debt-Equity Ratio of 1.32:1. The means of finance for the project have been provided in the exhibit below –

Exhibit: Means of Finance	
Particulars	Amount (INR Cr)
<b>Term Loan</b>	<b>80.00</b>
<b>Promoter's Contribution</b>	<b>60.52</b>
Equity	35.97
Unsecured Loans	24.55
<b>Total</b>	<b>140.52</b>

Source: SBIL

The promoters' contribution amounting to INR 60.52 Crores will be in the form of Equity of INR 35.97 crores and unsecured loans of INR 24.55 crores.

The Company has requested the Bank for total term loan of INR 80 Crores. The broad terms of the proposed rupee term loan are as given below:

Nature of borrowing	Term Loan	
Loan Amount	INR 80.00 Crores	
Interest Rate Assumed	13.50 % p.a.	
Moratorium	12 months from Commercial Operations Date	
Repayment Period	34 Quarterly Installments	
Repayment Pattern	<b>Repayment Pattern</b>	
	31-Mar-18	0.00%
	31-Mar-19	4.00%



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	31-Mar-20	7.50%
	31-Mar-21	7.50%
	31-Mar-22	13.50%
	31-Mar-23	13.50%
	31-Mar-24	13.50%
	31-Mar-25	13.50%
	31-Mar-26	13.50%
	31-Mar-27	13.50%
Door to Door Tenure*	12 years (48 quarters) <ul style="list-style-type: none"> <li>• 10 Quarters to COD (1<sup>st</sup> debt-drawl April 2015)</li> <li>• 4 Quarters post COD</li> <li>• 34 Quarters of Repayment</li> </ul>	

**Repayment:** The proposed repayment schedule for the loan is shown below:

Repayable year wise(%)	0.00%	4.00%	7.50%	7.50%	13.50 %	13.50 %	13.50 %	13.50 %	13.50 %	13.50 %
Particulars (INR Cr)	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Opening Balance	72.38	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80
Installment	-	3.20	6.00	6.00	10.80	10.80	10.80	10.80	10.80	10.80
Closing Balance	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80	-
Interest	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73

Source: D&B India Estimates





## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Financial Highlights

The financial highlights of the Company have been provided in the exhibit below –

All Figures in INR Crores											
Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Revenue	INR Cr	16.74	45.54	52.23	59.47	67.31	70.68	79.79	83.55	87.73	92.11
Total Operating Costs	INR Cr	8.78	24.57	27.87	32.10	35.96	37.65	42.80	44.67	46.76	48.95
EBIDTA	INR Cr	7.96	20.97	24.36	27.38	31.35	33.03	36.99	38.87	40.97	43.16
PBT	INR Cr	1.05	7.25	11.37	15.20	20.30	23.45	28.86	32.20	35.75	39.41
PAT	INR Cr	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
EBIDTA Margin	%	47.56%	46.05%	46.64%	46.03%	46.57%	46.74%	46.36%	46.53%	46.70%	46.86%
Net Profit Margin	%	4.96%	12.59%	17.21%	20.20%	23.84%	26.22%	28.59%	30.47%	32.21%	27.97%
Contribution	INR Cr	10.33	28.65	32.95	37.65	42.68	44.82	50.72	53.11	55.77	58.55
Contribution Margin	%	61.72%	62.92%	63.08%	63.30%	63.41%	63.42%	63.57%	63.57%	63.57%	63.57%
BEP Sales	INR Cr	25.43	60.85	64.77	69.94	74.13	74.48	80.12	80.77	81.76	82.91
BEP Occupancy	%	53.15%	60.13%	62.00%	64.68%	66.08%	63.23%	65.27%	62.84%	60.58%	58.51%
Cash Break Even	INR Cr	22.98	56.04	59.97	65.16	69.36	69.71	75.35	76.01	77.00	78.15
Cash Break Even Occupancy	%	48.03%	55.38%	57.41%	60.26%	61.82%	59.18%	61.39%	59.14%	57.05%	55.15%
Equity Share Capital	INR Cr	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97
Reserves and Surplus	INR Cr	0.83	6.56	15.55	27.56	43.61	62.14	84.96	110.41	138.67	164.43
Tangible Net Worth (TNW)	INR Cr	36.80	42.53	51.52	63.53	79.58	98.11	120.93	146.38	174.64	200.40
Term Loan	INR Cr	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80	-
Debt Equity Ratio	Ratio	2.17	1.81	1.37	1.02	0.68	0.44	0.27	0.15	0.06	-
Total Outside Liability (TOL)	INR Cr	80.46	77.39	71.47	65.55	54.83	44.07	33.37	22.62	11.87	1.12
TOL/ TNW	Ratio	2.19	1.82	1.39	1.03	0.69	0.45	0.28	0.15	0.07	0.01
Closing Cash Balance	INR Cr	2.13	7.56	13.51	22.47	30.66	41.39	56.33	73.98	94.43	112.38
DSCR	Ratio	1.43	1.40	1.38	1.60	1.44	1.62	1.95	2.22	2.58	2.56
Minimum DSCR	Ratio	1.38									
Maximum DSCR	Ratio	2.22									
Average DSCR	Ratio	1.80									
IRR	%	14.24%									

Source: D&B India Analysis



### Sensitivity Analysis

A sensitivity analysis was carried out to assess the impact of the following scenarios on the major financial parameters.

The summary of sensitivity analysis is provided in the following exhibit –

Scenario	Results		
	IRR	Minimum DSCR	Average DSCR
<b>Base Case</b>	<b>14.24%</b>	<b>1.38</b>	<b>1.80</b>
Reduction in ARR by 5%	13.68%	1.33	1.73
Reduction in Other Revenue by 5%	13.96%	1.35	1.77
Reduction in Occupancy by 5%	12.93%	1.27	1.65
Increase in Operating Cost by 5%	13.84%	1.35	1.75
Increase in Interest rate by 1%	14.29%	1.33	1.75

Source: D&B India Analysis

In the base case, average DSCR for the proposed Project is 1.80, with the minimum DSCR at 1.38. The average DSCR remains above 1.65 in all years of term loan repayment. The Project IRR stands at 14.24% in the base case.

The sensitivity analysis shows that the minimum DSCR remains above 1.30 and the average DSCR remains above 1.65 in all the scenarios.



### **Risk Analysis and Mitigation**

The risk analysis, allocation and mitigation are as follows:

Key Risk	Risk Carrier	Mitigation Measure
Experience and Capability	SBIL	<p>The promoters of the Company have experience in undertaking construction and real estate project and have executed a series of projects under this domain.</p> <p>However, the Promoters of the Company do not have any prior experience in handling of hospitality (hotel) industry projects. Hence experience related risk is envisaged for the Project. However to mitigate the risk, the Company will be appointing the Radisson Group as the Operator for the Project.</p> <p>In addition to the above, the Company will also be hiring experience Management Staff to manage the hotel.</p> <p><i>Thus low experience and capability related risk is envisaged for the Project</i></p>
Funding Risk	SBIL	<p>The Company plans to bring in INR 60.52 Crores as promoters contribution in the form of equity of INR 35.97 crores and Unsecured loans of INR 24.55 crores.</p> <p><i>Lenders may insist on suitable upfront equity if required.</i></p>
Time Over-run	SBIL	<p>Based on the past experience D&amp;B India notes that 4-Star and 5-Star category hotels are easily executed/ implemented over duration of 18-24 months from date of commencement of land development works, in case no glitches like shortage of funds, force majeure happen. The Company has proposed an implementation schedule of 30 months and taking into consideration the fact that the financial closure for the project has not yet been achieved; a sufficient cushion of time has been considered for implementation of the Project.</p> <p><i>Hence low time overrun risk is envisaged for the Project.</i></p>
Cost Over-run	SBIL	<p>D&amp;B India had sought the details of the overall project cost from the Company, along with supporting quotation for the same. The Company had provided D&amp;B India with Architects estimates for the overall project cost and the same was found to be in line with the industry standards.</p>



		<p>Further a contingency on hardware cost has been considered by D&amp;B India to take care of any escalation in project cost during implementation of the Project.</p> <p><i>Hence low cost overrun risk is envisaged for the Project.</i></p>
Statutory Approvals	SBIL	<p>The Company has critical of the approvals at place like MDDA approval, environmental and forest clearance etc. Based on these set of approvals, the Company can commence the construction of the hotel. However the Company is yet to file for balance of the statutory approvals. Even though there is sufficient time during implementation of the Project (30 months), still there is statutory approvals and clearances related risk associated with the Project.</p> <p>D&amp;B India has provided the detailed list of statutory approvals required before and after commissioning of the Project in the technical section of the report.</p> <p><i>The Lenders may include a clause in this regards in sanction letter, where by the last disbursement will happen only after the receipt of all the pre-commissioning statutory approvals.</i></p>
Off-take / Demand Risk	SBIL	<p>Based on the secondary and primary assessment undertaken by D&amp;B India within the Dehradun-Mussoorie area, it is understood that the tourists/ business travellers are willing to avail the services of a 5-Star category hotel. However, since the city of Dehradun does not have any 5-Star property, these tourist/ business travellers are currently staying with the 4-Star category hotels in the area. Hence there is sufficient demand, which will be catered to by the proposed project.</p> <p><i>Hence there is low off take/ demand risk associated with the Project.</i></p>
Pricing level and sustainability	SBIL	<p>SBIL has proposed to price the project at par with the prevailing market rates in similar category hotels in Dehradun-Mussourie.</p> <p><i>Hence low pricing level/ sustainability related risk is envisaged for the project.</i></p>
Force Majeure	SBIL	<p>The lenders may insist upon the Company to take adequate insurance cover for insurable force majeure risks.</p>

Source: D&B India analysis



### **SWOT Analysis**

The SWOT analysis of the Company and the project is presented below –

<b>Strength</b> <ul style="list-style-type: none"><li>• The Promoters of the Company have ample amount of experience in undertaking construction and real estate projects, which is expected to help the Company in reducing the overall cost of the project</li><li>• The Company will be entering in to an agreement with Radisson Group for operations of the Project, which will give the Company access to clientele of Radisson Group from both domestic and international markets</li><li>• The site of the hotel is located on the Mussoorie Road which will cater to demand of both the cities. Also there are only 2 other hotels having similar facilities</li></ul>	<b>Weakness</b> <ul style="list-style-type: none"><li>• The management of the Company has no prior experience in the Hotel industry. <i>However to mitigate the risk, the Company has signed a management contract with the Radisson Group to operate the hotel.</i></li></ul>
<b>Opportunity</b> <ul style="list-style-type: none"><li>• A hotel in Dehradun district, which is a center for Primary and Secondary market, would cater to needs of professionals and business travelers.</li><li>• Increasing influx of domestic and international tourists in India.</li><li>• Increasing disposable income.</li></ul>	<b>Threat</b> <ul style="list-style-type: none"><li>• Capacity additions by players of comparative size will lead to increased competition.</li><li>• Threats from new entrants in the market.</li><li>• The generic threat of global economic slowdown.</li></ul>

Source: D&B India analysis

### **Conclusion**

Please refer page no.74 for conclusion.



## Scope of Work

Sir Biotech India Ltd., herein referred to as 'SBIL' or the 'Company', has appointed D&B India, to conduct a techno-economic viability study of its proposed hotel project at Danioka Danda Village, Pargana - Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand

The scope of work was finalized as under:

- D&B India will physically visit the proposed location
- D&B India will validate the cost of the proposed project, given the specifications on civil works, building and plant and machinery
- D&B India will validate the cost and revenue assumptions related to the project
- D&B India will analyze the project by using various tools, such as debt service coverage ratio, IRR, sensitivity analysis to arrive at a conclusion on the viability of the project

### ***Date of Inspection***

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The team from D&B India undertook a visit to the proposed project site on 17<sup>th</sup> November 2014 with a view to have first-hand information of the site and to have better understanding of the project.

### ***Team of Consultants***

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The team of consultants from D&B India included the following (alphabetical order) –

- Ms. Deepa Shankar
- Ms. Pooja Jha
- Mr. Vatsal Misra



## **Methodology**

The techno-economic viability study assigned to D&B India was carried out in the following sequence:

1. Verification of the documents provided by the client, identification of missing information, and sending the revised list of documents required from the client.
2. Visit to the proposed location at Danioka Danda Village, Pargana - Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand
3. Assessment of the project cost reasonableness of the proposed project.
4. Secondary data assessment.
5. Assessment of the revenue and cost estimates for the project.
6. Assessing the project viability with financial analysis techniques like internal rate of return, DSCR, interest coverage ratio and sensitivity analysis.
7. Arriving at a conclusion on the project viability.



## Project Overview

The Company, Sir Biotech India Limited was incorporated on May 15, 1995 as a Public Limited Company in the name and style of Raghunath Textiles Limited with Registrar of Companies, NCT of Delhi and Haryana. The registration number of the Company is CIN – U51109DL1995PLC068537. Later on, the name of the Company was changed to Raghunath Overseas Limited on November 18, 1998 and further to Sir Bio Tech India Limited on October 20, 2006.

The Company is well-diversified Company into the business of herbals, international trading, real estate, land consolidators, software, online retail portal, convenience stores, etc. and having operations and offices at Kanpur, Lucknow, Noida, Delhi, Goa, Andaman, Mumbai, and Pune.

The Company has tied up with Radisson group of Hotels to operate a 5 star hotel in Dehradun. The construction of these properties is expected to begin in January 2015 and will take 30 months to complete.

### **The Project highlights are as follows:**

- The Company proposes to construct a five star luxury hotel on the land admeasuring 17,216 M<sup>2</sup>
- The hotel will have 182 Guest Rooms, Banquet Halls, Health Club including Swimming Pool and Restaurants to be operated under Radisson brand name.
- The project cost is estimated at INR 140.52 crores
- The debt equity ratio is at 1.32:1 with Company proposing to take term loan of INR 80 crores and bring in promoter's contribution of INR 60.52 crores
- The project is expected to commence operations in October 2017.





## Company Background

### *Sir Biotech India Limited*

The Company, Sir Biotech India Limited was incorporated on May 15, 1995 as a Public Limited Company in the name and style of Raghunath Textiles Limited with Registrar of Companies, NCT of Delhi and Haryana. The registration number of the Company is CIN – U51109DL1995PLC068537. Later on, the name of the Company was changed to Raghunath Overseas Limited on November 18, 1998 and further to Sir Biotech India Limited on October 20, 2006.

A snapshot of the Company is provided below:

Company Details	
Name	Sir Biotech India Limited
Constitution	Public Limited Company
Date of incorporation	May 15, 1995
CIN No.	U51109DL1995PLC068537
Sector	Hotel Industry
Corporate Office	Plot No. N-50, Phase-IV, Verna Industrial Estate, Verna, Goa
Site Location	Danioka Danda Village, Pargana - Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand
Prior experience in this line of activity	SBIL has no prior experience in Hotel Industry; however the Company has appointed Radisson Group as operating agency for the proposed project.

Source: SBIL

### *Shareholding Pattern*

The shareholding pattern of the Company as on 31.10.14 is as follows –

Sr.No	NAME	% of shareholding
1	Mr. Om Prakash Agrawal	0.95%
2	Mr. Jai Prakash Agrawal	0.38%
3	Mrs. Geeta Agrawal	0.08%
4	Mrs. Ranjana Agrawal	1.87%
5	Mrs. Alka Dalmia	0.26%
6	P.J. Softwares Private Limited	29.66%
7	RTCL Limited	15.64%
8	Eternity Town Ship Private Limited	0.37%
9	Raghunath Builders Private Limited	0.17%



10	Muskan Towers Private Limited	0.09%
11	Damodar Infrastructure (India) Private Limited	18.27%
13	Celeste Merchandise Limited	3.76%
14	PrabhuDhan Travels (P) Ltd	2.27%
15	Mohit Agency-Prop.Gayatri Gupta	0.02%
16	Mrs. Geeta Devi	0.02%
17	Rohit Agency-Prop.Raj Kumar (HUF)	0.05%
18	Mr. Prakhar Dalmia	0.07%
19	Ms. Stuti Dalmia	0.15%
20	JNJ Finance Company Private Limited	25.92%

Source: SBIL

### ***Directors' Profile***

The Directors of the Company, and a brief background is given as follows –

Mr. Jai Prakash Agrawal is the managing director of the Company. He is also chairman of the Company. He has a bachelor's degree in commerce. He has over two decades of experience in Real Estate, manufacturing, Import export business activities. He is responsible for land identification, Acquisition and conceptualization.

Mr. Yuvraj Dalmia, the only son of Mr. Jai Prakash Agrawal, has completed his qualification of B. Tech (Civil) from Purdue University, United State of America and is actively engaged in the Company as director on the board. Presently he is looking after all the day to day working of the manufacturing activity along with real estate business of the Group.

Mr. Vishal Saxena is director of the Company. He has bachelor's degree in Science and is fellow member of Institute of Company Secretaries of India. He is associated with the Company from the last 12 years. He has over a decade of experience in Corporate Laws, Auditing, Accounting, Taxation, Corporate planning and strategy and laws relating to foreign exchange.

### ***Key Management Personnel***

Mr. G. N. Choudhary, aged 45 years is the Chief Finance Officer. He has bachelor's degree in Commerce and working with our Company from last 15 years. He is responsible for Accounts, Auditing and Taxation of the Company.

Mr. Ravinder Verma, aged 45 years is the President – Corporate Strategy. He is responsible for preparation of strategic business plan. He has been involved in the conceptualization of project, responsible for standardizing systems, working out procedures and processes across all projects and provides operations review support to the management.

Mr. Vikash Mohanty, aged 38 years is the President – Brand and Marketing. He has bachelor's degree in Art and Master's in business administration from Times school of marketing, Delhi. He has



been involved in Brand building and preparation of marketing strategy for various projects of the Company.

Mr. Abhinav Nautiyal, aged 38 years is the Vice President – Marketing and Acquisition. He has a Bachelor's degree in Engineering (Civil) and Masters in Business Administration. He is responsible for comprehensive market research on pan-India scale for identifying new acquisition opportunities.

Mr. Vikas Mehrotra, aged 38 years is the Senior General Manager – Land acquisition. He has bachelor's degree in commerce and fellow member of The Institute of Company Secretaries of India. He has been involved in land acquisition (pan-India) and legal process of the Company.

### ***Brands under SBIL***

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The different brands under SBIL are as follows:

- Acreage is a strategic land investment and consultancy division for acquiring land parcels and to add value by repositioning the properties for their best use through regulatory closures, risk mitigation and management, environmental compliance and stakeholder value creation. Currently, this division holds around 3,175 acres of land in various parts of the country through various wholly owned subsidiaries.
- Biologics represents the pinnacle of pure, natural and effective solutions for the cosmetic, health and wellness care industry.
- Sir Naturals represents a natural and effective line of ingredients, solutions and products for textile, carpet and allied industries
- Ecotone represents the all-natural and organic clothing, furnishings and surface finishes that caters to a wide variety of personal consumption materials in everyday use
- SGM World represents a chain of convenience Stores and commercial business spaces that encompass food and groceries, household and personal care products, novelties and lifestyle products
- The Company is also engaged in the development of real estate business activities mainly in the State of Uttar Pradesh, Uttaranchal, Andaman and Nicobar Islands and Goa.



## Project Details

### Land Details

The Company has total land area of 17,216 M<sup>2</sup> situated at Danioka Danda Village, Pargana Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand for the hotel project. Total land area is a cumulative of three land parcels. The land was an agricultural land and has been converted into non-agriculture land in accordance with the statutory norms.

The details of land parcel acquired by the Company is given in the exhibit below-

Survey Number	Date of Sale Deed	Area (M <sup>2</sup> )
92 GA	24 <sup>th</sup> August 2011	3,126
93Ka & 94Ka	25 <sup>th</sup> August 2011	13,840
92 Kha-Me		250
<b>Total</b>		<b>17,216</b>

Source: SBIL

### Project Location

The project is located on the main Dehradun-Mussoorie Road, which has been selected primarily to take care of tourists of both these cities. D&B India notes that there is no 5 star property in Dehradun and the ones in Mussoorie are at the opposite end. Hence the project is well located to cater to tourists and business travellers of both these cities.

The distance of the key demand driver from the plot have been provided in the exhibit below –

Description	Distance (Km)
Nearest Road	Mussoorie Road ,0.24 Km
Nearest Highway	NH 72, 12.03 Km
Nearest major city	Dehradun,10.13 Km
Nearest major Railway Station	Dehradun,10.13 Km
Nearest Airport	Chandigarh, 128.08 Km

Source: D&B India Site Visit Report

The location of the site has been provided as an exhibit below –





Source: Google Earth

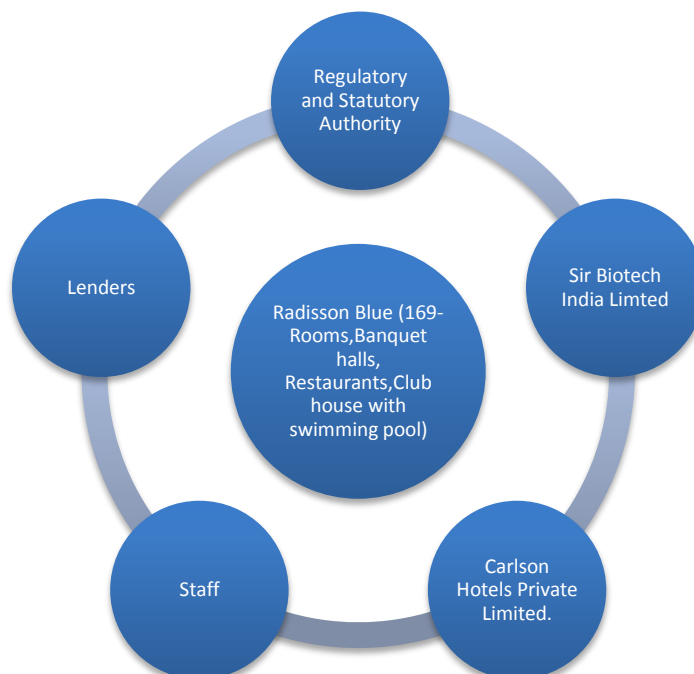
The location of the site vis-à-vis other locations is given below-



Source: Google Earth

### ***Project Configuration***

The project configuration as envisaged by the Company has been provided as an exhibit below –



Source: D&B India Analysis

It is noted from the exhibit above that the proposed project has the following stakeholders –

- Sir Biotech India Limited
- Carlson Group
- Banks/ Financial Institutions as lenders
- Regulatory and statutory authorities
- International and domestic tourists
- Staff members

### ***Rooms and facilities***

Radisson Blue at Dehradun will be having facilities which are given in the exhibit below-

- The hotel project will be having a total of 182 rooms which are divided in four categories –
  - King/Twin/Hollywood
  - Business Suite
  - Junior Suite
  - Executive Suite



- 6 Meeting and Conference halls.
- All day dining and Sky top restaurant.
- Swimming pool, spa, gym, scenic landscapes.
- Ample car parking.

### ***Project Area Statement***

Area Statement of the proposed project based on the approved plan is given below-

<b>Description</b>	<b>Area (M<sup>2</sup>)</b>
Survey Number 92 GA	3,126.00
Survey Number 93 Ka& 94 Ka	13,840.00
Survey Number 92 Kha-Me	250
<b>Total Plot Area considered under planning</b>	<b>17,216.00</b>
Basement [Level-2] Covered Area (Excluding stairs lift and shaft area)	6,185.36
Basement [Level-1] Covered Area (Excluding stairs lift and shaft area)	6,185.36
Stairs, lift and shaft covered area	377.94
Ground Floor (Level ± 0) Covered Area including Guard Room, Stairs and Lift Area	5,875.70
First Floor (Level +1 ) Covered Area excluding stair, lift, shaft and double height area	1,882.20
Double height area	3,615.56
Second Floor (Level +2) Covered Area excluding stairs, lift and shaft area	2,830.00
Third Floor (Level +3) Covered Area	2,830.00
Fourth Floor (Level + 4) Covered Area	2,830.00
Fifth Floor (Level + 5) Covered Area	2,830.00
<b>Total Covered Area (for FAR)</b>	<b>19,077.90</b>
<b>Total Covered Area (for Parking)</b>	<b>19,077.90</b>
<b>Total Covered Area (including Basement)</b>	<b>31,448.62</b>
Ground Coverage	34.63%
FAR Achieved	1.12
<b>Parking</b>	
Total required number of E.C.S	381.56
Provided Basement (level 1 ) Parking (E.C.S)	193.29
Provided Basement (level 2 ) Parking (E.C.S)	193.29
Provided open parking P1 (E.C.S)	33.94
Provided open parking P2 (E.C.S)	41.76
<b>Total Provided Parking (E.C.S)</b>	<b>462.29</b>

Source: Approved plan- SBIL



### ***Hotel Operator***

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The Company has signed a management agreement with Carlson Hotels Private Limited on 13<sup>th</sup> January 2011 for a period of 15 years for the operation of the hotel in the name of 'Radisson Blue'. Carlson is a family-owned hospitality and travel Company operating some of the world's most recognizable brands including Quorvus Collection, Radisson Blu, Radisson, Radisson Red, Park Plaza, Park Inn by Radisson, Country Inns & Suites by Carlson and Carlson Wagonlit Travel. With more than 1,350 hotels and the world's premier business travel management Company, Carlson is a global leader in the hospitality and travel industries.

Some of the Terms and Condition of the management agreement between the two companies is given below-

- Owner on the basis of its own investigations and efforts assumes all risk with respect to Selecting and acquiring possession of the project site. Manager (Carlson group) assumes no duty to participate in that matter.
- Owner will construct the hotel in accordance with the Operating standards and the Hotel Development Services Agreement. Owner will not perform any construction or open any area being constructed for the use of hotel without manager's approval.
- Owner shall design, Construct, complete, equip and furnish the non-hotel facilities in accordance with the operating standards or when there is no operating standard that applies, then to a quality level comparable to the operating standards in general. Owner will allow Manager to review the plans and inspect these facilities so that Manager can determine if this being done.
- All future constructions must comply with the system applicable to the hotels operating under 'Radisson Blue' name and all legal requirements.
- Manager will operate the Hotel as 'Radisson Blue Hotel in Dehradun'. Owner will not change the name of the Hotel without Manager's approval.
- Owner appoints Manger as owner's exclusive agent, and Manager accepts the appointment. Manager will use good faith reasonable, due diligence, skill and care in a professional manner to operate the Hotel commencing from the soft opening date in according with the agreement and operating standards. Manager may perform certain of its obligations through its affiliates or third parties.
- There is a set of services to be provided by Manager/ Affiliates as per section 4.4 (Relates to international marketing and use of existing IT network of Manager etc.) of agreement and a budget for the same will decided in discussion with Owner. This budget will be part of the remuneration as provided to the Manager i.e. Carlson Group. Managers and its affiliates





decide in their sole discretion how to spend the funds and how much to allocate to each use. In addition, in connection with the annual plan and when meeting with the owner time to time, Manager will keep Owner informed about overall plan for the use of these funds and implementation of that plan.

- Manager will establish the policies to be followed by the Hotel employees. Manager and Owner will review the policies time to time and make agree upon changes.
- Manager will provide the Executive Committee and the Hotel employees with training, policies and procedures that are designed to enable them to conduct on day to day operation of the hotel in an efficient and professional manner and in accordance with the operating standards.
- Manager will determine the charges of the room, commercial space, entertainment, food and beverages, taking into account the competitive environment and the financial objectives established in the annual plan. Manager may establish policies to permit the individuals to occupy guestrooms at rates lower than the published rates or free of charge and to dine at the hotel lounges and restaurant free of charge.

Most of the 5-Star/ 4-Star Hotel operators promote the other properties managed by the Group to all the tourists visiting the Hotel e.g. If a tourist stays at Taj Hotel in Mumbai and is planning to go to Kochi, then the Taj Group provides the access to them at their Kochi property. Hence the tie-up with Radisson Group provides the access to all the tourists staying at Radisson Group Hotels in India and abroad.

### **Agreement with Hotel Operator**

The Company has signed a management agreement with Carlson Hotels Private Limited on 13<sup>th</sup> January 2011 for a period of 15 years for the operation of the hotel in the name of 'Radisson Blue'. Carlson is a family-owned hospitality and travel Company operating some of the world's most recognizable brands including Quorvus Collection, Radisson Blu, Radisson, Radisson Red, Park Plaza, Park Inn by Radisson, Country Inns & Suites by Carlson and Carlson Wagonlit Travel. With more than 1,350 hotels and the world's premier business travel management Company, Carlson is a global leader in the hospitality and travel industries.

The terms and conditions in the agreement are in line with the standard terms and conditions of other similar projects. However D&B India pointed out to the Company that the remuneration proposed to be paid to Radisson seemed to be slightly on the higher side and they should try to negotiate on the same. For the purpose of the financial projections, D&B India has retained the same remuneration assumptions to be on the conservative side.



### ***Current Status & Statutory Approvals***

The current status for the proposed Project has been provided below –

- Land conversion from agricultural to non-agricultural has already been undertaken
- The Company has also received building plan approval from the local authorities.

The details of various statutory approvals/ clearances/ requirements before and after Commercial Operations Date (COD) have been listed below, along with the remarks on receipt of approvals.

Regulation	Department/Authority	Status
<b>Approvals Required Before COD</b>		
Project Approval	Department of Tourism (Uttarakhand Government)	Yet to be Received by D&B India
Mutation Order	Local authority	Received
Fire Safety Clearance	Chief Fire Officer, Fire and Safety Department	Received, Dated 21st June 2012
Pollution Clearance	Pollution Control Board	Received ,Dated 29 <sup>th</sup> August 2013
NOC from Reserve forest	Forest Department	Received, Dated 29 <sup>th</sup> August 2013
Environment Clearances	Ministry of Environment and Forest	Received, Dated 7 <sup>th</sup> July 2013
Construction License	Mussoorie Dehradun Development Authority	Received 25 <sup>th</sup> August 2012
Temporary Power Connection	Uttarakhand Power Corporation Limited	Received, 4 <sup>th</sup> June 2012
NOC for Water Supply	Local Authority	Received, Dated 11 <sup>th</sup> June 2012
Building Plan FSI/FAR	Local Authority	Received
No-Objection Certificate	Zila Panchayat	Yet to be Received by D&B India
No-Objection Certificate	Police Station	Yet to be Received by D&B India
Plumbing/Sanitary systems	Local Authority	Yet to be Received by D&B India
Airport Authority of India	AAI	Yet to be Received by D&B India
Lift Installation	Local Authority	Yet to be Received by D&B India
Boiler Installation	Directorate of Boiler Inspector	On completion of the building work
DG Set Installation	Electricity Board	On completion of the building work
Operation of laundry	Local Authority	On completion of the building work
Building completion	Local authority	On completion of the building work
Restaurant license	Local authority	On completion of the building work
Bar license & Liquor	Excise Department	Prior to commencement of Restaurant
Music in Lobby / public area	Performing Right Society of India	Prior to commencement of Restaurant
Approval for RF Paging system	MTNL Approval	Prior to commencement of Restaurant
<b>Approvals Required Post-COD</b>		
Permanent Power Connection	Electricity Board	Application will be made on completion of project



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

LPG/furnace Oil usage	IOC/HP/BPCL	Application will be made on completion of project
Gas Bank	Inspector of Explosives	Application will be made on completion of project
Garbage /Sewage system	Local Body	Application will be made on completion of project
Import license	DGFT	Shall be applied when needed
Availing of tax incentives	State Government	Application will be made on completion of project
Money Changer license	R.B.I.	Application will be made on completion of project
Foreigners' arrival	Foreign Residents Registration	Application will be made on completion of project
Prevention of F/A Act.	State Health Department	Application will be made on completion of project
Boiler Inspection	Boiler Inspector	Application will be made on completion of project
Min wages/shops establishment act	Central / State Govt. Authorities	Application will be made on completion of project
ESI Act, PF Act etc	PF Commissioner	Application will be made on completion of project
Sales Tax	Sales tax Department	Shall be applied on completion
Service Tax	Central Excise Authorities	Shall be applied on completion
Entertainment Tax	Commercial Taxes Department	Shall be applied on completion
Weight & Measures	Government Act	Shall be applied on completion
Luxury Tax	State Government	Shall be applied on completion
Property /water tax etc.	Local authorities	Shall be applied on completion
Foreign Exchange use	Ministry of Tourism/RBI	Shall be applied on completion

Source: SBIL and D&B India Estimates

D&B India believes that, since the project is at its initial stage, the statutory clearance received till date which is listed above will be enough for the Company to start its initial phase. Further, because of the acquired initial clearances D&B India envisages that the Company will not face any problem in acquiring the rest of the statutory clearance needed for the commencement of the project.



### ***Implementation Schedule***

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The Company has got most of the statutory approvals and clearances in place which are required before the commencement of the construction of the project. Further, the Company has executed the hotel operator agreement with Radisson which is one of the most important procedures of a hotel project. Further the Company has already appointed an Architect for undertaking the implementation of the project and Architects estimate for the project cost has already been received.

Considering the above factors and the experience D&B India has in conducting similar assignments, the commercial operation date (COD) for the proposed project has been estimated to be 1<sup>st</sup> October, 2017. The construction duration is estimated to be 30 months starting from 1<sup>st</sup> April, 2015 after the financial closure.



# Industry Assessment

## *Indian Tourism Industry*

India has key strengths mainly linked to its cultural resources and natural resources with many world heritage sites and reasonably good transport infrastructure for other modes. Low airport charges as well as low prices for manufactured goods and premium services in the economy as a whole contribute to India's price competitiveness. It is imperative to point out that India has the advantage of a strong domestic tourism base which was 1100 million tourist visits in FY 2013. This base is likely to grow on the back of a rapidly rising middle class with increased disposable income and awareness.

During the last decade, many global corporations have set up their operational base in India, which has led to an increase in foreign business travel to India. Also, India, being a key leisure destination, tourists from across the world visit India on a year round basis. Increase in the number of foreign tourist arrivals in India, has been an instrumental factor driving growth of the Travel and Tourism sector in India.

The increased economic activities and increasing income levels in India facilitated the growing domestic tourism on all fronts like religious tourism, leisure tourism and exploration tourism.

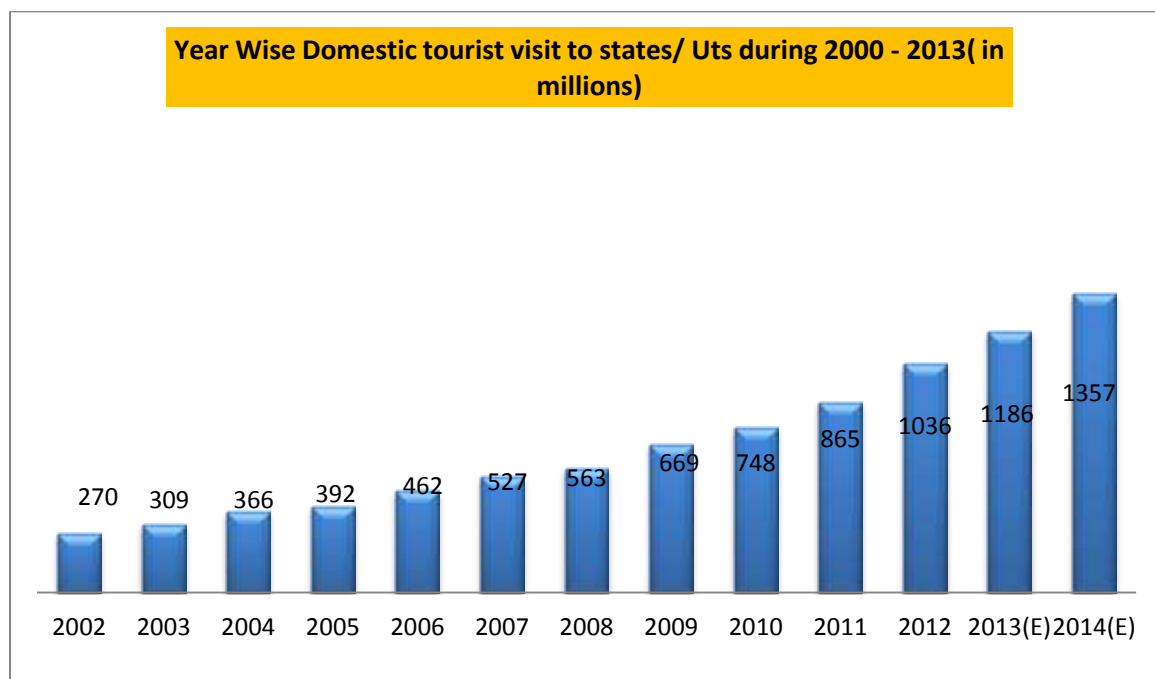
There has been a continuous increase in domestic tourist visits, with the compounded annual growth rate (CAGR) of domestic tourist visits to all States from FY 2002 to FY 2013 being 14.41%.

The foreign tourist visits too have been increasing over the years, though there was negative growth in the years FY 2002 and FY 2009. The foreign tourist visits to all States during FY 2002 to FY 2013 witnessed a CAGR of 10.6%.

The year FY 2012 witnessed a growth of 19.87% in domestic tourist visits over the year 2011 and the year FY 2013 witnessed an estimated growth of 14.40% in domestic tourist visits over the year 2012. The visits by foreign tourists have registered a growth of 12.5% in 2013 over 2012 which is higher than the growth of FY 2012 over FY 2011 which was 6.63%.

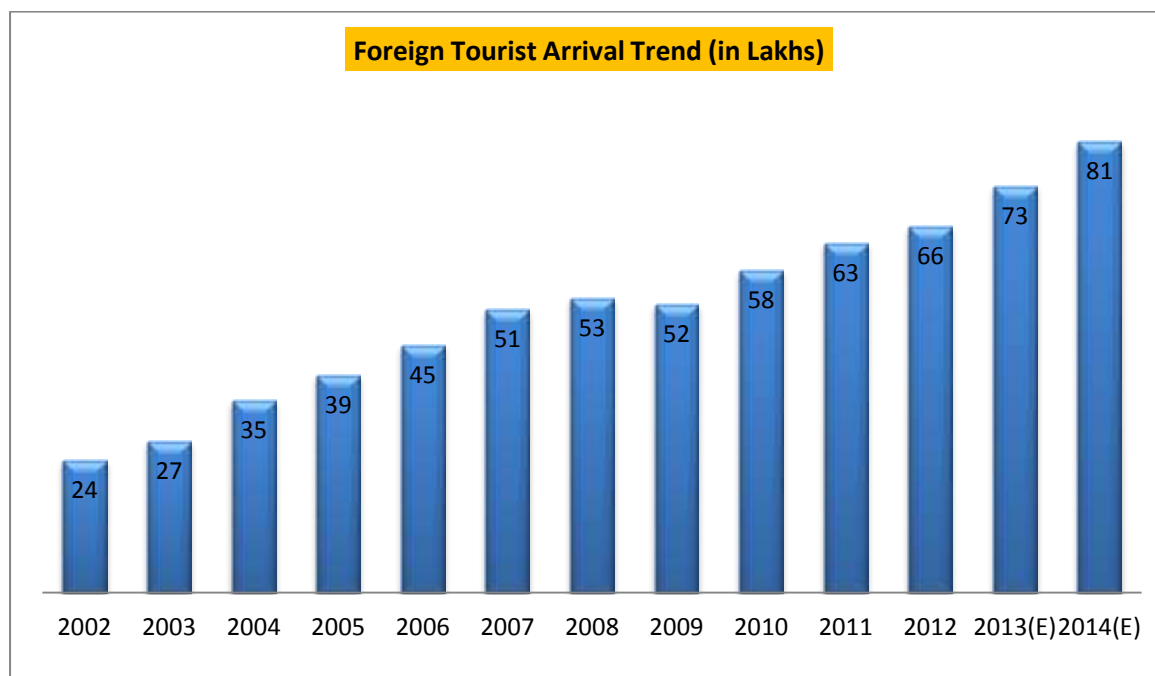
According to Ministry of Tourism, Foreign Tourists Arrivals (FTAs) during the Month of May 2014 was 4.21 lakh as compared to FTAs of 3.84 lakh during the month of May 2013 and 3.74 lakh in May 2012. There has been a growth of 9.7% in May 2014 over May 2013 as compared to a growth of 2.5% registered in May 2013 over May 2012. FTAs during the period January-May 2014 were 30.52 lakh with a growth of 6.6%, as compared to the FTAs of 28.63 lakh with a growth of 2.6% during January-May 2013 over the corresponding period of FY 2012.

The figure below indicates the trend of domestic tourists in India during 2002-2013:



Source: Ministry of Tourism

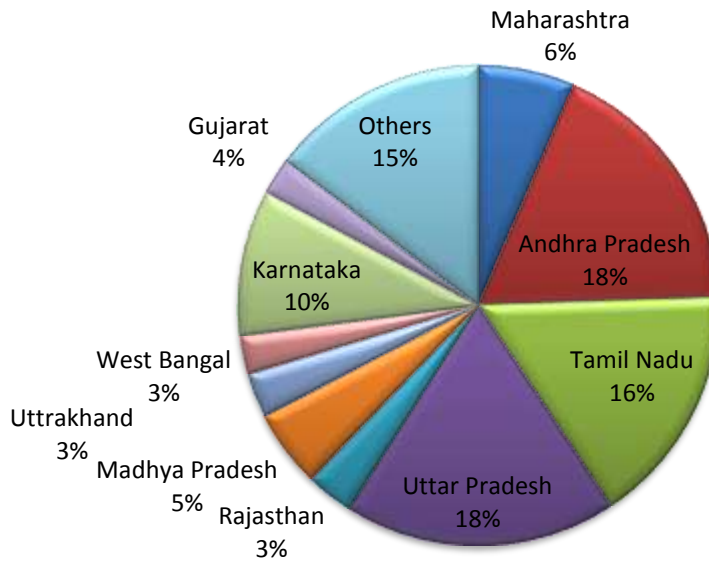
The figure below indicates the trend of foreign visitors in India during 2002-2013:



Source: Ministry of Tourism

The exhibit given below shows the share of domestic tourist arrivals by top 10 state/ UTs in India:

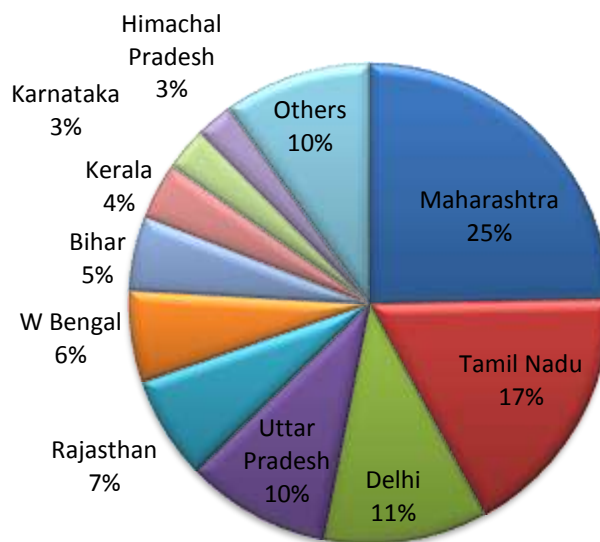
**Share of top 10 States / Uts in India for Foreign tourists**



Source: Ministry of Tourism

The exhibit given below shows the share of foreign tourist arrivals by top 10 state/ UTs in India:

**Share of top 10 States / Uts in India for Domestic tourists**



Source: Ministry of Tourism

The tourism industry in India is thriving due to an increase in foreign tourist arrivals (FTA) and a greater number of Indians travelling to domestic destinations than before. The revenue from domestic tourism is likely to grow by 8.2 per cent in FY 2014 as compared to 5.1 per cent a year ago, according



to the World Travel and Tourism Council (WTTC). Hotels are also an extremely important component of tourism industry. The Indian hospitality sector has been growing at a cumulative annual growth rate of 14 per cent every year adding significant amount of foreign exchange to the economy.

The Government of India has contributed significantly to the growth and development of the industry by providing policy and infrastructural support such as simplification of visa procedures and tax holidays for hotels. Further, the tourism policy of the Government aims at speedy implementation of tourism projects, development of integrated tourism circuits, special capacity building in the hospitality sector and new marketing strategies.

India's travel and tourism industry is expected to grow by about 7.3 per cent in 2014, according to WTTC. The total market size of tourism and hospitality industry in India stood at US\$ 117.7 billion and is anticipated to touch US\$ 418.9 billion by FY 2022. According to sector reports, Foreign Exchange Earnings (FEE) during January–March 2014 stood at INR 32,809 Crores (US\$ 5.44 billion) as compared to FEEs of INR 30,270 Crores (US\$ 5.02 billion) during the corresponding period of 2013, registering a growth of 8.4 per cent. FEEs during March 2014 were INR 10,257 Crores (US\$ 1.70 billion).

Domestic demand for hotels in India has historically been much higher than the demand from foreigners. Most of the domestic demand is centred on Commercial and MICE segments. In the recent past, there has been an upsurge of domestic leisure travellers owing to their rising spending power coupled with the proliferation of low-cost carriers. Since FY 2005, the number of domestic travellers has demonstrated a growth of over 100% from approximately 500 million travellers during FY 2007 to around 1120 million travellers during FY 2013. This highlights the dominance of domestic travel in the country.

Many leisure and city locations in the country have begun to tap into the potential of the domestic market. In addition, hotels have realized that the domestic market can help bridge the gap between low and high occupancy periods to attain higher year-round occupancies. This is evident from the increasing number of leisure packages and offers marketed by hotel brands during the summer months when domestic travel is at its peak.

### ***Indian Hotel Industry – Overview***

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The country's hotel industry consists of large Indian companies as well as most of the international hotel operators. There are hotels at every end of value chain to cater to budget / premium consumers.

Indian hotel industry can be divided into organized and unorganized sectors. Unorganized sector includes innumerable lodging & boarding facilities, resorts and restaurants present across the country. The organized hotel industry is further classified according to the 'Star' ratings such as 1 star, 2 star, 3 star, 4 star, 5 star and 5 star deluxe. Old properties converted into hotels are also classified as Heritage Hotels.





Hotels can be further classified on account of the clientele they serve:

- **Luxury Hotels:** Occupied with world class infrastructural amenities, these hotels cater to influential foreign as well as domestic tourists and the upper class corporate executives. High priced business and leisure hotels can be considered as a part of luxury hotels.
- **Budget hotels:** Due to limited luxury and seasonal discounts, these hotels are preferred by price conscious business travelers and tourists. Also called Economy Class Hotels, Business Class Hotels and Discount Hotels, these offer basic infrastructure facility and caters to middle class and upper middle class consumers
- **Resorts:** These are located at hill stations and sea side tourist destinations. However, now the trend of mushrooming resorts near city areas is on increase since last couple of years

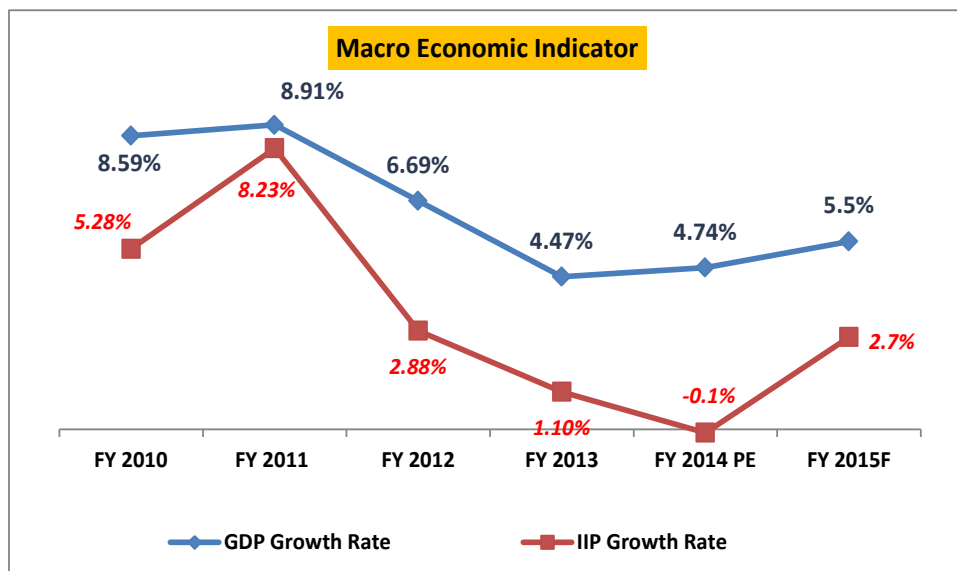
### ***Macro Economic Analysis***

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#### **Key Economic Indicators**

Indian economy continued to report below 5% growth in FY 2014. At global level, economic growth performance in majors economies continued to play a decisive role in deciding the growth fortunes of developing countries including India. Indian economic performance was severely impacted by the sustained weakness in USA, Euro Zone countries and China, that are also India's major trading partners and source of foreign capital inflows. In CY 2013, world economic growth slid further to 3% as compared to 3.1% in previous year while US GDP growth slowed down to 1.88% as compared to 2.8% in the previous year. Annual GDP growth of world's fastest growing market, i.e. China, too slowed down from the level of 10.4% in FY 2010 to 7.7% in FY 2013.

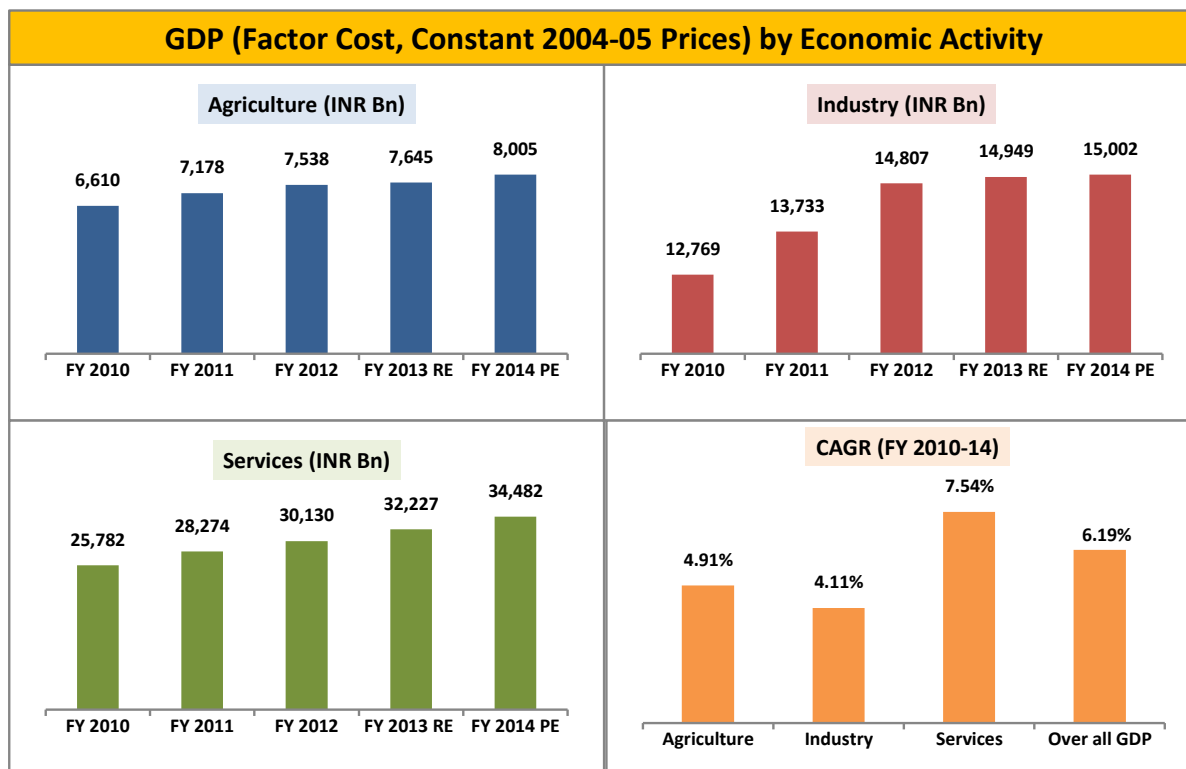
On the domestic front, India's investment and industrial growth prospects remained fragile and even the services sector remained weak. Even though the Indian government took several steps to arrest the volatility in foreign exchange rate and narrow down the current account deficit in FY 2014, the growth momentum of the domestic economy faced unrelenting challenges. Persistence of high consumer price inflation and interest rates, weakening performance of services and industrial sector let down all expectation of economic revival in the past fiscal. Additionally, regulatory hurdles, administrative bureaucracy and policy delay pertaining to land acquisition process, obtaining license, environmental clearance were further impediments to growth. These factors dampened the country's position at global level as well, due to which, on "ease of doing business" Index India now ranks 134<sup>th</sup> amongst 184 countries and lowest amongst BRICs peers. Lack of consensus on major economic reform and policy paralysis led to a declining "new-investment" spending for the fourth consecutive year in row since FY 2011.



Source: CSO & D&B Forecast, (PE is Provisional Estimates)

As per provisional estimates on GDP numbers released on May 30<sup>th</sup> 2014, India's annual GDP growth reported a marginal incremental growth of 0.3% over the previous year and grew at about 4.74% in FY 2014 as compared to 4.47% in FY 2013. Economic activity continued to exhibit stagnancy on back of slowing industrial sector. Industrial sector growth as measured by the Index of Industrial Production (IIP), registered a y-o-y decline of 0.1% during FY 2014.

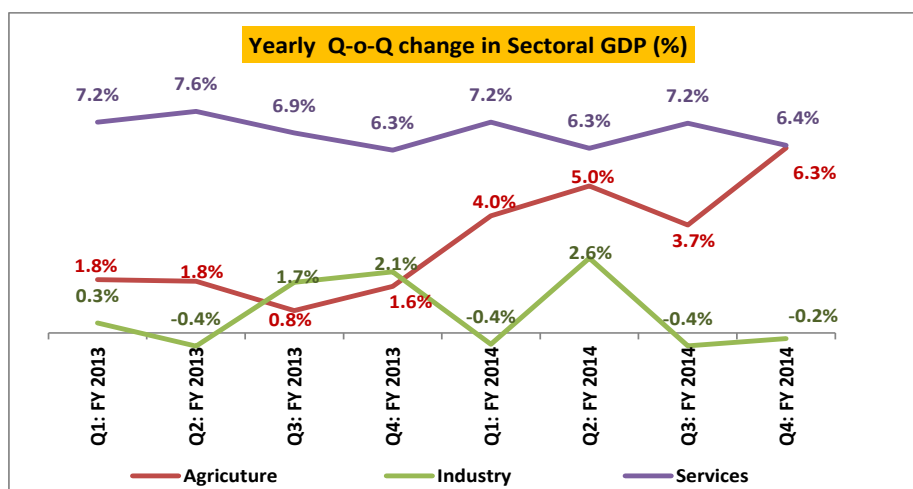
As seen in the below chart, services sector registered maximum growth over the period FY 2010-14, followed by agriculture sector and industrial sector.



Source: CMIE Outlook, RE is Revised Estimated, PE is Provisional Estimate

In FY 2014, services sector's contribution towards GDP stood at 60.1%, followed by industry (26.1%) and agriculture (13.9%). Also, the share of services to economic output is increasing, while that of agriculture and industry segment declined over the period FY 2012-13.

The annual growth rate of services sector, industry and agriculture sector stood at 7%, 0.35% and 4.17%, in FY 2014 as compared to 6.96% 0.96% and 1.42% respectively, registered in previous fiscal.

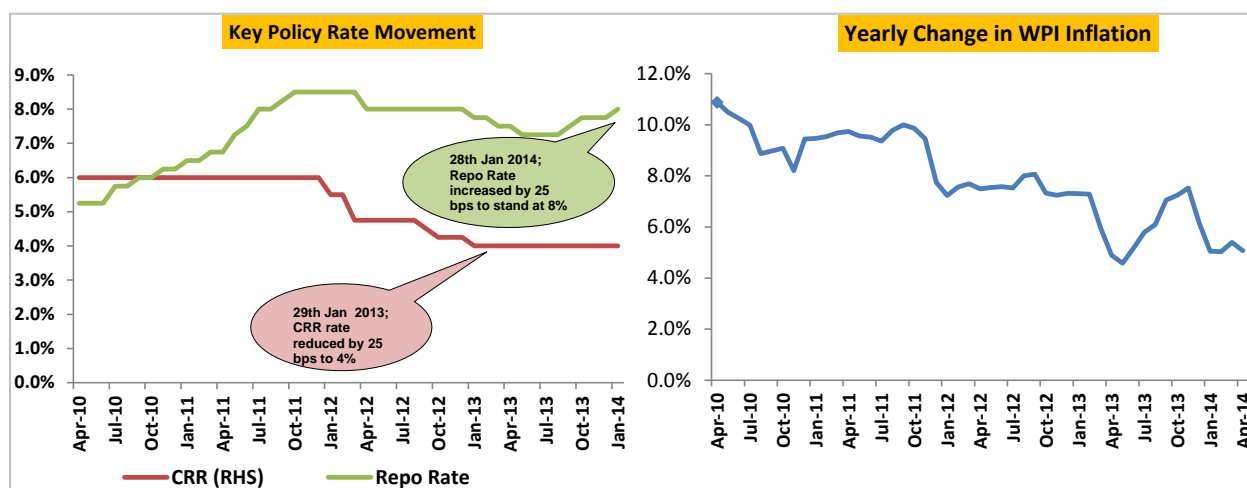


Source: CMIE Outlook

Looking at the quarterly trends, growth in agriculture sector expanded from sharply to 6.3% on sequential Q-o-Q basis in Q4 FY 2014. On the other hand, service sector economic output slowed down to 6.4% in last quarter of FY 2014 from 7.2% in previous sequential quarter. Industry segment continued to report a decline in Q4 FY 2014 on yearly q-o-q basis on the back of contracting economic output from mining and quarrying and manufacturing segment in all four quarters (excluding Q2:FY 2014).

D&B India expects economic growth to recover in FY 2015, albeit at moderate rate and grow at about 5.5%. With formation of a new and stable government, economic growth is likely to get impetus from improved policy environment, early implementation of long pending reforms and revival of large stalled projects.

## Tradeoff between Growth & Inflation



Source: Office of the Economic Advisor; RBI

Monetary authorities kept the interest rate unchanged during April 2012-Dec 2012 as the inflationary pressure continued to loom over the economy that impacted the fresh investments and economic growth in FY 2013. In order to revive investment and push liquidity in the economy, RBI reduced the repo rate thrice during Jan 2013 till May 2013 by 25 basis points each time. However, with revival of inflationary pressure, the repo rate was hiked by 25 bps thrice since September 2013. The latest hike of 25 bps in repo rate was made Jan 28, 2014. Rise in interest rates has adversely impacted the overall GDP growth on the back of increasing project financing cost for corporates and deterring the demand growth. India Inc. has been demanding a rate cut to spur investment and promote growth as the monthly WPI index (which measures inflation) has shown some decline trend since November 2013. However, RBI kept the policy rate unchanged in its latest monetary policy review in August 5<sup>th</sup> 2014 against the industry expectation. Repo rate currently stands at 8%.

CRR, another monetary tool used by RBI to regulate money supply, has been reduced four times (each time by 25 basis points) since March 2012 in order to infuse the primary liquidity in banking



system and supports the GDP growth. With a further 25 basis points cut on 29th Jan 2013, the CRR currently stands at 4.0%.

### ***Government Regulations & Initiatives***

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Hotel operations in the country have minimal government interference and private participation is encouraged. Towards this, the government has rolled out several measures to increase participation from domestic as well as international players. These measures are part of the larger plan to develop the tourism sector in the country, of which hotels are a vital component.

Availability of credit at affordable rates is one of the major constraints that has prevented the growth of domestic hotel operators. Since hotel construction fell into the ambit of commercial real estate, the rates charged by banks became higher. To enable credit for hotel developers at a reduced rate, the Reserve Bank of India de-linked the credit allocation for hotel projects from commercial real estate exposure of banks. This measure gave banks the freedom to allocate higher credit at reduced rates. External Commercial Borrowing (ECB) norms too were relaxed for developers to raise liquidity in international markets.

Further, to attract international hotel operators and much needed foreign investment, the government relaxed FDI norms. Government has categorized hotel and restaurant industry as high priority industry and has allowed 100% FDI under automatic route.

Apart from these direct measures, certain policy measures aimed to develop tourism & hospitality sectors indirectly helped in the growth of hotel industry. Prominent among them are –

- Scheme for development of important destinations and circuits (connects to nearby tourist destinations) through 29 Mega Projects. These projects are expected to increase tourism, which will subsequently benefit the hotel.
- Government's decision to open skies for private competition and emergence of low cost airlines led to increased domestic tourism which further fueled demand for hotels

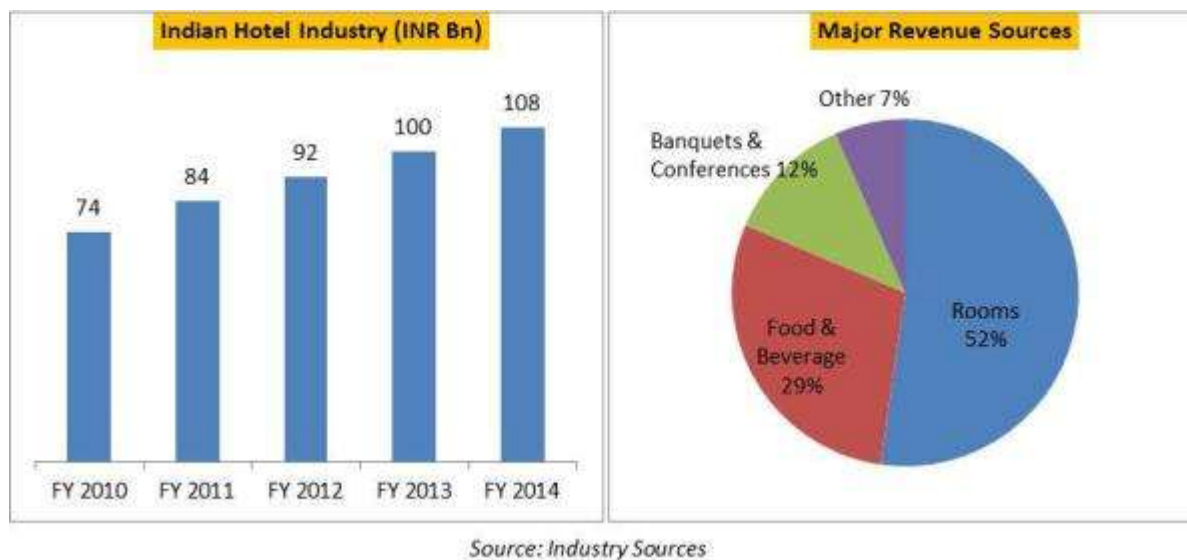
### ***Demand Supply Dynamics***

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#### **Current Scenario**

Annual turnover in Indian hotel industry is estimated to be close to INR 108 Bn in the fiscal 2014. Revenue growth in the sector has been slowing down over the past couple of years due to lower tourist arrivals as well as drop in business travel. Unfavorable economic scenario prevalent globally as well as domestically led to this drop in travel. During the period FY 2010-14, annual turnover in the sector has grown by a CAGR of ~10%, primarily because of the high growth during initial years.

Hotel operator derives revenue from room rent, food & beverage and banquets & conferences, of which room rent is the leading contributor. However, the share of revenue from room tariff has gone down over the past few years in expense of other two segments.



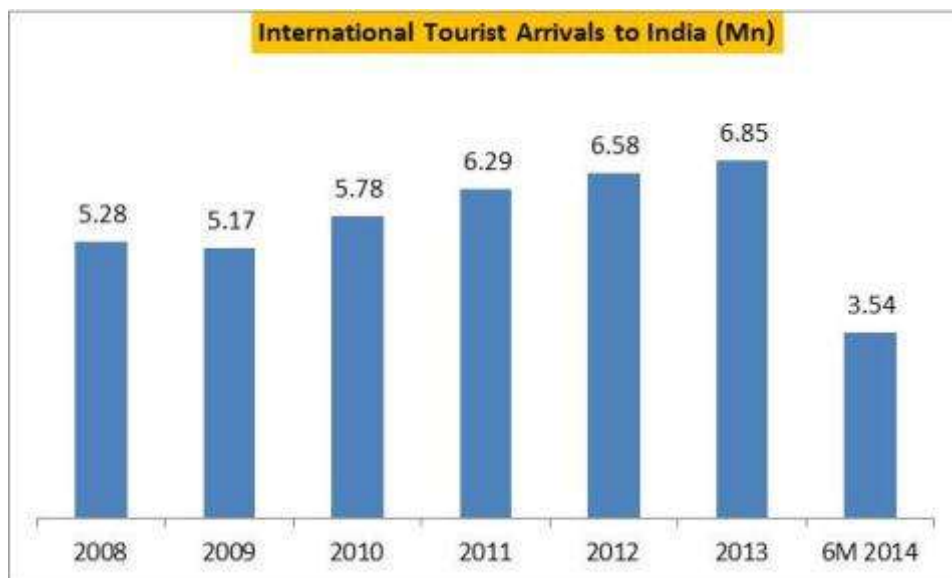
## Demand Drivers

Demand for hotel rooms is driven by increased flow of travellers – tourists as well as business-travel. Both these factors has witnessed positive development in the past decade, leading to a higher demand for hotel rooms.

## Tourism Scenario

International tourist visits to the country has grown rapidly over the past few years as the country has emerged as one of the preferred tourist destinations globally. International tourist arrivals to India reached ~6.8 Mn per annum by 2013, up from ~5.3 Mn in FY 2008. During the period FY 2008-13, international tourist arrivals to India increased by a CAGR of 5.3%. This has increased the demand for hotel rooms, playing a significant role in the growth of hotel industry.

However there has been a slowdown in the flow of tourists due to unfavorable economic scenario, which has impacted tourism spending. During the past couple of years (FY 2012 & 13), the number of international tourists increased by a slower rate of 4.3% per annum, compared to 10.3% per annum during the period (FY 2009-12). This has led to a situation of oversupply as well as drop in revenue earnings.



Source: D&B Research

### ***Business Travel***

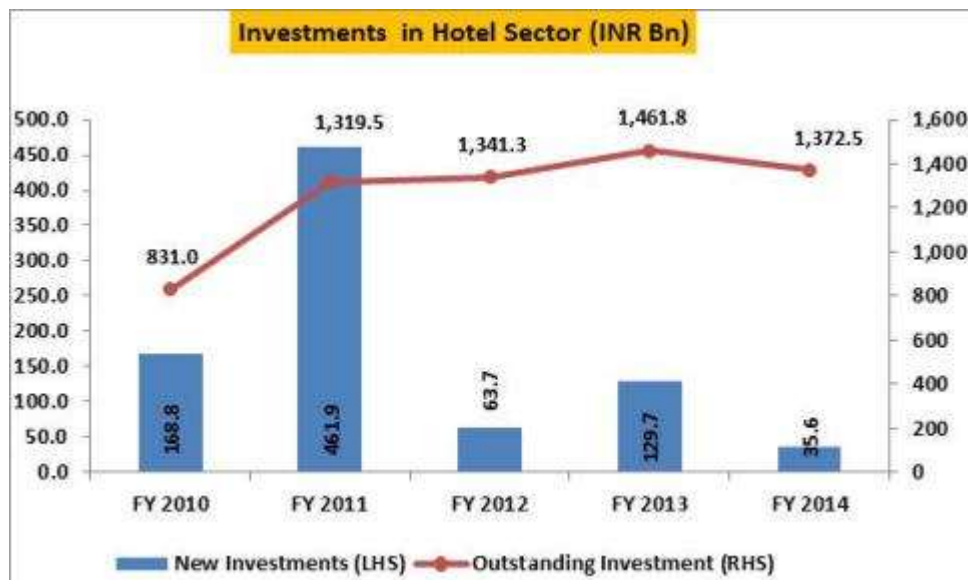
Over the past two decades, business environment in the country has improved on the back of growth in service sector. This has triggered business travel and led to increased demand for hotel rooms. Further, the frequency of international business travellers visiting the country too went up as integration of Indian economy with global economy increased.

However, in the past couple of years, business sentiment in the country has dampened and most economic sectors are witnessing a slowdown. Cost cutting has become a norm in most of the sectors and companies are cutting down on travel. Reduced business travellers have severely impacted the revenue of budget hotels, which had come up specifically to cater to the needs of business travellers.

### ***New Capacity Addition***

Investments in hotel and tourism sectors has gone down in the past couple of years due to a mix of lower demand and delays in project execution. Economic scenario in general has turned unfavorable for businesses, due to which hotel developers are reluctant to invest in capacity expansion.

Annual investment announced in the sector declined from ~INR 460 Bn in FY 2011 to ~INR 35 Bn in FY 2014. During the same period, the total number of new projects declined from 450 to 90 while outstanding investments reached INR 1,372 Bn.



Source: CMIE Capex

Major Hotel Projects Under Implementation		
Company	Project	Investment (INR Mn)
Duet India Hotels Pvt. Ltd.	Multi-location 19 Holiday Inn Express Hotels Project	20,000.00
Hyatt Hotels Corporation	Kochi Grand Hyatt Hotel cum Convention Centre Project	16,000.00
Reliance Industries Ltd.	Bandra Kurla Complex Two Hotels Project	12,000.00
ITC Ltd.	Kolkata Sonar II Hotel Project	10,000.00
Indian Hotels Co. Ltd.	Delhi Dwarka Vivanta by Taj Hotel Project	7,500.00
Citrus Hotels Pvt. Ltd.	Multilocation 11 Hotels Project	5,000.00
Lemon Tree Hotels Ltd.	Delhi Aerocity Two Hotels Project	5,000.00

Source: CMIE Capex

## Future Growth Prospect

With the economic scenario continuing to remain sluggish, probability of pickup in business activity and further of business travel remains remote. Tourist travel too has not improved as the factors that impacted tourist travel – uncertainty in domestic market and slow growth in global markets – remains unchanged. Considering this scenario, the recent trend of low growth in turnover is expected to continue in the near future (FY 2015).



However, anticipated pick up in business activity in FY 2016 as well as full-fledged revival of business sentiments, especially in the IT-ITeS segment in developed markets, may bring back business travellers. Further, an improvement in economy would revive discretionary spending, which in turn would trigger tourist activities. Considering these factors, it is expected that the turnover in hotel industry would increase by a CAGR of ~8% during FY 2014-17 to reach ~INR 138 Bn.



Sources: Industry Sources, D&B Research.

## Competition Analysis

The industry is characterized significantly by small unorganized players, labour-intensive operations, seasonality, cyclicity, highly capital intensive nature and high sensitivity to external factors like economy, terrorism and political status. For the hotel industry, room rent accounts for the highest share of revenues followed by food and beverages. Banquets, conferences and other services also form a major revenue stream for these hotels.

Indian Hotels leads the industry followed by ITC Hotels and EIH Ltd., in terms of hotel property. Lucrative growth opportunities in the country has attracted global hotel majors such as Hilton, Starwood Hotels, Marriott International, Accor, Berggruen Hotels, Cabana Hotels, Hyatt Hotels, Welcome Group, and InterContinental Hotels. Carlson Hotels which aims to increase its portfolio from the present 28 hotels to 78 hotels, has acquired its Indian partner's stake. Choice Hotels also acquired its JV partner's 60% stake in the Indian entity.

Riding on the boom waves, many real estate companies also ventured into the hotel business. However, economic slowdown led them to cancel or alter their grand plans. For example, DLF sold 21 of its 40 hotel plots while the rest 19 plots were shifted for the development projects. Unitech also sold its hotel projects to raise funds.

Indian Hotel Sector: Major Hotels		
Total Inventory Of leading Hotels	Number of Hotels	Number of Rooms
Indian Hotels Co. Ltd.	115	13,887
ITC	100	8,600
E I H Ltd. (Oberoi Group)	28	NA
Hotel Leelaventure Ltd.	9	2,218
Bharat Hotels Ltd.	8	NA
Asian Hotels (North) Ltd.	2	NA
Asian Hotels (West) Ltd.	3	NA

Source: Industry Sources, D&B Research

## Uttarakhand

The state of Uttarakhand was formed on 9th November 2000 as the 27<sup>th</sup> State of India, when it was carved out of northern Uttar Pradesh. Located at the foothills of the Himalayan mountain ranges, it is largely a hilly State, having international boundaries with China (Tibet) in the north and Nepal in the east. On its north-west lies Himachal Pradesh, while on the south is Uttar Pradesh. It is rich in natural resources especially water and forests with many glaciers, rivers, dense forests and snow-clad mountain peaks. The state has a vast tourism potential in adventure, leisure, and eco-tourism. Char-dhams, the four most sacred and revered Hindu temples of Badrinath, Kedarnath, Gangotri and Yamunotri are nestled in the mighty mountains. It's truly God's Land (DevBhoomi). The state is blessed with 175 rare species of aromatic & medicinal plants. It has almost all major climatic zones, making it amenable to a variety of commercial opportunities in horticulture, floriculture and agriculture. It has a vast potential in adventure, leisure and eco-tourism.





According to Census of India, 2011, Uttarakhand has a total population of 101.17 Lakhs with a decadal growth rate of 19.17% for the year FY 2001-11. Out of total population, 51% are males while 49% are females. The population density of the state is 189 persons per sq.km while the literacy rate is 79.6% which is higher than the national average of 74%.

The tourism industry is a major contributor to the economy of Uttaranchal, with the Raj-era hill-stations at Mussorie, Almora, Ranikhet and Nainital being some of the most frequented destinations. Some of the holy Hindu shrines also belong to this region. For almost 2000 years, pilgrims have been visiting the temples at Haridwar, Rishikesh, Badrinath and Kedarnath.

A summary of socio-economic indicators of Uttarakhand state is provided in the exhibit below –

State Capital	Dehradun
Area in km <sup>2</sup>	53,483
Area under Forests in km <sup>2</sup>	34,651
Population (Census 2011)	100.86 Lakhs
No. of Districts	13
GSDP at Current prices (2012-13)	INR11,395,790 Lakhs
Growth of Real GSDP (2012-13)	9.01%
Per capita income at Current Prices (2012-13)	INR112,086
National Highway Length (2010-11)	1,376 km
Rail Length (2005-06)	345 km
Installed Power Capacity (MW)	1,310.25
Wireless Subscribers Number	119,490,015
Broadband Subscribers Number	88,959
Airports Numbers	2
Literacy Rate (Census 2011)	78.80%
Key Prospective Industries	Tourism and Hospitality, Agro and Food



	Processing, Drugs and Pharmaceuticals, Handicrafts, IT etc.
Main Industrial Cities	Dehradun (IT Park, PharmacySelaqui, SIDCUL), Haridwar (Integrated Industrial Estate, SIDCUL Industrial Estate), Pantnagar (IIE SIDCUL and Bio-Tech Park)
PPP Projects	21
SEZ	1

Source: Directorate of Economics & Statistics Planning Department, Government of Uttarakhand

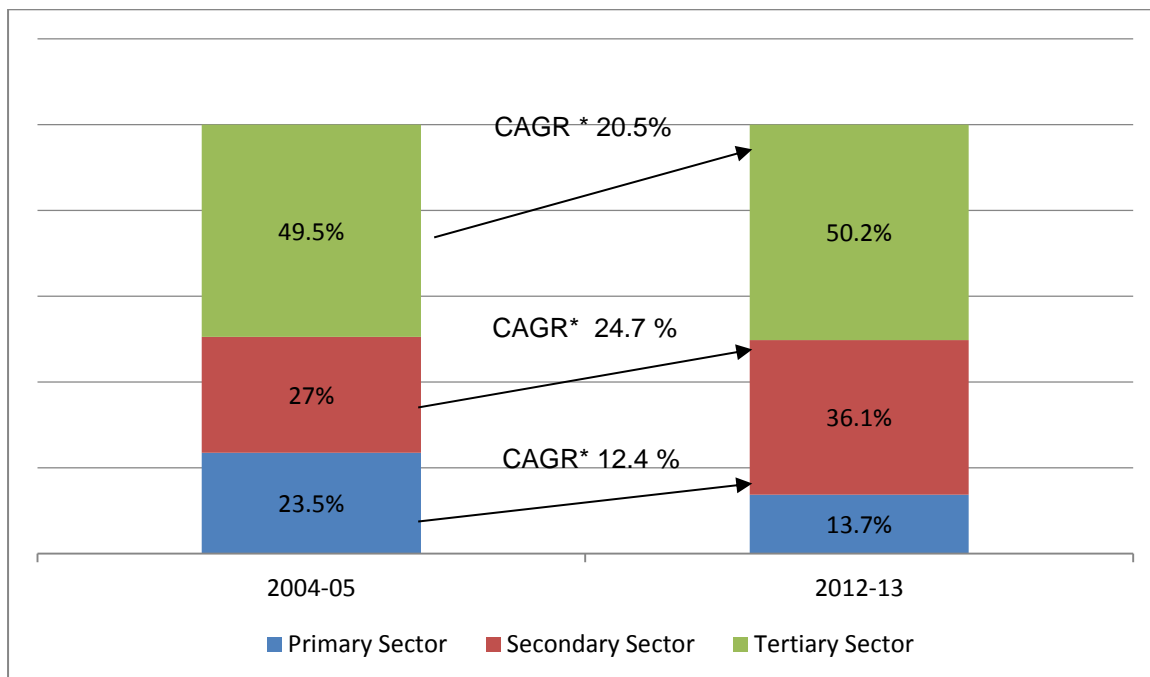
### **Economic Growth Drivers in Uttarakhand**

Although agriculture has been one of the major driver of Uttarakhand's economy but during recent years industry and services sector has also contributed significantly to the economic growth of the state. The contribution of agriculture to the gross state domestic product (GSDP) during FY 2006-07 was around 17%, which declined to around 11% in FY 2012-13.

Further, the growth of industrial sector in the State has been significant despite the constraints of the terrain and topography. Contribution of industrial sector rose from about 33% during FY 2006-07 and 36% during FY 2012-13. While services sector contributed a significant share of 49% to the GSDP during 2006-07 which increased to 53% during FY 2012-13. Key industries contributing significantly to economic growth are tourism, IT, education, agro and food processing and biotech. Tourism is the major industry contributing to the rise of services sector in the state.

The tertiary sector's share in GSDP was 50.2% in FY 2012-13. Trade, hotels and restaurants, the largest sub-group of the sector – registered a growth of 14.4 per cent over the previous year

The secondary sector had the fastest growth of 24.7% followed by tertiary sector (20.5%) and primary sector (12.4%) between FY 2004-05 to FY 2012-13.



Source: CMIE, \*in Indian Rupees Terms

### Industry in Uttarakhand

Uttarakhand has shown consistent industrial growth since its very inception. The industry sector contributed a share of around 36% in GSDP during FY 2012-13. In order to promote industrial development in the State, State Infrastructure & Industrial Development Corporation of Uttarakhand Limited (SIDCUL) has been incorporated. SIDCUL provides financial assistance in the form of debt, equity and venture capital to facilitate the development of infrastructure in the state. It also provides assistance to private initiative in industry and infrastructure.

The MSMEs scenario in Uttarakhand is provided in the exhibit below –

Total MSMEs	2.2 Lakh
MSMEs in registered sector	0.2 Lakh
MSMEs in unregistered sector	2 Lakh
Total employment generated	4.4 Lakh
Total number of small enterprises	389
Enterprises in service sector	6,607
Enterprises in manufacturing/ assembly/ processing sector	13,437
Enterprises in repairing & maintenance sector	3,721



Apart from large industries, the MSME sector has a pivotal place in Uttarakhand's economy. The state has ample scope for the MSME sector and as a result there are around 2.2 lakh MSME units in the state. As per the Annual Report 2012-13 of Ministry of micro, small and medium enterprises, the gross output of micro, small and medium enterprises in Uttarakhand stands at around Rs 16,188 Crores.

### ***Services Sector - Tourism***

During the last decade, share of services sector in the GSDP has been stable in Uttarakhand. The contribution of services sector in the GSDP of Uttarakhand was information technology, higher education and banking, tourism and hospitality.

Uttarakhand is a well-renowned religious and wildlife tourism destination. In FY 2012, 28.29 million domestic tourists and 140,524 international tourists visited the state. In February 2013, the state identified 21 new places in Uttarakhand that have the potential to become major tourist destinations. These places include Jageshwar, Baijnath, SaatTaal, Bhimtal, Patal Bhuvaneshwar, Chakori, Someshwar, Pithoragarh, Chakrata, Roopkund, Hanaul, Anson Barrage, Harshil, Dhanaulti and Dayara meadow. Jauljiwi in Kumaon and Tons in Garhwal division are planned to be developed as adventure tourism destinations.

Share of tourism sector in the state's economy has shown excellent growth during the recent years. The state is a services driven economy including tourism, banking and information technology, as the vital areas. It has potential to be developed as tourism hub of India. It is one of the most preferred locations in India for pilgrimage, adventure and eco-tourism. The share of tourism in the GSDP of Uttarakhand is estimated at around 25-30% in recent years boosted by improvement in the tourism infrastructure of the state. The state was expected to attract around 47 million domestic tourists and about 0.50 million foreign tourists in 2013. However, it was severely hit due to recent disastrous flash floods.

The investment opportunities in the tourism sector include –

- Development of facilities for providing spiritual lessons, *Reiki* and other rejuvenating courses
- Eco-tourism hotels, spa, resorts, amusement parks and ropeways
- Winter sports at locations such as Auli that have the requisite terrain for the purpose
- Adventure tourism

The total number of tourists visiting the state increased by 3.4 per cent to 26.95 million in FY 2012 as compared to 26.07 million in FY 2011. Domestic tourists accounted for 99% per cent of the total tourists.

Banks have become the spine for the development of the economy on all parameters in any state. Likewise banks play a pivotal role in the development of Uttarakhand's economy. Banks are not only important for the industrial development but they are equally helpful in social development activities.



There are more than 1500 branches of different categories of banks (in Uttarakhand) with 974 branches of nationalized banks. Regional rural banks and co-operative banks have a very strong network to facilitate developmental activities of the state. Regional rural banks and co-operative banks in Uttarakhand contribute around 28% of the total number of branches/ offices of banks in Uttarakhand.

### ***Dehradun***

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The twin cities of Mussoorie- Dehradun, it's an architect's dream, a planner's delight, inspiration for poets and a Mecca for tourists.

Dehradun manifests its position as an important city in the most fertile region of Doon Valley between rivers Yamuna and Ganga. It's in fact, the most developed city in the Shiwalik foothills and the gateway to the far-flung hill areas of Uttaranchal. Dehradun is blessed with many state and central government institutions for which It maintain its position in the country. It is the most vital service center, which meets the trade and commerce requirements of its hinterland.

During the post-independence period, Dehradun as a city has registered an unprecedented growth in its population as well as physical expansion. Till the seventies there was no serious effort to channelize the haphazard growth of the city. However with a view to check the haphazard growth of Dehradun the State government declared it as a Regulated area in 1963 under UP regulation of Building and Building Operation Act 1958 but the desired objectives could not be achieved as it performed only regulatory functions.

### **Education and Industry**

Capitalizing on Dehradun's status of 'Knowledge Capital' with premier educational institutes like Doon School, Welhams, Indian Military Academy, Lal Bahadur Shastri National Academy of Administration, Forest Research Institute, ICFAI, IIP and Doon University.

SIDCUL set up on a 65-acre state-of-the-art Software Technology Park at Dehradun with intelligent buildings and a hi-tech habitat centre. In addition, an STPI earth station will be set up. Uttaranchal government has signed MOUs with CISCO Systems, Intel Corporation, IBM and others for setting up research academies. The 65-acre IT park at Shastradhara Road with a built-up space of 40 lakh sqft is expected to be completed by March 2007.

Because of its locational advantage Dehradun is witnessing growth in tourism as well. Realising the potential, Mussoorie Dehradun Development Authority (MDDA) is developing a tourist centre on Rajpur Road over an area of 28 acres at a cost of Rs 10 crores. MDDA's Rs 624-crore plan to develop Greater Doon on Saharanpur-Haridwar bypass is also aimed at promoting tourism by way of constructing 5-star hotel, mall and recreational facilities. Dehradun's Windlass Group and Jaypee Group are also working out plans to develop 5-star hotels. The growth in tourism is in turn triggering commercial and residential real estate boom.



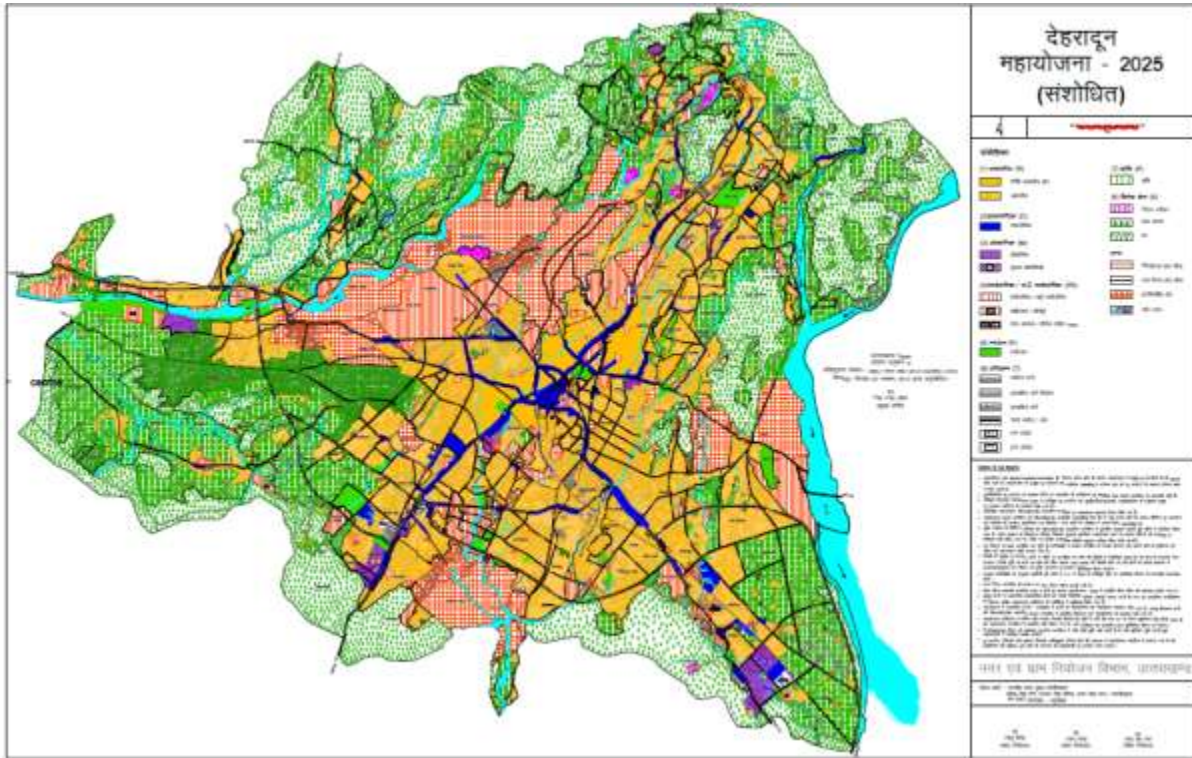
### **City Development Plan**

Based on situation analysis, strategy to achieve vision and continued consultations, projects have been identified, and costs estimated. The city needs a total investment of INR 6,580.4 crores in two phases.

The proposed key development in and around Dehradun as per master plan is listed below –

- Transport Nagar Phase II; adjoining to Old Transport Nagar Phase I, Construction of 16 Shops and Offices, 6 Godown, 7 Godown, 22 Godown, 10 Godown, and 10 Workshops
- Solar panel based traffic lights to be installed at 44 junctions in the city. Out of this 13 Solar panel based traffic lights to be installed in the first phase
- Chakrata Road Widening; widening of Road to 24 meter on both sides
- Beautification of Rajpur Road
- Proposed New Office – MDDA
- DoonHaat near Ghantaghar, Dehradun
- City Center At Majara, Dehradun
- Integrated Commercial Complex at Transport Nagar Dehradun
- Commercial Complex and Office Space at Saharanpur Road
- Parking Lot At Despencery Road, Dehradun
- Veterinary Hospital
- Mussoorie Housing Scheme at Douglas Dell in Mussoorie
- Redevelopment of Bhatta Fall





Source: Mussoorie Dehradun Development Authority

## D&B India's observation on Dehradun's hotel industry landscape

Dehradun city is one of the biggest cities of Uttarakhand and also a stop-over point of people visiting major pilgrim locations and tourist centers for both domestic tourists and international tourists. As such, tourists on pilgrimages traditionally favored low rent accommodation, such as non star hotels or budget hotel. Thus, on the Hotel front, till a decade ago, the Dehradun region had series of budget non-star category hotels.

However, the growth in the economy during the last decade, saw increasing disposable income of the tourists visiting the region, and the demand for quality hotel services grew. This has resulted in some of the most known brands in India setting up 4-Star Category hotels in the region like the recent opening of Lemon Tree and Four Points by Sheraton this year in Dehradun. Also there has been a lot of supply gap of hotels in Dehradun compared to the number of tourist's footfall in the region. The occupancy rates in the hotels in the region go as high as 90% in the peak season and at times sold out. The occupancy rates in the off season are also around 65%. The Average Room Rent (ARR) in the region comparative to the proposed hotel is INR 4500 and in peak season around INR 6000 per night.

During the primary survey it was understood that there are various residential projects that are coming up nearby and also there are major educational institutes in the neighborhood. One of the biggest push for the project would be its location which is Mussoorie road and therefore able to cater to requirement of both the cities. Further there are only two other recent star hotels namely Lemon Tree



and Four Points by Sheraton along-with a configuration as envisaged in the proposed project of a leisure resort. Till date there have been hotels like Madhuban, Aketa and Solitaire which are local hotels of which Madhuban is considered to be the best and is 8 Kms from the proposed hotel.

It should be noted that there are more than 5 residential projects coming on this Mussoorie road. The stretch also has close to Dehradun Institute of Technology, Unison and other big institutes nearby. The proposed location is also close to Max Hospital which is hardly 4 Kms from the place.

Also it should be noted that the Dehradun which is the considered to be the Education Hub of India and which houses the prestigious institutes like Doon School and Welham's School has a lot of parents coming to the town. These are elite class who prefer star rated hotels and due to dearth of it had to till date compromise with the hotels like Madhuban, the best among all. In addition the schools and colleges also have their functions for which the hotel banquets are required.

Dehradun also has a spillover of tourists for accommodation in the peak seasons. At times these hotels have to recommend their guests other hotels due to shortage of room in Mussoorie hotels. Mussoorie has the entire star rated hotels like Marriott, Fortune, Jaypee, CountryInn and others unlike Dehradun where there has been till few months back no good star rate hotel.

Dehradun is also the only link and is only connected city with airport and railway for people to move up the hill to other places in Garhwal like Mussoorie, Dhanaulty, Kanatal, Tehri, and Chamba and others. The major tourism is the weekend tourists of Delhi NCR, Punjab, Haryana and Himachal Pradesh. Hence the average length of stay here is smaller around 2 to 2.5 days compared to other Garhwal cities.

The proposed location is just 24 Kms from Mussoorie and also is on the prestigious and known Rajpur Road and nearby Clock Tower market. The proposed location overlooks the Malsi Forest which is a reserved area.

One of the biggest other advantage for the proposed project is that it falls under the Tourist Camp area as declared by the MDDA.

These above developments would give way to a lot of demand for a weekend getaway and leisure resorts in the future. Also with almost nil hotels on the stretch of the proposed project, the demand is anticipated to be high.

### **Competition**

As discussed below, there only 2 such hotels with such configuration near the proposed location and are 4 star categories are doing profitable business with a compromised service. Given below are few of them –

- Lemon Tree Hotel located inside Pacific Mall on Rajpur road was recently open in May 2014. It is a 49 room property with one restaurant and gymnasium facility. The hotel is doing a good business and has occupancy of 65% since the opening. The ARR varies around INR 4000



per night. The hotel is also planning to come up with another hotel in the region in Mussoorie according to the primary survey.

- Four Points by Sheraton newly open in the month April this year is a 65 room property with one lounge, terrace coffee shop and a multi-cuisine restaurant. The hotel is currently the only premium hotel in Dehradun and has been capitalizing on the same. The hotel since the opening has been complete sold out several times and garners occupancy of around 70 – 75%. The ARR varies around INR 5,500 per night and goes till INR 7,500 per night according to the demand. The hotel is trying to buy the adjacent land to expand further and to tap the rest of the market. The lounge come disc of the hotel is one of the premiere disc in the city and is flocked by many in the evening and is completely full over the weekends.
- Apart from above the other hotels are only in Mussoorie which are Jaypee Manor the oldest hotel of Mussoorie with 195 rooms and is currently under renovation as it was built in 1995. It is located at the start of the Mussoorie and has occupancy of 70% with ARR around INR 5,500 per night.

The other star rated hotels like J W Marriott, two hotels of Fortune, Country Inn, Royal Orchid and Rokeby Manor are located in proper Mussoorie and are close to 35 Kms from the proposed hotel.

### ***Market Viability***

D&B India had undertaken primary market assessment of all the 4 Star and 4 Star Category Hotels in Dehradun (as there are no 5-star hotels) and had also met customers staying at these hotels and discussed the Project. Most of these guests conveyed to D&B India that they would prefer to stay at a 5-Star property, if the same was available. These guests were willing to pay up to INR 7,500 for staying at 5-star properties. D&B India has considered these rates for FY 2017-18, to be on the conservative side.

Further as per D&B India's experience in working on similar assignments which included primary survey around Uttarakhand, most of the 5-star properties in Uttarakhand have an occupancy rate of around 70% to 80%, highest being at Ananda (5-star Resort) at 90%. D&B India has commenced the capacity utilisation ramp up from 35% in first year peaking to 65% which seems reasonable.



## Project Cost

The overall project cost has been estimated at INR 140.52 Crores, the summary of which has been provided in the exhibit below –

Exhibit: Project Cost	
Particulars	Amount (INR Cr)
Land and Land Development	4.18
Building and Civil Works	89.62
Plant and Machinery	20.89
<b>Hard Cost</b>	<b>114.69</b>
Provision for Contingencies	2.87
Preliminary & Preoperative Expenses	8.73
Margin Money for Working Capital	-
Interest During Construction	14.23
<b>Soft Cost</b>	<b>25.83</b>
<b>Total Project Cost</b>	<b>140.52</b>

Source: SBIL and D&B India Estimates

Each of the sub-heads of the project cost as indicated in the exhibit above has been discussed in the subsequent sections of the report.

### Land Cost

The Company has acquired a land which is a collection of three land parcels situated adjacently adding to the total are of 17,216 M<sup>2</sup>. The cost of acquiring the land is INR 3.15 Crores. In addition the land development cost has been estimated at INR 1.03 Crores, which is justified considering the hilly terrain and nature of the land. The details of land and land development cost as estimated have been provided below –

Description	Unit	Area (M <sup>2</sup> )	Rate (INR/ Unit)	Amount (INR Crores)
<b>Land and Land Development Cost</b>				
92 GA	M <sup>2</sup>	3,126.00		0.21
93KA & 94KA	M <sup>2</sup>	13,840.00		2.90
92 Kha-Me	M <sup>2</sup>	250.00		0.04
<b>Total Plot Area considered under planning</b>	<b>M<sup>2</sup></b>	<b>17,216.00</b>	<b>1,830</b>	<b>3.15</b>
Land Development Cost	M <sup>2</sup>	17,216.00	550	0.95
Landscaping Cost	M <sup>2</sup>	1,721.60	500	0.09
<b>Total Land and Land Development Cost</b>				<b>4.18</b>

Source: SBIL and D&B India Estimates

It is noted from the exhibit above that the total land and land development cost has been estimated at INR 4.18 Crores.



### ***Building and Civil Works Cost***

The overall building and civil works cost for the project has been estimated at INR 89.62 Crores. The details of the building and civil works cost as estimated has been provided in the exhibit below –

Description	Unit	Area (M <sup>2</sup> )	Rate (INR/ Unit)	Amount (INR Crores)
<b>Building and Civil Works</b>				
Basement [Level-2] Covered Area (Excluding stairs lift and shaft area)	M <sup>2</sup>	6,185.36	15,000	9.28
Basement [Level-1] Covered Area (Excluding stairs lift and shaft area)	M <sup>2</sup>	6,185.36	15,000	9.28
Stairs, lift and shaft covered area	M <sup>2</sup>	377.94	15,000	0.57
Ground Floor (Level ± 0) Covered Area including Guard Room, Stairs and Lift Area	M <sup>2</sup>	5,875.70	15,000	8.81
First Floor (Level +1 ) Covered Area excluding stair, lift, shaft and double height area	M <sup>2</sup>	1,882.20	15,000	2.82
Double height area	M <sup>2</sup>	3,615.56	15,000	5.42
Second Floor (Level +2) Covered Area excluding stairs, lift and shaft area	M <sup>2</sup>	2,830.00	15,000	4.25
Third Floor (Level +3) Covered Area	M <sup>2</sup>	2,830.00	15,000	4.25
Fourth Floor (Level + 4) Covered Area	M <sup>2</sup>	2,830.00	15,000	4.25
Fifth Floor (Level + 5) Covered Area	M <sup>2</sup>	2,830.00	15,000	4.25
<b>Interiors Cost</b>	Lumpsum			
Basement [Level-2] Covered Area (Excluding stairs lift and shaft area)	M <sup>2</sup>	6,185.36	5,000	3.09
Basement [Level-1] Covered Area (Excluding stairs lift and shaft area)	M <sup>2</sup>	6,185.36	5,000	3.09
Stairs, lift and shaft covered area	M <sup>2</sup>	377.94	7,500	0.28
Ground Floor (Level ± 0) Covered Area including Guard Room, Stairs and Lift Area	M <sup>2</sup>	5,875.70	10,500	6.17
First Floor (Level +1 ) Covered Area excluding stair, lift, shaft and double height area	M <sup>2</sup>	1,882.20	10,500	1.98
Double height area	M <sup>2</sup>	3,615.56	10,500	3.80
Second Floor (Level +2) Covered Area excluding stairs, lift and shaft area	M <sup>2</sup>	2,830.00	10,500	2.97
Third Floor (Level +3) Covered Area	M <sup>2</sup>	2,830.00	10,500	2.97
Fourth Floor (Level + 4) Covered Area	M <sup>2</sup>	2,830.00	10,500	2.97
Fifth Floor (Level + 5) Covered Area	M <sup>2</sup>	2,830.00	10,500	2.97
<b>Other Civil Works</b>				
Security Cabin	M <sup>2</sup>	25.00	12,500	0.03
Internal Road, Cemented Area etc.	M <sup>2</sup>	1,721.60	4,500	0.77
Boundary Wall	M	540.00	6,500	0.35
Miscellaneous Civil Works	Lumpsum			5.00
<b>Total</b>	<b>INR Crores</b>			<b>89.62</b>

Source: SBIL

D&B India finds the above estimate in line with the industry standard for building and civil works of a hotel of similar capacity.



### ***Plant and Machinery Cost***

The overall plant and machinery cost for the Project as estimated to be INR 20.89 Crores. The details of the plant and machinery cost has been provided in the exhibit below –

Description	Unit	Value
Electrical Works (includes wiring, substation, panel etc.)	Lump Sum	5.50
Kitchen Equipment's	Lump Sum	2.50
HVAC (225 TR)	Lump Sum	3.25
Computers, Software, Servers, EPABX	Lump Sum	2.50
Equipment for Gym/ Spa	Lump Sum	1.50
Security System (Camera, Software etc.)	Lump Sum	0.75
Lifts/ Escalators (INR 0.25 Cr * 4)	Lump Sum	1.00
Television and Satellite Dish for Guestroom and General (INR 45000 * 180)	Lump Sum	0.79
Refrigerators for Guestroom (INR 6000 * 169)	Lump Sum	0.10
Miscellaneous Fixed Assets	Lump Sum	3.00
<b>Total Plant and Machinery Cost</b>		<b>20.89</b>

Source: SBIL

D&B India sought the supporting documents to confirm the costs taken by the Company, in return the Company provided D&B India with Architects estimates for the plant and machinery cost and the same was accepted by D&B India. The plant and machinery cost as considered for the project is found to be reasonable.

### ***Preliminary & Pre-operative Expenses***

Preliminary and pre-operative expenses have been considered at INR 8.73 Crores. Details considered for the same have been given below –

Description	Amount (INR Crores)
Other Consultancy Fees	4.42
Establishment Expenses	1.00
Travelling Expenses	1.80
Approvals, Clearances and Deposits	0.36
Bank Processing Fees etc.	0.75
<b>Pre-operative Expenses</b>	<b>8.76</b>

Source: SBIL and D&B India Estimates

### ***Contingency***

Provision for contingency has been maintained at 2.50% of cost of building and civil work and other assets required for the proposed Project. The contingency cost amounts to INR 2.87 Crores. This is to take into account any escalation in civil work cost and purchase of requisite assets.

### ***Interest During Construction Cost***



Interest During Construction cost has been estimated at INR 14.23 Crores based on the debt draw down schedule. Please refer to the Capex Phasing and Drawdown schedule in annexure no. 6





## Means of Finance

The Project is proposed to be funded via a Debt-Equity Ratio of 1.32:1. The means of finance for the project have been provided in the exhibit below –

Exhibit: Means of Finance	
Particulars	Amount (INR Cr)
<b>Term Loan</b>	<b>80.00</b>
<b>Promoter's Contribution</b>	<b>60.52</b>
Equity	35.97
Unsecured Loans	24.55
<b>Total</b>	<b>140.52</b>

Source: SBIL

### *Promoter's Contribution*

The promoters' contribution amounting to INR 60.52 Crores will be in the form of Equity of INR 35.97 crores and unsecured loans of INR 24.55 crores.

### *Debt*

The Company has requested the Bank for total term loan of INR 80 Crores

The broad terms of the proposed rupee term loan are as given below:

Nature of borrowing	Term Loan	
Loan Amount	INR 80.00 Crores	
Interest Rate Assumed	13.50 % p.a.	
Moratorium	12 months from Commercial Operations Date	
Repayment Period	34 Quarterly Installments	
Repayment Pattern	<b>Repayment Pattern</b>	
	31-Mar-18	0.00%
	31-Mar-19	4.00%
	31-Mar-20	7.50%
	31-Mar-21	7.50%
	31-Mar-22	13.50%
	31-Mar-23	13.50%
	31-Mar-24	13.50%
	31-Mar-25	13.50%
	31-Mar-26	13.50%
	31-Mar-27	13.50%
Door to Door Tenure*	12 years (48 quarters) <ul style="list-style-type: none"> <li>10 Quarters to COD (1<sup>st</sup> debt-drawl April 2015)</li> <li>4 Quarters post COD</li> <li>34 Quarters of Repayment</li> </ul>	





## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

**Repayment:** The proposed repayment schedule for the loan is shown below:

Repayable year wise(%)	0.00%	4.00%	7.50%	7.50%	13.50 %	13.50 %	13.50 %	13.50 %	13.50 %	13.50 %
Particulars (INR Cr)	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Opening Balance	72.38	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80
Installment	-	3.20	6.00	6.00	10.80	10.80	10.80	10.80	10.80	10.80
Closing Balance	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80	-
Interest	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73

Source: D&B India Estimates



## Economic Viability

The revenues from the proposed 5-star hotel project would be generated from the following streams:

- Room Revenue
- Food and Beverage (F&B)
- Meetings and Conference
- Bar Revenue
- Other minor services

The details of the revenue calculations are given below:

### ***Room Revenue***

#### **Occupancy Level**

The room inventory and the occupancy level as considered for the project have been provided in the exhibit below –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Rooms</b>											
King/Twin/Hollywood	Nos.	165	165	165	165	165	165	165	165	165	165
Business Suite	Nos.	7	7	7	7	7	7	7	7	7	7
Junior Suite	Nos.	10	10	10	10	10	10	10	10	10	10
Days Operational	Days	181	365	365	365	365	365	366	365	365	365
<b>Room Inventory</b>											
King/Twin/Hollywood	Nos.	29,865	60,225	60,225	60,225	60,225	60,225	60,390	60,225	60,225	60,225
Business Suite	Nos.	1,267	2,555	2,555	2,555	2,555	2,555	2,562	2,555	2,555	2,555
Junior Suite	Nos.	1,810	3,650	3,650	3,650	3,650	3,650	3,660	3,650	3,650	3,650
Rooms Occupancy	%	35%	45.0%	50%	55%	60%	60.00%	65.00%	65%	65.0%	65%



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

<b>Rooms Occupied</b>											
King/Twin/Hollywood	Nos.	10,453	27,101	30,113	33,124	36,135	36,135	39,254	39,146	39,146	39,146
Business Suite	Nos.	443	1,150	1,278	1,405	1,533	1,533	1,665	1,661	1,661	1,661
Junior Suite	Nos.	634	1,643	1,825	2,008	2,190	2,190	2,379	2,373	2,373	2,373

Source: D&B India Estimates

### Room Rentals

The Room rentals considered are given below.

Based on the market assessment undertaken by D&B India, it is understood that the targeted room rental is easily achievable and hence the same has been considered for financial assessment –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Room Rental</b>											
King/Twin/Hollywood	INR/ Day	7,200	7,920	8,316	8,732	9,168	9,627	10,108	10,614	11,144	11,701
Business Suite	INR/ Day	8,000	8,800	9,240	9,702	10,187	10,696	11,231	11,793	12,382	13,002
Junior Suite	INR/ Day	9,500	10,450	10,973	11,521	12,097	12,702	13,337	14,004	14,704	15,439
Executive Suite	INR/ Day	-	-	-	-	-	-	-	-	-	-
Annual Increase	%		10%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Total Room Revenue</b>	<b>INR Crores</b>	<b>8.48</b>	<b>24.19</b>	<b>28.22</b>	<b>32.60</b>	<b>37.34</b>	<b>39.21</b>	<b>44.72</b>	<b>46.83</b>	<b>49.17</b>	<b>51.63</b>

Source: D&B India Estimates



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### **Restaurant Revenue (Food & Beverage)**

The proposed hotel would also have room services & 2 restaurants in the premises, which would generate revenue. Details of their operation are given as under –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Restaurant - 1</b>											
Seating Space	Nos.	144	144	144	144	144	144	144	144	144	144
Occupancy Level	%	35%	45%	50%	55%	60%	60%	65%	65%	65%	65%
Covers	Nos.	50	65	72	79	86	86	94	94	94	94
Rotation	Times	2	2	2	2	2	2	2	2	2	2
Charge per Cover	INR/ Cover	770	847	889	934	981	1030	1081	1135	1192	1251
Annual Increase	%	0%	10%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Restaurant - 1 Revenue</b>	<b>INR Crores</b>	<b>1.39</b>	<b>4.02</b>	<b>4.67</b>	<b>5.39</b>	<b>6.16</b>	<b>6.46</b>	<b>7.44</b>	<b>7.79</b>	<b>8.18</b>	<b>8.59</b>
<b>Restaurant - 2</b>											
Seating Space	Nos.	218	218	218	218	218	218	218	218	218	218
Occupancy Level	%	35%	45%	50%	55%	60%	60%	65%	65%	65%	65%
Covers	Nos.	76	98	109	120	131	131	142	142	142	142
Rotation	Times	2	2	2	2	2	2	2	2	2	2
Charge per Cover	INR/ Cover	770	847	889.35	933.8175	981	1030	1081	1135	1192	1251
Annual Increase	%	0%	10%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Restaurant - 2 Revenue</b>	<b>INR Crores</b>	<b>2.12</b>	<b>6.06</b>	<b>7.08</b>	<b>8.18</b>	<b>9.38</b>	<b>9.85</b>	<b>11.24</b>	<b>11.77</b>	<b>12.35</b>	<b>12.97</b>

Source: D&B India Estimates



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

Taking in to consideration the occupancy levels of the hotel, the prevalent market conditions in the region and the primary survey conducted, D&B India considers the F&B revenue assumptions for the 2 restaurants to be reasonable.

### ***Meetings & Conference Revenue***

Details of this stream of revenue are given below –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Meeting and Conference Hall</b>											
Holding Level	Nos.	766	766	766	766	766	766	766	766	766	766
Occupancy Level	%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Covers	Nos.	252	252	252	252	252	252	252	252	252	252
Rotation	Times	1	1	1	1	1	1	1	1	1	1
Charge per Cover	INR/ Cover	770	847	889	934	981	1030	1081	1135	1192	1251
Annual Increase	%	0%	10%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Meeting and Conference Hall Revenue</b>	<b>INR Crores</b>	<b>3.51</b>	<b>7.79</b>	<b>8.18</b>	<b>8.59</b>	<b>9.02</b>	<b>9.47</b>	<b>9.97</b>	<b>10.44</b>	<b>10.96</b>	<b>11.51</b>

Source: D&B India Estimates

Taking in to consideration the prevalent market conditions in the region and surrounding areas, the demand drivers detailed in the market assessment chapter and the primary survey conducted, D&B India considers the revenue assumptions to be reasonable.



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Bar Income

The details of the revenue from Bar are given below –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Bar Income</b>											
Seating Space	Nos.	36	36	36	36	36	36	36	36	36	36
Occupancy Level	%	35%	45%	50%	55%	60%	60%	65%	65%	65%	65%
Covers	Nos.	13	16	18	20	22	22	23	23	23	23
Rotation	Times	1	1	1	1	1	1	1	1	1	1
Charge per Cover	INR/ Cover	1650	1815	1906	2001	2101	2206	2316	2432	2554	2682
Annual Increase	%	0%	10%	5%	5%	5%	5%	5%	5%	5%	5%
<b>Bar Revenue</b>	<b>INR Crores</b>	<b>0.39</b>	<b>1.06</b>	<b>1.25</b>	<b>1.46</b>	<b>1.69</b>	<b>1.77</b>	<b>1.95</b>	<b>2.04</b>	<b>2.14</b>	<b>2.25</b>

Source: D&B India Estimates

### Other Minor Services

The proposed hotel would be generating revenue from other minor services like telephone, laundry etc. The details of same are given below:

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Minor Operating Department	% of Room	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>MOD Revenue</b>	<b>INR Crores</b>	<b>0.85</b>	<b>2.42</b>	<b>2.82</b>	<b>3.26</b>	<b>3.73</b>	<b>3.92</b>	<b>4.47</b>	<b>4.68</b>	<b>4.92</b>	<b>5.16</b>

Source: D&B India Estimates



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Revenue Stream

Based on the room rates and other services proposed to be offered in the hotel, estimates for revenue have been projected below –

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Room Rental	INR Crores	8.48	24.19	28.22	32.60	37.34	39.21	44.72	46.83	49.17	51.63
Restaurant - 1	INR Crores	1.39	4.02	4.67	5.39	6.16	6.46	7.44	7.79	8.18	8.59
Restaurant - 2	INR Crores	2.12	6.06	7.08	8.18	9.38	9.85	11.24	11.77	12.35	12.97
Meeting and Conference Hall	INR Crores	3.51	7.79	8.18	8.59	9.02	9.47	9.97	10.44	10.96	11.51
Bar Services	INR Crores	0.39	1.06	1.25	1.46	1.69	1.77	1.95	2.04	2.14	2.25
MOD Income	INR Crores	0.85	2.42	2.82	3.26	3.73	3.92	4.47	4.68	4.92	5.16
<b>Total Revenue</b>	<b>INR Crores</b>	<b>16.74</b>	<b>45.54</b>	<b>52.23</b>	<b>59.47</b>	<b>67.31</b>	<b>70.68</b>	<b>79.79</b>	<b>83.55</b>	<b>87.73</b>	<b>92.11</b>
Annual Increase	%	0%	10%	5%	5%	5%	5%	5%	5%	5%	5%

Source: D&B India Estimates



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Cost Stream

Operating cost assumptions for the proposed hotel project have been given in the exhibit below. They also include the various fees charged by the Radisson Group.

Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Department Costs</b>											
Room Rental Services	% of Income	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Restaurant - 1 Services	% of Income	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Restaurant - 2 Services	% of Income	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Meeting and Conference Hall	% of Income	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Bar Services	% of Income	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
MOD Services	% of Income	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
<b>Fixed Costs- Fee to Radisson Group</b>											
Administrative Expense	% of TI	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Royalty Charges	% of GRR	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Selling and Distribution Expenses	% of TI	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Incentive Fee	% of GOM	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
<b>Other Operating Costs</b>											
Power Cost	% of TI	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Repairs and Maintenance	% of GFA	0.00%	1.00%	1.00%	1.50%	1.50%	1.50%	2.00%	2.00%	2.00%	2.00%
Insurance	% of NFA	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%

Source: D&B India Estimates

The cost assumptions considered are in line with industry standards.





## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### Working Capital Requirement

The Working capital calculations are given below. The Company however proposes to fund it's working capital requirements from internal accruals.

Exhibit :Working Capital											
INR Cr											
FY Ending	Norms	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
	No. of Months	6	12	12	12	12	12	12	12	12	12
<b>Current Assets</b>											
RM	0.03	0.009	0.012	0.014	0.016	0.019	0.020	0.023	0.024	0.025	0.026
Stores and consumables	1.00	0.21	0.30	0.35	0.41	0.47	0.49	0.56	0.59	0.61	0.65
Debtors	0.17	0.47	0.63	0.73	0.83	0.93	0.98	1.11	1.16	1.22	1.28
<b>Total CA</b>		<b>0.68</b>	<b>0.93</b>	<b>1.08</b>	<b>1.23</b>	<b>1.40</b>	<b>1.47</b>	<b>1.67</b>	<b>1.75</b>	<b>1.83</b>	<b>1.92</b>
<b>Current Liabilities</b>											
Creditors for goods	1.00	0.46	0.59	0.67	0.75	0.83	0.87	0.97	1.02	1.07	1.12
<b>Total CL</b>		<b>0.46</b>	<b>0.59</b>	<b>0.67</b>	<b>0.75</b>	<b>0.83</b>	<b>0.87</b>	<b>0.97</b>	<b>1.02</b>	<b>1.07</b>	<b>1.12</b>
<b>Working Capital</b>		<b>0.22</b>	<b>0.34</b>	<b>0.41</b>	<b>0.49</b>	<b>0.57</b>	<b>0.60</b>	<b>0.70</b>	<b>0.73</b>	<b>0.77</b>	<b>0.80</b>
<b>Margin/Internal Accruals for WC</b>	100.00%	0.22	0.34	0.41	0.49	0.57	0.60	0.70	0.73	0.77	0.80
<b>WC Loan</b>	0.00%	-	-	-	-	-	-	-	-	-	-
<b>Interest on WC</b>		-	-	-	-	-	-	-	-	-	-

Source: D&B India Estimates



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

### **Depreciation**

The following depreciation rates are assumed while preparing the depreciation schedules –

Asset	SLM Method	WDV Method (IT)
Land & Land Development	0.00%	0.00%
Civil & Structural Works	1.63%	100.00%
Interiors Decoration & Furniture & Fixture Cost	9.50%	100.00%
Plant and Machinery	4.75%	100.00%
Misc. Fixed Assets	16.21%	100.00%

Source: D&B India Estimates

### **Taxes**

The tax details are given below:

Tax Assumptions	Post Budget
Corporate Tax Base Rate	30.00%
MAT Base Rate	18.50%
Income Tax Surcharge	10.00%
Education Cess	3.00%
Effective Corporate Tax Rate	33.99%
Effective MAT rate	20.96%

Source: D&B India Estimates

Since this project is for the setting up of a Five Star Hotel which falls under the category of the specified business which is in the nature of building and operating a new hotel of two-star or above category as classified by the Central Government, the Company has proposed consideration of the provisions of Section 35AD for the said project. Under the provisions of Section 35AD of the Income Tax Act, 1961, deduction equivalent to 100% of the total following expenditure will be allowed as a deduction:

(a) The expenditure incurred prior to the commencement of its operations; and



(b) The amount capitalised in the books of account of the assessee on the date of commencement of its operations.

## **Key Financial Parameters**

The income from sales of the project would commence from FY 2018. Statement of profit & loss account, cash flow statement and balance sheet are furnished as Annexures. The financial highlights of the project are as follows –



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

All Figures in INR Crores											
Description	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Revenue	INR Cr	16.74	45.54	52.23	59.47	67.31	70.68	79.79	83.55	87.73	92.11
Total Operating Costs	INR Cr	8.78	24.57	27.87	32.10	35.96	37.65	42.80	44.67	46.76	48.95
EBIDTA	INR Cr	7.96	20.97	24.36	27.38	31.35	33.03	36.99	38.87	40.97	43.16
PBT	INR Cr	1.05	7.25	11.37	15.20	20.30	23.45	28.86	32.20	35.75	39.41
PAT	INR Cr	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
EBIDTA Margin	%	47.56%	46.05%	46.64%	46.03%	46.57%	46.74%	46.36%	46.53%	46.70%	46.86%
Net Profit Margin	%	4.96%	12.59%	17.21%	20.20%	23.84%	26.22%	28.59%	30.47%	32.21%	27.97%
Contribution	INR Cr	10.33	28.65	32.95	37.65	42.68	44.82	50.72	53.11	55.77	58.55
Contribution Margin	%	61.72%	62.92%	63.08%	63.30%	63.41%	63.42%	63.57%	63.57%	63.57%	63.57%
BEP Sales	INR Cr	25.43	60.85	64.77	69.94	74.13	74.48	80.12	80.77	81.76	82.91
BEP Occupancy	%	53.15%	60.13%	62.00%	64.68%	66.08%	63.23%	65.27%	62.84%	60.58%	58.51%
Cash Break Even	INR Cr	22.98	56.04	59.97	65.16	69.36	69.71	75.35	76.01	77.00	78.15
Cash Break Even Occupancy	%	48.03%	55.38%	57.41%	60.26%	61.82%	59.18%	61.39%	59.14%	57.05%	55.15%
Equity Share Capital	INR Cr	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97
Reserves and Surplus	INR Cr	0.83	6.56	15.55	27.56	43.61	62.14	84.96	110.41	138.67	164.43
Tangible Net Worth (TNW)	INR Cr	36.80	42.53	51.52	63.53	79.58	98.11	120.93	146.38	174.64	200.40
Term Loan	INR Cr	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80	-
Debt Equity Ratio	Ratio	2.17	1.81	1.37	1.02	0.68	0.44	0.27	0.15	0.06	-
Total Outside Liability (TOL)	INR Cr	80.46	77.39	71.47	65.55	54.83	44.07	33.37	22.62	11.87	1.12
TOL/ TNW	Ratio	2.19	1.82	1.39	1.03	0.69	0.45	0.28	0.15	0.07	0.01
Closing Cash Balance	INR Cr	2.13	7.56	13.51	22.47	30.66	41.39	56.33	73.98	94.43	112.38
DSCR	Ratio	1.43	1.40	1.38	1.60	1.44	1.62	1.95	2.22	2.58	2.56
Minimum DSCR	Ratio	1.38									
Maximum DSCR	Ratio	2.22									
Average DSCR	Ratio	1.80									
IRR	%	14.24%									

Source: D&B India



## Financial Analysis

### ***Margins***

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The average EBDITA margin for the proposed project during FY 2016-17 to FY 2024-25 is around 46.60%, while the average net profit margin in this period is estimated at around 22.43%.

The EBIDTA margin and net profit margin of the project are as per industry standards.

### ***Debt Equity Ratio***

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As per D&B India estimates, the Debt-Equity Ratio of the project works out to 1.32:1. This is based on the consideration that a term loan amount of INR 80.00 Crores and Promoter's Contribution of INR 60.52 Crores would be brought in to fund the proposed Project.

### ***DSCR***

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As per D&B India assessment, the DSCR of the project have been provided in the exhibit below –



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

	DSCR Calculations								INR Cr	
FY Ending	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
PAT	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
Add: Depreciation	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Add: Amortisation	-	-	-	-	-	-	-	-	-	-
Add: Interest on TL	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
<b>Total Available (A)</b>	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>29.52</b>
Interest Payment-TL	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
Principal Repayment-TL	-	3.20	6.00	6.00	10.80	10.80	10.80	10.80	10.80	10.80
<b>Total Obligation (B)</b>	<b>5.40</b>	<b>13.89</b>	<b>15.96</b>	<b>15.15</b>	<b>18.82</b>	<b>17.36</b>	<b>15.90</b>	<b>14.45</b>	<b>12.99</b>	<b>11.53</b>
<b>DSCR (A/B)</b>	<b>1.43</b>	<b>1.40</b>	<b>1.38</b>	<b>1.60</b>	<b>1.44</b>	<b>1.62</b>	<b>1.95</b>	<b>2.22</b>	<b>2.58</b>	<b>2.56</b>
<b>Min DSCR</b>	<b>1.38</b>									
<b>Average DSCR</b>	<b>1.80</b>									

Source: D&B India Estimates

The minimum debt service coverage ratio for the Company is 1.38 and the average debt service coverage ratio for the Company is 1.80

### ***Internal Rate of Return***

As per D&B India's assessment, the IRR of the project is estimated at 14.24%. The calculation of same is given below:



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

IRR Calculations								INR Cr			
IRR Calculation	Implementation Period	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Inflows</b>											
PAT	-	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
Add: Depreciation	-	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Add: Amortisation	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add: Interest	-	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
Add: Salvage Value of Assets	-	-	-	-	-	-	-	-	-	-	83.83
<b>Total Inflows</b>	-	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>113.34</b>
<b>Outflows</b>											
CAPEX	140.52										
<b>Net Flows</b>	<b>(140.52)</b>	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>113.34</b>
<b>IRR</b>	<b>14.24%</b>										

Source: D&B India Estimates

### ***Breakeven Analysis***



## Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

FY Ending	% Variable	Break Even Point					INR Cr				
		31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>No of Rooms</b>		<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>	<b>182.00</b>
<b>Occupancy</b>		<b>35%</b>	<b>45%</b>	<b>50%</b>	<b>55%</b>	<b>60%</b>	<b>60%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>
<b>Occupied Rooms per Night</b>		<b>64</b>	<b>82</b>	<b>91</b>	<b>100</b>	<b>109</b>	<b>109</b>	<b>118</b>	<b>118</b>	<b>118</b>	<b>118</b>
<b>Total Income</b>		<b>16.74</b>	<b>45.54</b>	<b>52.23</b>	<b>59.47</b>	<b>67.31</b>	<b>70.68</b>	<b>79.79</b>	<b>83.55</b>	<b>87.73</b>	<b>92.11</b>
<b>Variable Expenses</b>											
Direct Department Expenses	100%	4.47	11.97	13.65	15.46	17.43	18.30	20.59	21.56	22.63	23.77
Incentive Management Fees	100%	0.73	1.93	2.24	2.52	2.88	3.03	3.40	3.57	3.76	3.96
Interest on Working Capital Loan	100%	-	-	-	-	-	-	-	-	-	-
<b>Semi Variable Expenses- Variable Part 65%</b>											
Repair & Maintenance	65%	0.18	0.18	0.17	0.17	0.16	0.16	0.16	0.15	0.15	0.15
Energy, Utilities, Power	65%	1.03	2.81	3.23	3.67	4.16	4.36	4.93	5.16	5.42	5.69
<b>Total Variable Expenses</b>		<b>6.41</b>	<b>16.89</b>	<b>19.28</b>	<b>21.82</b>	<b>24.63</b>	<b>25.86</b>	<b>29.07</b>	<b>30.44</b>	<b>31.96</b>	<b>33.56</b>
<b>Contribution</b>		<b>10.33</b>	<b>28.65</b>	<b>32.95</b>	<b>37.65</b>	<b>42.68</b>	<b>44.82</b>	<b>50.72</b>	<b>53.11</b>	<b>55.77</b>	<b>58.55</b>
<b>Fixed Expenses</b>											
General Salaries & Wages	0%										
Basic Management Fees	0%	1.55	4.21	4.83	5.50	6.23	6.54	7.38	7.73	8.11	8.52
Insurance	0%	-	1.41	1.41	2.11	2.11	2.11	2.81	2.81	2.81	2.81
Selling and Distribution and Incentive fee	0%	0.17	0.46	0.52	0.59	0.67	0.71	0.80	0.84	0.88	0.92
Depreciation	0%	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Amortisation	0%	-	-	-	-	-	-	-	-	-	-
Interest on Term Loan	0%	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
<b>Semi Variable Expenses- Fixed Part 35%</b>											
Repair & Maintenance	35%	0.10	0.10	0.09	0.09	0.09	0.09	0.08	0.08	0.08	0.08
Energy, Utilities, Power	35%	0.56	1.51	1.74	1.98	2.24	2.35	2.65	2.78	2.92	3.06
<b>Total Expenses</b>		<b>15.69</b>	<b>38.29</b>	<b>40.86</b>	<b>44.28</b>	<b>47.01</b>	<b>47.23</b>	<b>50.93</b>	<b>51.35</b>	<b>51.97</b>	<b>52.71</b>
<b>Fixed Cash Expenses</b>		<b>14.18</b>	<b>35.26</b>	<b>37.83</b>	<b>41.25</b>	<b>43.98</b>	<b>44.21</b>	<b>47.90</b>	<b>48.32</b>	<b>48.95</b>	<b>49.68</b>
<b>BEP in Income</b>		<b>25.43</b>	<b>60.85</b>	<b>64.77</b>	<b>69.94</b>	<b>74.13</b>	<b>74.48</b>	<b>80.12</b>	<b>80.77</b>	<b>81.76</b>	<b>82.91</b>
<b>BEP in % Occupancy</b>	<b>62%</b>	<b>53%</b>	<b>60%</b>	<b>62%</b>	<b>65%</b>	<b>66%</b>	<b>63%</b>	<b>65%</b>	<b>63%</b>	<b>61%</b>	<b>59%</b>
<b>BEP in Rooms</b>		<b>97.00</b>	<b>109.00</b>	<b>113.00</b>	<b>118.00</b>	<b>120.00</b>	<b>115.00</b>	<b>119.00</b>	<b>114.00</b>	<b>110.00</b>	<b>106.00</b>
<b>Cash BEP in Income</b>		<b>22.98</b>	<b>56.04</b>	<b>59.97</b>	<b>65.16</b>	<b>69.36</b>	<b>69.71</b>	<b>75.35</b>	<b>76.01</b>	<b>77.00</b>	<b>78.15</b>
<b>Cash BEP in %</b>	<b>57%</b>	<b>48%</b>	<b>55%</b>	<b>57%</b>	<b>60%</b>	<b>62%</b>	<b>59%</b>	<b>61%</b>	<b>59%</b>	<b>57%</b>	<b>55%</b>
<b>Cash BEP in Rooms</b>		<b>87.00</b>	<b>101.00</b>	<b>104.00</b>	<b>110.00</b>	<b>113.00</b>	<b>108.00</b>	<b>112.00</b>	<b>108.00</b>	<b>104.00</b>	<b>100.00</b>

Source: D&B India Estimates

The average breakeven point in occupancy is at 62% while cash breakeven point is at 57%.





## Sensitivity Analysis

A sensitivity analysis was carried out to assess the impact of the following scenarios on the major financial parameters.

The summary of sensitivity analysis is provided in the following exhibit –

Scenario	Results		
	IRR	Minimum DSCR	Average DSCR
<b>Base Case</b>	<b>14.24%</b>	<b>1.38</b>	<b>1.80</b>
Reduction in ARR by 5%	13.68%	1.33	1.73
Reduction in Other Revenue by 5%	13.96%	1.35	1.77
Reduction in Occupancy by 5%	12.93%	1.27	1.65
Increase in Operating Cost by 5%	13.84%	1.35	1.75
Increase in Interest rate by 1%	14.29%	1.33	1.75

Source: D&B India Analysis

In the base case, average DSCR for the proposed Project is 1.80, with the minimum DSCR at 1.38. The average DSCR remains above 1.65 in all years of term loan repayment. The Project IRR stands at 14.24% in the base case.

The sensitivity analysis shows that the minimum DSCR remains above 1.30 and the average DSCR remains above 1.65 in all the scenarios.



## Risk Analysis and Mitigation

The risk analysis, allocation and mitigation are as follows:

Key Risk	Risk Carrier	Mitigation Measure
Experience and Capability	SBIL	<p>The promoters of the Company have experience in undertaking construction and real estate project and have executed a series of projects under this domain.</p> <p>However, the Promoters of the Company do not have any prior experience in handling of hospitality (hotel) industry projects. Hence experience related risk is envisaged for the Project. However to mitigate the risk, the Company will be appointing the Radisson Group as the Operator for the Project.</p> <p>In addition to the above, the Company will also be hiring experience Management Staff to manage the hotel.</p> <p><i>Thus low experience and capability related risk is envisaged for the Project</i></p>
Funding Risk	SBIL	<p>The Company plans to bring in INR 60.52 Crores as promoters contribution in the form of equity of INR 35.97 crores and Unsecured loans of INR 24.55 crores.</p> <p><i>Lenders may insist on suitable upfront equity if required.</i></p>
Time Over-run	SBIL	<p>Based on the past experience D&amp;B India notes that 4-Star and 5-Star category hotels are easily executed/ implemented over duration of 18-24 months from date of commencement of land development works, in case no glitches like shortage of funds, force majeure happen. The Company has proposed an implementation schedule of 30 months and taking into consideration the fact that the financial closure for the project has not yet been achieved; a sufficient cushion of time has been considered for implementation of the Project.</p> <p><i>Hence low time overrun risk is envisaged for the Project.</i></p>
Cost Over-run	SBIL	<p>D&amp;B India had sought the details of the overall project cost from the Company, along with supporting quotation for the same. The Company had provided D&amp;B India with Architects estimates for the overall project</p>



		<p>cost and the same was found to be in line with the industry standards.</p> <p>Further a contingency on hardware cost has been considered by D&amp;B India to take care of any escalation in project cost during implementation of the Project.</p> <p><i>Hence low cost overrun risk is envisaged for the Project.</i></p>
Statutory Approvals	SBIL	<p>The Company has critical of the approvals at place like MDDA approval, environmental and forest clearance etc. Based on these set of approvals, the Company can commence the construction of the hotel. However the Company is yet to file for balance of the statutory approvals. Even though there is sufficient time during implementation of the Project (30 months), still there is statutory approvals and clearances related risk associated with the Project.</p> <p>D&amp;B India has provided the detailed list of statutory approvals required before and after commissioning of the Project in the technical section of the report.</p> <p><i>The Lenders may include a clause in this regards in sanction letter, where by the last disbursement will happen only after the receipt of all the pre-commissioning statutory approvals.</i></p>
Off-take / Demand Risk	SBIL	<p>Based on the secondary and primary assessment undertaken by D&amp;B India within the Dehradun-Mussoorie area, it is understood that the tourists/ business travellers are willing to avail the services of a 5-Star category hotel. However, since the city of Dehradun does not have any 5-Star property, these tourist/ business travellers are currently staying with the 4-Star category hotels in the area. Hence there is sufficient demand, which will be catered to by the proposed project.</p> <p><i>Hence there is low off take/ demand risk associated with the Project.</i></p>
Pricing level and sustainability	SBIL	<p>SBIL has proposed to price the project at par with the prevailing market rates in similar category hotels in Dehradun-Mussourie.</p> <p><i>Hence low pricing level/ sustainability related risk is envisaged for the project.</i></p>
Force Majeure	SBIL	<p>The lenders may insist upon the Company to take adequate insurance cover for insurable force majeure risks.</p>

Source: D&B India analysis



## SWOT Analysis

The SWOT analysis of the Company and the project is presented below –

<b>Strength</b> <ul style="list-style-type: none"><li>• The Promoters of the Company have ample amount of experience in undertaking construction and real estate projects, which is expected to help the Company in reducing the overall cost of the project</li><li>• The Company will be entering in to an agreement with Radisson Group for operations of the Project, which will give the Company access to clientele of Radisson Group from both domestic and international markets</li><li>• The site of the hotel is located on the Mussoorie Road which will cater to demand of both the cities. Also there are only 2 other hotels having similar facilities</li></ul>	<b>Weakness</b> <ul style="list-style-type: none"><li>• The management of the Company has no prior experience in the Hotel industry. <i>However to mitigate the risk, the Company has signed a management contract with the Radisson Group to operate the hotel.</i></li></ul>
<b>Opportunity</b> <ul style="list-style-type: none"><li>• A hotel in Dehradun district, which is a center for Primary and Secondary market, would cater to needs of professionals and business travellers.</li><li>• Increasing influx of domestic and international tourists in India.</li><li>• Increasing disposable income.</li></ul>	<b>Threat</b> <ul style="list-style-type: none"><li>• Capacity additions by players of comparative size will lead to increased competition.</li><li>• Threats from new entrants in the market.</li><li>• The generic threat of global economic slowdown.</li></ul>

Source: D&B India analysis



## **Conclusion**

The objective of the study is to assess techno economic viability of the hotel proposed to be set up by SBIL and to evaluate the capability of the Company to repay the term loan which it proposes to raise for the project.

D&B India has assessed the techno economic viability of the project based on the data provided by the Company and other market information based on secondary research.

While assessing the viability of the project, D&B India considered the following major factors:

- Project specific attributes, both positive and negative.
- Reasonableness of the Project Cost.

### **Market Assessment**

Indian hotel industry can be divided into organized and unorganized sectors. The organized hotel industry is further classified according to the 'Star' ratings. Unorganized sector includes numerous lodging & boarding facilities, resorts and restaurants present across the country.

Organized sector in the industry comprises of Indian Hotels Ltd, Orchid Hotels, EIH Ltd, and Hotel Leela Ventures Ltd etc. Quality of service is one of the key differentiating factors in this sector. Unorganized sector is dominated by small independent hotel operators and tariff rates play a bigger role in this segment.

The country's hotel industry consists of large Indian companies as well as most of the international hotel operators. There are hotels at every end of value chain to cater to budget / premium consumers.

Annual turnover in Indian hotel industry is estimated to be close to INR 108 Bn in the fiscal 2014. Revenue growth in the sector has been slowing down over the past couple of years due to lower tourist arrivals as well as drop in business travel.

Demand for hotel rooms is driven by increased flow of travellers – tourists as well as business travel. Both these factors have witnessed positive development in the past decade, leading to a higher demand for hotel rooms.

Anticipated pick up in business activity in FY 2016 as well as full-fledged revival of business sentiments, especially in IT-ITeS segment in developed markets, is expected to bring back business travellers. Further, an improvement in economy would revive discretionary spending, which in turn would trigger tourist activities. Considering these factors, it is expected that turnover in hotel industry would increase by a CAGR of ~8% during FY 2014-17 to reach ~INR 138 Bn.

A limited primary survey was carried out among the hotels in Dehradun for the purpose of understanding the demand-supply and pricing dynamics of hotels in the area and to assess the



infrastructural and service facilities offered by them vis-à-vis room rates. It was noted that there is ample scope for a Hotel project in the region.

### **Technical Assessment**

#### **Land**

The Company has total land area of (17,216 M<sup>2</sup>) situated at Danioka Danda Village, Pargana Pachwadoon, Tehsil- Sadar, District- Dehradun, Uttarakhand for the hotel project. Total land area is a cumulative of three land parcels.

#### **Building & Civil Construction**

D&B India finds the building and civil works estimate given by the Architect of the Company for the proposed project in line with the industry standard.

#### **Plant & Machinery**

The Company had provided the Architects estimate for the overall project cost, including the plant and machinery and the same was found to be reasonable by D&B India.

#### **Hotel Operator**

The Company has signed a management agreement with Carlson hotels private limited on 13<sup>th</sup> January 2011 for a period of 15 years for the operation of the hotel in the name of 'Radisson Blue'.

#### **Implementation Schedule**

D&B India finds the Commercial Operation Date of 1<sup>st</sup> October 2017 as sufficient based on the experience of conducting similar assignment in the past.

#### **Economic Viability**

The total project cost envisaged is INR 140.52 Crores. Overall, this cost is proposed to be funded by way of INR 80.00 Crores from long term debt, INR 60.52 Crores as promoter's contribution.

As per D&B India's assessment, the minimum DSCR of the project is 1.38 and the average DSCR of the project is 1.80, which is expected to provide adequate safety to lenders. Further, considering the cash flows estimated for the project based on the assumptions, the Company is not expected to face challenges to meet its debt servicing obligations. The project IRR in the base case stands at 14.24%.



### **Critical Success Factors**

**Recruitment of Management Team and hotel staff** –Hotel industry is part of the service sector, and high caliber personnel are essential for imparting high quality of services expected from a hotel of this scope and stature. The Company would need to recruit experienced management personnel for the purpose of day-to-day management of the hotel. Here it should be noted that to reduce the impact, the Company has signed an agreement with Radisson Group, who would be responsible for overall requirement of Management Team and Hotel Staff.

**Adherence to project implementation schedule** – The Company needs to ensure that the project is implemented before the hotel is inaugurated. Proper project management and regular follow up of activities are necessary for overall achievement of deadlines as per the implementation schedule and to avoid time and cost overrun.

**Room rates** – The Company plans to keep room rates in line with comparable hotels in Dehradun-Mussourie. However, increased competition may force the Company to announce a decline in room rates, which can affect the financial viability of the Project.

***Subject to the above assessment, achievement of the critical success factors and the impact of various scenarios as envisaged under sensitivity analysis study, the project of the Company is viewed as technically and economically viable.***



### *Site Photographs*

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Excavation and boundary work



Temporary Site Office





Mussoorie View from the Site



Malsi Forest Reserve on the



# Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

## Annexure 1 – Profit and Loss Account

Description (INR Cr)	Unit	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
Room Rental	INR Crores	8.48	24.19	28.22	32.60	37.34	39.21	44.72	46.83	49.17	51.63
Restaurant - 1	INR Crores	1.39	4.02	4.67	5.39	6.16	6.46	7.44	7.79	8.18	8.59
Restaurant - 2	INR Crores	2.12	6.06	7.08	8.18	9.38	9.85	11.24	11.77	12.35	12.97
Meeting and Conference	INR Crores	3.51	7.79	8.18	8.59	9.02	9.47	9.97	10.44	10.96	11.51
Bar Services	INR Crores	0.39	1.06	1.25	1.46	1.69	1.77	1.95	2.04	2.14	2.25
MOD Income		0.85	2.42	2.82	3.26	3.73	3.92	4.47	4.68	4.92	5.16
<b>Total Revenue</b>	<b>INR Crores</b>	<b>16.74</b>	<b>45.54074</b>	<b>52.23</b>	<b>59.47</b>	<b>67.31</b>	<b>70.68</b>	<b>79.79</b>	<b>83.55</b>	<b>87.73</b>	<b>92.11</b>
<b>Variable Costs</b>											
Room Rental	INR Crores	1.27	3.63	4.23	4.89	5.60	5.88	6.71	7.02	7.38	7.74
Restaurant - 1	INR Crores	0.56	1.61	1.87	2.15	2.46	2.59	2.98	3.12	3.27	3.43
Restaurant - 2	INR Crores	0.85	2.42	2.83	3.27	3.75	3.94	4.49	4.71	4.94	5.19
Meeting and Conference	INR Crores	1.23	2.73	2.86	3.01	3.16	3.31	3.49	3.65	3.84	4.03
Bar Services	INR Crores	0.14	0.37	0.44	0.51	0.59	0.62	0.68	0.71	0.75	0.79
MOD Income	INR Crores	0.42	1.21	1.41	1.63	1.87	1.96	2.24	2.34	2.46	2.58
<b>Department Costs</b>		<b>4.47</b>	<b>11.97</b>	<b>13.65</b>	<b>15.46</b>	<b>17.43</b>	<b>18.30</b>	<b>20.59</b>	<b>21.56</b>	<b>22.63</b>	<b>23.77</b>
<b>Other Operating Costs</b>											
Power Cost	INR Crores	1.59	4.33	4.96	5.65	6.39	6.71	7.58	7.94	8.33	8.75
Repairs and Maintenance	INR Crores	-	1.41	1.41	2.11	2.11	2.11	2.81	2.81	2.81	2.81
Insurance	INR Crores	0.28	0.27	0.27	0.26	0.25	0.25	0.24	0.24	0.23	0.22
<b>Total Variable Costs</b>	<b>INR Crores</b>	<b>6.34</b>	<b>17.97112</b>	<b>20.28</b>	<b>23.48</b>	<b>26.18</b>	<b>27.37</b>	<b>31.22</b>	<b>32.54</b>	<b>34.01</b>	<b>35.55</b>
<b>Gross Profit</b>	<b>INR Crores</b>	<b>10.41</b>	<b>27.57</b>	<b>31.95</b>	<b>35.99</b>	<b>41.13</b>	<b>43.31</b>	<b>48.57</b>	<b>51.01</b>	<b>53.72</b>	<b>56.56</b>
<b>Fixed Costs</b>											
<b>Fee to Radisson Group</b>	<b>INR Crores</b>	<b>2.44</b>	<b>6.60</b>	<b>7.59</b>	<b>8.62</b>	<b>9.78</b>	<b>10.28</b>	<b>11.58</b>	<b>12.13</b>	<b>12.75</b>	<b>13.40</b>
Administrative Expenses	INR Crores	0.59	1.59	1.83	2.08	2.36	2.47	2.79	2.92	3.07	3.22
Royalty Charges	INR Crores	0.96	2.62	3.00	3.42	3.87	4.06	4.59	4.80	5.04	5.30
Selling and Distribution	INR Crores	0.17	0.46	0.52	0.59	0.67	0.71	0.80	0.84	0.88	0.92
Incentive Fee	INR Crores	0.73	1.93	2.24	2.52	2.88	3.03	3.40	3.57	3.76	3.96
<b>Total Fixed Costs</b>	<b>INR Crores</b>	<b>2.44</b>	<b>6.60</b>	<b>7.59</b>	<b>8.62</b>	<b>9.78</b>	<b>10.28</b>	<b>11.58</b>	<b>12.13</b>	<b>12.75</b>	<b>13.40</b>
<b>Total Operating Costs</b>	<b>INR Crores</b>	<b>8.78</b>	<b>24.57</b>	<b>27.87</b>	<b>32.10</b>	<b>35.96</b>	<b>37.65</b>	<b>42.80</b>	<b>44.67</b>	<b>46.76</b>	<b>48.95</b>
<b>EBIDTA</b>	<b>INR Crores</b>	<b>7.96</b>	<b>20.97</b>	<b>24.36</b>	<b>27.38</b>	<b>31.35</b>	<b>33.03</b>	<b>36.99</b>	<b>38.87</b>	<b>40.97</b>	<b>43.16</b>
Depreciation	INR Crores	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Interest on Term Loan	INR Crores	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
Interest on Working Cap	INR Crores	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>INR Crores</b>	<b>15.69</b>	<b>38.29</b>	<b>40.86</b>	<b>44.28</b>	<b>47.01</b>	<b>47.23</b>	<b>50.93</b>	<b>51.35</b>	<b>51.97</b>	<b>52.71</b>
<b>Profit Before tax</b>	<b>INR Crores</b>	<b>1.05</b>	<b>7.25</b>	<b>11.37</b>	<b>15.20</b>	<b>20.30</b>	<b>23.45</b>	<b>28.86</b>	<b>32.20</b>	<b>35.75</b>	<b>39.41</b>
Applicable Tax	INR Crores	0.22	1.52	2.38	3.19	4.26	4.91	6.05	6.75	7.49	13.64
<b>Profit After Tax</b>	<b>INR Crores</b>	<b>0.83</b>	<b>5.73</b>	<b>8.99</b>	<b>12.01</b>	<b>16.05</b>	<b>18.53</b>	<b>22.81</b>	<b>25.45</b>	<b>28.26</b>	<b>25.76</b>



# Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

## Annexure 2 – Balance Sheet

Projected Balance Sheet										
INR Cr										
FY Ending	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Liabilities</b>										
Equity	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97	35.97
Unsecured Loan from Promot	24.55	24.55	24.55	24.55	24.55	24.55	24.55	24.55	24.55	24.55
Reserves and Surplus	0.83	6.56	15.55	27.56	43.61	62.14	84.96	110.41	138.67	164.43
Secured Loans:										
Term Loan- Proposed	80.00	76.80	70.80	64.80	54.00	43.20	32.40	21.60	10.80	-
WC Loan	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>141.35</b>	<b>143.88</b>	<b>146.87</b>	<b>152.88</b>	<b>158.13</b>	<b>165.86</b>	<b>177.88</b>	<b>192.53</b>	<b>209.99</b>	<b>224.95</b>
<b>Assets</b>										
Gross Block	140.52	140.52	140.52	140.52	140.52	140.52	140.52	140.52	140.52	140.52
Accumulated Depreciation	1.51	4.54	7.57	10.59	13.62	16.64	19.67	22.70	25.72	28.75
Net Block	139.01	135.98	132.95	129.93	126.90	123.87	120.85	117.82	114.80	111.77
CAPEX-WIP	-	-	-	-	-	-	-	-	-	-
Investment- FD										
Current Assets	0.68	0.93	1.08	1.23	1.40	1.47	1.67	1.75	1.83	1.92
Current Liabilities	0.46	0.59	0.67	0.75	0.83	0.87	0.97	1.02	1.07	1.12
Net Current Assets	0.22	0.34	0.41	0.49	0.57	0.60	0.70	0.73	0.77	0.80
Cash in Hand/Bank	2.13	7.56	13.51	22.47	30.66	41.39	56.33	73.98	94.43	112.38
Expenses not w/off	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>141.35</b>	<b>143.88</b>	<b>146.87</b>	<b>152.88</b>	<b>158.13</b>	<b>165.86</b>	<b>177.88</b>	<b>192.53</b>	<b>209.99</b>	<b>224.95</b>



# Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

## Annexure 3 – Cash Flow Statement

Projected Cash FlowStatement		INR Cr									
FY Ending	Implementation Period	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Cash Flow From Operating Activity</b>											
PAT	-	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
Add: Depreciation	-	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Add: Amortisation	-	-	-	-	-	-	-	-	-	-	-
Changes in Working Capital	-	(0.22)	(0.13)	(0.07)	(0.08)	(0.08)	(0.03)	(0.10)	(0.03)	(0.04)	(0.04)
<b>Cash Flows from Operating Acti</b>	<b>-</b>	<b>2.13</b>	<b>8.63</b>	<b>11.94</b>	<b>14.96</b>	<b>18.99</b>	<b>21.53</b>	<b>25.74</b>	<b>28.45</b>	<b>31.25</b>	<b>28.75</b>
<b>Cashflow from Investing activities</b>											
Increase in CAPEX (WIP)	(140.52)	-	-	-	-	-	-	-	-	-	-
Increase in Investment	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flows from Investing activ</b>	<b>(140.52)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cashflow from Financing Activities</b>											
Increase in Promoters Contribution (Equity Capital)	35.97	-	-	-	-	-	-	-	-	-	-
Increase in Unsecured Loan	24.55	-	-	-	-	-	-	-	-	-	-
Increase in Term Loan	80.00	-	-	-	-	-	-	-	-	-	-
Increase in WC Loan	-	-	-	-	-	-	-	-	-	-	-
Payment of Term Loan	-	-	(3.20)	(6.00)	(6.00)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)	(10.80)
Payment of Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Financing Activ</b>	<b>140.52</b>	<b>-</b>	<b>(3.20)</b>	<b>(6.00)</b>	<b>(6.00)</b>	<b>(10.80)</b>	<b>(10.80)</b>	<b>(10.80)</b>	<b>(10.80)</b>	<b>(10.80)</b>	<b>(10.80)</b>
<b>Net Cash Flow</b>	<b>-</b>	<b>2.13</b>	<b>5.43</b>	<b>5.94</b>	<b>8.96</b>	<b>8.19</b>	<b>10.73</b>	<b>14.94</b>	<b>17.65</b>	<b>20.45</b>	<b>17.95</b>
Opening Cash & Bank	-	-	2.13	7.56	13.51	22.47	30.66	41.39	56.33	73.98	94.43
Add:Net Cash Flow	-	2.13	5.43	5.94	8.96	8.19	10.73	14.94	17.65	20.45	17.95
<b>Closing Cash &amp; Bank</b>	<b>-</b>	<b>2.13</b>	<b>7.56</b>	<b>13.51</b>	<b>22.47</b>	<b>30.66</b>	<b>41.39</b>	<b>56.33</b>	<b>73.98</b>	<b>94.43</b>	<b>112.38</b>



# Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

## Annexure 4: DSCR

	DSCR Calculations								INR Cr	
FY Ending	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
PAT	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
Add: Depreciation	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Add: Amortisation	-	-	-	-	-	-	-	-	-	-
Add: Interest on TL	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
<b>Total Available (A)</b>	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>29.52</b>
Interest Payment-TL	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
Principal Repayment-TL	-	3.20	6.00	6.00	10.80	10.80	10.80	10.80	10.80	10.80
<b>Total Obligation (B)</b>	<b>5.40</b>	<b>13.89</b>	<b>15.96</b>	<b>15.15</b>	<b>18.82</b>	<b>17.36</b>	<b>15.90</b>	<b>14.45</b>	<b>12.99</b>	<b>11.53</b>
<b>DSCR (A/B)</b>	<b>1.43</b>	<b>1.40</b>	<b>1.38</b>	<b>1.60</b>	<b>1.44</b>	<b>1.62</b>	<b>1.95</b>	<b>2.22</b>	<b>2.58</b>	<b>2.56</b>
<b>Min DSCR</b>	<b>1.38</b>									
<b>Average DSCR</b>	<b>1.80</b>									

## Annexure 5: IRR

	IRR Calculations								INR Cr		
IRR Calculation	Implementation Period	31-Mar-18	31-Mar-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27
<b>Inflows</b>											
PAT	-	0.83	5.73	8.99	12.01	16.05	18.53	22.81	25.45	28.26	25.76
Add: Depreciation	-	1.51	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03	3.03
Add: Amortisation	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add: Interest	-	5.40	10.69	9.96	9.15	8.02	6.56	5.10	3.65	2.19	0.73
Add: Salvage Value of Assets	-	-	-	-	-	-	-	-	-	-	83.83
<b>Total Inflows</b>	<b>-</b>	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>113.34</b>
<b>Outflows</b>											
CAPEX	140.52										
<b>Net Flows</b>	<b>(140.52)</b>	<b>7.74</b>	<b>19.45</b>	<b>21.98</b>	<b>24.19</b>	<b>27.09</b>	<b>28.12</b>	<b>30.94</b>	<b>32.12</b>	<b>33.47</b>	<b>113.34</b>
<b>IRR</b>	<b>14.24%</b>										



# Sir Biotech India Ltd. – Radisson Hotel Project (Dehradun)

## Annexure 6: Capex Phasing and Debt Drawdown schedule

<b>Quarterly CAPEX Phasing</b>															
<b>FY Ending</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>
<b>Quarter Ending</b>	<b>31-Mar-15</b>	<b>30-Jun-15</b>	<b>30-Sep-15</b>	<b>31-Dec-15</b>	<b>31-Mar-16</b>	<b>30-Jun-16</b>	<b>30-Sep-16</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>30-Jun-17</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>TOTAL</b>
Land and Land Development	100%	0%													100.000%
Building and Civil Works	0.00%	15.00%	15.00%	15.00%	15.00%	10.00%	10.00%	10.00%	5.00%	5.00%					100.000%
Plant and Machinery	0.00%					30%	20.00%		35%	20.00%	15.00%				100.000%
Provision for Contingencies	0.00%			2.50%	2.50%	25%	20%	20%	20%	5.00%	5.00%				100.000%
Preliminary & Preoperative Expenses	0.00%	21.00%	15.00%	5.00%	5.00%	5.00%	5.00%	14%	15%	10.00%	5.00%				100.000%
<b>CAPEX Phasing and Debt Drawdown</b>															
<b>FY Ending</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>TOTAL</b>
<b>Quarter Ending</b>	<b>31-Mar-15</b>	<b>30-Jun-15</b>	<b>30-Sep-15</b>	<b>31-Dec-15</b>	<b>31-Mar-16</b>	<b>30-Jun-16</b>	<b>30-Sep-16</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>30-Jun-17</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>TOTAL</b>
<b>All Figures Rs.Cr</b>															
Land and Land Development	4.18	4.18													
Building and Civil Works	89.62	-	13.44	13.44	13.44	13.44	8.96	8.96	8.96	4.48	4.48	-	-	-	
Plant and Machinery	20.89	-	-	-	-	-	6.27	-	-	7.31	4.18	3.13	-	-	
Provision for Contingencies	2.87	-	-	-	0.07	0.07	0.72	0.57	0.57	0.14	0.14	-	-	-	
Preoperative Expenses & P	8.73	-	1.83	1.31	0.44	0.44	0.44	0.44	1.22	1.31	0.87	0.44	-	-	
Interest During Construction	14.23	-	-	-	-	-	-	-	-	14.23	-	-	-	-	
Margin Money for Working	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Project Cost</b>	<b>140.52</b>	<b>4.18</b>	<b>15.28</b>	<b>14.75</b>	<b>13.95</b>	<b>13.95</b>	<b>16.38</b>	<b>9.97</b>	<b>10.76</b>	<b>27.91</b>	<b>9.68</b>	<b>3.71</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated Annual CAPEX</b>															
<b>FY Ending</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>											
<b>Quarter Ending</b>	<b>31-Mar-15</b>	<b>30-Jun-15</b>	<b>30-Sep-15</b>	<b>31-Dec-15</b>	<b>31-Mar-16</b>	<b>30-Jun-16</b>	<b>30-Sep-16</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>30-Jun-17</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>TOTAL</b>
Land Cost	4.18	4.18													
Building & Construction	89.62	-	53.77	31.37	4.48										
Plant & Machinery	20.89	-	-	13.58	7.31										
Contingency	2.87	-	-	0.14	2.44	0.29									
Preoperative Expenses & P	8.73	-	4.02	3.40	1.31										
Interest During Construction	14.23	-	-	14.23	-										
Margin Money for Working	-	-	-	-	-										
<b>Total</b>	<b>140.52</b>	<b>4.18</b>	<b>57.93</b>	<b>65.02</b>	<b>13.39</b>										
<b>Quarterly Draw-Down of debt</b>															
<b>FY Ending</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>
<b>Quarter Ending</b>	<b>31-Mar-15</b>	<b>30-Jun-15</b>	<b>30-Sep-15</b>	<b>31-Dec-15</b>	<b>31-Mar-16</b>	<b>30-Jun-16</b>	<b>30-Sep-16</b>	<b>31-Dec-16</b>	<b>31-Mar-17</b>	<b>30-Jun-17</b>	<b>30-Sep-17</b>	<b>31-Dec-17</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>	<b>31-Mar-18</b>
<b>Project Cost</b>	<b>140.52</b>	<b>4.18</b>	<b>15.28</b>	<b>14.75</b>	<b>13.95</b>	<b>13.95</b>	<b>16.38</b>	<b>9.97</b>	<b>10.76</b>	<b>27.91</b>	<b>9.68</b>	<b>3.71</b>	<b>-</b>	<b>-</b>	<b>-</b>
Debt Drawn	80.00		1.18	14.75	11.49	7.94	9.33	5.68	6.12	15.89	5.51	2.11	-	-	
Equity Contribution	60.52	4.18	14.10	-	2.46	6.01	7.06	4.29	4.63	12.02	4.17	1.60	-	-	
<b>Total</b>	<b>140.52</b>	<b>4.18</b>	<b>15.28</b>	<b>14.75</b>	<b>13.95</b>	<b>13.95</b>	<b>16.38</b>	<b>9.97</b>	<b>10.76</b>	<b>27.91</b>	<b>9.68</b>	<b>3.71</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual Drawdown of Debt</b>															
<b>FY Ending</b>	<b>31-Mar-15</b>	<b>31-Mar-16</b>	<b>31-Mar-17</b>	<b>31-Mar-18</b>											
<b>Debt Drawn</b>	<b>80.00</b>	<b>-</b>	<b>35.36</b>	<b>37.02</b>	<b>7.62</b>										
<b>Promoter's Contribution</b>	<b>60.52</b>	<b>4.18</b>	<b>22.57</b>	<b>28.00</b>	<b>5.77</b>										
<b>Equity</b>	<b>35.97</b>	<b>2.49</b>	<b>13.41</b>	<b>16.64</b>	<b>3.43</b>										
<b>Unsecured Loans</b>	<b>24.55</b>	<b>1.70</b>	<b>9.15</b>	<b>11.36</b>	<b>2.34</b>										
<b>Total</b>	<b>140.52</b>	<b>4.18</b>	<b>57.93</b>	<b>65.02</b>	<b>13.39</b>										
<b>Debt Equity Ratio</b>	<b>1.32</b>	<b>-</b>	<b>1.57</b>	<b>1.32</b>	<b>1.32</b>										



## Limiting Conditions

The revenue and cost estimates for the proposed project are given on the basis of assumptions and not on the basis of actual calculations. The revenue and costs considered are based on the findings from primary survey and secondary research, as detailed in the methodology section. There may be changes in the revenue and cost estimates depending on the market conditions. The revenue and costs are comparable to the industry benchmarks.

### **BASIS:**

D&B-India's assumptions are based on the information obtained from owners, prevailing rules and regulations of statutory authorities, prevailing site conditions on the date of inspection and best judgment of the undersigned.

### **SOURCE OF INFORMATION:**

D&B-India presumes that complete and correct information is provided to it by the owners. In case, if the information given to D&B-India is incomplete or incorrect, D&B-India shall assume no liability or responsibility for the same, and D&B-India may modify the report to that extent if so required.

### **DOCUMENTATION:**

D&B-India does not normally read leases or documents of title. D&B-India assumes, unless informed to the contrary, that each Structure has good and marketable title, that all documentation are satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature which would have a material effect on the value of interest under consideration, nor material litigation pending. Where D&B-India has been provided with documentation, D&B-India recommends that reliance should not be placed on its interpretation without verification by legal advisors.

### **TOWN PLANNING AND OTHER STATUTORY REGULATIONS:**

D&B-India recommends that verification be obtained from legal advisors to the effect that:

- i The position is correctly stated in the report:
- ii The property is not adversely affected by any other decision made, or conditions prescribed by public authorities.
- iii There are no outstanding statutory notices.
- iv. D&B-India's reports are prepared on the basis that the Owners comply with all relevant statutory regulations, including enactment relating to fire regulations, safety and environmental considerations and stipulation of respective statutory provisions.





#### **PHYSICAL SURVEYS:**

D&B-India has not carried out Physical Survey and leveling exercise of the Structures and advice Owners to carry out actual Physical Survey of the site along with levels if desired. This report is based on documents forwarded to D&B-India by Owners, Government Records made available to D&B-India and on D&B-India's cursory inspection of site.

#### **STRUCTURAL SURVEYS:**

D&B-India has not carried out a structural survey, nor has D&B-India tested the services of the Owners and D&B-India therefore does not give any assurance that any Structure or the immovable assets are free from defects. In D&B-India's general observations, the Structures are erected normally and appear to have been maintained properly. However, no guarantee or opinion can be inferred about the conditions of Structure and Machinery about safe working of the same.

#### **DELETERIOUS MATERIALS:**

D&B-India does not normally carry out investigations on site to ascertain whether any Structure was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, wood wool as permanent shuttering, calcium chloride or asbestos). Unless D&B-India was otherwise informed, our report is on the basis that no such materials or techniques have been used.

#### **SITE CONDITIONS:**

D&B-India has not carried out investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be put, to use, nor does D&B-India undertake archaeological, ecological or environmental surveys. Unless D&B-India is otherwise informed, D&B-India's report is on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these or any other matters related to site.

#### **ENVIRONMENTAL CONTAMINATION:**

D&B-India has not carried out physical site surveys or environmental assessments, or investigated historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, D&B-India's report is carried out on the basis that properties are not affected by environmental contamination.





## ***TERMS RELATING TO USE OF THIS REPORT***

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This Techno Economic Viability Report (hereinafter referred to as this “**Report**”) has been prepared by **Dun & Bradstreet Information Services India Private Limited** (hereinafter referred to as “**D&B-India**”) in respect of the hotel project (hereinafter referred to as the “**Transaction**”) of M/s.Sir Biotech India Ltd. (hereinafter referred to as the “**Customer**”) for the internal use and reference of the Customer’s funding entity (hereinafter referred to as the “**Funding Entity**”) subject to what is stated hereinafter and the same forms an integral part of this Report.

The use of this Report or dissemination of contents hereof in part or full, is meant only for the purposes of the Transaction or matters relating thereto as deemed necessary by the Funding Entity, and not by any other party or for any other purpose.

D&B-India follows ethical practices in the discharge of its professional services and amongst others, as part of such ethical practices, it follows the general rules relating to honesty, competence and confidentiality, and attempts to provide the most current, complete, and accurate information as possible within the limitations of available finance, time constraint and other practical difficulties relating thereto and arising as a consequence thereof.

This Report has been prepared keeping in view the scope of work and the methodology as stated in this Report. Sources which form the basis of this Report could be broadly classified into two categories: (i) the facts gathered by D&B-India by way of a visit to the site of the project relating to the Transaction, or the Government offices, to the extent possible, having regard to practical constraints, and (ii) documents and information as furnished by the Customer or the Funding Entity. D&B-India has not carried out any independent verification for the accuracy or the truthfulness of such information which is believed to be accurate, updated and complete based on the information as furnished by the Customer, the Funding Entity and partly on its own information as stated hereinabove. Accordingly, the said information is not warranted by D&B-India for its accuracy, completeness, or being up to date, and is subject to further verification.

This Report includes assessment and projections made by D&B-India which are based on the aforesaid sources and the methodology as adopted by D&B-India. A variation in such assessment and projections is possible due to changes in the obtaining facts and circumstances as they existed at the point of time this Report was finalised by D&B-India and the approach or methodology adopted in respect thereof. Differences between projected and actual results are possible as events and circumstances, as anticipated or contemplated, may or may not occur and such differences may be material in nature. Under the circumstances, no assurance can be provided or implied that these projections will actually materialize.

Therefore, such assessment and projections made, and views based thereon included in this Report should not be treated as the sole decisive factor for any decision to be taken by the Funding Entity relating to the Transaction, and the Funding Entity has to draw its own conclusions on making



independent enquiries and verifications and D&B-India cannot be held liable for any financial loss incurred by anyone based on this Report.

No representation is made by D&B-India that the information contained in this Report is exhaustive or includes all such material information which may have a bearing on the future performance of the Customer. In case the Funding Entity needs any such additional information, documents, or analysis, which is not within the scope of work as included in this Report, D&B-India may, on the request of the Funding Entity, consider providing the same, subject to such additional payment for the purpose as may be mutually agreed upon between D&B-India and the Funding Entity.

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The Report should be read as a whole so as to avoid any divergence with respect to the inferences on account of a partial reading of this Report where such inferences may be based on the entirety of this Report. Further, notwithstanding anything to the contrary, liability, if any, and the amount of claim by the Funding Entity in relation thereto against D&B-India or its associates for any inaccuracies in this Report or any cause whatsoever, and regardless of the form of the action in relation to this Report, will at all times be limited to the amount paid by the Customer to D&B-India for this Report.

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