

Techno Economic Viability Study

**AKM Hotels
Private Limited**

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Executive Summary



Executive Summary

Name of the Company	AKM Hotels Private Limited hereunder referred as 'AKMHPL' or 'Company'
Date of Formation	19 th December 2003 ¹
Constitution	Company Limited by shares
CIN	U55100DL2003PTC123611
Registered Office	G-25, First floor, South Extension part – I, South Delhi, Delhi – 110049, India.
Industry	Hospitality Industry
Nature of activity	Upscale Segment Hotel with convention and banquet facility
Director's	Mr. Ashwani Kumar Mehra Mr. Deepak Mehra
Key Management Personnel	Mr. Ashwani Kumar Mehra Mr. Deepak Mehra Ms. Pooja Mehra Ms. Shalini Mehra Ms. Mala Rani Mehra
Brief details on the Project	<p>AKMHPL intends to set up a five-star upscale luxury banquet cum hotel based on theme of "Banqueting Hotel" at a plot on the main Mehrauli Gurgaon Road (MG Road), New Delhi. The project will have high end banqueting facilities duly supported by hotel and health club/ Spa/ Saloon activities. The hotel will have 94 standard rooms and 7 suite rooms for lodging. The Proposed hotel will have various amenities and latest facilities offered with highest class standards to ensure the utmost satisfaction to the customers.</p> <p>The project has already received all the necessary approvals from the competent authority i.e., from Municipal Corporation of Delhi (MCD) and environmental clearance for establishment of five-star hotel.</p> <p>The project land admeasuring 2.90 acres (11719.9 sq. m.) is owned by the promoter Mr. Ashwani Kumar Mehra. AKMHPL will take the land and bare</p>

¹ Company was originally incorporated as AKM Jewellers Pvt. Ltd. on 19th December 2003 and name has been changed from AKM Jewellers Pvt. Ltd. to AKM Hotels Pvt. Ltd. in 18th June 2021.



	<p>shell building on long term lease from Mr Ashwin Mehra and will invest in plant and equipment, utilities, electrical, furnishings, interiors, cutlery, etc and all the facilities required to operate the banquet and hotel facility.</p> <p>The completed project will have 101 rooms for lodging, 5 Banquet Halls, health club, Saloon, etc. with complete furnishing of best possible luxurious and star category standards. The project is expected to achieve commercial operations by July 2024.</p> <p>The Company is also in discussion with Wyndham Hotel Asia Pacific Co. Limited for a non-exclusive license to develop a hotel under the Ramada Plaza ® by Wyndham brand system. The Company has already received the Letter of Intent "LOI" with detailed term sheet as on 7th Feb 2022.</p>
Site Location	Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1 Village-Sultanpur, Tehsil- Mehrauli, New Delhi-110030.
Current status	<p>The site of the project was physically visited by D&B India on 21st July 2022.</p> <p>The civil and structural work undertaken by Mr. Mehra with his own fund is nearing completion and remaining work like interior, Mechanical, Electrical a Plumbing (MEP) (mostly low side works), Landscape, Finishing, O&E, Furniture, Fixtures and Equipment (FF&E), Kitchens etc is under process and will be completed by the company.</p> <p>The structure, consisting of three basements, ground plus 06 floors is completed and remaining work i.e., MEP and interior is under progress.</p> <p>MEP (High side)- Completion Percentage</p> <ul style="list-style-type: none"> • Ground Floor: 100% • 1st Floor: 80% • 2nd Floor: Yet to start • 3rd Floor: 60% • 4th Floor: 80% • 5th Floor: 60% • 6th Floor: 60% <p>Interior- Completion Percentage</p> <ul style="list-style-type: none"> • Ground Floor: 80% • 1st Floor: Yet to be start • 2nd Floor: Yet to start



	<ul style="list-style-type: none"> • 3rd Floor: Yet to start • 4th Floor: 40%-50% • 5th Floor: Yet to start • 6th Floor: Yet to start <p>Work orders/ POs for major services have been awarded, and contractors have mobilised/ commenced work at site.</p> <p>The land and building have been given on to M/s AKMHPL on revenue share with lease rent of INR 25 Lakh per month with an escalation clause of 5% after every 3 years.</p>
Project Cost	INR 86.00 Cr.
Debt: Equity	1.39
Means of finance	<p>Term Loan – INR 50.00 Cr.</p> <p>Promoter Contribution (Equity) – INR 7.00 Cr.</p> <p>Unsecured Loan (Quasi-Equity) – INR 29.00 Cr.</p>
Techno-Economic Viability	<p>Yes</p> <p><i>(subject to amendment of agreement of EOT, technical assessment, mitigation of risk associated with the project, critical success factors and limiting conditions as mentioned in the report)</i></p>

Company Background

M/s AKM Hotels Private Limited (hereinafter referred to as "AKMHPL" or "Company") was incorporated in the year of 2003 by Mr. Ashwani Kumar Mehra. The company was originally incorporated in the name of M/s. AKM Jewellers Private Limited and in June 2021, it was renamed as AKM Hotels Private Limited when management decided to set up a five-star upscale luxury banquet cum hotel project at Delhi.

The director's details of the Company are detailed below.

S No.	Partner Name	Designation	Qualification	Years' Experience
1	Mr. Ashwani Kumar Mehra	Director	Graduate	~45
2	Mr. Deepak Mehra	Director	B. Com	~25

Source: AKMHPL



Share holding Pattern

The share holding pattern of the Company as of March 2022 is as mentioned below.

Name of Partners	No. of Shares	% Holdings
Mr. Ashwani Kumar Mehra	4,21,990	31.46%
M/s. Mateshwari Gems and Investment Limited	9,19,497	68.54%
Total	13,41,487	100.00%

Source: AKMHPL

Project Cost

D&B India had sought the details project cost working from the Company and also the BoQ/Work orders to assess the overall Project Cost.

Taking the basis of the same, the summary Project Cost as worked out by D&B India is presented in the exhibit below –

Exhibit: Project Cost (INR Cr.)			
S No	Particulars	Total	%
1	Interior Fitout and Furnishing	29.49	34.3%
2	Equipment	14.03	16.3%
3	Plant and Machinery	27.88	32.4%
4	Miscellaneous Fixed Assets	5.27	6.1%
5	Contingency	2.11	2.5%
6	Preliminary & Pre-op Expenses	0.80	0.9%
7	Interest During Construction	6.42	7.5%
	Total Project Cost	86.00	100.0%

Source: AKMHPL and D&B India Estimates

D&B India notes that Land and Land development cost and Building and Civil works cost has already been incurred by the Promoter, Mr. AK Mehra who is constructing the building with his own funds and will lease out both land and bare shell building to AKMHPL on long term lease rent at INR 25 Lakhs per month. The same will be starting after one year of hotel operations. The aforesaid amount will be escalated at 5% after every three-year post start of payment. Thus, the same have been excluded from the project cost and gross block computation. A draft agreement format has been shared by the Client for review and the same has been appended in the report.

Means of Finance

D&B India has worked out the means of finance, which have been presented in the exhibit below –

Exhibit: Means of Finance (INR Cr.)			
S No	Particulars	INR Cr.	%
1	Promoter's Contribution	7.00	8.1%
2	Unsecured Loan (Quasi Equity)	29.00	33.7%
3	Term Loan	50.00	58.1%
	Total	86.00	100.0%

Source: AKMHPL and D&B India Estimates



An amount of INR 19.46 Crore has been infused till 31st July 2022 of which INR 9.63 Crore is through ICICI Bank Loan. Detail of expense head is provided in below table.

Sr. No	Particulars	INR Cr.
1	Plant, Equipment & Materials Purchased	9.02
2	Furniture & Fixtures	2.73
3	Civil Woks	3.22
4	Consultants and Professional Fees	0.20
5	Interest on Loans	0.38
6	Pre-operative Expenses	0.15
7	Advances for capital equipment's	2.67
8	GST Input	0.87
9	Cash and bank Balance	0.23
	Total	19.46

The expenses incurred in the Project were financed through equity, ICICI Bank loan, unsecured loan, and Creditors, Payables & Misc. Liabilities. Supporting CA certificate for expenses incurred is appended in this report.

Debt Profile

As discussed above, D&B India notes that the total project cost is INR 86.00 Crore. The Project is funded in a Debt Equity Ratio of 1.39: 1, with Term Loan of INR 50.00 Crore and Equity (include Quasi-equity) of INR 36.00 Crore.

The broad term sheet for the proposed loan of INR 50.00 Crore is presented below –

Parameter	Details/ Remark
Term Loan Amount	INR 50.00 Crore
Interest in Term Loan	8.50% per annum
First Draw-down	Q3 of FY 2022-23
Date of Commercial Operations (Phase I)	1 st July 2024
Date of Commercial Operations (Phase II)	1 st July 2024
Moratorium Period	Post Construction moratorium period of 12 Months
Repayments Starts from	July 2025 (Q2 of FY 2025-26)
Door to Door Tenure	10 Years
Last Repayment	September 2032 (Q2 of FY 2032-33)
Instalments	32 Quarterly Instalments

Summary of Repayment Schedule

Particulars	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Op Bal	-	25.00	50.00	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00
Additions	25.00	25.00	-	-	-	-	-	-	-	-	-
Repayment	-	-	-	4.00	5.00	6.00	7.00	7.00	8.00	8.00	5.00
CI Bal	25.00	50.00	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00	-
Interest	0.62	3.36	4.25	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
Interest to P&L	-	-	3.19	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
IDC	0.62	3.36	1.06	-	-	-	-	-	-	-	-

Source: AKMHPL and D&B India Estimates



Key Financial Parameters

The financial highlight of the proposed Project is as shown below:

Exhibit: Financial Highlights										
Description	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Revenue	INR Cr.	58.84	77.12	87.25	98.02	101.95	106.04	110.28	114.37	118.61
Total Operating Costs	INR Cr.	43.08	60.84	68.54	76.59	81.05	84.59	88.23	91.89	95.48
EBITDA	INR Cr.	15.76	16.29	18.71	21.43	20.91	21.45	22.05	22.48	23.14
EBITDA Margin	%	26.8%	21.1%	21.4%	21.9%	20.5%	20.2%	20.0%	19.7%	19.5%
Contribution	INR Cr.	19.94	25.76	28.86	32.30	32.17	32.98	33.86	34.71	35.64
Contribution Margin	%	33.9%	33.4%	33.1%	32.9%	31.6%	31.1%	30.7%	30.4%	30.0%
BEP Sales		34.37	56.64	57.78	58.45	60.23	59.70	58.97	58.45	57.51
BEP Capacity Utilisation		19.7%	31.9%	32.1%	31.9%	31.8%	30.5%	29.1%	27.8%	26.4%
Cash Break Even	INR Cr.	22.59	42.25	44.70	47.04	50.39	51.98	53.55	55.56	57.04
Cash Break Even Margin	%	13.0%	23.8%	24.8%	25.6%	26.6%	26.5%	26.5%	26.5%	26.2%
Net Profit	INR Cr.	6.72	6.53	8.36	10.53	10.37	11.09	11.90	12.65	13.54
Net Profit Margin	%	11.4%	8.5%	9.6%	10.7%	10.2%	10.5%	10.8%	11.1%	11.4%
Equity Share Capital	INR Cr.	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Quasi-Equity	INR Cr.	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00
Reserves and Surplus	INR Cr.	12.87	19.39	27.75	38.29	48.66	59.75	71.65	84.30	97.84
Tangible Net Worth (TNW)	INR Cr.	48.87	55.39	63.75	74.29	84.66	95.75	107.65	120.30	133.84
Term Loan	INR Cr.	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00	-
Debt Equity Ratio	Ratio	7.14	6.57	5.86	5.00	4.00	3.00	1.86	0.71	-
Total Outside Liability (TOL)	INR Cr.	64.18	58.85	53.04	46.25	38.24	30.17	21.11	12.04	7.27
TOL/ TNW	Ratio	1.31	1.06	0.83	0.62	0.45	0.32	0.20	0.10	0.05
Closing Cash Balance	INR Cr.	18.01	23.89	30.45	38.16	44.92	52.32	59.53	67.50	80.65
DSCR	Ratio	2.86	1.58	1.63	1.71	1.59	1.70	1.66	1.79	1.80
Avg. DSCR	Ratio	1.74								
IRR	%	21.32%								

Source: AKMHPL, D&B India



The following are observed from the table above:

- The project is envisaged to garner an average EBITDA margin on 20.70% during the projected period of FY25 to FY33 with an average PAT margin of 10.62% during the same tenure. The projected EBITDA margin are in line with industry standard for an upscale hotel with banqueting facilities.
- Average DSCR during FY25 to FY33 is envisaged to 1.74, indicating that the debt repayment capability of the Company is adequate to service debt obligations.
- The IRR at 21.32% is higher than post tax cost of capital at 9.98%, indicating that the Project is financially viable
- Major assumptions for the projections are as follows:

Project Configuration for the proposed hotel is as follows:

Particulars	UoM	Phase-I
Rooms		
Standard	Nos.	94.00
Suite	Nos.	7.00
Total Rooms	Nos.	101.00
Banquet		
Banquet Hall-Ground Floor (A)	PAX	800.00
Banquet Hall-Ground Floor (B)	PAX	800.00
Banquet Hall-First Floor	PAX	500.00
Banquet Hall-Second Floor (A)	PAX	500.00
Banquet Hall- Second Floor (B)	PAX	400.00
Restaurant		100.00

Tariff Assumptions with year on year escalation considered

Tariff		
Particulars	UoM	Value
Rooms		
Standard	INR / Room	4,500.00
Suite	INR / Room	7,000.00
Banquet		
Banquet Hall	INR / PAX	2,500.00
Conference/Kitty/Anniversary/Birthday	INR / PAX	1,500.00
Restaurant		
Breakfast	INR / PAX	250.00
Lunch	INR / PAX	500.00
Dinner	INR / PAX	800.00

Occupancy – average room occupancy and banquet Occupancy considered is shown below:

Occupancy										
Occupancy	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Average Room Occupancy (Considering 365 days operation)	%	34%	43%	48%	53%	54%	54%	54%	54%	54%
Average Banquet Occupancy (Considering 120 event days)	%	50%	60.0%	65.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%



Broad Expense assumptions

Particulars		Costs	UoM	Value
Variable Cost				
Cost of Material Consumed		% of F&B & MICE		40.00%
Stores and Consumables		% of F&B + Room		25.00%
Upkeep Expenses		% of Room Rev + Banquet + F&B		15.00%
Transportation Cost		% of Room Rev + Banquet		0.50%
Repairs and Maintenance Cost		% GB		1.00%
Printing, Stationery, Communication Exp.		% of Rev		0.25%
Insurance		% NB		0.25%
Repairs and Maintenance Escalation		% GB		1.25%
Fixed Cost				
Administrative Expenses		% of Total Revenue		3.00%
Selling Expenses		% of Total Revenue		2.50%
Other Admin & Misc. Exp.		% of Total Revenue		1.25%
Lease Rent	Per Month - INR Cr. (min 25 lakh post 1 st year operation & escalation every 3 yr. by 5%)			0.25
Management Fees - Ramada				
Room Royalty	3% of Gross Rooms Revenue ("GRR") in Years 1 to 5; 3.5% of GRR from the beginning of Year 6 until the end of the Term			3.0%
				3.5%
Food & Beverage Royalty	0% of Gross Food & Beverage Revenue ("GFBR") in Years 1 to 5; 0.5% from the beginning of Year 6 until the end of the Term;			0.0%
				0.5%
Sales & Marketing Fee	2% of GRR			2.0%
Reservation Fees	0.25% of GRR plus the then current third-party distribution charges, which at the date of this LOI are: o US\$7.00 per GDS reservation o US\$2.00 per OTA intermediary reservation (which includes DHISCO, Derbysoft, HBSi);			0.3%
	GDS Reservation Fee			595.00
	OTA Reservation Fee			170.00
	GDS Reservation % considered			35.0%
	OTA Reservation % Considered			15.0%
Quality Circle Fee	US\$4,000 (per year);			3,40,00 0.00
National Revenue Management Services Fee	Monthly Revenue Management Fee, which at the date of this LOI is US\$3.75 per guest room (with a minimum monthly fee of US\$375.00) per month for basic revenue management services			318.75
	Min per month			3,82,50 0.00
Hotel Technology Client Support Services	Licensee must pay Wyndham a monthly fee of US\$195 for HTCSS			1,98,90 0.00
Initial Fee	US\$10,000 payable on signing of this LOI			0.09
Technical Services Fee	US\$21,200: of which US\$10,600 is payable within six (6) months of the date of signing this LOI; US\$10,600 is payable within twelve (12) months of the date of signing this LOI or Opening Date whichever is earlier			0.09
	During Operations			0.09



Sensitivity Analysis

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

Sensitivity Analysis					
Description	Sensitivity	Avg. DSCR	Min DSCR	IRR	Post Tax CoC
Base Case		1.74	1.58	21.32%	9.98%
Decrease in Occupancy by	10%	1.53	1.10	16.18%	9.98%
Decrease in Tariff by	5.0%	1.60	1.46	18.79%	9.98%
Increase in Departmental Cost by	5.0%	1.58	1.44	18.30%	9.98%
Increase in Rate of Interest by	2%	1.65	1.45	21.16%	10.92%
Decrease in EBITDA by	10%	1.59	1.45	18.51%	9.98%
In Absence of Wyndham		1.52	1.36	17.26%	9.97%

Source: D&B India Estimates

From the table it is noted that Average DSCR of the Company are susceptible to decrease in occupancy level, decrease in revenue, increase in departmental cost and increase in interest rates.

However, in all scenarios the min DSCR remains above 1, Avg. DSCR remains above 1.5 and IRR is higher than post-tax WACC, indicating robustness of the project.



Risk Analysis and Mitigation Measures

The key risks, allocation and mitigation specific to the project are shown in the following table:

Key Risks	Carrier	Proposed Mitigation of Risk
Experience and Capability	AKMHPL	<p>Mr Ashwani Kumar Mehra (AKM), the promoter of AKM group, is a well-established name in Jewellery business in Delhi for over four decades. The family owns and operates exclusive jewellery showroom, M/s. AKM Mehra's Jewellers at South Extension -I, New Delhi.</p> <p>Jewellery trade is closely interlinked with wedding business, as most of the family buying of jewellery is incurred at the time of weddings in the families. As a result, AKM have linkages with most of the top wedding planners and related professionals over the last few decades.</p> <p>AKM group saw opportunity and synergy in entering into the banqueting business as an extension of jewellery business and had set up a banquet at MG Road named, Trillion in 2008. Further in 2016, the Company decided to dismantle the structure and setup a new structure for banquet cum hotel.</p> <p>Both the promoters have over 25 years of experience in Jewellery trade and operating Banquets. However, this is the 1st hotel project envisaged by the Company and the directors do not have any experience in operations of hotel.</p> <p>To mitigate the risk, the Management of the Company is planning to undergo Technical, Franchise, Management & Marketing arrangement with Wyndham Hotel Asia Pacific Co. Limited to develop a hotel under the Ramada Plaza based on LOI received dated 7th Feb 2022.</p> <p>Additionally, AKMHPL proposes to employ, senior professionals from the industry to operate the hotel on day-to-day basis, once the commercial operation of the proposed project starts. These senior professionals will be recruited during the course of implementation of the Project.</p> <p>The Consultants have been hired with adequate experience in respective fields for the construction of the proposed banquet cum hotel.</p> <p><i>D&B India recommends to recruit, train and retain the key technical manpower.</i></p>
Funding Risk	AKMHPL	<p>D&B India notes that the overall Project Cost has been estimated at INR 86.00 Crore, which is proposed to be funded in a Debt Equity ratio of 1.39: 1 or Debt of INR 50.00 Crore and Equity (including quasi-equity) of INR 36.00 Crore.</p> <p>D&B India notes that the promoters of the Company have already infused in land purchase and civil construction. Also based on physical progress on interior works,</p>



Key Risks	Carrier	Proposed Mitigation of Risk																																	
		<p>MEP services and activities at site it is noted that amount of INR 19.46 Crore has been infused till 31st July 2022 of which INR 9.63 Crore is through ICICI Bank Loan.</p> <table border="1"> <thead> <tr> <th>Sr. No</th><th>Particulars</th><th>INR Cr.</th></tr> </thead> <tbody> <tr> <td>1</td><td>Plant, Equipment & Materials Purchased</td><td>9.02</td></tr> <tr> <td>2</td><td>Furniture & Fixtures</td><td>2.73</td></tr> <tr> <td>3</td><td>Civil Woks</td><td>3.22</td></tr> <tr> <td>4</td><td>Consultants and Professional Fees</td><td>0.20</td></tr> <tr> <td>5</td><td>Interest on Loans</td><td>0.38</td></tr> <tr> <td>6</td><td>Pre-operative Expenses</td><td>0.15</td></tr> <tr> <td>7</td><td>Advances for capital equipment's</td><td>2.67</td></tr> <tr> <td>8</td><td>GST Input</td><td>0.87</td></tr> <tr> <td>9</td><td>Cash and bank Balance</td><td>0.23</td></tr> <tr> <td colspan="2">Total</td><td>19.46</td></tr> </tbody> </table> <p>Supporting CA certificate for expenses incurred till 31st July 2022 is appended with this report.</p>	Sr. No	Particulars	INR Cr.	1	Plant, Equipment & Materials Purchased	9.02	2	Furniture & Fixtures	2.73	3	Civil Woks	3.22	4	Consultants and Professional Fees	0.20	5	Interest on Loans	0.38	6	Pre-operative Expenses	0.15	7	Advances for capital equipment's	2.67	8	GST Input	0.87	9	Cash and bank Balance	0.23	Total		19.46
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Total		19.46																																	
Cost/Time Overrun Risk	AKMHPL	<p>The structure, consisting of three basements, ground plus 06 floors is complete for all floors.</p> <p>Internal brickwork and plastering works are complete on the ground floor, and in progress for other floors.</p> <p>MEP for high side has been completed for ground floor and near to completion for first and fourth floors. Interior works are also in progress and is near to completion on ground floor; for other floors interior work is yet to start except for fourth floor where 40% of the interior work has been completed till date.</p> <p>Work orders for major services have been awarded, and contractors have mobilised/ commenced work at site.</p> <p>The proposed date of commercial operations is July 2024, which gives a total of 23 months for project completion, obtaining of completion certificate, permanent connection for water and power, and all other statutory approvals for commencement of operations.</p> <p>Any cost over run over and above the contingency amount needs to be funded through promoter contribution. Lender may put a suitable clause accordingly.</p>																																	
Statutory Approvals	AKMHPL	<p>The Company has obtained and furnished the Plan Approval, Environmental Clearance and Structural Stability Certificate. Copies of all other approvals obtained may be furnished.</p> <p>All other licenses required for hotel operation are to be obtained once building is complete and completion certificate received. Balance of the approvals and clearances will be required by the Project just prior to commissioning and</p>																																	



Key Risks	Carrier	Proposed Mitigation of Risk
		<p>immediately post commissioning of the Project and hence these will be applied for during the course of completion of the Project.</p> <p>Lenders may insist the Company to obtain the critical approvals / initiate the process of renewal before disbursement of funds.</p>
Competition Risk	AKMHPL	<p>D&B India notes that the Project of the Company is relatively not a new prospect in the region. There are other established players-</p> <ul style="list-style-type: none"> • Le Meridien • Fortune Select Global • The Grand • Radisson Blu Plaza <p>Other notable banquets available in the region are:</p> <ul style="list-style-type: none"> • Corus Banquet & Conventions • Magadh Vilas Banquet Hall • Chaupal Hotel and Banquet <p>Above hotel and banquets are providing similar set of services and facilities as the Hotel cum banquet of AKMHPL and are direct competition to the Project.</p> <p>Hence it will be essential for the Banquet cum Hotel to undertake advertising on regular basis including hosting events and shows etc. to keep the Banquet/Hotel in visibility of people in general. Further, in order to maintain estimated occupancy rate/ covers and to realise rents the hotel/ banquet will need to tie-up with various websites like TripAdvisor, MakeMyTrip etc. along with planning and execution of advertisement and business promotion activities which shall eventually result in better mileage.</p>
Pricing Level and Sustainability	AKMHPL	<p>As part of the overall assessment, D&B India had undertaken a detailed secondary and primary assessment of the market in the region. Based on the assessment undertaken, D&B India understands that the Company is considering the mark to the market approach for the Project i.e., the prices as proposed for the Project are at par with the prices of similar banquets and hotels in the region.</p> <p>In addition to the above, D&B India undertook a sensitivity analysis, considering a scenario of fall in prices of the services by 5.0% and finds that the Project remains viable under this scenario.</p>
Force Majeure	AKMHPL	<p>The lenders may insist upon the Company to take adequate insurance cover for insurable Force Majeure risks.</p>



SWOT Analysis

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

Strength	Weakness
<ul style="list-style-type: none"> The company has prior experience in operating banquet at the same location and also have tie-ups with high-end customers due to jewellery business of the group It is well connected and in close proximity to Gurgaon and other locality of New Delhi. The land is already acquired and the structure, consisting of three basements, ground plus 06 floors is complete for all floors. Interior works and MEP work is in progress. Majority of Pre-COD approvals are in place. 	<ul style="list-style-type: none"> The promoters do not have prior experience in operating a 5-star hotel project. <i>However, Company is planning to undergo Technical, Franchise, Management & Marketing arrangement for operating the Hotel. At this juncture they have received LOI to operate the hotel under Ramada Plaza brand.</i>
Opportunity	Threat
<ul style="list-style-type: none"> The increase in purchasing power of the domestic population, resulting in spending on travel and tourism and demand for high-end wedding events. The annual turnover in Indian hotel industry before facing Covid crises was growing at CAGR of nearly 12% during FY 2014-19. In FY 2020, the Indian hotel industry's total revenue stood at INR 1820 Bn. Improving business sentiments in India owing to numerous policy and administrative reforms being implemented by the Government of India has helped the industry to grow at healthy rate. Furthermore, occupancy rates, as well as ARR, witnessed good growth. Since the location is in Delhi but near to Gurgaon also. The Company has opportunity to tap customers from both Delhi and Haryana state. The growth in the IT/ITES industry in the Gurgaon and Sultanpur area further augments demands for Business travellers. LUXURY – UPPER UP hotel segment post Covid performance in domestic market 	<ul style="list-style-type: none"> Covid 19 pandemic has largely impacted the hotel industry and service industry owing to country wide lockdown, restrictions on social gathering and ban on international tourist/travel. Due to Pandemic Global International Tourist Arrivals (ITAs) dropped by 74%. Estimated Loss in Tourism Exports revenue is USD 1.3 trillion. <i>At the same time, the gradual rollout of the COVID-19 vaccine across the globe and in India is expected to help restore consumer confidence and help ease these restrictions during the year ahead. India-wide occupancy to improve to 56-59% in 2021, which will push RevPAR. In Q2 of FY21 early signs of revival were visible in the market as the lockdown restrictions started to ease. This revival was primarily due to people traveling to motorable leisure destinations. In the absence of corporate demand and government restrictions on event size, the revival in the conventionally corporate-heavy markets was assisted by social events. In Q3 with the onset of the festive & holiday season the sector focused on social events and other indirect room demand generators such as staycations and stay events. This</i>



<ul style="list-style-type: none"> • Mumbai led Occupancy at 55.4%, followed by Goa at 55%. • Metro and Business Cities: Besides Mumbai, only Delhi, Chennai and Gurugram secured over 50% Occupancy. • ADRs showed a different picture. Mumbai at INR 5,938 was unusually below the national average as were other metro cities and business destinations. Gurugram with INR 6603 also secured the highest RevPAR at INR 3,322 • Only Gurugram and Mumbai enjoyed RevPAR in the 3k level. BLR and Pune remained below Rs 2k for the second year running 	<p>enabled the industry to achieve occupancy level closer to 35% and ADR north India of ₹4,000 during the quarter.</p> <p>In spite of all odds, the industry did post a moderate recovery in 2021. Key highlights are:</p> <ul style="list-style-type: none"> - Demand numbers were positive, rates were not; consequently, RevPAR levels have a long road ahead - Q3-21 was particularly strong, for that time of year - Leisure sector fared very well, newer destinations emerged - Improved demand without sizeable corporate, MICE and crew usage, are a stand-out. • Generic threat of global and economic slowdown. • Competition from entry of new similar hotel projects in nearby vicinity as well as existing well established Upscale and midscale segment hotels will persist.
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Conclusion

Please refer to page no. 145.



Main Report



Scope of Work

M/s. AKM Hotels Private Limited has appointed Dun and Bradstreet Information Services India Private Limited ('D&B India') for assessing the technical and financial viability of their proposed Banquet cum Hotel project. The project is located at Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1, Village- Sultanpur, Tehsil- Mehrauli, New Delhi-110030. The study would encompass assessing the techno economic viability of the project and evaluation of the constraints and future potential.

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 and other assets.
- 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 interest service coverage ratio, IRR, sensitivity analysis to arrive at a conclusion on the viability of the project.

Date of Inspection

With a view to have first-hand information of the site, the above referred site was physically visited by a team from D&B India on 21st July 2022. The site visit status has been provided in the technical section in this report.

Team of Consultants

The team of Consultants who have worked on the project has been mentioned below:

Mr. Kallol Debnath has completed Bachelor of Technology in Mechanical in 2005 from Kalinga Institute Technology and Science and Management in Business Administration in Finance in 2008. He has over 12 years work experience and 10 years of relevant experience in project appraisal and techno-economic viability studies. Involved in the capacity of lead consultant & project manager for techno-economic feasibility study under S4A Scheme, Corporate Debt and Business Restructuring of various companies in the Steel, Textile, Construction, Real Estate, Sugars, Hospitality and other allied sectors.

Mr. Vikash Kumar is a Graduate Mechanical Engineer with MBA in Marketing and Analytics having 4 Years of experience in solving business cases in diverse sectors through feasibility study, viability study and technical due diligence, business cases related to merger and acquisition, and project finance.

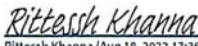

Mr. N Ananthanarayanan holds a Bachelor of Technology (Hons) in Civil Engineering in 1977 from the Indian Institute of Technology, Kharagpur and an MS in Structures from the Indian Institute of Technology, Madras. He has over 44 years of experience in the Civil Engineering domain & Real Estate sectors in R&D, Design, Contracts, Construction & Project management & general management, having worked across sectors like power,



healthcare, hospitality, Residential & Commercial real estate etc. for about 34 years and as an independent consultant for the past 10 years. He is a past member of the Institution of Engineers (India) and the American Society of Civil Engineers.

The business development team:

Name	Designation	Location
Mr. Rittessh Khanna	Deputy Sales Head, BAC (North)	Delhi
Mr. Sumit Kalia	Senior Sales Manager, BAC (North)	Punjab
Mr. Mayank Sharma	Strategic Account Planner, BAC (North)	Delhi

Name	Digital Signature
Mr. Rittessh Khanna	 Rittessh Khanna (Aug 18, 2022 17:36 GMT+5.5)
Mr. Kallol Debnath	 Kallol Debnath (Aug 18, 2022 17:31 GMT+5.5)



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. Physically Visit to the proposed location in Delhi at Khasra Number Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1, Village – Sultanpur, Tehsil - Mehrauli, New Delhi. To carry out sensitivity analysis & SWOT analysis and to identify risk & its mitigation pertaining to the project
3. Assessment of the project cost reasonableness of the proposed project.
4. Assessment of the revenue and cost estimates for the project.
5. The technical assessment comprising of the review of proposed project locations, plant and machinery and other related aspects.
6. Assessing the project viability with financial analysis techniques like DSCR, NPV, IRR and sensitivity analysis.
7. Arriving at a conclusion on the project viability.



Project Details

M/s. AKM Hotels Private Limited has decided to construct a five-star upscale luxury banquet cum hotel based on the theme of "Banqueting Hotel" at a plot on the main Mehrauli Gurgaon Road (MG Road), New Delhi. The proposed project is located at Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220/min, 222/2 & 223/1, Mehrauli Gurgaon Road, New Delhi. The land area measuring 2.90 acres is owned by the promoter Mr. Ashwani Kumar Mehra which is transferred on lease to AKMHPL on revenue share with minimum lease rent of @ INR 25 Lakhs per month after one year of hotel operations with an escalation clause of 5% every 3 years post start of payment. However, D&B India has not reviewed any such agreement between the Company and the Promoter.

The civil and structural work undertaken by Mr. Mehra with his own fund is nearing completion and subsequently the company is investing and undertaking the remaining work like interior, Mechanical, Electrical and Plumbing (MEP), Landscape, Finishing, O&E, Furniture, Fixtures and Equipment (FF&E), Kitchens etc which is under progress and will be completed by the company.

The Project configuration is detailed in table below.

Particulars	UoM	Values
Rooms		
Standard	Nos.	94.00
Suite	Nos.	7.00
Total Rooms	Nos.	101.00
Banquet		
Banquet Hall-Ground Floor (A)	PAX	800.00
Banquet Hall-Ground Floor (B)	PAX	800.00
Banquet Hall-First Floor	PAX	500.00
Banquet Hall-Second Floor (A)	PAX	500.00
Banquet Hall- Second Floor (B)	PAX	400.00
Restaurant		100.00

Source: AKMHPL

The project has received necessary approvals from the competent authority i.e., from Municipal Corporation of Delhi (MCD), and environmental clearance^b for establishment of five-star hotel.

The brief of the project facilities are as follows:

Rooms: 101 guest rooms including 94 standard and 7 suites rooms are proposed which may be used as lodging for guests and families attending marriages and parties, other regular customers during slack season, holding conferences and high-level corporate meetings or parties or for leisure trips etc. These rooms will mainly cater to the needs of guests/customers during parties, marriages. Proposed standard rooms have area of approximately 304.40 Sq. ft. and suites have area of approx. 608.80 sq. ft., fitted with high –class furnishings, gadgets, toiletries etc.

Restaurant: All day restaurant cum bar is proposed on first floor of the building having capacity of 100 covers.

^b The environmental clearance (EC) certificate is named under M/s Trillion Motel and this needs to be transferred to AKMHPL before attaining COD.



Banquet Hall /Banqueting Facilities: The project envisages 5 Banquet halls spread across the Ground, First and Second floor, with a total capacity at 3,000 pax, focused to cater to the needs of the large parties /marriages/ events which will be the main revenue earning activity of the proposed Project.

Health Club: To provide in-house facilities to all resident guest and neighbouring customers, a truly equipped health club is proposed. As per the company, initially it is proposed to have an exclusive membership.

Swimming Pool: The project envisages a standard full size swimming pool, which will be added attraction to all club members and in-house guests, besides giving a natural landscaping look to the project.

The total Project Cost of the proposed project is INR 86.00 Crore. The Project was funded in a Debt Equity Ratio of 1.39:1, with Term Loan of INR 50.00 Crore.

D&B India notes that the Proposed hotel under the Project will be operated through franchise model. The Company is in discussion with several hotel brands for the tie-up.

The main financial parameters of the Project have been presented below –

- Equity component for the Project has been estimated at INR 36.0 Crore, while the term loan has been ascertained at INR 50.00 Crore.
- The IRR of the Project has been ascertained IRR at 21.32% is higher than post tax cost of capital at 9.98%, indicating the Project is financially viable.
- The average DSCR of the Project is 1.74, while the minimum DSCR of the Project is 1.58
- The Project is expected to achieve commercial operations by July 2024.



Company Background

Introduction

M/s AKM Hotels Private Limited (hereinafter referred to as "AKMHPL" or "Company") was incorporated in the year of 2003 by Mr. Ashwani Kumar Mehra. The company was originally incorporated in the name of M/s. AKM Jewellers Private Limited and in June 2021, it was renamed as AKM Hotels Private Limited when management decided to set up a five-star upscale luxury banquet cum hotel project at Delhi.

Mr Ashwani Kumar Mehra, the promoter of AKM group, is a well-established name in Jewellery business in Delhi for over four decades. The family owns and operates exclusive Jewellery showroom, M/s. AKM Mehra's Jewellers at South Extension -I, New Delhi. The promoters have patronage of most of the old, reputed families of Delhi and North India and are rated amongst top jewellers in Delhi.

AKM group saw opportunity and synergy in entering the banqueting business as an extension of jewellery business and set up three banquet halls and 16 rooms in 2008 at MG Road. In no time, the business boomed, and they had bookings flowing which was much beyond its capacity. Thereafter the management decided to demolish the structure in 2016 and setup banquet cum hotel Project on the same land.

The banquet facility is located on the most prime plots on the MG Road and the new MCD norms permitted setting up a much larger and modern banquet facility along with rooms and commercial areas and adequate parking and other facilities.

With successful experience in banqueting, the company decided to expand the capacity of banquets and offer other facilities viz rooms, all day restaurant, commercial areas as permissible in the area.

The Company details have been summarised below –

Description	Details
Name of the Company	M/s. AKM Hotels Private Limited
Date of Formation	19 th December 2003
Constitution	Company Limited by shares
Registered Office	G-25, 1 st floor, South Extension Part – I, South Delhi, Delhi – 110049, India.
Industry	Hospitality Industry
Site Location	Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1

Source: AKMHPL

Director's Profile

A brief description of the directors of the Company has not been shared by the Company.

S No.	Partner Name	Designation	Qualification	Years' Experience
1	Mr. Ashwani Kumar Mehra	Director	Graduate	~45
2	Mr. Deepak Mehra	Director	B. Com	~25

Source: AKMHPL



Name	Designation	Profile
Mr. Ashwani Kumar Mehra	Director	He has founded A.K. Mehra Sons & Jewelers and operating the same for about 3 decades. He had also managed the erstwhile Trillion Banquet Hall which was earlier at proposed project location for 7 years from 2010 to 2017. He has completed his Graduation and is 72 years of age
Mr. Deepak Mehra	Director	He is being assisting his father Mr. A K Mehra, in jewelry business for 20 years. He has completed B.Com and is 44 years of age.

Share Holding Pattern

The share holding pattern of the Company as of March 2022 is as mentioned below

Name of Partners	No. of Shares	% Holdings
Mr. Ashwani Kumar Mehra	4,21,990	31.46%
M/s. Mateshwari Gems and Investment Limited	9,19,497	68.54%
Total	13,41,487	100.00%

Source: AKMHPL

Group Profile

As per the information provided by the Company, the group has been into hospitality business since 2003, Jewellery business since July 2000 and financial intermediary business since January 1998. Brief particulars of the major group companies are as under.

Company	Incorporation Date	Nature of Activity	Promoters	CIN No.
AKM Hotels Private Limited	19 th December 2003	Hotel and Banquets	Mr. Deepak Mehra Mr. A K Mehra	U55100DL2003PTC123611
AKM Jewellers Private Limited	13 th July 2000	Jewellery	Mr. Deepak Mehra Mr. A K Mehra	U36911DL2000PTC106778
Mateshwari Gems and Investment Limited	9 th January 1998	Finance and Investment	Mr. Deepak Mehra Mr. A K Mehra Mr. Rohit Seth	U65993DL1983PLC016407

Source: MCA Portal and AKMHPL



Historical Financial

AKM Hotels Private Limited / AKM Jewellers Pvt. Ltd.

This is the existing financial of the Company the same has not been considered while preparing the financials of the proposed project and fresh standalone assessment has been conducted.

Key Highlights	FY 2019 (Aud.)	FY 2020 (Aud.)	FY 2021 (Aud.)	FY 2022 (Prov.)
Total Revenue (INR Crore)	0.16	0.07	0.07	0.13
EBIDTA (INR Crore)	0.15	0.07	0.07	0.09
PBT (INR Crore)	0.15	0.07	0.07	0.08
PAT (INR Crore)	0.15	0.07	0.07	0.08
Revenue Growth	NA	-53.85%	-1.29%	-70.95%
EBIDTA Growth	NA	-56.18%	0.70%	25.55%
PAT Growth	NA	-56.19%	0.72%	23.45%
EBIDTA Margin	94.99%	90.19%	92.01%	67.58%
PBT Margin	94.99%	90.18%	92.01%	66.44%
PAT Margin	94.99%	90.18%	92.01%	66.44%
Net Worth (INR Crore)	4.43	4.50	7.37	7.46
TOL (INR Crore)	0.01	0.01	0.01	7.58
TOL/TNW (Times)	0.002	0.003	0.001	1.016
Interest Coverage Ratio (EBIDTA/Interest)	NA	5719.42x	NA	59.63x
Current Ratio (Times)	4.47	2.67	1.58	1.64

Source: Audited Financial Statement

Mateshwari Gems & Investment Limited

Mateshwari Gems and Investment Ltd is a 38 years 11 months old Public Company incorporated on 26 Aug 1983. Its registered office is in South Delhi, Delhi, India.

The Company's status is Active, and it has filed its Annual Returns and Financial Statements up to 31 Mar 2021 (FY 2020-2021). It's a company limited by shares having an authorized capital of Rs 250.00 lakh and a paid-up capital of Rs 220.49 lakh as per MCA.

3 Directors are associated with the organization. Deepak Mehra, Rohit Seth and Ashwani Kumar Mehra are presently associated as directors.

The Company is into jewellery and gems business with showrooms in NCR region.



Key Highlights	FY 2019 (Aud.)	FY 2020 (Aud.)	FY 2021 (Aud.)	FY 2022 (Prov.)
Total Revenue (INR Crore)		0.20	0.01	
EBIDTA (INR Crore)		0.19	0.00	
PBT (INR Crore)		0.19	0.00	
PAT (INR Crore)		0.14	0.00	
Revenue Growth			-94.33%	
EBIDTA Growth			-97.68%	
PAT Growth			-97.66%	
EBIDTA Margin		95.98%	39.25%	
PBT Margin		95.98%	39.15%	
PAT Margin		70.90%	29.29%	
Net Worth (INR Crore)		3.00	3.00	
TOL (INR Crore)		0.05	0.01	
TOL/TNW (Times)		0.02	0.003	
Interest Coverage Ratio (EBIDTA/Interest)		15,157.00x	369.65x	
Current Ratio (Times)		58.72x	0.49x	

Source: Audited Financial Statement



Technical Assessment

Project Configuration

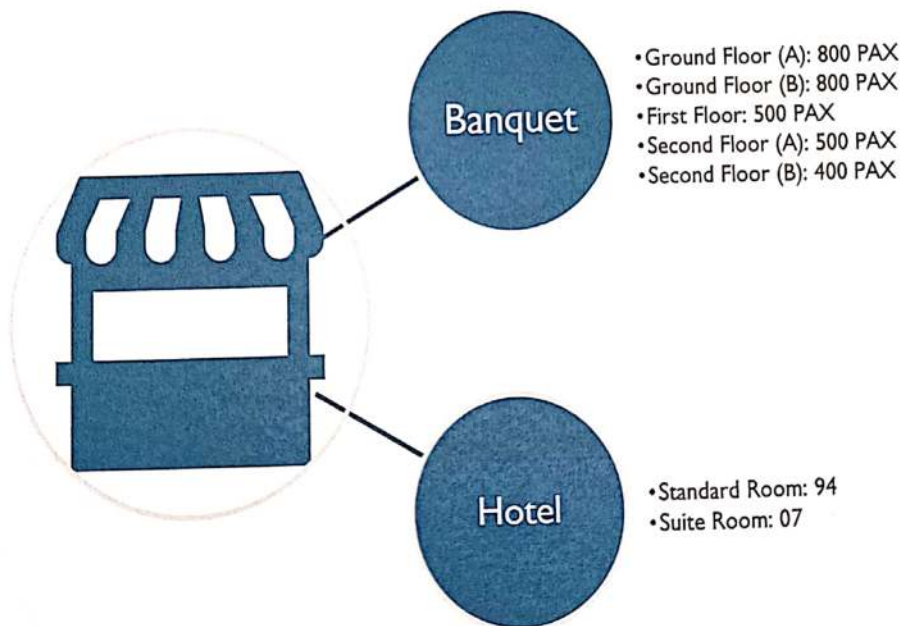
M/s AKM Hotels Private Limited proposes to develop five (05) banquet halls and 101 hotel rooms located on the Mehrauli-Gurgaon Road in New Delhi and is spread across 11,719.00 sq. m. plot area.

The Company is in discussion with Wyndham Hotel Asia Pacific Co. Limited for operation / management of hotel for non-exclusive license to develop a hotel under the Ramada Plaza ® by Wyndham brand system in New Delhi.

The project is located at Khasra Number 218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1, Mehrauli Gurgaon Road, New Delhi and have already got necessary approvals from competent authority (Municipal Corporation of Delhi, MCD) for establishment of the five-star hotel. The project highlights are high end banqueting facilities duly supported by health club/ Spa/ Saloon activities, as main revenue generating activity.

The premises of the Project include Banquet halls, hotel rooms and a corporate block. However, assessment of corporate block has not been considered under the Project and the scope of the assignment is limited to the Services and Interior Fitouts & Furnishing of hotel rooms and banquet halls only. Further, D&B India has not considered land cost, civil works cost, cost for landscaping and external development of the building under the Project as it is to be done by promoter/ landowner, Mr. A.K. Mehra.

The hotel will have 94 standard rooms and 7 suite rooms along with various amenities and latest facilities offered with highest class standards to ensure the utmost satisfaction to the customers, brief of the facilities is as illustrated below.



Source: AKMHPL, D&B India Illustration



The Project will also include health club, swimming pool, and other infrastructure for leisure purpose.

Health Club

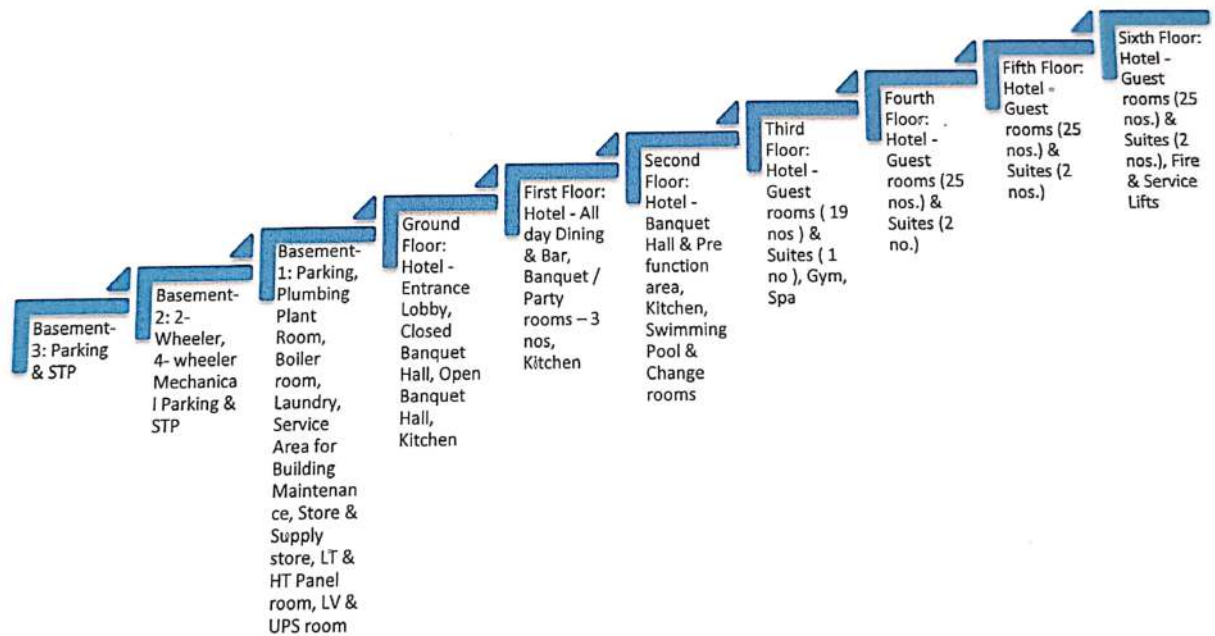
To provide in-house facilities to all resident guest and neighbouring customers, a truly equipped health club is proposed. Initially it is proposed to have an exclusive membership.

Swimming Pool

The project envisages a standard full size swimming pool, which will be added attraction to all club members and in-house guests, besides giving a natural landscaping look to the hotel project.

The Hotel will consist of 3 basements, ground plus six floors and a service floor, with a tower from second to sixth floor for hotel rooms and facilities, and a tower from second to fifth floor for corporate office space.

Following is the floor wise configuration of the Project.



Source: AKMHPL



Floor plan for the Project is detailed in table below.

Floor	Plan
Basement-3	<ul style="list-style-type: none"> • Lift Lobby & Lifts • Fire & Service Lifts • Car & Two-wheeler Parking • STP
Basement-2	<ul style="list-style-type: none"> • Lift Lobby & Lifts • Fire & Service Lifts • Car & Two-wheeler Parking • Mechanical Car parking • STP
Basement-1	<ul style="list-style-type: none"> • Lift Lobby & Lifts • Fire & Service Lifts • Car & Two-wheeler Parking • Plumbing Plant Room • Boiler room • Laundry • Service Area for Building Maintenance – 5 nos. • Store & Supply store • LT & HT Panel room • LV room • UPS room • Garbage room
Ground Floor	<p>Hotel</p> <ul style="list-style-type: none"> • Entrance Lobby • Lift Lobby & Lifts • Office • Banquet Hall & Open lawn for Banquets • Kitchen • Fire & Service Lifts • Gents & Ladies toilets <p>Office</p> <ul style="list-style-type: none"> • Office Entrance Lobby • Lift Lobby & Lifts • Fire & Service Lifts
First Floor	<p>Hotel</p> <ul style="list-style-type: none"> • All day Dining & Bar • Banquet / Party rooms – 3 nos. • Kitchen • Gents & Ladies toilets • Office & Stores Office • Lift Lobby & Lifts • Fire & Service Lifts • Refuge Terrace <p>Office</p> <ul style="list-style-type: none"> • Lift Lobby & Lifts • Fire & Service Lifts
Second Floor	<p>Hotel</p> <ul style="list-style-type: none"> • Banquet Hall & Pre function area • Kitchen • Gents & Ladies toilets



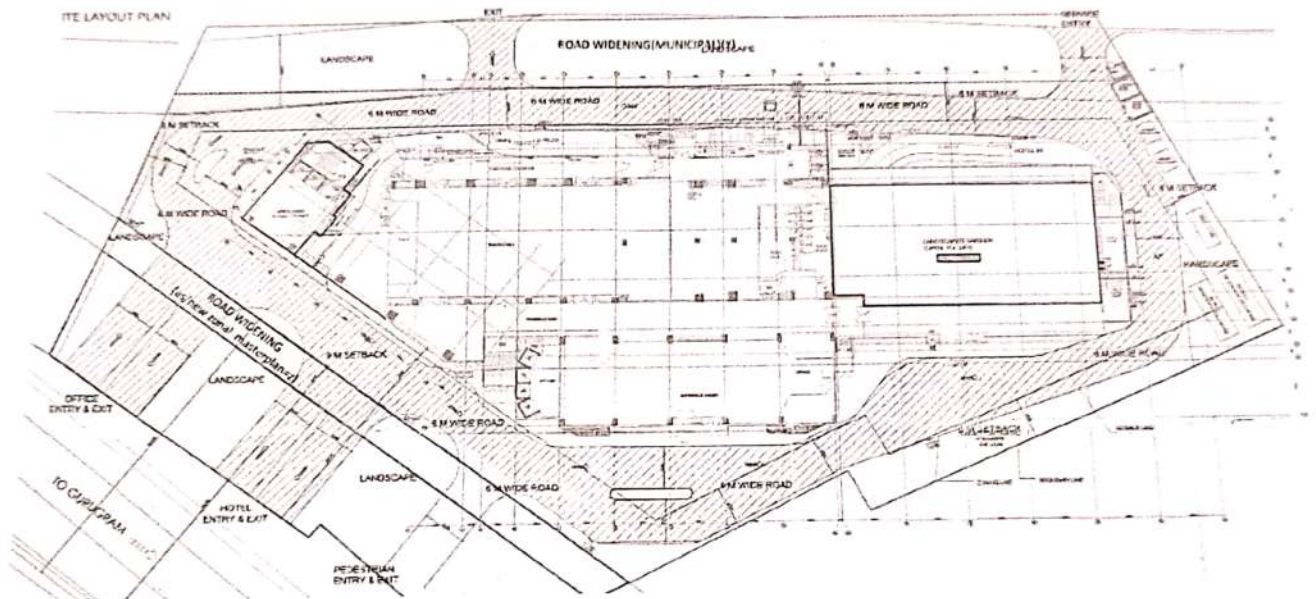
	<ul style="list-style-type: none"> Swimming Pool & Change rooms Lift Lobby & Lifts Fire & Service Lifts Office <ul style="list-style-type: none"> Office Spaces Conference room Lift Lobby & Lifts Fire & Service Lifts Toilets
Third Floor	Hotel <ul style="list-style-type: none"> Guest rooms (19 nos.) & Suites (1 no.) Gym Spa Gents & Ladies toilets Lift Lobby & Lifts Fire & Service Lifts Office <ul style="list-style-type: none"> Office Spaces with toilets Lift Lobby & Lifts Fire & Service Lifts
Fourth Floor	Hotel <ul style="list-style-type: none"> Guest rooms (25 nos.) & Suites (2 no.) Lift Lobby & Lifts Fire & Service Lifts Office <ul style="list-style-type: none"> Office Spaces with toilets Lift Lobby & Lifts Fire & Service Lifts
Fifth Floor	Hotel <ul style="list-style-type: none"> Guest rooms (25 nos.) & Suites (2 no.) Lift Lobby & Lifts Fire & Service Lifts Office <ul style="list-style-type: none"> Office Spaces with toilets Lift Lobby & Lifts Fire & Service Lifts
Sixth Floor	Hotel <ul style="list-style-type: none"> Guest rooms (25 nos.) & Suites (2 no.) Lift Lobby & Lifts Fire & Service Lifts

Floor Plan Layout

Floor plan layout for the Project is illustrated below.



Site Plan

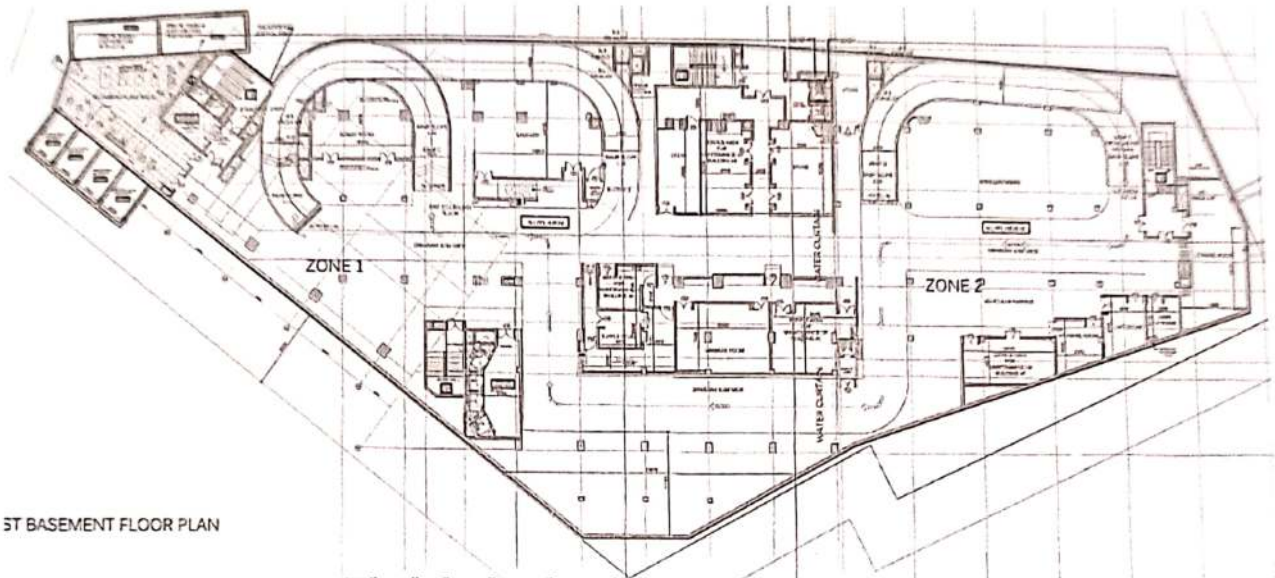


ASEMENT FLOOR PLAN



[illegible]

Floor Plan (Basement-1)

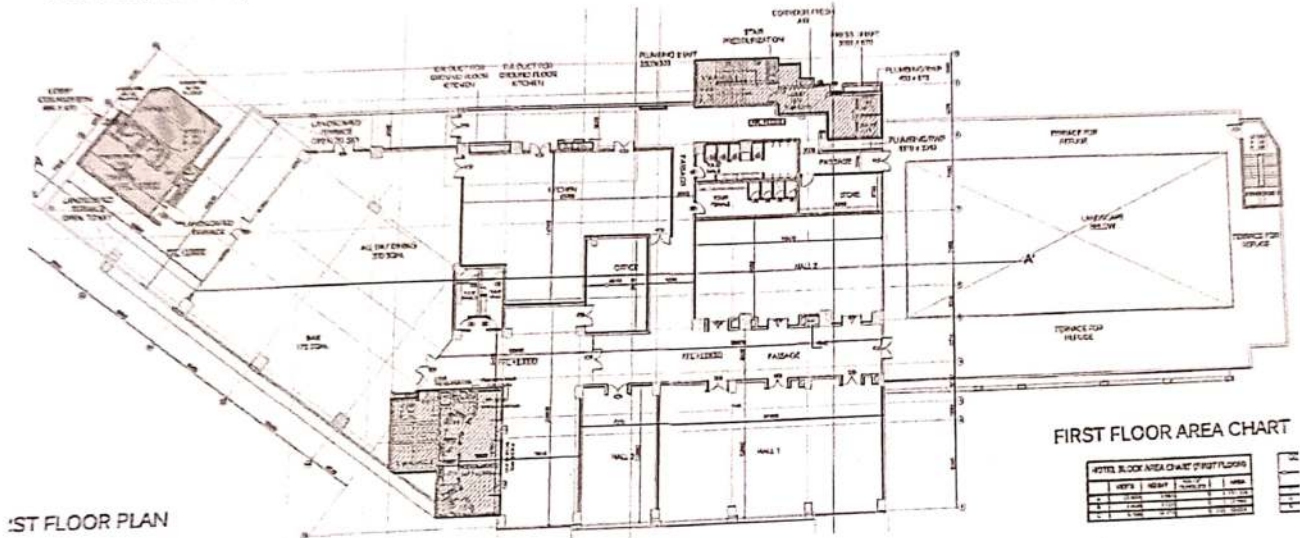


5TH BASEMENT FLOOR PLAN

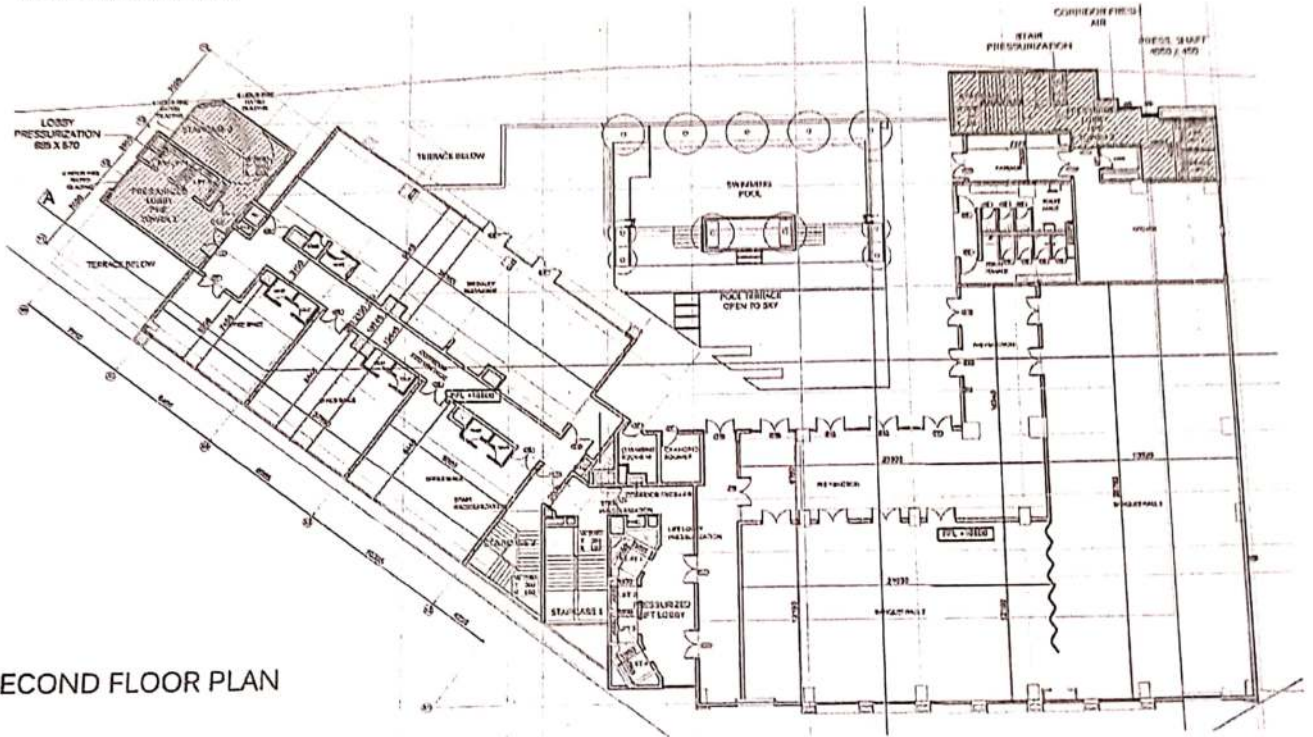




Floor Plan (First Floor)



Floor Plan (Second Floor)



SECOND FLOOR PLAN



LOBBY PRESSURIZATION 805 X 570

STAIRCASE

ELEVATOR

RECEPTION

STAIR PRESSURIZATION

STAIR

ELEVATOR

CORRIDOR FRESH AIR

PRESS. SHUT 402 / 403

OFFICE

MEETING ROOM

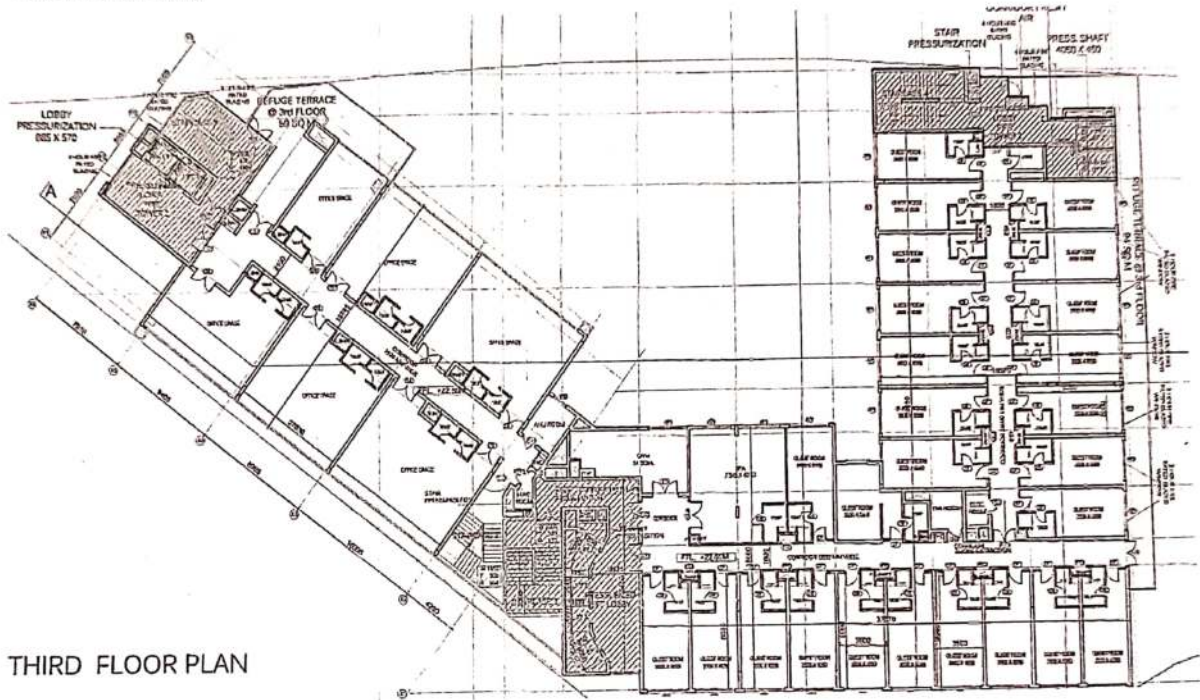
BANKING

0 10 20 30 40 50 60 70 80 90 100

SERVICE FLOOR PLAN



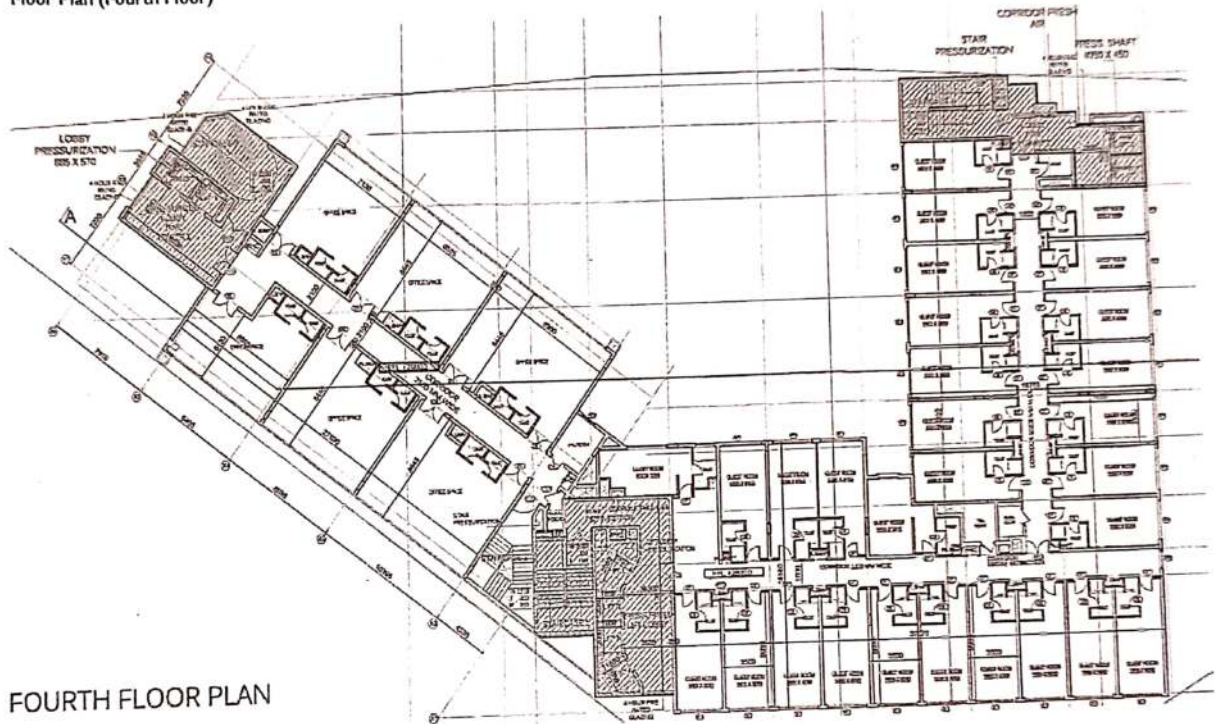
Floor Plan (Third Floor)



THIRD FLOOR PLAN



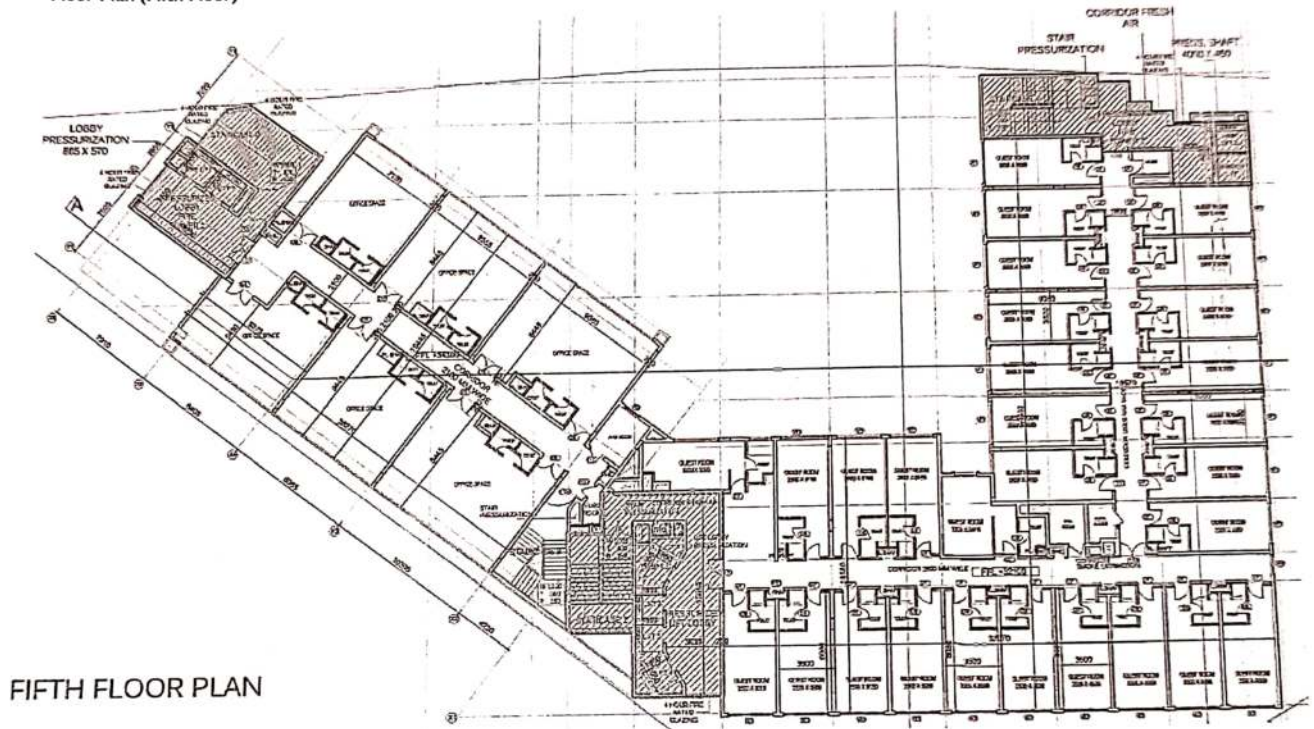
Floor Plan (Fourth Floor)



FOURTH FLOOR PLAN



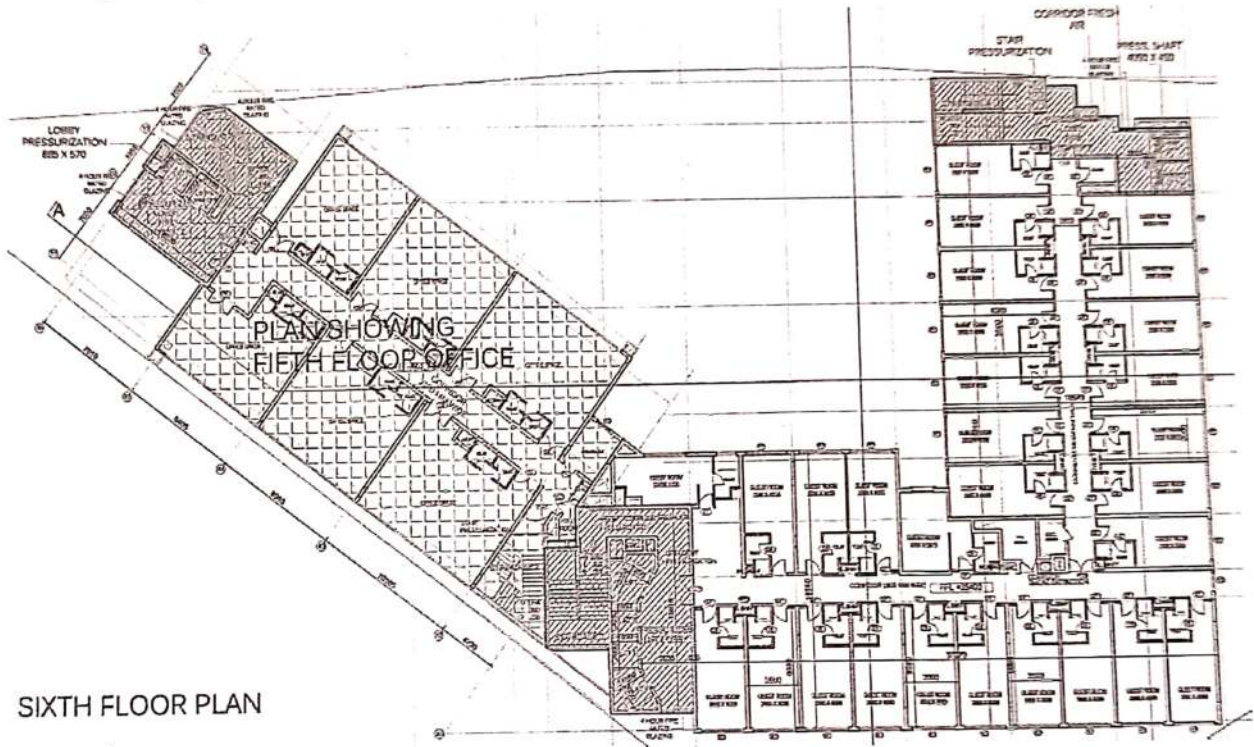
Floor Plan (Fifth Floor)



FIFTH FLOOR PLAN



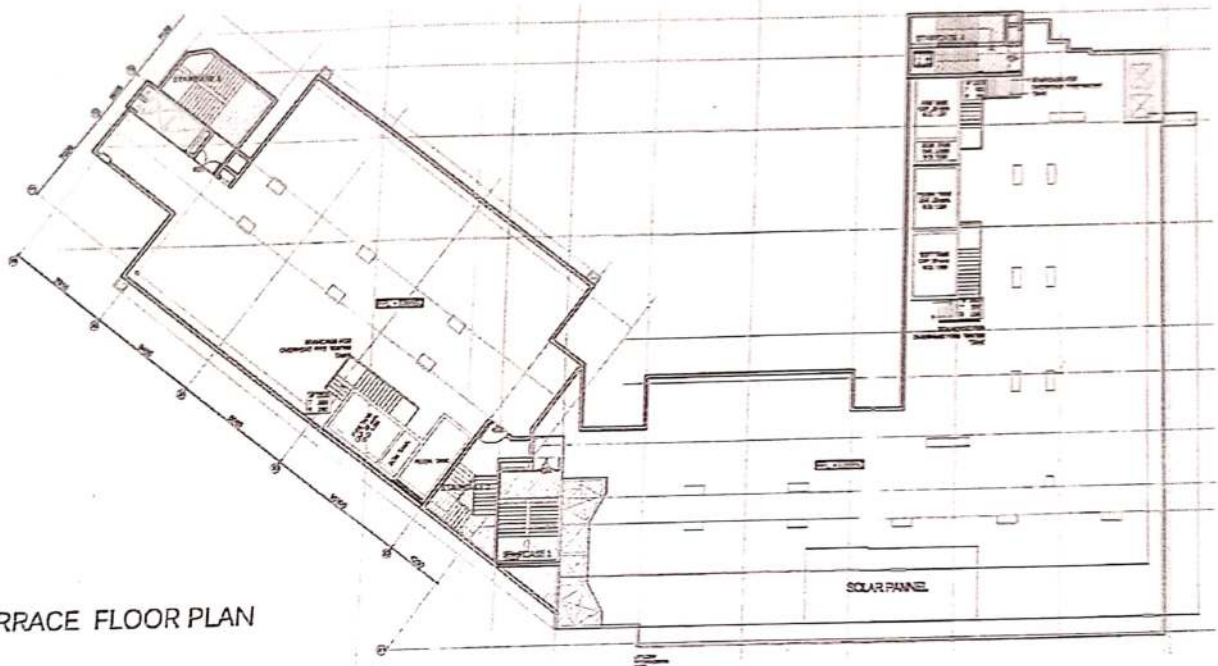
Floor Plan (Sixth Floor)



SIXTH FLOOR PLAN



Floor Plan (Terrace Floor)



TERRACE FLOOR PLAN



Build-up Area

Floor Built up Areas

Sl. No.	Floor	FAR Area (sq. m.)	Non-FAR Area (sq. m.)	Built up Area (sq. m.)
1	Basement - 3	-	4,903.361	4,903.36
2	Basement - 2	-	4,824.097	4,824.10
3	Basement - 1	-	5,186.774	5,186.77
4	Ground Floor	2,711.509	138.950	2,850.46
5	First Floor	2,255.612	139.212	2,394.82
6	Second Floor	1,825.699	106.967	1,932.67
7	Service Floor	-	992.818	992.82
8	Third Floor	1,825.034	106.987	1,932.02
9	Fourth Floor	1,825.034	106.987	1,932.02
10	Fifth Floor	1,825.034	106.987	1,932.02
11	Sixth Floor	1,190.859	73.905	1,264.76
12	Mumty & Machine Room	-	361.008	361.01
Total		13,458.781	17,048.053	30,506.83

Built up Areas – Banquet, Hotel & Office

Sl. No.	Floor	Built up Area (sq. m.)		
		Hotel	Office	Total
1	Basement - 3	4,903.36		4,903.36
	Basement - 2	4824.097		4,824.10
2	Basement - 1	5186.774		5,186.77
3	Ground Floor	2709.663	140.796	2,850.46
4	First Floor	2,308.525	86.299	2,394.82
5	Second Floor	1532.287	400.399	1,932.67
6	Service Floor	992.818		992.82
7	Third Floor	1262.289	669.732	1,932.02
8	Fourth Floor	1262.289	669.732	1,932.02
9	Fifth Floor	1262.289	669.732	1,932.02
10	Sixth Floor	1264.764	0	1,264.76
11	Mumty & Machine Room	361.008		361.01
Total				30,506.83

Source: D&B India Analysis and Approved Building Plans



Current Status of the Project

Civil Works

- Civil structure of the building has been completed
- Excavation work in progress for constructing drainage line outside the hotel
- Washrooms in the basement area is completed except the sanitaryware fittings
- Work in progress for setting tiles on staircases of the building

MEP and Interior status

MEP (High side)- Completion Percentage

- Ground Floor: 100%
- 1st Floor: 80%
- 2nd Floor: Yet to start
- 3rd Floor: 60%
- 4th Floor: 80%
- 5th Floor: 60%
- 6th Floor: 60%

Interior- Completion Percentage

- Ground Floor: 80%
- 1st Floor: Yet to be start
- 2nd Floor: Yet to start
- 3rd Floor: Yet to start
- 4th Floor: 40%-50%
- 5th Floor: Yet to start
- 6th Floor: Yet to start

Civil finishing works, interior works and works on ducting for HVAC and plumbing and firefighting piping works are in progress.

Orders for some of the equipment have been places, and a few quotations received for some of the other services. The Company is in the process of finalizing the orders for the balance equipment and works.

Technical Specifications

Interior Fitout and Furnishing

Dining & Bar

- Flooring – Italian stone
- Wall cladding – Italian stone
- Ceiling – Gypsum / Anegrey Veneer / HDF board in fluted pattern
- Panelling – Commercial Ply / Anegrey Veneer / Bond metal sheets / Metal & Brass Inlay works



- Doors – Teak Veneer
- Loose Furniture – As per drawings & specifications
- Paint – Acrylic emulsion of approved color & shade / Texture paint with Polyester coating / Gold, silver leafing

Banquet Halls & Pre function

- Flooring – Italian stone / commercial tile sub-base & carpet tiles
- Wall cladding – Italian stone
- Ceiling – Gypsum
- Panelling – Commercial Ply / Anegre Veneer / Fabric panelling / Bond metal sheets / Mirror / wooden skirting
- Doors – Anegre Veneer with teakwood margin & PU finish
- Loose Furniture – As per drawings & specifications
- Paint – Acrylic emulsion of approved color & shade / Texture paint with Polyester coating
- Provision has been made for public areas, BOH areas and rooms as the specifications for the same are under finalisation.

Services

HVAC

- VRF system consisting of modular outdoor units with multicoil compressors, corrosion resistant coated condenser, inverter-based condenser fan, etc. The outdoor units range from 6 HP to 60 HP capacities.
- Ceiling mounted Duct type units of capacities 0.63 Tr to 6.3 Tr.
- AHUs of capacities 3.4 TR (1250 CFM) to 38.4 Tr (14,300 CFM)
- Fresh Air units of capacities 6.9 Tr (1400 CFM) to 25 Tr (5000 CFM)
- Heat recovery Units
- Split AC Units
- Axial Fans – Supply & Exhaust
- Associated refrigerant piping, electrical, panels etc.

Electrical

- Electricity Board Metering Panel (11 KV)
- 1250 KVA capacity 11KV/0.433 KV, 3 phase, 50 Hz copper wound step-down Dry Type cast resin indoor transformers with on load tap changer



- Incoming Breaker (Transformers) - Two (2) Nos. 2000A 4P EDO type ACB (50 KA) with microprocessor-based O/L, S/C & E/F releases
- Incoming Breaker (DG Sets) - Two (2) No. 2000 amps 4P electrically operated fully draw out type air circuit breaker (50KA) with built in microprocessor-based release unit.
- Surge Protection Devices
- Earthing & Lightning protection
- UPS - 30 KVA three phase input (415 V + 15%), three phase output (415 V + 1%) online UPS with minimum 15 minutes backup
- Inverter - 2 KVA inverter with minimum 90 minutes battery back-up,

D.G.

Two No. 1250 KVA silent DG set comprising of engine Model Kta50-G coupled to 415v 1250 KVA Alternator both mounted on common base frame with other entire accessories i.e., fuel tank, batteries with lead etc.

Boiler

Vertical coil type factory supplied dual fuel steam boiler suitable for HSD for delivery of 600 kg/hr actual steam at 10.5 kg/sq.cm. pressure including all accessories

Plumbing

Hydropneumatics system consisting of:

- 3 Nos. vertical inline pumps (3W+ISB) - Pump capacity 200 LPM, Head 70-meter RPM 2900 with associated Electric control panel with frequency convertor, Logic controller relays, Pressure switch & pressure transmitter, etc.
- 3 Nos. vertical inline pumps (2W+ISB) - Pump capacity 200 LPM, Head 45-meter RPM 2900 with associated Electric control panel with frequency convertor, Logic controller relays, Pressure switch & pressure transmitter, etc.
- 3 Nos. vertical inline pumps (2W+ISB) - Pump capacity 100 LPM, Head 70-meter RPM 2900 with associated Electric control panel with frequency convertor, Logic controller relays, Pressure switch & pressure transmitter, etc.

Pumps

- Filter Feed pump – 3 nos. Pump capacity 300 LPM, Head 30-meter RPM 2900
- submersible non clog sewage sump pumps - 2 nos. Pump capacity 250 LPM, Head 20-meter Solid handling 40 mm
- submersible non clog storm water sump pumps - 2 nos. Pump capacity 300 LPM, Head 20-meter Solid handling 12 mm



- Associated electrical, panels, wiring, etc.

Fire Fighting

- Main Fire Pump – 3 nos. Horizontal high pressure centrifugal pump of capacity 2850 LPM, head 90 m, 2900 RPM with Squirrel cage induction motor
- 1 no. Horizontal split casing high pressure centrifugal pump, suitable for operation on diesel supply of capacity 4500 LPM, head 90 m, 1500/1800 RPM
- 2 nos. Jockey pump of capacity 180 LPM, head 90 m, 2900 RPM
- 2 nos. Downcomer pump of capacity 450 LPM, head 30 m, 2900 RPM
- Hydrants & Sprinklers
- Control Panel and associated electrical

STP

- Capacity 150 cum / day

Observations

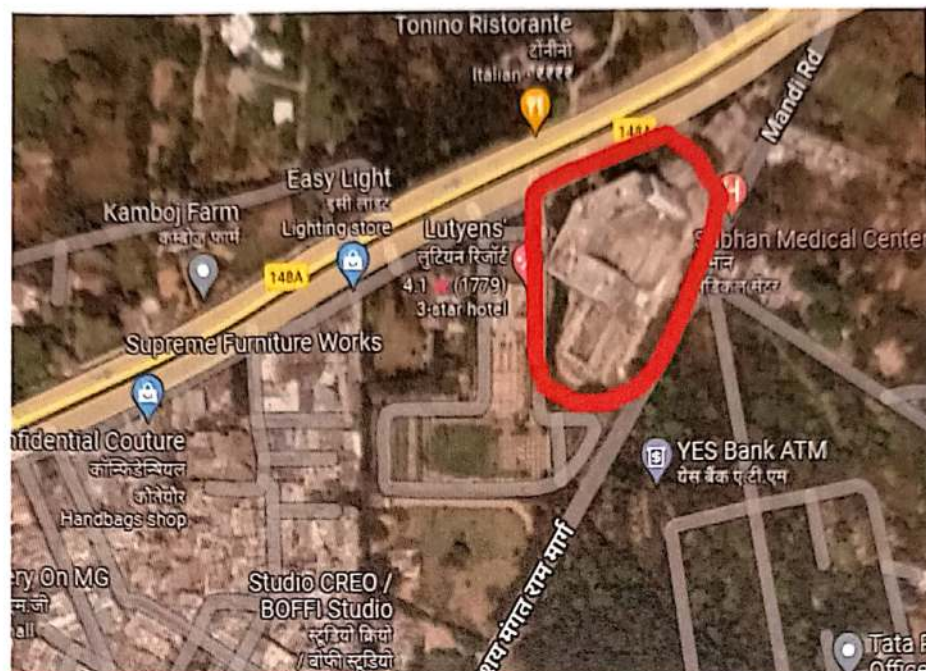
- *The plan has adequate number of restaurants, banquets and meeting rooms.*
- *Detailed BOQs have been prepared for public areas and services.*
- *Detailed kitchen layout, admin areas, offices, stores, time office, locker spaces etc. need to be done in the broader spaces marked for the same in the building plans.*
- *The developer has provided for space for services in the Basement-I for Laundry, HNS system, Panels, Fire pumps etc.*
- *Outdoor locations for transformers, STP, DG, etc. are identified.*

The details are well laid out and meet the requirements for the proposed banquets and rooms.



Location

The project site is located in Mehrauli-Gurgaon Road and is close to Gurgaon cyber city.



Source: Google Maps

Connectivity

The distance of key demand driver from the proposed project:

Particulars	Distance (Km)
New Delhi Railway Station	18.8 km
Indira Gandhi International Airport	12.7 km
Connaught Place	20.5 km
Gurugram	16.1 km



Licenses Agreement with 'Hotel Operator'

The Company is in discussions with Wyndham Hotel Asia Pacific Co. Limited to enter into a License Agreement to develop a hotel under the Ramada Plaza ® by Wyndham brand system.

The broad terms of the draft LOI are:

Proposed Hotel Name	Ramada Plaza by Wyndham New Delhi M.G. Road
Term of the License Agreement	Twenty-Five (25) years from the Opening Date
Hotel Brand Tier	Ramada Plaza ® by Wyndham

Fees

- An initial Fee of US\$10,000 ("Initial Fee"), payable on signing this LOI
- Technical Services Fee: US\$21,200, of which US\$10,600 is payable within six (6) months of the date of signing this LOI; US\$10,600 is payable within twelve (12) months of the date of signing this LOI or Opening Date whichever is earlier. In addition, Wyndham shall be reimbursed by Licensee for direct and reasonable costs, and travel expenses incurred by Wyndham or consultants retained by Wyndham in the provision of any technical services
- Room Royalty: 3% of Gross Rooms Revenue ("GRR") in Years 1 to 5; 3.5% of GRR from the beginning of Year 6 until the end of the Term
- Food & Beverage Royalty: 0% of Gross Food & Beverage Revenue ("GFBR") in Years 1 to 5; 0.5% from the beginning of Year 6 until the end of the Term
- Sales & Marketing Fee: 2% of GRR
- Reservation Fees: 0.25% of GRR plus the then current third-party distribution charges, which at the date of this LOI are:
 - US\$7.00 per GDS reservation
 - US\$2.00 per OTA intermediary reservation
- Pre-opening Integration Services Fee: US\$10,000 (one off fee; payable three (3) months prior to the Opening Date) which includes the following:
 - "Ramada Plaza ® by Wyndham in the box" memory stick;
 - Basic photography package for the Hotel;
 - Preparation of the Property Report; and
 - Initial training
- Quality Circle Fee: US\$4,000 (per year);
- National Revenue Management Services Fee: Starting three (3) months prior to the Opening Date Licensee must pay Wyndham a Monthly Revenue Management Fee, which at the date of this LOI is



US\$3.75 per guest room (with a minimum monthly fee of US\$375.00) per month for basic revenue management services provided by Wyndham to all chain facilities

- Hotel Technology Client Support Services ("HTCSS") Fee: Licensee must pay Wyndham a monthly fee of US\$195 for HTCSS which provides 24/7 support and assistance.
- Other key aspects of the preliminary agreement are as follows:

Area of Protection:	<ul style="list-style-type: none"> • From the Opening Date until the fifth (5th) anniversary of the Opening Date, Wyndham will agree to include an Area of Protection ("AOP") consisting of the area within a radius of five (5) kilometers from the Hotel front door entrance as shown marked in red on the map attached hereto as Exhibit A • Regardless of such territorial protection(s), Wyndham will always retain the right to undertake further development(s) under a Chain Acquisition clause which will be included in the License Agreement. Such protection will be granted only for the Ramada Plaza® by Wyndham brand tier and will not limit Wyndham from further developing, managing, franchising or affiliating itself in any manner or form, to other developments under other trademarks owned by Wyndham such as Ramada® by Wyndham, Ramada Encore® by Wyndham, Ramada Resort® by Wyndham or Ramada Hotel & Suites® by Wyndham. • The AOP shall automatically lapse in the event that: (i) the Licensee defaults on any of the terms of the License Agreement (including payment obligations); or (ii) the Hotel fails to achieve a score of at least 85% on the annual brand engagement assessment in any year after the third (3rd) year of the License Agreement; or (iii) the Opening Date fails to occur before the Projected Opening Date; or (iv) default on any of the Project Milestones.
Key Licensee Obligations:	<ul style="list-style-type: none"> • Open the Hotel by no later than the Projected Opening Date; • Deliver project in accordance with the dates of the Project Milestones; • Hire a professional Management company/team acceptable to Wyndham to operate the Hotel successfully; • Operate Hotel in accordance with applicable laws and according to Wyndham's Brand Standards; • Connect the Hotel to Wyndham's Two Way Interface via a PMS provider approved by Wyndham; • Undertake appropriate Wyndham training; • Have in place prior to the Opening Date and throughout the term of the License Agreement insurance that complies with Wyndham's then current minimum insurance requirements; • Pay all fees payable to Wyndham on time and in full; • Licensee shall engage specialist consultants including a mechanical/ electrical/ plumbing consultant, an interior designer and any other consultant advised by Wyndham ("Consultant"). The Consultant must be appointed from the list of specialist consultants approved by Wyndham; • Licensee to complete the Hotel as per Wyndham prescribed brand standards for Ramada Plaza® by Wyndham.
Liquidated Damages:	<ul style="list-style-type: none"> • Thirty Six (36) months of Recurring Fees (Room Royalty, Food & Beverage Royalty, Sales & Marketing Fee, Services Assessment Fees).



Guarantee:	<ul style="list-style-type: none"> As a condition to execution of the License Agreement Wyndham will require performance and payment guarantees from a guarantor (individual or company) with financial standing satisfactory to Wyndham and who will guaranty Licensee's obligations under the License Agreement.
Consultant Fee:	<ul style="list-style-type: none"> Licensee acknowledges that Wyndham has engaged Mohammad Gulfam, an Indian national ("Hotel Consultant") to provide consultancy services. In connection with those services, Wyndham will pay Hotel Consultant a fee.

Land

D&B India has not reviewed the land deed on which the Project is implemented due to absence of land ownership document and have relied on the land valuation report submitted to the Bank. D&B India has reviewed the valuation report and the details as furnished in the approved plans of the structure.

Particulars	Value
Purchased	Sale Deed dt.14.10.1991
Owner	Mr. Ashwani Kumar Mehra S/O Late Mr. Devi Dass Mehra
Land Area	Total Plot Area: 11,719.00 sq. m. Area under Road Widening: 3,929.04 sq. m. Net Plot Area: 7790.86 sq. m.
Khasra No.	218/3/3, 218/3/2, 219/1, 219/2, 220min, 222/2 & 223/1
Location	Village – Sultanpur, Tehsil – Mehrauli, New Delhi- 110030
Land bound by	North: MG Road South: Mandi Road East: Other Property West: Lutyens Motel

Source: Valuation Report

Observation

In absence of copy of the Sale Deed, D&B have relied on the Valuation Report for information on the land details and ownership. The lender may independently verify the same for ownership and land use.

FAR Details

D&B India had sought drawings and layout of the Project from the Company. The Company provided D&B India with approved building plan.

Particulars	Value
Land Area	Total Plot Area: 11,719.00 sq. m. Area under Road Widening: 3,929.04 sq. m. Net Plot Area: 7790.86 sq. m.
Ground Coverage	Permissible Ground Coverage



	Net plot area: 7,790.86 sq. m. Permissible ground coverage (%): 40% Permissible ground coverage: 3,116.34 sq. m. Actual Ground Coverage Proposed Ground Coverage: 3,101.952 sq. m. Ground Coverage Achieved: 39.815% < 40%	
FAR Area	Floors	Area (Sq. m.)
	Basement - 3	-
	Basement - 2	-
	Basement - 1	-
	Ground Floor	2,711.509
	First Floor	2,255.612
	Second Floor	1,825.699
	Service Floor	-
	Third Floor	1,825.034
	Fourth Floor	1,825.034
	Fifth Floor	1,825.034
	Sixth Floor	1,190.859
	Mumty & Machine Room	-
	Total	13,458.781
Permissible FAR	1.75	
Utilized FAR	FAR Area: 13,458.78 sq. m. Net Plot Area: 7,790.86 sq. m FAR utilised: $(13,458.781 / 7,790.86) = 1.728$	

Source: AKMHPL

Observations

The Ground Coverage and FAR are within permissible limits. Parking has been provided as per the statutory requirements.

Consultants

The Company has appointed the following consultants & contractors for the project.

Interior Works	Checkmate And Sa Associates & Contractors Pvt. Ltd.
Structural Consultant	NNC Design International
MEP Consultant	AUFAIT International Engineering Studio
BOH Consultant	Tarun Tanwar Associates
Lighting Consultant	Ethereal Designs
FAÇADE Consultant	True Façade Design
Landscape Consultant	Design Cell



The work orders have been issued for all major services. The Company has shared the PO/WO/Quotation of the same.

Observation

D&B India notes that the Company has all the major consultants in place and has issued the Work Orders to some of the Contractors for the project.

Manpower Requirement

D&B India notes that the hotel has been estimated a total manpower of 156 persons. The Company has proposed the following manpower for banquet cum hotel operations.

Position	Phase-I	Phase-II	Total Nos.	Monthly CTC (INR)
General Manager	1	0	1	1,20,000
Chefs	2	3	5	80,000
Banquet managers	2	3	5	50,000
Front Office Staff	2	3	5	30,000
Manager maintenance	1	0	1	40,000
Staff maintenance	2	5	7	15,000
Housekeeping staff	5	25	30	15,000
Room services	5	15	20	15,000
Kitchen Staff	8	20	28	15,000
Banquet Services staff	8	20	28	15,000
Security	8	12	20	15,000
Accounts manager	1	0	1	50,000
Administration/ HR Manager	1	0	1	50,000
Accounts/ Admin Staff	4	0	4	15,000
Total	50	106	156	5,25,000

Observations

The Manpower as proposed is sufficient for the operations of the banquet cum hotel with the proposed facilities.



Approvals and Clearances

The list of statutory approvals and clearances obtained for the proposed project are illustrated in the exhibit below.

Sl. No	License	Approving Authority	Status
1	Building Plan Approval	Building Division - South Delhi Municipal Corporation	Plan Approval given vide File No 10053614 dated 15.01.2018 and valid till 14.10.2023
2	Environmental Clearance	State Environmental Impact Assessment Authority, Delhi	Obtained vide E.C. No SEIAA-D/C217/EC-305/2015 dt. 30.11.2015
3	Fire Clearance	Chief Fire Officer, South Delhi Municipal Corporation	To be furnished
4	Consent to Establish – Sec. 21 of Air (Prevention & Control of Pollution) Act, 1981 & Sec. 25 & 26 of Water (Prevention & Control of Pollution) Act, 1974	Delhi Pollution Control Board	To be furnished
5	Water NOC	Delhi Jal Nigam	To be furnished
6	Structural Safety Certificate	Architect / Structural Engineer	Obtained
7	Airport clearance	Airport Authority of India	To be furnished

Source: AKMHPL

Approval required before CoD

Approval / License	Issuing Authority
Occupation Certificate	State Industrial & Infrastructure Development Corporation Ltd.
Authorization for Operating a facility for Collection, Treatment, storage & Disposal of Hazardous Wastes	State Pollution Control Board
License Trade License	Municipal Corporation
Certificate for use of Boiler	Chief Inspector of Boilers
FORM L-3 – Retail vend of foreign Liquor in Hotel	State Collector cum Dy. Excise & Taxation Commissioner



Approval / License	Issuing Authority
FORM L-4 – Retail vend of foreign Liquor in Restaurant	State Collector cum Dy. Excise & Taxation Commissioner
FORM L-5 – Retail vend of foreign Liquor in a Bar attached to a Restaurant	State Collector cum Dy. Excise & Taxation Commissioner
License for IFL (BIO) to Bar Licensee (L-4/L-5/L-12C/L-12G)	State Collector cum Dy. Excise & Taxation Commissioner
NOC - Airport Authority	Airport Authority
Food Safety and Standard Act, 2006	Food Safety and Standards Authority of India
Storage of Petroleum class –B	PESO
Lift license & Inspection	Chief Electrical Inspector to Govt
Food Licenses & Approvals	State Municipal Corporation
Police & Traffic	State Police Department
Swimming pool approval	State Municipal Corporation

Observations

The Company has obtained and furnished the Plan Approval, Environmental Clearance and Structural Stability Certificate. Copies of all other approvals obtained may be furnished.

All other licenses required for hotel operation are to be obtained once building is complete and completion certificate received. The Company may provide a list of the licences required.



Implementation Schedule

The proposed date of commercial operations is July 2024, which gives a total of 23 months for project completion, obtaining of completion certificate, permanent connection for water and power, and all other statutory approvals for commencement of operations. However, it is recommended to prepare an activity-wise implementation schedule for proper project planning and timely execution. This will also help them comply with the milestone-based operation dates to be signed and agreed upon once Company signs and enters the license agreement.

The tentative implementation schedule is depicted below:

Particulars	Start Date	End Date	Particulars	Start Date	End Date
<u>MEP (High side)- Completion Percentage</u>			<u>Interior- Completion Percentage</u>		
Ground Floor: 100%	Already Started	Completed	Ground Floor	Already Started	Dec 22
1st Floor	Already Started	Dec 22	1st Floor	Aug 22	Feb 23
2nd Floor	Jan 23	May 23	2nd Floor	June 23	Sept 23
3rd Floor	Already Started	Dec 22	3rd Floor	Jan 23	Mar 23
4th Floor	Already Started	Sept 22	4th Floor	Already Started	Jan 23
5th Floor	Already Started	Mar 23	5th Floor	Jun 23	Sep23
6th Floor	Already Started	July 23	6th Floor	Aug 23	Dec 23
Basement & Parking	Already Started	Aug 23			
Terrace	Already Started	Dec 23			
External Façade	Already Started	Feb 24			
Utilities	Already Started	Jan 24			
Balance Pre-COD Approvals	Jan 24	June 24			
Soft launch	Mar 2024	June 2024			
Commercial Operation Date	1 st July 2024				

Source: AKMHPL and D&B India Assessment

Observation

As per D&B's assessment, the time period is adequate for project completion and obtaining all approvals / licenses for commercial operations by 1st July 2024.

Based on the current status of work, and details of orders placed till date as furnished by the Company, the project can be completed in all respects, in the next 12 to 14 months, with a further time period of about 3 months for any changes brought about by the change in specifications by the Hotel Operator with whom the Company propose to sign up. This will give the Company an additional 3 to 5 months to get all the required approvals / licenses and soft launch, before commercial operations by 1st July 2024.

The overall time period as proposed by the developer is sufficient for project completion.



Industry Assessment

Indian Tourism Sector- Overview

The hotel industry forms an integral part of the hospitality sector. Major fields of the hospitality industry include lodging, restaurants, event planning, theme parks, cruise liners, etc. The hospitality industry is a multi-billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of various groups within it, including facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources.

Hospitality industry is one of the major contributors to the nation's GDP. Tourism and Hospitality accounted for around 10 per cent of the GDP, supported around 90 million jobs and generated Foreign Exchange Earnings (FEE) to the tune of INR 1,94,881 Crore (US\$ 29.96 billion) in 2019. However, its earnings were hugely impacted due to COVID-19. The industry is estimated to have lost about 75% of its business in the year FY 2021 which translates into revenue loss of INR 1300 Bn.

Domestic and international travel in the country has increased manifold on the back of growth in tourism as well as the improved business scenario. On the tourism front, the country is one of the preferred destinations for international tourists while domestic tourism has picked up due to a combination of higher disposable income and increased connectivity. These factors helped in the growth of hotel industry. However, the tourism and hospitality sector were one of the first sector and worst to be affected by the pandemic due to immediate suspension of domestic and international travel. The industry continues to face existing travel restriction amidst the surge in number of activate cases during second Covid wave which started in March 2021. But drop in infection from Mid may onwards, easing restriction and accelerated vaccination pushed the pent-up travel demand for leisure and business trip which is likely to support healthy hotel recovery in FY 2022.

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 the value chain to cater to budget/premium consumers. However, the sector continues to be fragmented and unorganized sector, comprising standalone hotels and resorts has a major presence.

Organized Hotel Sector in the Country	
Budget Hotels	Also called Economy Class Hotels, Business Class Hotels and Discount Hotels, these offer basic infrastructure facility and caters to the middle class and upper-middle-class consumers.
Luxury Hotels	Offers best in class amenities in lodging and dining experience. Hotels belonging to this segment caters to a high-income consumer group.
Heritage Hotels	These are hotels converted from old palaces and mansions and provides guests with royal experience. These are mostly concentrated in the states of Rajasthan, Gujarat and Madhya Pradesh



Resorts	Hotels established in hill stations and other tourist destinations. Located amidst natural habitat these hotels highlight the solitude that they provide to guests.
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As per Ministry of Tourism, the hotels in India are classified under the star rating system to conform to the expected standards for different classes of tourists especially for international tourists. Under this system, hotels are given a rating, from One Star to Three Star, Four and Five Star with or without alcohol, Five Star Deluxe, Heritage (Basic), Heritage (Classic), Heritage (Grand), Legacy Vintage (Basic), Legacy Vintage (Classic) and Legacy Vintage (Grand) and Apartment Hotels.

Macroeconomic Scenario

Even amidst the worsening pandemic dynamics at the beginning of year and subsequent lockdown, the world economy rebounded well in 2021 and observed 6.1% y-o-y growth in the world output. Strict cross border travel restriction and fast-tracking of vaccinations translated in dropping infection rate. This paved way for the relaxation in pandemic induced restriction during the start of H2 2021. Gradual unlocking of economy coupled with government stimulus in many countries support the global recovery during 2021.

Real GDP Growth	2020	2021	2022P	2023P
World	-3.2%	6.1%	3.6%	3.6%
India	-7.3%	8.9%	8.2%	6.9%
China	2.3%	8.1%	4.4%	5.1%
Japan	-4.7%	1.6%	2.4%	2.3%
USA	-3.5%	5.7%	3.7%	2.3%
UK	-9.8%	7.4%	3.7%	1.2%
EU	-6.5%	5.3%	2.8%	2.3%

Source: International Monetary Fund, April 2022 Outlook

In the current year, emergence of Covid -19 (Omicron variant) towards the end of 2021 and its spread spilling over to 2022 again lend an uncertainty on pandemic reaching to an endemic stage. China, the only large country to avoid pandemic induced recession in 2020, started observing surge in Covid -19 spread from the starting of March 2022. To curb the infection spread, it announced strict zero-COVID strategy at end of March 2022 and implemented strict lockdown for nearly two months.

Adherence to its strict Covid-19 strategy means closure of economically important centres, internal border, and logistics hubs- central to global trade, which has eventually elevated the risk to business continuity. As a result, China's projected GDP growth by IMF in 2022 has been revised downwards to 4.4% from 4.8% projected earlier in January 2022. Declining Chinese GDP growth has potential to impact overall global GDP growth in 2022. Asian markets and commodity-dependent economies are especially vulnerable to China's slowdown.

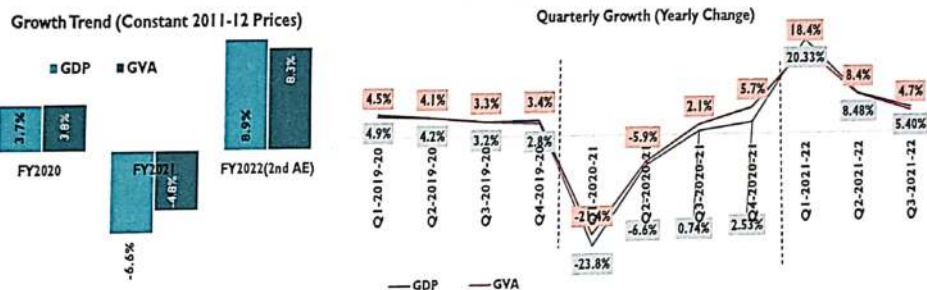
Besides pandemic, the geopolitical event and changes in world economic dynamics shaping as a result ongoing Russia-Ukraine war threaten to derail the global GDP growth in 2022 as well as in 2023. Sanctions on Russia, export restrictions from major exporters of agricultural commodities, and a halt in shipping from Black Sea ports have constrained food supplies and driven prices to record highs. Economic damage from the conflict has aggravated the inflationary situation, hitting the vulnerable population hardest in the low-income countries.



The rising cost of essentials has three major implications on business. Firstly, they have the potential to revive collective wage bargaining, and hence labour costs; 2) For countries facing elections, this could result in a change in government or policy stance with regards to taxation and redistribution; and 3) Recurrent street action such as protests in urban centres and around important supply routes could cause disruptions to business continuity. These risks will be most pronounced in countries where inflation is accompanied by high levels of unemployment, low levels of fiscal capacity and poor public participation in governance.

Moreover, sustained inflation will be the impetus for further monetary tightening in 2022, making trade-off between inflation and economic recovery challenging especially in emerging markets that will struggle to sustain fiscal support in the face of rising cost of debt from rate hikes. Factoring the above economic development, IMF has done a downward revision in global GDP growth to 3.6% in 2022 and 2023 in its April 2022 economic outlook which is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January 2022.

India's Key Economic Indicator

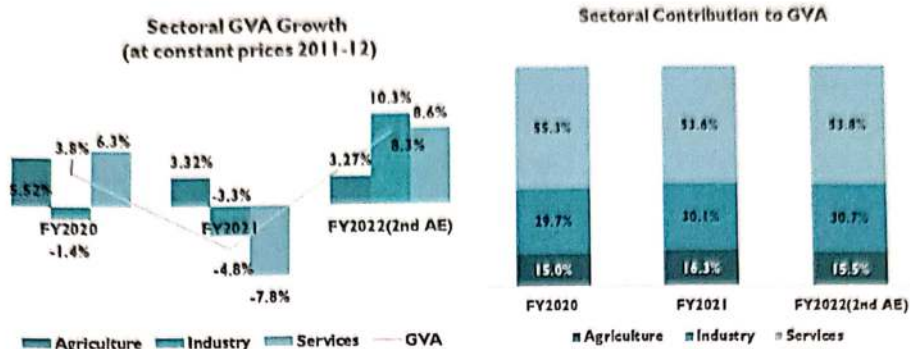


Source: MOSPI. R.E.: Revised Estimate. P.E.: Provisional Estimate

As per MOSPI advance estimates, despite the adverse effect of second wave of COVID-19 and associated localized lockdowns, the Indian economy rebounded well in FY 2022 and is estimated to have grown by 8.9%. Major relaxations in Covid-related restrictions and government relief measure for the pandemic hit sectors, policy reform, higher healthcare spending, and accommodative policy rate considerably long period etc. supported the economic recovery. The country also overachieved its export target despite the supply chain disruptions posed by COVID-19 restrictions, skyrocketing freight charges and container shortages.

On quarterly basis, the country recovered well from the Covid slump as it registered healthiest ever quarterly GDP growth of 20.33% in Q1 FY 2022 on y-o-y basis. Though much of this sharp surge in GDP growth is attributed to the low base-effect (as country observed a contraction of nearly 24% in GDP during Q1 FY 2021). During Q2 FY 2022, broader economic indicators bounced back above pre-pandemic level which was well captured in the improved quarterly result of the corporates, GST collect etc. In the quarter ending 30th September 2021, the country's GDP grew by 8.4% on y-o-y basis against 7.4% decline in the same quarter in the previous fiscal. On sequential basis, it registered 10% growth over the previous quarter. The y-o-y growth moderated in subsequent quarter (Q3 FY 2022) to 5.4% due to the weaning impact of high base effect.





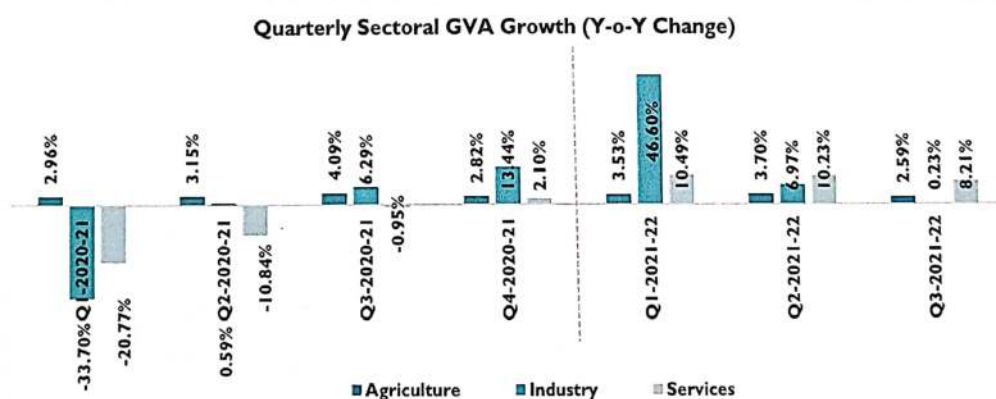
Source: MoPSI

Sectoral analysis of GVA data based on advanced estimates reveals, growth returning higher to pre-pandemic level in FY 2022. GVA in the industrial sector and services sector both strengthened during FY 2022 while agriculture sector GVA observed some moderation in yearly growth.

In the industrial sector, growth across major economic activity such as mining, manufacturing, construction sector surged, and it registered a growth of 12.6%, 10.5% and 10% in FY 2022 against a decline 8.5%, 7.2% and 8.6% in FY 2021, respectively. Within industrial sector, only utilities sector observed growth single digit y-o-y growth of 7.8%, although it was higher than the decline of 3.6% registered in the previous years.

Talking about the services sectors performance, with major relaxation in covid restriction, progress on covid vaccination and living with virus attitude, business in service sector gradually returned to normalcy. Economic recovery was supported by the service sector as individual mobility returned to pre-pandemic level. The worst hit trade, hotel, transport, communication, and broadcasting segment registered 11.6% y-o-y growth in FY 2022 as compared to 20% contraction registered during FY 2021.

Quarterly GVA Performance



Source: MOSPI

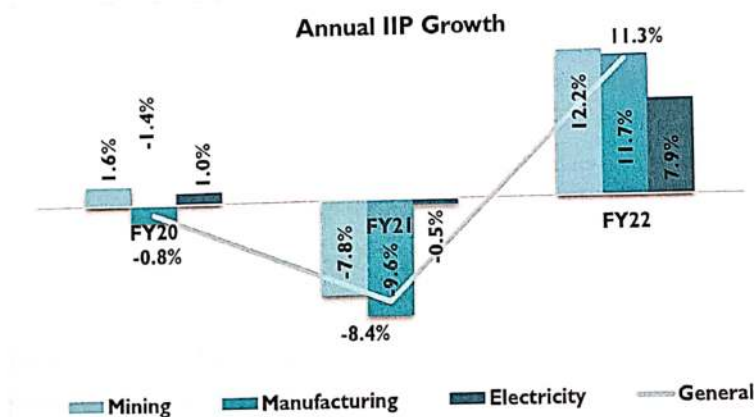


With supportive government measure, increasing vaccination and economy moving back to normalcy, India managed to registered growth for five consecutive quarter starting from Q3 FY 2021. GVA in all three-broad sector registered growth in Q3 FY 2022 on y-o-y basis but it moderated in comparison to previous quarter as impact of high base effect weaned off. Q2 as well Q3 FY 2022 recovery was led by the service sector as individual mobility returned to pre-pandemic level. The worst hit trade, hotel, transport, communication, and broadcasting segment registered 6.1% y-o-y growth in Q3 as compared to 10.08% contraction registered in the same period last year. Other services sector broadly classified under Public Admin, Defence & Other Services and Financial, Real Estate & Professional Services too registered 16.8% and 4.57% growth in Q3 FY 2022 on y-o-y basis against -2.89 % and 10.27% y-o-y change in Q3 FY 2021.

Growth in agriculture sector GVA moderated to 2.6% on y-o-y basis in Q3 FY 2022 against 2.82% in the same quarter previous year and 3.7% y-o-y increase in Q2 FY 2022. Moderation in the industrial activity was a drag on the overall GVA growth in Q3 FY 2022. Within industrial sector, manufacturing, and construction activity growth rate moderated to 0.16%, and -2.84% in Q3 FY 2022 against 8.4% and 6.6% change observed in Q3 FY 2021 on yearly basis, respectively. While GVA growth in mining and Electricity, gas ,water supply& other utility services both strengthened to 8.84% and 3.7% in Q3 FY 2022 against -5.31% and 1.46% y-o-y change in the same quarter previous year, respectively.

IIP Growth

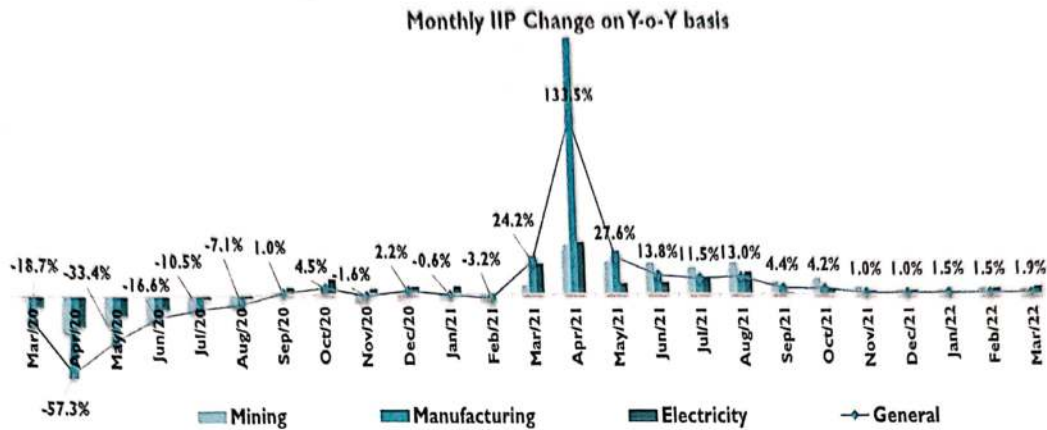
After experiencing three years of deteriorating IIP growth, the country's IIP index registered 11.3% y-o-y growth where growth was evenly spread across all sub-segments. Manufacturing index, with 77.6% weightage in overall index, registered 11.7% y-o-y growth while mining sector index registered the highest growth.



Source: MoSPI



Monthly IIP Performance

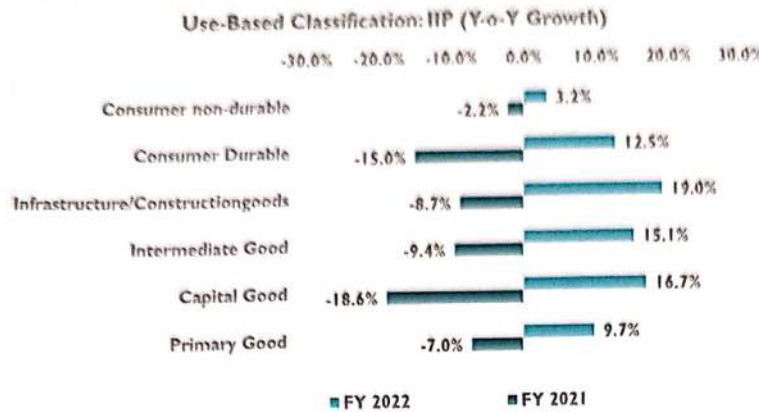


Source: MoSPI

IIP index surged sharply by over 134% in April 2021 on yearly basis. The steep annual growth in overall index was triggered by healthy recovery in manufacturing activity which has 77.6% weightage in the overall index, and it grew by over 197% in the April 2021 against 28% growth in the previous month. Low base effect also contributed to this sharp growth during April 2021. Growth in other sub segment too observed positive change with growth rate strengthening in the April month. Monthly IIP change on y-o-y basis in later month moderated gradually amidst second covid wave adversely impacting the recovery momentum, and the vanishing impact of low base effect. Beside above, rising spread of Omicron cases in other countries dented the business sentiment in India which was well captured by the moderating industrial activity which fell to lowest in December 2021. With neutralizing impact of the low base effect, the IIP growth has stayed consistently under 2% for the last five months starting from November 2021-March 2022. The growth during previous five month reflect combined impact of rising number of Omicron infection, Ukraine war translating in rising inflation, China Shutdown and Fed hawkishness. In March 2022, IIP growth though remained under 2% but it was over the positive base of 24.14% in March 2021 as against 1.5% IIP growth in February 2022 over negative base (-3.2%) which is certainly commendable.

On use-based classification basis, infrastructure/construction goods, capital good, intermediate good and consumer durable outperformed over the other sector and registered healthy double-digit growth.

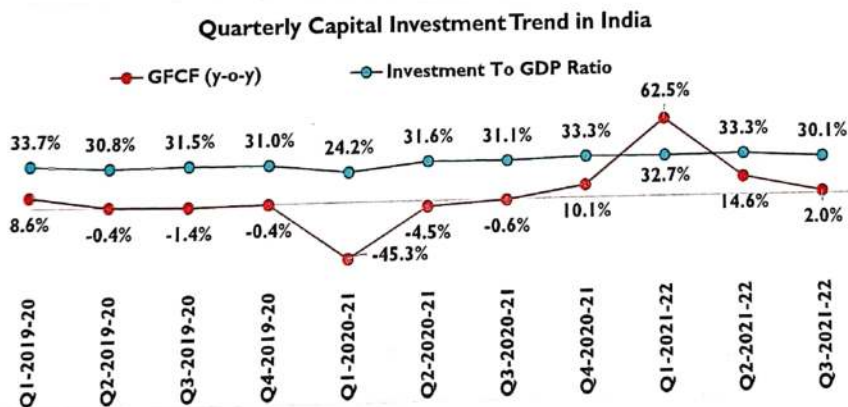




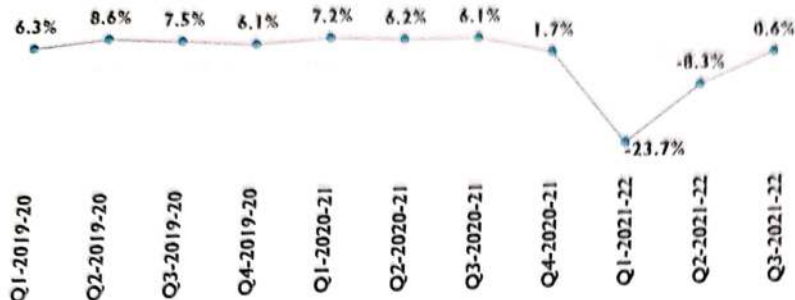
Source: MoSPI

Growth Trend in Investment & Consumption Demand

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, gained strength during Q4 FY 2021 and Q1 FY 2022 after witnessing a negative to mild growth in the previous three quarter on yearly basis. While in the subsequent quarter i.e. Q2 & Q3 of FY 2022, GFCF y-o-y growth moderated as the corporate investor that time turned cautious amidst rising Covid cases and its impact on economic recovery, and partially due to a weaning off impact of a low base effect.



Quarterly Private Consumption Trend in India, PFCE (Y-o-Y Growth)

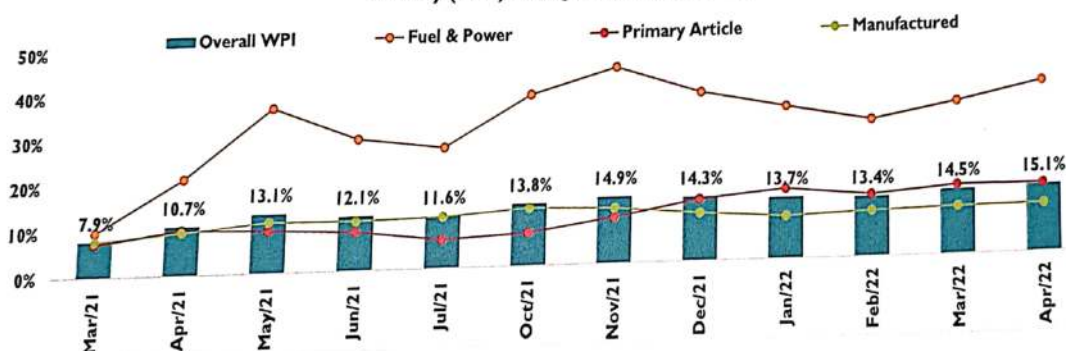


Private Final Consumption Expenditure (PFCE) a realistic proxy to gauge household spending, observed flat growth during Q3 FY 2022 after witnessing a decline in the previous two quarter. Festive and marriage season purchases supported this recovery in Q3 FY 2022.

Price/Inflation Scenario

India's inflation rate based on Wholesale Price Index (WPI) spiked with 15.08% y-o-y change in April 2022 against 10.74% (y-o-y) increase in the April 2021. Surge in prices of mineral oils, basic metals, crude petroleum & natural gas, food articles, non-food articles, food products and chemicals & chemical products during April 2022 compared to April 2021 level, contributed to WPI inflation rate in April 2022.

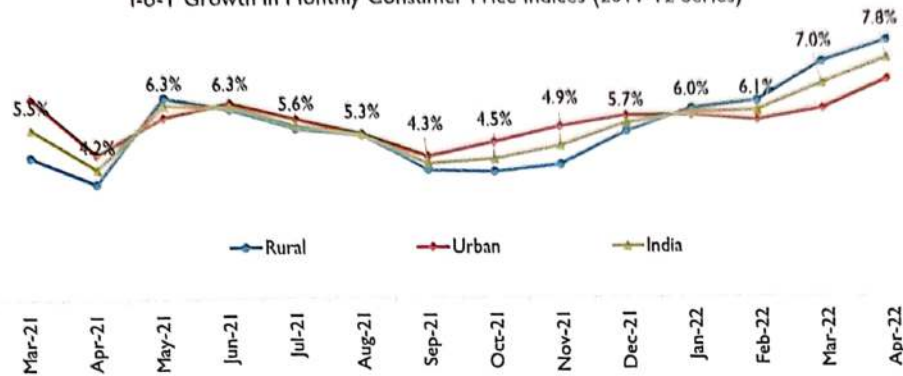
Monthly (Y-o-Y) Change in WPI, (2011=12)



Source: MoSPI, Office of Economic Advisor



Y-o-Y Growth in Monthly Consumer Price Indices (2011-12 Series)



Source: CMIE Economic Outlook

Retail inflation rate (as measured by Consumer Price Index) increased to 7.79% in April of 2022, higher above market forecasts of 7.50% and the highest since May of 2014. Surge in Food inflation for the 7th straight month to 8.38%, largely contributed by rising cost of oils and fats (17.28%), vegetables (15.41%) and spices (10.56%) was major contributor to retail inflation. Transportation & communication (10.91%), health (7.21%), footwear (12.12%) and clothing (9.51%) were other major contributor which pushed upward pressure on retail inflation.

The inflation stayed well above the 2% to 6% tolerance limit of the central bank for the fourth consecutive month in April 2022. As a part of anti-inflationary measure, the central bank increased the repo rate for the first time since August 2018 from record low 4% to 4.4% in its latest monetary policy review meet. The Reserve Bank of India (RBI) has also increased the cash reserve ratio (CRR) by 50 basis points to 4.5% which will leave the banks with less money to lend it to consumers and corporate. As per the RBI governor, this rate hike would drain the banking sector with nearly INR 870 Bn liquidity. For current fiscal, The Reserve Bank of India has estimated an average inflation rate of 5.3% for FY 2022 and 5.7% for FY 2023.

External Sector

India's merchandise exports continued to grow at subdued CAGR of 4.4% during FY 2018-22 while imports grew at 4.8% CAGR. On annual basis, both exports and imports exhibited stellar performance in FY 2022 backed by recovery in global growth and domestic economic activity. Exports surged by 21% and import by ~30% in FY 2022 against -9.2% and -13.8% y-o-y change in the previous year, respectively. Improving foreign trade was backed by favourable base, elevated commodity prices and low policy rate that pushed domestic demand.

Economic Growth Outlook

Resulting impact of Russia-Ukraine crises present potential to restrain the pace of economic recovery in India in line with global GDP growth. All commodity prices are rising, the outlook is set to worsen amidst strained global supply, rising freight costs, and sanctions on Russia. India's direct and indirect supply linkages with Russia and Ukraine are expected to affect its supply chain. Retail prices are expected to rise further as the domestic fuel price hike is yet to be factored into inflation data. Elevated commodity prices and the consequent rise in interest



rates will weigh upon the profitability of companies just as they were recovering from the third wave of coronavirus. The RBI will be under pressure to announce further rate hike if geopolitical risks increase. Increasing interest rate pushes the probability of loan default higher, risking the financial stability of financial system. Additionally, the high-risk averseness of foreign investors, restriction on India's bonds listing on global indices for at least a year, volatility and sharp downward movement in rupee are likely to slow down India's economic recovery. Moreover, a continuing mutation in more virulent virus strain and resurgent Covid-19 waves poses a major downside risk to Indian economy. In the light of above highlighted challenges, IMF in its latest economic outlook (April 2022) has projected India GDP to grow by 8.2% against 9% GDP growth projected in previous outlook (January 2022). In the backdrop of difficult operating climate, India is likely to miss the initial target of being USD 5 trillion economy by 2024 which has now been revised by Ministry of Finance to the fiscal year 2027.

Though in immediate term, the balance of risks facing the Indian economy are tilted to the downside, but various structural measure introduced by the government post Covid to revive economy is going to have a long-lasting impact on India's growth story. Effective implementation of various policies such as Aatmanirbhar Bharat, PLI scheme to targeted sector, Gati Shakti for multi-modal connectivity and the National Monetization Pipeline (NMP) to finance infrastructure creation will help India to move closer to its target of reaching USD 5 trillion GDP goal by FY 2027.

Regulatory Scenario

Impact of GST

As compared to other emerging markets, the hospitality sector in India is one of the highest taxed, despite the government's encouragement of private participation to boost the sector's growth. Prior to GST, the hospitality industry, like every other sector in the Indian economy, was liable to pay multiple taxes (VAT, luxury tax, and service tax) under the VAT regime. A hotel where the room tariff exceeded INR 1,000, was liable for service tax at 15 percent. An abatement of 40% was allowed on the tariff value, thus bringing the effective rate of service tax down to 9%. The Value Added Tax (ranging between 12 percent to 14.5 percent) and luxury tax, would apply on top of this.

However, for restaurants, there was 60% abatement which meant that the service tax was charged at an effective rate of 6% on the F&B bills, apart from VAT (12% to 14.5%). Bills for bundled services like social functions (seminars, marriage etc.), were taxed with an abatement of 30%. The cascading effect of the VAT regime, where the end consumer paid a tax on tax, increased the end cost. Hoteliers and hospitality businesses did not get any input tax credit (ITC) on the taxes they paid; as central taxes could not be set off against state taxes (VAT), and vice-versa.

However, GST rollout provided a sigh of relief to the hotel industry. GST abolished several other taxes, leading to a reduction in procedural steps and more chances to streamline the taxation process. Under the VAT regime, the distinction between Value Added Tax and an Entertainment Tax was difficult to discern. However, under the GST only a single charge will be included in the final bill. Furthermore, before GST, the tax paid on inputs (raw edibles for food, cleaning supplies etc.) could not be adjusted against the output without any complications.



However, under the GST regime, the tourism and hospitality industry can now claim and avail input tax credit (ITC) and will get full ITC on their inputs.

With just one tax to compute, GST rollout has not only simplified tourists' travel planning and budgeting, but even allowed the hospitality sector to breathe easy. As the checking-out process at hotels and restaurants became hassle free; it encouraged domestic travel and allowed businesses in the hospitality sector to optimize occupancy rates and RevPAR⁶.

GST Rate

Room Tariff (INR)	Current GST Applicable
< INR 1000	Nil
INR 1001-7,500	12%
INR 7501 and above	18%

The GST rate on hotel rooms with tariffs of up to INR 7,500 per night has been cut to 12% from the existing 18%. Similarly, the tax on room tariff of above INR 7,500 has been slashed to 18% from the existing 28% while no GST is applicable on room tariffs of below INR 1,000 per night. GST (Goods and Services Tax) Council announced a cut in the tax rate on hotel room tariffs, a move aimed at giving a boost to the hospitality sector.

Type of Restaurants	GST Rate	ITC
Stand Alone Restaurants irrespective of whether they are air-conditioned or not.	5%	No
Restaurants forming part of hotels where the declared tariff of the accommodation does not exceed INR 7500	5%	No
Restaurants forming part of hotels where the declared tariff of the accommodation exceeds Rs 7500	18%	Yes

Overall, however, GST has proven to be more of a mixed bag; comprising better and easier rules and regulations on the one hand, and increased costs and compliances on the other. Nonetheless, barring few minor hiccups in the initial days after GST implementation, the new tax regime has boosted the industry's growth in the long run. Post the implementation of Goods and Service Tax, the hospitality sector is now able to reap the benefits of standardized and uniform tax rates, apart from easy and better utilization of input tax credit. As the final cost to end user decreased, the industry witnessed a surge in both international as well as domestic tourists.

Availability of Credit and FDI

Availability of credit at affordable rates is one of the major constraints that has prevented the growth of domestic hotel operators. Earlier, hotel construction fell within the ambit of the commercial real estate, and so the rates charged by banks were higher. However, to enable credit for hotel developers at a reduced rate the Reserve Bank of India de-linked credit allocation for hotel projects from commercial real estate exposure of banks. This

⁶ RevPAR (Revenue Per Available Room) is a performance measurement metric used in Hotel Industry. It is calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate.



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. The government has categorized hotel and restaurant industry as high priority industry and has allowed 100% FDI under the automatic route. Apart from these direct measures, certain policy measures aimed to develop tourism & hospitality sectors indirectly helped in the growth of hotel industry. Some important measures are:

- Scheme for development of important destinations and circuits (connects to nearby tourist destinations) through 29 Mega Projects. Schemes like PRASHAD (National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive), SWADESH DARSHAN (Integrated Development of Tourist Circuits around Specific Themes), and the promotion of e-visa are expected to increase in tourism - will subsequently benefit the hotel.
- The industry is dependent on the tourism sector for business. The Ministry of Tourism, along with the Ministry of Railways Ministry of Road and the Ministry of Civil Aviation, promotes tourism in the country. Therefore, government initiatives play a crucial role in its growth.
- Government's decision to open skies for private competition and emergence of low-cost airlines couple are led to increased domestic tourism which further fueled demand for hotels. Major scheme such as NABH Nirman, UDAN - Ude Desh ka Aam Nagrik, and Vision 2040 initiative started by the Ministry of Civil Aviation to enhance air connectivity would bring traveller even to the most remote corners of the country.

Important Laws applicable to the Industry

Most of the legislation governing the hospitality and hotels industry can be divided into three main sectors.

The first head is the legislation for the construction and commissioning of hotels, restaurants, guest houses and other establishments, and includes the Foreign Exchange Management Act, the industrial licensing policies, land laws and various development control orders issued by the central and state governments.

The second head has legislation for the operation, maintenance, and management of establishments, food and hygiene standards. It also includes insurance laws, fire safety and weights and measures regulation. Further, various licenses, such as a liquor license, dance license, lodging house license, eating house license, police permissions, a license under the Shops and Establishment Act, or a license under the Food and Drug Administration Act, granted on an annual basis.

The third head has rules regarding taxation, employment, and other contractual relationships. This includes laws on income tax, service tax, expenditure tax, excise duty, luxury tax, entertainment tax, as well as laws on employment matters like Apprentice Act, ESI Act, etc.



Union Budget 2021-22

- The budgetary allocation for Ministry of Tourism increased to INR 20.27 bn in FY22 from INR 12.60 bn in FY21.
- The budgetary allocation for Ministry of Culture increased to INR 26.88 bn in FY22 from INR 22.12 bn in FY21.

Other Development Post Covid to support Hotel & Hospitality Business

On June 07, 2021, RBI announced Emergency Credit Line Guarantee Scheme 3.0 (ECLGS) which provided 100% guarantee to member lending institutions offering fresh credit facility to its borrowers in the hospitality (hotels, restaurants, marriage halls, canteens etc.), travel & tourism, leisure & sporting and civil aviation sector. This liquidity should provide much-needed immediate support to cash-strapped hospitality businesses.

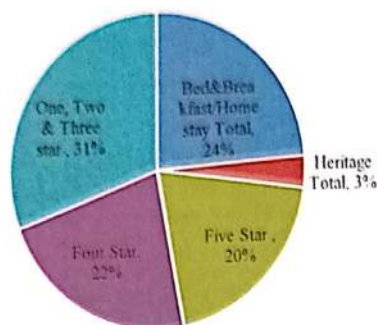
Current Scenario

Travel and tourism were one of the first and worst hit sector by the Covid-19 pandemic. Its contribution to the country's total GDP contracted by over 36% against 7% contraction in real GDP in 2020. Travel and tourism contribution to country's GDP stood fell to 4.7% in 2020 from 6.9% share in 2019 while in absolute term it was estimated to be valued at INR 9,039 Bn in 2020 against INR 14.18 trillion in 2020. With mounting loss in business due to covid, industry observed large scale reduction in the number of people employed in the sector which reduced by 8.33 Million people (20.8% y-o-y decline) in 2020. The sector provided employment to around 31.7 Million people in 2020 against 40.11 Million people in 2019 while its share in total employment fell from 8.8% to 7.3%.

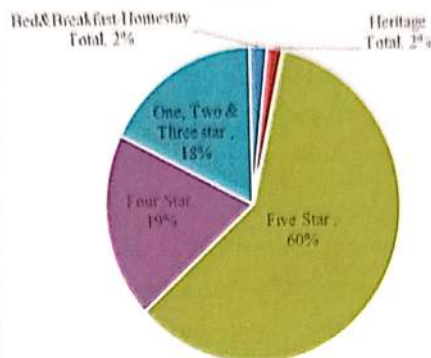
Hospitality industry is a major segment of a Travel & tourism industry. As on 31.3.2021, there are nearly 1,801 hotels operating in India, that are approved by the Ministry of Tourist. About 20% of these falls in the five-star category, and about 31% fall into the one, two and three category and balance 22% in the four-start category. The segmentation in the number of rooms comprised of 60% of the rooms in the five-star category, 19% in the four-star hotel, 18% in the one, two and three start category and nearly 2% of the rooms each in heritage hotel and bed & breakfast/home stay category.



Composition of Approved Hotels in India as on 31.3.2021



Composition of Hotel Rooms as on 31.3.2021



Source: Ministry of Tourism

Hotel Industry Performance FY 2020 and FY 2021

The annual turnover in Indian hotel industry before facing covid crises was growing at CAGR of nearly 12% during FY 2014-19. In FY 2020, the Indian hotel industry's total revenue stood at INR 1820 Bn. Improving business sentiments in India owing to numerous policy and administrative reforms being implemented by the Government of India has helped the industry to grow at healthy rate. Furthermore, occupancy rates, as well as ARRs, witnessed good growth. Hotel industry observed growing foreign as well as domestic investments. However, the optimistic business scenario completely turned opposite with the outbreak of Covid-19 Pandemic by the end of FY 2020. With lockdown curbs across various States and cities and operating restriction on Hotels to prevent Covid-19 spread, the hotel industry in India is estimated to have loss approximately 75% of its revenue in FY 2021 which translate into a loss of over INR 1,300 Bn.

Covid Impact Analysis on Hospitality Sector in FY 2021

The Impact of Lockdown

The Covid-19 pandemic has brought world to a standstill, and hospitality, hotel and tourism sector has been one of the worst affected. The travel restrictions, social distancing, and hygiene measures that form the front-line defence to contain the spread of virus has literally wiped out the demand in hospitality sector.

To understand the full impact of lockdown it is critical to understand the makeup of Indian hotel industry. Despite the entry of multinational hotel chains and expansion of domestic chains, Indian hotel industry continues to be dominated by the independent/unbranded sector. Nearly 70% of the rooms in Indian hotel industry belong to the unbranded sector which is operated by small hotel operators. This segment of the industry also employs nearly 80% of the total staff employed in the hotel industry.

Nearly 60% of the cost incurred in running a hotel is fixed cost in the form of lease rentals, utility bills, and employee salary. While on the revenue side, the average year-round occupancy is in the range of 55 to 60%, which meant that hotels will have anywhere between 2 to 4 months of lean business. Large hotel chains with



more structured financial plans and access to capital have perfected an operating system to thrive in these conditions. However, smaller hotels / independent operators often struggle and managed to just break even.

Given this context, a black swan event like the Covid-19 pandemic has significantly impacted the normalcy in the hospitality sector. The lockdown that was imposed on March 22, 2020 and that continued till end of May have left the hotel industry with very little revenue. New guest check-ins were barred while existing guests could continue. Hence, the hotel industry operated with low occupancy, and sometimes with zero occupancy, a scenario practically unheard of in the hospitality industry.

The revenue loss for nearly two months together with continued expenses has put a large segment of the hotel industry under severe financial strain. When the Government announced its Unlock 1.0 by May end, the hotel industry was in worst shape. The unbranded /Independent hotel operators that came out of the lockdown were financially weakened with little or no cash reserves to carry on.

The phased unlock strategy adopted by the Government meant travel restrictions imposed during lockdown remained almost unchanged. Although the Government started opening the economy from May 2020, hotels and the larger hospitality sector continue to be under strict restrictions. Hotel industry saw nearly 10 months of no business activity in FY 2021.

To make matters worse, the spread of covid-19 pandemic kept on increasing till September 17, 2020 when it reached at peak with 10,17,754 active cases. India was also amongst the top 5 countries worst impacted by covid pandemic. The spread of virus continues unabated with each day bringing new highs in terms of infection and deaths.

However, despite lifting of restrictions, the movement of people and commerce remained subdued. The fear in the minds of people was deep for majority of people, forcing them to shun any public places during the first two quarters. According to a survey conducted by reputed property consultant JLL in 2020, it predicted that it would take anywhere between 12 to 24 months for operations in the hotel industry to normalize. Furthermore, the survey also highlighted the delays that would happen in new hotel openings. Depending on the type of hotel, new hotel projects are expected to be deferred by anywhere between 6 to 24 months. All this underlines the somber mood that hotel industry experienced and is still experiencing.

The hotel industry operated in this state of low occupancy for almost entire year, which also included the busy holiday months. Travel and tourism industry were severely hit by the travel restriction for major part of the year that translated into weak hotel demand. The industry observed massive business closure, primarily among the unbranded / independent hotel segment. Smaller hotel operators with single property / 4 to 5 properties with no capital infusion struggled to stay afloat.

The scenario remained equally dire in budget hotel category, dominated by new age players like OYO. India has seen a funding boom in hospitality space. Flush with venture capital money new age hotel aggregators like OYO had expanded massively in the past few years, across the length and breadth of the country. However, funding started to dry up in 2019 as VCs were forcing hotel operators to improve their bottom line. Hence, the hotel aggregator space of Indian hotel industry entered 2020 on a challenging note. The covid pandemic have turned things more challenging, leading to large scale layoffs and closures. Hospitality industry which was very first sector



to feel the impact of covid-19 pandemic and was one of the last to come out of the impact. With nearly 10 month of no business, year 2020 remained a worst ever year in the history of hospitality industry. With the onset of Covid-19, FY21 witnessed contracted revenues, accumulating operating losses translating in rising in debt levels as companies opted for loan moratoriums and borrowed incrementally for liquidity and working capital requirement. The Covid-19 pandemic induced economic set-back led to significant financial stress for hotel owners and it potentially impacted the long-term viability of many hospitality firms. As per Mr. Gurbaxish Singh Kohli, the Vice President of The Federation of Hotel & Restaurant Association in India (FHRAI), 30% of hotels and restaurants in the country have shut down permanently due to financial losses while over 20% of hotels and restaurants haven't opened fully after the lockdown. The remaining 50% operated in losses with revenue being 50% below of the pre-COVID levels. The yearlong suspension of activity and slow demand revival called for downward revision in the rental rate. Even the resumption of hospitality and tourism came with its own challenges. The hotel properties operated with strict social distancing and hygiene norms, which invariably meant capability to serve a lower customer base. Till, a large mass of people is vaccinated, social distancing would be the norm in the hospitality sector.

Hotels as Quarantine Centres

Despite all this gloom, the hotel industry did find an area to gain business. The massive spread of covid pandemic has started to put pressure on the healthcare infrastructure in the country. Since, a large proportion of the patients were asymptomatic, there was no need for advanced medical care other than quarantine. Sensing an opportunity many hotels in major cities have stepped in as quarantine centres converting their properties to be fit for quarantine of asymptomatic patients. Hotels across the spectrum – ranging from economy, budget to premium – has joined this bandwagon and have converted their properties into quarantine centres. This stops gap measure has brought some relief to the hotel industry, but this has benefitted only a small proportion of the hospitality industry.

To conclude, the year 2021 witness unprecedented levels of business closures specifically in the unbranded / independent hotel space, and a significant revenue erosion in the branded space. As per the latest statistic, the number of approved hotels operating in India reduced to 1,423 on 28 June 2021 from 1,801 as on 31 Mar 2021. The demand recovery that was expected to happen in 2021 owing the growing vaccination was slow and measured.

Talking about 2021, the hotel industry returning to normalcy which was earlier predicted by H2 2022 on the back of flattening pandemic growth curve during H2 FY 2021, got delayed. The sharp spike in the second wave of Covid-19 spread that strengthened between April – May 2021 and affected India more than anywhere else in the world, delayed the demand revival.

Following a sharp contraction in FY 2021, few hotel players adjusted their strategies to sail through the difficult pandemic times. To drive topline number, many hotel operators scaled up their F&B and ancillary services by leasing their kitchens for cloud kitchen and food delivery through online platforms, and by offering long stay packages for staycation or workcation to guests. Rationalization in the hotel rental rate and staff cost per room



by hotel operators along with increased automation and outsourcing some of the non-core cost items were other major steps that were adopted by the players to drive operational efficiency.

Relaxation in travel curb post second wave pandemic, low base effect and better the expected improvement in demand sentiment backed by pent-up demand during H2 2021, helped hospitality industry to report healthy y-o-y growth in RevPAR. During Q2 FY 2022, by India's hospitality industry has witnessed 169.4% y-o-y growth in RevPAR and 122.9% growth in RevPAR in Q3 2021 on Q-o-Q basis. As per STR, all key 6 markets in India (Mumbai, Hyderabad, Chennai, Delhi, Goa and Bengaluru) witnessed a growth in RevPAR Performance in Q3 2021 on y-o-y basis with Goa leading the race by registering 389.8% y-o-y growth in Q2 FY 2022. Hyderabad witnessed the highest growth in occupancy level while occupancy rate remained highest for Mumbai, followed by Delhi.

Q2 FY 2022 saw signings at 32 hotels comprising of 2,624 rooms, recording a growth of 13.4% y-o-y growth where 15 new signings i.e., 47% of total properties signed were for the conversions of old hotels. In comparison to international operators, domestic operators dominated total signings with the ratio of 57:43 in terms of inventory volume.

Revival Post Covid

Based on the India Motel Market review 2021 prepared by collaboration between STR and Horwath HTL India for The Federation of Hotel & Restaurant Associations of India (FHRAI) as per annual survey report, the extracts of the same are captured hereunder.

Performance comparison with 2019 provides the best indicator of the recovery achieved. However, a more comprehensive understanding is enabled by contrasting 2021 performance with the pandemic period (March to December) of 2020; the comparison provides a better view of the pace of recovery by different markets. Accordingly, separate data sets have been provided in some cases.

Overview Of Performance - India

Period	Occ	ADR	RevPAR
2021	43.5%	4,429	1,924
H2-21	51.2%	4,801	2,455
2020	32.0%	4,819	1,542
Mar-Dec 20	24.9%	4,011	998
2019	64.5%	5,684	3,664

Source: STR

In spite of all odds, the industry did post a moderate recovery in 2021. Key highlights are:



- Demand numbers were positive, rates were not; consequently, RevPAR levels have a long road ahead
- Q3-21 was particularly strong, for that time of year
- Leisure sector fared very well, newer destinations emerged
- Improved demand without sizeable corporate, MICE and crew usage, are a stand-out.

Several comparisons are possible, and every which way – the segment had a decent recovery, but there is yet a material path to be bridged, and H2-21 showed a heartening positivity.

Two key bases are 2019 (as a benchmark for fully recovery) and Mar-Dec 20 (as the Covid impacted plummet period).

- Occupancy is 2/3rds on the way to full recovery; 2021 clawed back over nearly 19 pts of the 39.6 pts lost in the Mar-Dec 20 period.
- The ADR gap to full recovery is a sizeable INR 1,255 and will need city hotels to regain their numbers for this gap to be bridged. In 2021, the industry plugged about 25% of the gap created in Mar-Dec 20.
- It plugged about 35% of the RevPAR gap caused in Mar-Dec 20 and are at 52.5% marker on the recovery road.

H2-21 has been notably better, across parameters.

A word of caution as we look at these numbers – the leisure sector has about 22% of total inventory and has been a major contributor to recovery, particularly the ADR gains. Some leisure usage and rates may not sustain, or grow; recovery will therefore need a resumption of inbound travel, business travel and MICE enabling city hotels to generate better numbers.

Performance Highlights

On overall basis,

1. Chandigarh had the highest Occupancy (54.96%), followed by Vizag (54.67%) and Mumbai (54.5%).
2. Leisure destinations occupied the top 5 spots for ADR. Udaipur led with a hefty INR 12,968, having a clear lead of >INR 4.5k over second-best Goa, followed by Himachal, Uttarakhand and Jodhpur
3. Udaipur RevPAR of INR 6,152 is higher than the ADR of all metro and business cities. Goa has second place; Jodhpur at third due to higher Occupancy (45%) compared to Himachal and Uttarakhand which have 4th and 5th spots.

Among major markets (12 markets; 62% supply share)

4. Mumbai and Ahmedabad Occupancy was >50% Occupancy; BLR, Pune and Kochi were in the mid to high 30's; all other markets achieved 40-50% Occupancy



5. Goa with INR 8,315 had the highest ADR, followed by Jaipur at Rs 5k and Mumbai at INR 4.9k. Delhi, Gurugram and Kolkata had over INR 4k; BLR, Pune, Chennai, Hyderabad and Kochi were in the 3k level and only Ahmedabad fell below INR 3k.

H2-21 demand was largely above 80% of H2-19 demand. Udaipur, Amritsar, Himachal and Uttarakhand enjoyed demand growth in H2-21 over H2-19.

Leaders in monthly performance at major market show

- Goa with 75.3% in Dec as the leader followed by Kolkata 71.8%, Jaipur 70.8% and Ahmedabad at 70.6%.
- Goa also heads Average Daily Revenue (ADR) category with INR 10k in Nov and INR 12k in Dec. Jaipur follows at INR 7k and INR 7.6k respectively. Kolkata Occupancy was at moderated rates of INR 5k; Ahmedabad Occupancy was at bargain ADR in mid 3k.*

Demand Recovery – By Markets

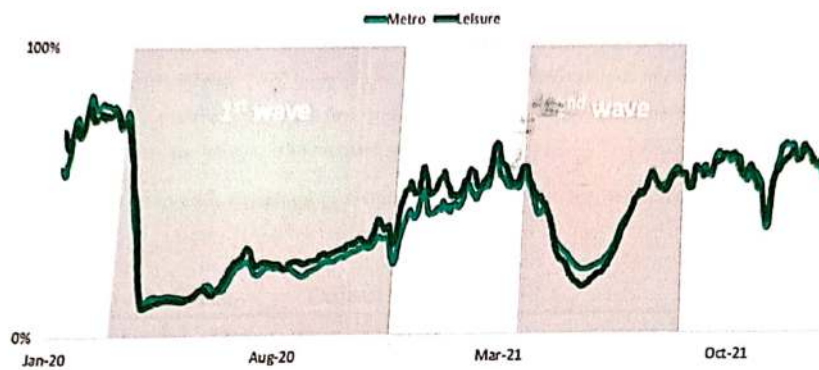
- 74% Revenue Per Day (RPD) recovery for 2021 is in spite of closures and restrictions from mid April to June / July – sizeable weddings demand was lost; positive knock-on effect of closures enabled a record Q3-21
- H2-21 was even better, with all-India RPD at 88% of H2-19; metros above 80% except BLR which continued to be materially slower
- Success of leisure is great; but the business cities need to fire for wholesome recovery
- Key primary cities were pulled down by Pune and Gurugram (56% and 63% full year recovery)
- Ahmedabad clocked nearly 93% and 107% recovery for full year and H2-21 respectively, albeit of a lower base due to a tepid 2019
- Lack of IT sector travel is hurting the IT centric markets of BLR, Pune, Gurugram and Hyderabad

Most importantly however, if this level of demand can be achieved without corporate, MICE and crew demand then is there latent domestic demand that can be exploited with the right products, pricing strategies and attractions.

Demand for hotels in metro cities started improving in late 2020 and had a rising trend in Q1-21. It regained momentum as markets came out of the pandemic, with several instances of having a lead position over leisure demand. See chart below.



Pace of Recovery - Metro and Leisure













Source: STR























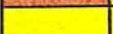


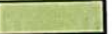


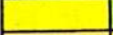
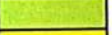










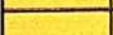







































Occupancy, ADR & RevPAR Recovery Trends

Instead of a mass of numbers, the report have presented the recovery in a colour grid which reflects the 2021 performance, indexed to 2019 and 2020 performance. Comparison with 2019 reflects the effective scale of recovery. Comparison with 2020 reflects the change during two periods impacted by the pandemic and helps reflect the pace of recovery from the first and second wave; while 2020 benefitted from pandemic-free Jan and Feb, we believe that the comparison remains largely relevant.

The colour grid adopted is explained to enable an easier review. For better comparability we have segregated data for metro and business cities; for leisure destinations; and for regional markets

	Index	Colour	
Low	<0.4		Red hot issues; mud and earth colours
	0.4 to 0.6		
	0.6 to 0.75		
Moderate	0.75 to 0.9		Brightness; approaching good health
	0.9 to 1.0		
Gains	1 to 1.2		Growth and sustainability
	1.2 to 1.35		
Strong Gains	1.35-1.5		Reaching and enjoying Blue skies
	1.5 to 1.75		
Outstanding	>1.75		Right royal blue

Note: In the chart, Regional markets comprise the specific state excluding large cities of that state which are separately tracked. The revival of major cities are captured below:

	Occ		ADR		RevPAR	
	CY21/19	CY21/20	CY21/19	CY21/20	CY21/19	CY21/20
All India						
Mumbai						
New Delhi						
Bengaluru						
Gurugram						
Chennai						
Hyderabad						
Kolkata						
Pune						
Ahmedabad						
Lucknow						
Chandigarh						
Vizag						



Comparison of 2021 over 2019 shows

- a lot of earth colours and some brightness from Occupancy and RevPAR perspective – thus we have a sizeable way to go before getting to 2019 numbers.
- Only HP has come closer to full Occupancy recovery. On the other hand, BLR and Kerala are in heavily troubled territory from RevPAR recovery perspective.
- ADR comparison has a reasonable share of pink and green, from leisure destinations and from Vizag which draws a lot of regional staycation travel. Only Uttarakhand is in blue territory.

Comparison of 2021 over 2020 shows a better pick-up from the depths that were suffered in 2020.

- Occupancy shows gains and strong gains across all markets; quite to expectation given the speedier recovery from the second wave; however, do note that 2020 numbers include two positive months before the pandemic hit.
- Metro and business cities continue to struggle for rate; these have lost ground compared to 2020 although there has been recovery from the huge drop that occurred in the April-Dec 20 period.
- Leisure destinations have done singularly better. ADR performance reflects pink, green and blue across all markets except Kochi and Kerala.
- The combination of Occupancy improvement and rate changes has enabled RevPAR for all markets to reflect some gain over 2020; with leisure markets doing exceedingly well.

Several regional markets have gained materially from SME travel, localised weddings demand and staycation travel within the regions.



Supply

Supply data only pertains to chain affiliated hotels and does not include aggregator or time share inventory.

Aggregate inventory of 159,797 rooms at end December 2021 reflects net increase of 6,809 rooms in 2021. The pace of additions, and composition, over the last 5 years are summarised below:

Supply Addition (in '000s) - Chain Affiliated Hotels

Year	2017	2018	2019	2020	2021
New Build#	8.4	8.0	8.3	5.3	6.5
Conversions	3.6	3.4	2.9	1.6	3.1
Deflagged	-2.2	-2.4	-3.3	-4.0	-3.0
Others	0.1	-0.2	-0.1	-0.3	0.1
Total	9.9	8.9	7.9	2.7	6.8

Source: Horwath HTL Research

includes expansions

- At the start of 2020, expected addition of new build rooms in 2020 and 2021 was about 21k rooms; in fact, only 11,869 rooms were added.
- Substantial inventory has been deflagged, largely at M-E levels.
- Supply addition in 2021 was shared between Lux-UpperUp, Up-UpMid and M-E segments with share of 37%, 45% and 18% respectively.

While supply growth has occurred in newer markets, there is substantial inventory concentration in a few markets.

Supply Addition (in '000s) - By Market Category and Size

Market	Cities/ Towns	Rooms	Addn 21	Addns 17-21
Top 3 Metros	3	52.4	0.5	6.4
Other 3 Metros	3	22.2	-0.2	4.6
With 5k+ rooms	3	20.8	0.8	3.6
With 2.5k-5k rooms	2	7.6	0.6	2.3
With 1k-2.5k rooms	10	18.0	1.5	5.6
With 100-1k rooms	107	32.7	3.3	12.4
With < 100 rooms	128	6.1	0.3	1.4

Source: Horwath HTL Research



Thus, the top 11 supply markets saw only 1,751 rooms added in 2021. Smaller towns with 100-999 rooms saw over 10% supply growth in 2021 and have over 1/3rd share of inventory growth in the last 5 years. About 40% of total supply is spread over 235 towns; these towns do have independent owner managed hotels and could provide conversion opportunities provided the economics works effectively.

Segmental Performance

At all India level, Up-Mid occupancy at 50.5% was ahead of Lux-Upper Up 47.5% occupancy. M-E with 32.8% continued to lag. From ADR perspective, Up-Up Mid at INR 3,779 was materially discounted to INR 6,809 from the Lux-UpperUp segment. M-E came in at INR 2.3k. RevPAR for the Up-UpMid and M-E segments were discounted by 41% and a hefty 77% respectively, compared to Lux-Upper Up RevPAR which itself remained 56% below its 2019 level.

Given the material performance variation between Metro and Business cities, and leisure destinations, the analysis has been segregated for these markets.

LUXURY – UPPER UP

Mumbai led Occupancy at 55.4%, followed by Goa at 55%.

Metro and Business Cities:

Besides Mumbai, only Delhi, Chennai and Gurugram secured over 50% Occupancy. Several markets were in the 40's, but BLR at 37% and Pune at 26% were material under-achievers.

ADRs showed a different picture. Mumbai at INR 5,938 was unusually below the national average as were other metro cities and business destinations. Gurugram with INR 6603 also secured the highest RevPAR at INR 3,322. Pune compensated for low occupancy with ADR at INR 5,986. Hyderabad dropped below INR 5k.

Only Gurugram and Mumbai enjoyed RevPAR in the 3k level. BLR and Pune remained below Rs 2k for the second year running, evidencing the stress from supply concentration at business parks.

Leisure Destinations:

It's a story of healthy occupancies and amazing ADINR At several destinations we have tracked, Occupancy remained between 43% to 55%. If Himachal reported only 43% Occupancy, its ADR at INR 16.6k was a big positive being only marginally lower than the leader – Udaipur with INR 16,963 at 49%. Goa with its larger inventory continues to flourish; at INR 12.4k, its ADR grew over 13% compared to 2020. Jaipur grew RevPAR by 40%, and Uttarakhand made its mark with RevPAR of INR 5,750 mainly gaining from ADR above INR 11k.



UPSCALE – UPPER MID

This segment has gained at the cost of M-E by operating at M-E rate levels.

Metro and Business Cities:

A little better consistency is seen. Mumbai and Delhi had 60% Occupancy and INR 3.9k ADR; Kolkata 61% and Vizag led the pack (possibly helped by leisure demand) with 65% Occupancy. Other cities were in the low to mid 50's, with only Pune and BLR dropping below with 49% and 45% respectively (both cities did gain sizeably over 2020).

ADR levels remained modest, with all markets in the 3k level (BLR and Ahmedabad barely Rs 5 to the good); only Vizag crossed to INR 4.3k based on leisure, wedding and MICE demand. At India level, the segmental ADR was discounted 44.5% to Lux-UpperUp ADR. This discount level was matched by Pune, Gurugram and BLR; other metro markets reflected 31-38% discount.

Leisure Destinations:

Goa and Jaipur got 54-55% Occupancy; several markets were in the 40's, while the upper tier star of Uttarakhand and Himachal ended with 41% and 33% respectively.

Uttarakhand led the rate charts at INR 6,751; Himachal and Goa clocked INR 5.7-5.9k – these ADRs are higher than Lux-UpperUp ADRs in the metro cities. Other markets were more muted though positive on ADRs, largely between high 3ks and mid 4ks – Jodhpur did well at INR 4,666.

Leisure markets reflected materially larger segmental discount to Lux-UpperUp ADR – Goa 54%; Jaipur 61%; HP 65% and Rajasthan as a whole nearly 70%.

MIDSCALE – ECONOMY

As an over-arching comment, lower rates did not boost occupancy – consequently, segmental RevPAR was at 71% to 85% discount to Lux-UpperUp RevPAR. Mumbai did a little better at 67% discount; Pune had only 46% discount thanks also to a modest Lux-UpperUp ADR.

The segment has been squeezed by rate competition from the top tier, and upscale hotels. It also suffered from lack of business travel and possibly from a preference to stay at a higher grade hotel for greater comfort on hygiene issues.

Metro and Business Cities:

Lack of business travel is clearly hurting. Chandigarh reported 50%, Mumbai and Pune 44% and Ahmedabad 43%; Kolkata, Lucknow and Vizag reported between 36-38%; Hyderabad and Delhi in the low 30's. BLR, Gurugram, Chennai and Kochi were in the 20s with Kochi declining relative to last year (possibly as quarantine usage reduced in 2021).

ADR levels were really low, particularly as aggregator inventory was offered at huge discounts. None of the metros and business cities tracked crossed 3k; Chandigarh was the highest at INR 2,845. BLR, Pune, Ahmedabad, Kolkata and Hyderabad were sub 2k; Delhi barely got past it.



Leisure Destinations:

Udaipur achieved the highest RevPAR with 44% Occupancy at INR 3,498. Goa had a similar ADR but only 35% Occupancy. Uttarakhand and Jaipur matched Goa occupancy; while Uttarakhand ADR was a healthy INR 3,327. Jaipur had a much lower ADR at INR 1.9k. HP did well with 39% occupancy at INR 3k.

Key Markets

Only Covering Delhi and Gurugram in this segment as the present proposed project is located in Delhi region and is near to Gurugram & Airport.

Delhi

At 49.5% occupancy, the capital city added about 18pts over Mar-Dec 20 but failed to cross the halfway mark. Momentum gained in Q1-21 with 52% occupancy, was lost in Q2-21 as Delhi suffered a severe second wave; Occupancy declined to 32% (including quarantine and medical demand). Q3 saw a gradual pickup but it was only in Dec 21 that occupancy crossed 60%. Tepid for the capital city.

ADR remained between INR 3.2k and INR 3.8k for H1-21; between INR 4.1k and INR 4.9k from July to Oct 21 and in the high 5k levels for Nov and Dec. Rates lack the momentum that one saw in few other markets, resulting in full year ADR of only INR 4,359 (at 63% of 2019 ADR). City RevPAR was a little above 40% of 2019 RevPAR. The city is hurting from lack of corporate travel, MICE, inbound leisure, diplomatic travel, business delegations and trade fairs; constraints in wedding size add to the negative load. Remote hearings at the Supreme Court and with various authorities has curtailed guestroom demand from the legal fraternity.

The Lux-Upper-up segment crossed 60% Occupancy only in Q4-21; it also gained ADR in that quarter, rising to INR 6.4k in Oct, by a further INR 1k in Nov and to INR 7,717 for Dec 21.

The Up-UpMid segment fared better with over 60% Occupancy in July and Aug and then maintaining over 70% Occupancy – the city was among the leaders for Up-UpMid Occupancy from Sept to Dec 21, closing the year at 60.4%. Delhi and Kolkata were the only major markets with over 60% Occupancy; Delhi has 3 times the supply and RPD as Kolkata. ADR levels also moved well, adding over INR 2.4k in the course of H2-21.

The ME segment remained at 33.6% to 39.9% for 8 months of the year. Feb 21 Occupancy crossed 40% as the high point, but May dropped to 15% and Apr and June stood in the mid 20's. ADR levels were also muted, at below INR 2k till Jul and then rising above INR 2k with Nov and Dec being the best at about INR 2.7k.

H2-21 reflects 5/6th recovery compared to H2 19, in terms of room nights sold per day. This positivity needs to hold and build materially but things will not significantly improve unless inbound, MICE and corporate travel (in no particular order) resume and sustain at healthy levels. With Jewar airport coming up in 2025, city hotels have a shorter recovery lead time.



Gurugram

Occupancy bounced back by 21pts compared to Mar-Dec 20, yet, at 43.8% there is a long way to go for full recovery. Occupancy gain occurred at a cost of rates, with 2021 ADR declining by 5% from Mar-Dec 2020 ADR levels.

H1-21 was muted from a demand standpoint. H2-21 quickly regained momentum with about 48% occupancy for Jul and Aug, between 53%-55% occupancy from Sept-Nov and over 60% occupancy in Dec. ADR levels remained between INR 4.1k to INR 4.6k from Jun to Oct; these increased to mid INR 5k level only for the last 2 months.

Segmental disparity in performance has always been substantial in Gurugram and 2021 was no exception.

Lux-Upper-up Occupancy was materially higher than city Occupancy in H2-21, ending with 72.6% for Dec 21. Among major business markets only Kolkata had higher Lux-Upper-up occupancy in Dec 21. Gurugram also had higher ADR levels for this segment than other major markets, remaining above INR 6k up to Oct 21 (excluding Mar-May) and being on either side of INR 8k in Nov and Dec. Gurugram has enjoyed such premium for many years.

The Up-Up-mid segment had a meaningful occupancy run in H2-21, ending with 71.6% for Dec 20, although rates were moderate with INR 3,541 for the year.

The ME segment struggled substantially, ending with an annual RevPAR of below INR 600.

Demand Drivers

The hospitality sector in India primarily thrives on tourism, which is an important source of foreign exchange and employment. Demand for hotel rooms is driven by the increased flow of travellers – tourists as well as business. Both leisure travel and business travel have witnessed positive development in the past few years, leading to a higher demand for hotel rooms.

Tourism Scenario

The emergence of India as a tourist destination resulted in an increase in tourist visits to India. India was ranked at 34th position in Travel and Tourism Index 2019 ranked amongst 140 countries (as compared to 40th rank amongst 136 country included in the previous edition published in 2017). The Travel & Tourism sector is estimated to have contributed around USD 29.96 Bn to the country's foreign exchange (2019).

The number of foreign tourist arrivals (FTA) in the country is estimated to have reached 10.2 Mn during FY 2020 down from 10.6 Mn in the previous year while the number of domestic tourist visits is estimated to be 610 Mn in 2020 from 2333 Mn in 2019. Sharp contraction in tourist visit impacted the hotel room due to covid impacted the hotel room demand in 2020. International tourist spending in India reduced to USD 12 Bn in 2020 against 30.8 Bn in 2019 while its share in total tourist spending stood at 11% in 2020 down from 18% in 2019. Domestic tourists spending too fell from USD 140 Bn in 2019 to USD 97.1 Bn in 2020.



In 2021, the number of FTA improved substantially in comparison to 2020 level. Cumulative FTA during Apr-November 2021 stood at 803710 against 185463 in 2020, registering over 333% growth on y-o-y basis. Improving tourist statistic is expected to support annualized hotel industry performance in FY 2022.

Visa on Arrival scheme

The Indian tourist visa-on-arrival scheme was first introduced in India on January 1, 2010. In February 2014, the Indian government extended the VoA scheme, to travelers from 180 countries, in order to promote tourism; barring only eight countries—Pakistan, Sri Lanka, Sudan, Afghanistan, Iran, Iraq, Nigeria, and Somalia.

In November 2014, The Ministry of Home Affairs announced Visa on Arrival enabled by Electronic Travel Authorization facility for short-term visitors. On 15th April 2015, the name of this service was changed from Tourist Visa on Arrival-Electronic Travel Authorization to 'e-Tourist Visa' (eTV). Since the inception of e-Tourist Visas, the facility has grown to over 2 million inbound travelers, opting for the same, annually

Currently, India has adopted for e-visa facility to promote tourist inflow which is available to 171 country. An e-visa is provided in five categories — tourist, business, conference, medical, and medical attendant. Entry through e-visas is allowed only at 28 designated international airports and 5 major seaports in India.

Under this facility, travelers have to apply and pay online then present a print-out at a point of entry in India. Applications must be made at least 4 days to 120 days in advance of travel. Due to surge Covid- 19 pandemic, international air travel to and from 107 immigration check posts was suspended by the MHA on March 23, 2020. Visa restrictions were gradually relaxed where foreign nationals from the U.S., the U.K, Germany and France on are allowed on "business, medical and employment" visas while e-tourist visa is still suspended by the government. The facility is available to 171 countries, but after restrictions that were announced in March 2020, it has been restored only for 156 countries when relaxation was announced October 2020.

The visa fee has been rationalized and reduced wherein e-Tourists Visa fee reduced to USD 80 for 5 years, USD 40 for 1 year and one-month e-tourist Visa fee reduced to USD 10 for lean season and USD 25 for peak season.

During 2020, a total of 8.38 million (Jan-Nov) foreign tourists arrived on e-Tourist Visa registering a growth of -67.2%.

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 a demand for hotel rooms. The further frequency of international business travellers visiting the country too went up as the integration of Indian economy with global economy increased.

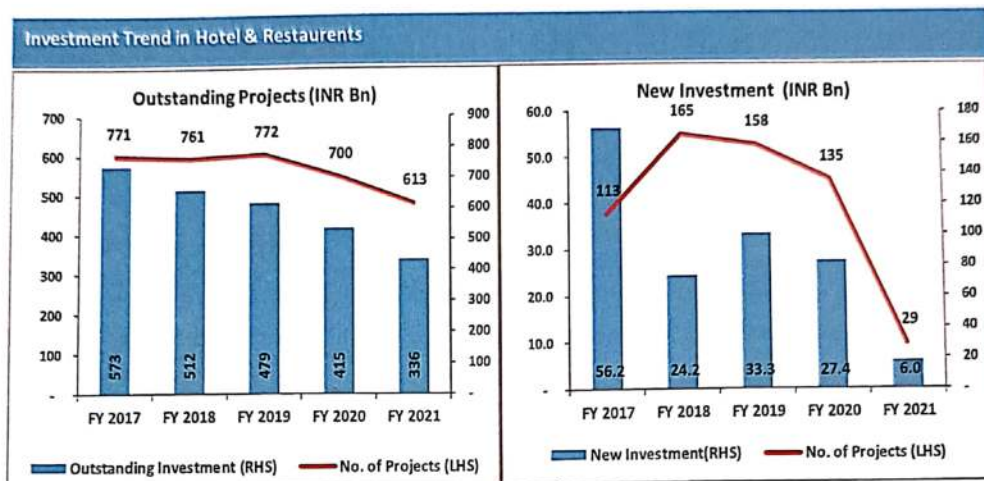
But in past two fiscal, business sentiment in the country has dampened and most economic sectors are witnessing a slowdown. Cost cutting has become a norm in most of the sectors and companies are cutting down on travel. Reduced business travellers have severely impacted the revenue of budget hotels, which came up specifically to cater to the needs of business travellers. During 2020, share of business travel spending in India fell to 3% from 6% in total travel spending.



Weak Economic Growth

The prevalent slowdown in economic growth would have a direct impact on the hotel industry. Uncertainty in the business environment have impacted the spending pattern of consumers. Discretionary spending is being scaled down, a trend which is widely observed globally during the onset of economic slowdown. Leisure spending is one of the first discretionary spending to be cut down. Thus, it could be commented that the domestic tourist visits have slowed down. The slowdown is prevalent in international markets too, and there is a dip in international tourist travel. Additionally, business travel too has declined as economic activity have slowed down. This drop-in tourist arrival and business travels would have a direct impact on the hotel industry.

New Investment



Due to bleak outlook and severe financial strain, new project announcement in hotel and restaurant sector reduced sharply. Only 6 new project envisaging investment worth INR 29 Bn was announced during FY 2021 while the number of outstanding projects as on 31st March 2021 stood at 336 with total investment amounting INR 336 Bn.

Major recent projects announced in Hotel Sector include:

Company Name	Project detail	Investment	Status
ITC Ltd.	Dumduma ITC Five Star Hotel Project, Odisha	INR 1,411.4 Mn	Announced in March 2021
Pravat Hospitality Pvt. Ltd.	Puri Five-Star Hotel Cum Luxury Resort Project, Odisha	INR 1,356.9 Mn	Announced in Feb 2021
Falcon Real Estate Pvt. Ltd.	Bhubaneswar Five-Star Hotel Project	INR 1,202.6 Mn	Announced in March 2021

Marriott International in November 2019 announced to add 54 new hotels by 2025, to add 15,000 fresh rooms to its existing bunch of 24,000 keys. The hospitality major recently in March announced to add seven new properties in India in 2021, five of which will be in leisure locations — two in Goa, and one each in Mahabaleshwar, Thiruvananthapuram, and Dehradun. The company is looking to add 20,000 rooms in the country's top 10 tourist destination.



Growth Outlook

Talking about current fiscal outlook, as surging COVID19 cases still haunts the economies across the globe including India, many states may again see increasing curbs in coming one to two months which may affect cross border travel and impact hotel room demand translating in softening revenue growth in the Q4 FY 2022. However, industry is expected to see healthy double-digit growth in revenue on annualized basis support by healthy Q2 and Q3 performance with absolute revenue measuring about 55-60% of pre-covid revenue. Going by the evolving pandemic scenario in the country and, the hotel industry returning to normalcy is estimated to shift to second half of FY 2023 and FY 2024 which was earlier predicted by H2 2022- H1 2023. Growing vaccination and government support to drive economic growth will be a major driver to keep up the growth momentum going in hotel industry. Improving economic recovery in coming are likely to translate in rising income and earnings level, paving a way for higher leisure and business travel and translating in optimistic demand scenario for hotel industry. However, weaning impact of low base effect may translate in softening industry growth in FY 2023. On margin front, hotel players are expected to report healthy profit backed by the leverage benefits and various cost-saving initiatives introduced earlier.

Competitive Scenario

The industry is characterized significantly by small unorganized players, labor-intensive operations, seasonality, cyclical, highly capital-intensive nature and highly sensitive to the 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.

Room Count of Leading Hotels in India	
Marriott International	24,000
Taj Hotels	14,500
Carlson Rezidor Hotel Group	9,000
Accor Hotels	8,500
ITC Hotels	7,000
Hyatt Hotels	6,000
InterContinental Hotels Group	5,000
Lemon Tree Hotels	4,000
Sarovar Hotels and Resorts	4,000
Oberoi Hotels	3,800
Royal Orchid Hotels	3,000
Wyndham Worldwide	2,500
Leela Palaces	2,400
Hilton Worldwide	2,300
The Lalit Hotels	2,000
Concept Hospitality	2,000
Berggruen Hotels	1,500
Choice Hotels	1,500

Source: D&B Secondary Research



Financial Analysis

Year	Operating Cost Specific to Hotels	Power & Fuel	Salaries & Wages	SGA Expenses	Interest Expense	PBDIT Margin	Net Margin
FY2018	21.0%	7.3%	21.6%	3.5%	5.3%	23.5%	6.3%
FY2019	20.7%	7.3%	21.2%	3.1%	4.3%	28.7%	10.1%
FY2020	20.0%	7.5%	22.8%	3.2%	6.4%	28.2%	11.5%
FY2021	24.1%	12.4%	46.2%	3.2%	19.5%	-25.6%	-53.6%
FY2022	21.0%	8.7%	27.5%	2.6%	10.6%	17.9%	-4.1%

Source: CMIE Prowess IQ, Dun & Bradstreet Research, Based on a Sample of 11 Companies

Hospitality industry was one of the worst impacted due to the spread of pandemic, as travel restrictions led to drastic drop in hotel occupancy. Cumulative sales of the sample considered dropped by over 60% in FY 2021 as tourists stayed away. Subsequently the net profit margin in the sample dropped to approximately 54% in FY 2021.

Being a service-oriented industry, salaries & wages and other operational expense specification to hotel industry like expenses on food & beverage, maintenance charges etc., are the two largest cost components of the hotel industry.

Not many hotels in the organized segment resorted to measures like cutting employees to maintain profitability, as the disruption caused was not due to changes in demand. This meant the salary & wage and other operating cost remained high, further eroding the profit margin.

Interest expense is a major expense head in the sector as hotel owners raised debt to fund hotel construction and expansion. However, a few leading hotel conglomerates have undertaken debt reduction exercises and lower interest rates further assisted reduction in interest costs.

Ratio Analysis

Debt Equity Ratio

The hotel industry is capital intensive, requiring high upfront investment for setting up and high working capital for operational expenses. Thus, owner operators tend to incur high borrowing to fund their capital expenditure plans, leading to higher debt equity ratio. There was little to no debt raising in FY 2022 while few firms in the sample decreased the debt levels. This led to an improvement in debt equity ratio.



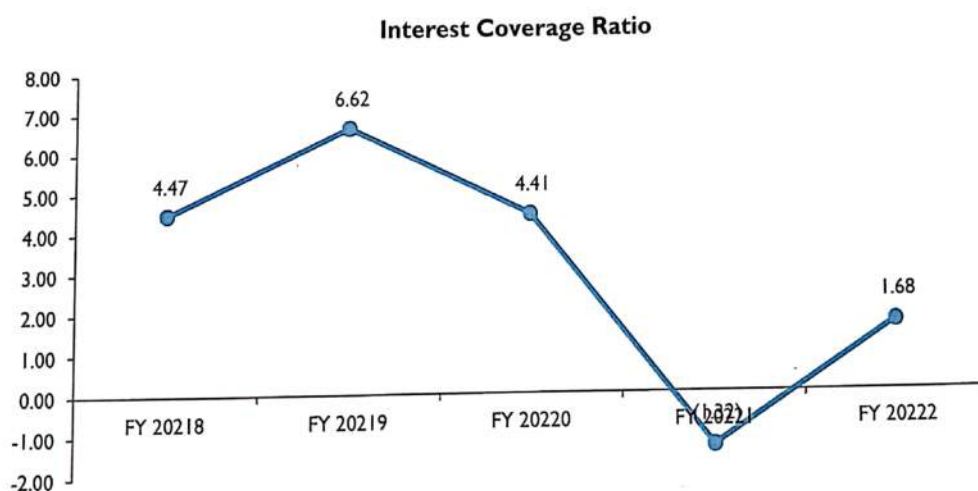


Source: CMIE Prowess IQ, Dun & Bradstreet Research, Based on a Sample of 11 Companies

Interest Coverage Ratio

The capital-intensive nature of the industry has left hotel owner operators with high level of debt. Subsequently the interest cost incurred by operators in the hotel industry has gone up. However, a steady growth in operating profit has ensured the industry to service the interest cost steadily.

Interest coverage ratio in the sample dropped below in FY 2021, due to the steep drop in operating profit margin on account of disruptions caused by the pandemic. However, revival in business in FY 2022 together with decrease in consolidated debt helped in improving the interest coverage ratio in FY 2022.



Source: CMIE Prowess IQ, Dun & Bradstreet Research, Based on a Sample of 11 Companies



Other Ratios

Ratios	Average Value
Gross Margin	41.5%
Net Margin	-5.6%
Current Ratio	1.15
Quick Ratio	1.08
Inventory Days	17
Account Payable Days	66
RONW	-2.2%
ROA	-2.2%
ROCE	4.0%
Long Debt-Equity	0.33
Net worth to Total Liabilities	56.6%
Interest Coverage Ratio	1.46
Fixed Asset Turnover	0.52
Asset Turnover	0.39
WC Turnover Ratio	(55.04)
Inventory Turnover	25.97
Fixed Assets to Net worth	0.75
Sales to Capital Employed	0.27



Market Survey

Executive Summary

The Indian hospitality industry has emerged as one of the key industries driving the growth of the services sector and, thereby, the Indian economy. India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists.

New Delhi is a cosmopolitan city due to the multi-ethnic and multi-cultural presence of the vast Indian bureaucracy and political system. The City's capital status has amplified the importance of national events and holidays. New Delhi is particularly renowned for its beautifully landscaped gardens that can look quite stunning in spring. New Delhi is home to several historic sites and museums. The main tourist places in New Delhi are the India Gate, Rajpath, Gandhi Smriti, National War Memorial, Jantar Mantar, and Rashtrapati Bhavan.

Delhi has many accommodation options for all travellers as a popular tourist spot. Whether a backpacker from a different country or a visiting local family - choices in terms of accommodation options in Delhi N.C.R. Budget hotels, mid-range ones, and high-end hotels are available in prime locations of the City and within the vicinity of the places of interest.

Hotels in Delhi range from standard to luxury, and hospitality is of the highest standards. Many four- and three-star hotels offer premium services at budget-friendly costs that many travellers prefer. Five-star hotels like The Taj Mahal Hotel, The Grand New Delhi, and Radisson Blu Hotel offer the best-in-class hospitality services to national and international tourists and businesspersons.

The Objective of the Study -

The primary objective of this survey is to understand the demand-supply scenario of 5-star and luxurious hotels in New Delhi. The focus was to cover major 5-star hotels in the city to understand the COVID 19 Impact on Hotel Industry, occupancy level (pre & post-COVID), and future forecast.

Furthermore, we also tried to understand the revenue sources at these hotels, such as room tariffs, revenue from restaurants, and revenue from the banquet.

To make the data comparable, especially to understand the competition in the market, D&B India Research has gathered relevant information from relatively well-known and large institutions based on a detailed primary survey.

Some of the key findings of the study are -

- The overall average % gap in revenue in F.Y. 21-22 over F.Y. 20-21 of sample hotels is 136%.
- Radisson Blu Plaza Hotel has the highest revenue in F.Y. 21-22, i.e., INR 108 crore.
- Hotel Fortune Select Global has the lowest revenue in F.Y. 21-22, i.e., INR 33 crore.



- Post announcement of lockdown in March 2020, the hotel operations remain closed and could partially resume from August 2020, due to which revenue of the hotels decreased during the financial year 2020-21.
- The Grand New Delhi Hotel has the highest number of rooms, i.e., 382, while Fortune Select Global Hotel has the lowest number of rooms, i.e., 107.
- The average length of stay in any room is 2.2 days.
- The Le Meridien Hotel and The Grand New Delhi Hotel have the highest length of stay, which is 2.5 days.
- Radisson Blu Plaza Hotel has the highest room occupancy rate, i.e., 70% for F.Y. 21-22.
- Le Meridien Hotel has the lowest room occupancy rate, i.e., 60% for F.Y. 21-22.
- The average room occupancy rate for sample hotels in F.Y. 21-22 is 65%.
- With occupancies remaining at an average of 31% throughout F.Y. 20-21 due to the pandemic, hotels are struggling to retain business. The situation is improving with the easing of Covid restrictions; hotels are seeing larger customer inflow.
- The Grand New Delhi Hotel has the highest Restaurant Seating Capacity, i.e., 280.
- Sheraton New Delhi Hotel has the lowest Restaurant Seating Capacity, i.e., 180.
- The occupancy rate of the restaurant represents the percentage of seats occupied in given restaurants throughout the year.
- The average occupancy rate of the restaurants is 69% in F.Y. 2021-22.
- Radisson Blu Plaza Hotel has the highest occupancy rate of 75% for its restaurants in F.Y. 2021-22.
- The average per-person billing for food is highest in Radisson Blu Plaza Hotel, i.e., INR 2,000.
- The average per-person billing for food is lowest in Le Meridien, i.e., INR 1,350.
- The average person spends INR 1,800 to INR 2,200 on bar/ liquor.
- The number of banquets is highest in Le Meridien Hotel, i.e., 15.
- The banquet capacity is highest in Radisson Blu Plaza, i.e., 800 people.
- Fortune Select Global and Sheraton New Delhi Hotel have the least banquet capacity, i.e., 350.
- Le Meridien, The Grand, and Radisson Blu Plaza Hotel have a lawn capacity of 800, 2,500, and 800, respectively.
- The highest banquet occupancy for large weddings is 45 days and for small events is 160 days in Radisson Blu Plaza Hotel for F.Y. 2021-22.



- Fortune Select Global Hotel has the least banquet occupancy, i.e., 30 days for large weddings and 120 days for small events in F.Y. 2021-22.
- Magadh Vilas Banquets Hall has the highest capacity of hall and lawn, i.e., 800 and 1,000, respectively.
- The highest banquet occupancy for large weddings is 120 days and for small events is 150 days in Magadh Vilas Banquet Hall for F.Y. 2021-22.

New Delhi is the capital of India and a part of the National Capital Territory of Delhi (N.C.T.). New Delhi is the seat of all three branches of the Government of India, hosting the Rashtrapati Bhavan, Parliament House, and the Supreme Court of India.

Delhi is India's major cultural, political, and commercial centre today. Due to the migration of people from across the country, Delhi has become a cosmopolitan metropolis. Its rapid development and urbanization, coupled with the relatively high average income of its population, has transformed Delhi.

The Hotels were shut down entirely during the lockdown phases. The industry faces significant economic uncertainties due to COVID-19, which have impacted the operations with exceptionally minimal hotel occupancy and reduced average realization rate per room and revenue from Restaurant & Banquets.

There was some sequential improvement witnessed since September 2020, and even though recovery is slow and arduous, the hotel industry is positive for early recovery.

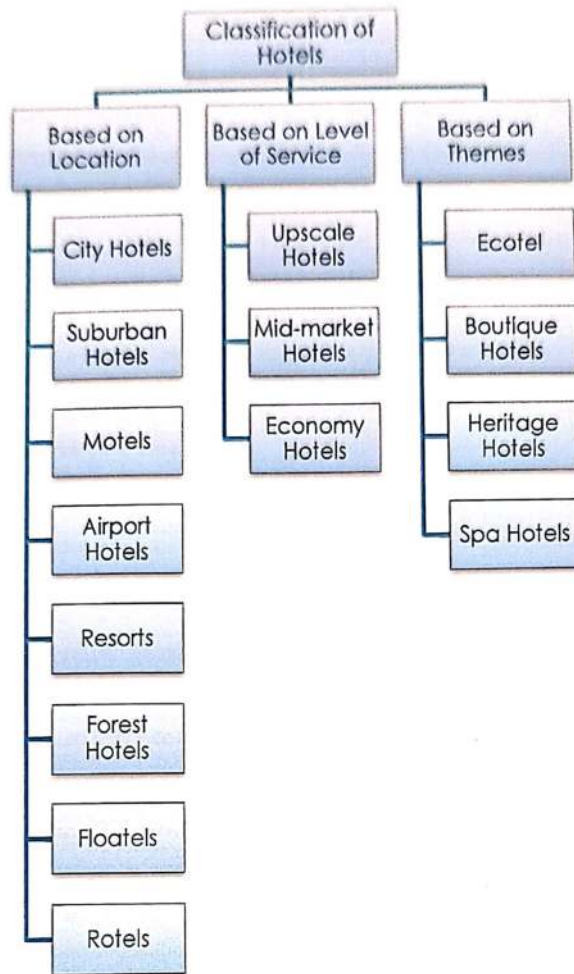
Normalcy has returned to the hospitality industry much faster than after the second covid wave. Hospitality demand was impacted in January and the first two weeks of February this year because of the Omicron wave.

The recovery was aided by leisure, transient demand, meetings and incentives segments, weddings, and a gradual pickup in business travel. Across most holiday destinations, hotels are witnessing over 80% of room bookings. So, industry players have optimism, and the upcoming vacation season looks promising.

The hotel industry expects a recovery to pre-COVID levels in the next 1 to 2 years.



Classification of Hotels



The hotels are mainly classified based on their location, level of services offered and themes.

Based on Location: Most of the hotels are located in cities & towns and are thus classified as Urban and Suburban hotels, respectively. However, they are also classified in other categories as Motels, Resorts, Floatels (Ships), Rotels (Rotating Hotels), Resorts, etc.

Based on Level of Services: The hotels are classified as Upscale hotels, mid-market hotels, and economy hotels according to the level of services offered. Generally, those hotels that offer luxurious and top-class services are classified as upscale hotels. Other hotels from 2-star to 4-star who targets business tourists and leisure tourists are classified as mid-market hotels. Economy hotels are small to mid-size hotels offering basic services.

Based on Themes: Hotels are based on various themes like environment-friendly hotels, hotels based on traditional themes, hotels offering spa services, etc.



Hotel Rating Classification

In India, the HRACC (Hotels and Restaurants Accreditation Committee), falling under the Ministry of Tourism ranks the hotels based on certain parameters. The basic parameters on which the HRACC grants the star ratings are number of rooms, size of bathrooms, air-conditioning for guest rooms, public areas, availability of public areas like lobby/lounge; restaurants; bar; shopping; banquet/conference halls; business center; health club; swimming pool; parking facilities (no. of vehicles), facilities for the differently abled guests, details of firefighting measures/ hydrants, security-related features etc. The hotels are broadly classified into two categories:

- Star Category Hotels: - 5 Star Deluxe, 5 Star, 4 Star, 3 Star, 2 Star & 1 Star
- Heritage Category Hotels: - Heritage Grand, Heritage Classic & Heritage Basic

The Basic requirement to be fulfilled to get the star ratings are as follows:

5 Star Hotel: These are hotels offering top-notch hospitality services. Following are certain features which they possess other than the basic ones:

- One Multi-Cuisine Restaurant cum 24 hr. a coffee shop / all day dinner, one Specialty Restaurant and 24 hr. room service
- The minimum size of the bedroom excluding bathroom should be 200 sq. ft.
- It should have formally qualified Heads of Departments, the supervisory or the skilled staff may have training or skill certification as follows: Degree/diploma from Central or state IHM's / FCI's or from NCHMCT affiliated IHM's or from other reputed Hospitality schools.
- These hotels also may have in-house Fitness facilities, Beauty salon, Florist, Bookshop, Swimming pool and conference facilities

4 Star Hotel: It's more luxurious and spacious than 3-star hotels.

- All the guest rooms should be air-conditioned
- 2% of room block (reservation of 10+ rooms) with a minimum of 1 suite room
- In 4 Star and above hotels, some rooms should offer bathtub options to guests.
- In-room safe, Minibar or fridge is mandatory
- One Multi-Cuisine Restaurant cum coffee shop open from 7 am to 11 pm, one Speciality Restaurant, and 24 hr. room service

3 Star Hotel: Some of the requirements in three-star hotels other than the basic requirements are as follows:

- The minimum size of bedroom excluding bathroom should be 140 sq. ft
- 50% Air-conditioned guest rooms should be there
- The minimum size of the bathroom should be 36 sq. ft.



- Computer with internet access should be accessible to guests
- Parking Facilities should be present for all guests
- Each bedroom door fitted with lock and key, viewport/peephole & internal securing device
- One Multi-Cuisine Restaurant cum coffee shop open from 7 a.m. to 11 p.m. and 24 hr. room service

2 Star & 1 Star Hotels: These hotels serve the purpose of having a simple accommodation without any frills and also it will be economical for the guests.

- The minimum size of the bedrooms should be 120 sq. ft.
- A clean change of bed and bath linen daily & between check-ins
- Toiletries should be provided to each guest checking in
- Hot and cold running water available 24 hours
- At least one room for the differently abled guest and ramps with anti-slip floors in the entrance.
- Should have minimum one dining room serving all meals. Room service not necessary.
- It is desired and necessary to have English speaking front office staff.

Hospitality Sector in Delhi NCR

Introduction

Almost every marquee hospitality brand has a presence in Delhi. Delhi is perhaps the capital city has hotels across the spectrum from boutique to luxury, from budget to upscale and upper-upscale hotels, such as Novotel, Eros Hotel New Delhi Nehru Place, The Leela Palace New Delhi, The Lodhi, Taj Palace, Shangri-La Eros, Sheraton New Delhi Hotel, The Metropolitan Hotel and Spa, The Grand, Radisson Blu Plaza, Aloft, The Ocean Pearl Gardenia, besides a slew of five-star properties.

A large number of international and domestic tourists visit different tourist places of interest in Delhi. The countries that constitute the major share of tourists are the U.S.A, U.K., Canada, Australia, Russia, Germany, China, Malaysia, Singapore, Japan, Italy, France, Sri Lanka, Oman, and Switzerland.

At 49.5% occupancy, the capital city added about 18pts over Mar-Dec 20 but failed to cross the halfway mark. The momentum gained in Q1-21 with 52% occupancy was lost in Q2-21 as Delhi suffered a severe second wave; Occupancy declined to 32% (including quarantine and medical demand). Q3 saw a gradual pickup, but it was only in December 2021 that occupancy crossed 60%.

A.D.R. remained between INR. 3,200 and INR 3,800 for H1 - 21; between INR 4,100 and INR 4,900 from July to October 2021 and in the high 5,000 levels for November and December. Rates lack the momentum one saw in few other markets, resulting in a full year A.D.R. of only INR 4,359 (at 63% of 2019 A.D.R.). City RevPAR was a little above 40% of 2019 RevPAR. The City is hurting from lack of corporate travel, MICE, inbound leisure,



diplomatic travel, business delegations and trade fairs; constraints in wedding size add to the negative load. Remote hearings at the Supreme Court and with various authorities has curtailed guestroom demand from the legal fraternity.

The Lux-Upper-up segment crossed 60% Occupancy only in Q4- 21; it also gained A.D.R. in that quarter, rising to INR 6,400 in Oct, by a further INR 1,000 in Nov and to INR 7,717 for December 2021.

The Up-UpMid segment fared better with over 60% Occupancy in July and Aug and then maintaining over 70% Occupancy – the city was among the leaders for Up-UpMid Occupancy from Sept to December 21, closing the year at 60.4%. Delhi and Kolkata were the only major markets with over 60% Occupancy; Delhi has 3 times the supply. A.D.R. levels also moved well, adding over INR 2,4000 during H2-21.

The ME segment remained at 33.6% to 39.9% for 8 months. February 2021 Occupancy crossed 40% as the high point but May dropped to 15% and Apr and June stood in the mid 20's. A.D.R. levels were also muted, at below INR 2,000 till July and then rising above INR 2,000 with Nov and Dec being the best at about INR 2.7k. H2-21 reflects 5/6th recovery compared to H2 19, in terms of room nights sold per day. This positivity needs to hold and build materially but things will not significantly improve unless inbound, MICE and corporate travel (in no particular order) resume and sustain at healthy levels. With Jewar airport coming up in 2025, city hotels have a shorter recovery lead time.

Normalcy has returned to the hospitality industry much faster than after the second covid wave. Hospitality demand was impacted in January and the first two weeks of February this year because of the Omicron wave.

The recovery was aided by leisure, transient demand, meetings and incentives segments, weddings, and a gradual pickup in business travel.

Across a majority of holiday destinations, and hotels are witnessing over 80% room bookings. So, there is optimism amongst industry players and the upcoming vacation season looks promising.

Hospitality Sector in New Delhi

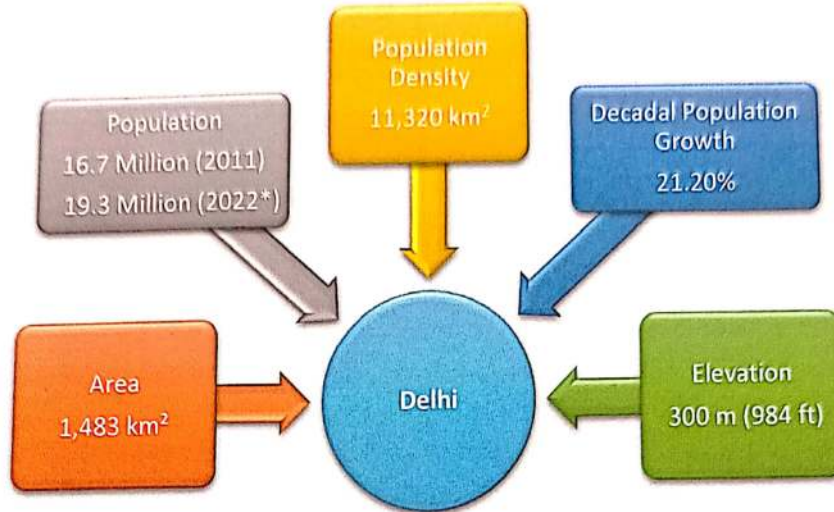
Demographic Profile of New Delhi

New Delhi is the Capital of India and a part of the National Capital Territory of Delhi (N.C.T.). New Delhi is the seat of all three branches of the Government of India, hosting the Rashtrapati Bhavan, Parliament House, and the Supreme Court of India. New Delhi is a municipality within the N.C.T., administered by the NDMC, which covers mostly Lutyens' Delhi and a few adjacent areas. The municipal area is part of a larger administrative district, the New Delhi district.

Although colloquially Delhi and New Delhi are used interchangeably to refer to the National Capital Territory of Delhi, these are distinct entities, with the municipality and the New Delhi district forming a relatively small part of the megacity of Delhi. The National Capital Region is a much larger entity comprising the entire N.C.T. and adjoining districts in neighboring states, including Ghaziabad, Noida, Gurgaon, and Faridabad.



New Delhi is a cosmopolitan city due to the multi-ethnic and multi-cultural presence of the vast Indian bureaucracy and political system. The City's capital status has amplified the importance of national events and holidays. New Delhi is particularly renowned for its beautifully landscaped gardens that can look quite stunning in spring. New Delhi is home to several historic sites and museums. The main tourist places in New Delhi are the India Gate, Rajpath, Gandhi Smriti, National War Memorial, Jantar Mantar, and Rashtrapati Bhavan.



Source: Census India 2011

* Estimated

Tourism in New Delhi

Due to the migration of people from across the country, Delhi has become a cosmopolitan metropolis. Its rapid development and urbanization, coupled with the relatively high average income of its population, has transformed Delhi. Today Delhi is India's major cultural, political, and commercial centre.

Tourist Statistics

Particular	2019-20		2020-21		Growth rate	
	Delhi	India	Delhi	India	Delhi	India
Domestic Tourist Visits	36467598	2321982663	9583671	610216157	-73.7	-73.7%
Foreign Tourist Visits	2983436	31408666	681230	7171769	-77.2	-77.2%

Source: India Tourism Statistics 2021



Tourist Places in Delhi	2019-20		2020-21		Growth rate (%)	
	Domestic Tourist Visits	Foreign Tourist Visits	Domestic Tourist Visits	Foreign Tourist Visits	Domestic Tourist Visits	Foreign Tourist Visits
Khan-I-Khana	1782	45	3002	10	68.46	-77.78
Sultanghari Tomb	530	6	22969	233	4233.77	3783.33
Tughluqabad	76135	908	12856	109	-83.11	-88.00
Red Fort	2200044	91364	187380	1438	-91.48	-98.43
Humayun Tomb	658318	202288	243836	2381	-62.96	-98.82
Qutub Minar	2048146	255318	476063	2849	-76.76	-98.88
Hauzkhas	145544	2625	39837	148	-72.63	-94.36
Jantar Mantar	203197	6516	76108	230	-62.54	-96.47
Safdarjung Tomb	72938	15977	56776	392	-22.16	-97.55
Kotla Feroz Shah	89397	810	27763	106	-68.94	-86.91
Purana Qila	662300	5493	200846	936	-69.67	-82.96

Source: India Tourism Statistics 2021

- Qutab Minar (World Heritage Site)** – A magnificent tower (minar) structure located in the southern part of Delhi. The minar is 72.5 meters high. It was inspired by the Minaret of Jam in Afghanistan and wishing to surpass it, Qutb-ud-din Aibak, the first Muslim ruler of Delhi, commenced construction of the Qutb Minar in 1193, but could only complete its base. His successor, Iltutmish, added three more stories and, in 1386, Firuz Shah Tughluq constructed the fifth and the last storey.
- Humayun's Tomb (World Heritage Site)** – Humayun's Tomb (Humayun ka Maqbara) is a complex of buildings in Mughal architecture built as Mughal Emperor Humayun's tomb. It is located in Nizamuddin East, Delhi. The tomb of Humayun was built by the orders of Hamida Banu Begum, Humayun's widow, starting in 1562. It took eight years to build, had a Char Bagh Garden design, a Persian-style garden layout, and was the first of its kind in the South Asia region.
- Red Fort (World Heritage Site)** – Lal Quila was built under the reign of Emperor Shah Jahan in the year 1648. It stands majestically along the river Yamuna and is enclosed by 35 feet high walls of red stone walls. Diwan-e-aam and Diwan-e-khas are the main attractions apart from Mumtaz Mahal, Khas Mahal, Moti Masjid, the Hammam and the Shah Burj. Ustad Ahmed Lahori designed it. Now Red Fort has become synonymous in India with Independence Day, August 15, when the Prime Minister addresses the nation from the ramparts of the fort.
- Purana Quila** – It was here that Humayun, the second Mughal emperor began to construct his City, Dinpanah (Asylum of Faith), four years after his father Babur established the Mughal dynasty in 1526. However, Humayun's reign was short-lived and, in 1540 he was dispossessed of his fledgling empire by the Pashtun chieftain, Sher Shah Suri who ruled from 1540 to 1545. When Sher Shah Suri took possession of the citadel, he strengthened its fortifications, added several new structures and renamed it Shergarh. After his death, his successors were defeated by Humayun who recaptured his domains in 1555.



- **Hazrat Nizam-ud-din Dargah** – It is one of the Delhi's major attractions. It is the tomb of the famous Sufi Saint Hazarat Nizam-ud-din Auliya. The tomb was built in the year 1562. The complex also has the tomb of Amir Khusrau and the grave of princess Jahanara, the daughter of Emperor Shah Jahan. Pilgrims from all over India visit the dargah.
- **Jantar Mantar** – The Yantra Mantra (commonly known as the Jantar Mantar) is an equinoctial dial, consisting of a gigantic triangular gnomon with the hypotenuse parallel to the Earth's axis. On either side of the gnomon is a quadrant of a circle, parallel to the plane of the equator. The instrument is intended to measure the time of day, correct to half a second and declination of the Sun and the other heavenly bodies.
- **Safdarjung Tomb** – The tomb was built for Safdarjung, the powerful prime minister of Muhammad Shah in the year 1754. The central tomb has a huge dome. It was built in 1754 in the style of Mughal architecture. Its facade is decorated with elaborate plaster carvings.
- **India Gate** – The India Gate is one of the largest war memorials in India. Situated in the heart of New Delhi, India Gate was designed by Sir Edwin Lutyens. It is a prominent landmark in Delhi, and it commemorates the members of the erstwhile British Indian Army who lost their lives fighting for the Indian Empire in World War I and the Afghan Wars. Following India's independence, India Gate became the site of the Indian Army's Tomb of the Unknown Soldiers. Amar Jawan Jyoti (the immortal warrior's flame) burns under India Gate's arch since 1971. The shrine is a black marble cenotaph with a rifle on its barrel, crested by a soldier's helmet.
- **Raj Ghat** – Raj Ghat is a memorial to the father of the nation, Mahatma Gandhi. It is a black marble platform that marks the spot of Mahatma Gandhi's cremation on January 31, 1948. It is left open to the sky while an eternal flame burns perpetually at one end. It is located on the banks of the river Yamuna. A stone footpath flanked by lawns leads to the walled enclosure that houses the memorial. Two museums dedicated to Mahatma Gandhi are located nearby.
- The **Bahai Temple (Lotus Temple)** is a Bahai House of Worship and a prominent attraction in Delhi. It was completed in the year 1986. The architect Fariburz Sahha chose the lotus as a symbol common to Hinduism, Buddhism, Jainism, and Islam.
- **Akshardham Mandir** – Akshardham means the eternal, divine abode of the supreme God, the abode of eternal values and virtues of Akshar as defined in the Vedas and Upanishads where divine bhakti, purity and peace forever pervades. The grand, ancient-styled Swaminarayan Akshardham complex was built in only five years through the colossal devotional efforts of 11,000 artisans. The complex was inaugurated on November 6, 2005.



Transportation Facilities**Airport**

Indira Gandhi International Airport, situated to the southwest of Delhi, is the main gateway for the City's domestic and international civilian air traffic. In 2012–13, the Airport was used by more than 35 million passengers, making it one of the busiest airports in South Asia.

Roads

New Delhi has one of India's largest bus transport systems. Buses are operated by the state-owned Delhi Transport Corporation (D.T.C.), which owns the largest fleet of compressed natural gas (C.N.G.)-fuelled buses in the world and Delhi Transit. Personal vehicles especially cars also form a major chunk of vehicles plying on New Delhi roads. New Delhi has the highest number of registered cars compared to any other metropolitan city in India. Taxis and Auto Rickshaws also ply on New Delhi roads in large numbers. New Delhi has one of the highest road densities in India and average vehicle speed is around 15–20 km/h in peak hours. Radio Taxis are operated by several major companies like Ola and Uber.

Inner Ring Road is one of the most important state highways in New Delhi. Outer Ring Road is another major artery in New Delhi that links far-flung areas of Delhi. The Delhi Noida Direct Flyway (D.N.D. Flyway) is eight-laned access controlled tolled expressway that connects New Delhi and Delhi to Noida. The Delhi Gurgaon Expressway is a 28 km (17 mi) expressway connecting New Delhi to Gurgaon, an important satellite city of Haryana. The Delhi Faridabad Skyway is a controlled tolled expressway that connects New Delhi to Faridabad, an important satellite city of Haryana.

Railways:

New Delhi is a major junction in the Indian railway network and is the headquarters of the Northern Railway. The five main railway stations are New Delhi railway station, Old Delhi, Nizamuddin Railway Station, Anand Vihar Railway Terminal and Sarai Rohilla.[106] The Delhi Ring railway, a 35-kilometre circular railway network in Delhi that runs parallel to the Ring Road, is a part of Delhi's suburban railway services.

The Delhi Metro is a rapid transit system serving Delhi, Faridabad, Ghaziabad, Gurgaon and Noida in the National Capital Region of India. Delhi Metro is the world's 12th largest metro system in terms of length. Delhi Metro was India's first modern public transportation system, revolutionizing travel by providing a fast, reliable, safe, and comfortable means of transport. Presently, the network consists of 10 color-coded lines serving 255 stations with a total length of 348.12 km. The network has now crossed the boundaries of Delhi to reach Ghaziabad and Noida in Uttar Pradesh and Faridabad and Gurgaon in Haryana. All stations have escalators, elevators, and tactile tiles to guide the visually impaired from station entrances to trains. It has a combination of elevated, at-grade, and underground lines, and uses both broad gauge and standard gauge rolling stock. Four types of rolling stock are used: Mitsubishi-ROTEM Broad gauge, Bombardier MOVIA, Mitsubishi-ROTEM Standard gauge, and C.A.F. Beasain Standard gauge. According to a study, Delhi Metro has helped remove about 390,000 vehicles from the streets of Delhi.



Delhi Metro is being built and operated by the Delhi Metro Rail Corporation Limited (DMRC), a state-owned company with equal equity participation from the Government of India and the National Capital Territory of Delhi. However, the organization is under the administrative control of the Ministry of Urban Development, Government of India. Besides the construction and operation of the Delhi Metro, DMRC is also involved in planning and implementing metro rail, monorail and high-speed rail projects in India and providing consultancy services to other metro projects in the country and abroad. The Delhi Metro project was spearheaded by Padma Vibhushan E. Sreedharan, the managing director of DMRC and popularly known as the "Metro Man" of India. He resigned from DMRC, taking moral responsibility for a metro bridge collapse that took five lives. The French Government awarded Sreedharan the Legion of Honour for his contribution to the Delhi Metro.

Local transport

Local transport in Delhi is easily available round the clock and rest assured that you would never have a problem with moving around in Delhi. There are a variety of options to choose from for moving around here and there. In Delhi, local transportation is very affordable and the most convenient way to explore this City. To know more about the various means of public transport in Delhi, read the information given in the following lines.

1. Buses: Local buses are aplenty in Delhi and charge nominal rates to cover long distances. These buses are run by the transport department of the State Government. There are tourist buses also that are run specifically by travel agents for tourists to look around.
2. Autorickshaws: An autorickshaw can accommodate around four people at a time. These are available round the clock and anywhere in the city. It is always better to bargain the cost before boarding the vehicle. If the driver agrees to charge by the meter, it is an even better option.
3. Taxis: Taxis can be hired from any travel agent and is one of the most comfortable options to move around in the city without any hassles. Hotels generally arrange taxis for the guests to explore the city. The fare can be fixed beforehand.

New Delhi Real Estate Scenario

Real Estate has always been one of the most lucrative and excellent returns yielding asset classes for investors. The basic rule is to invest in developing areas. New Delhi is capital City of India hence it has many upcoming projects, colonies, and housing societies. Following are the reasons for real estate demand in New Delhi.

Education Hub: Delhi is educational hub in India. Delhi has to its credit like the Indian Institute of Technology, National Institute of Technology Delhi, the School of Planning and Architecture, Delhi, the Indraprastha Institute of Information Technology, the Netaji Subhas University of Technology, the Delhi Technological University, the All India Institute of Medical Sciences, for accountancy education The Institute of Chartered Accountants of India set up by an Act of Parliament in 1949, University of Delhi, Jawaharlal Nehru University, the National Law University, A.J.K. Mass Communication Research Centre under Jamia Millia Islamia, Indian Statistical Institute and the Indian Institute of Mass Communication. About 500,000 university students in Delhi N.C.R. attend more than 165 universities and colleges.



Tourism: Delhi is no doubt a favourite destination for foreign and domestic tourists. Every year, thousands of tourists from all over the world turn up to the most beautiful places, monuments, museum, tourist attractions, lively marketplaces, and great food, such as chaat.

Living Standard: Delhi city is equipped with modern trade centres like malls and supermarkets, good schools, colleges, universities, and hospitals with all premium facilities can be found in the City. Its administration and capital city of India.

Connectivity: Indira Gandhi International Airport is the only Airport serving the City of New Delhi. The Airport is the busiest in India regarding passenger traffic and cargo. Indira Gandhi Airport registered 67,301,016 passengers in 2019. Delhi is well connected via road to all cities of the state and one can easily reach Delhi by road as many state buses and private buses run from various cities to here.

Availability of Properties: Many residential, commercial, and agricultural properties are available in Delhi N.C.R.

Analysis of Hotels

The primary objective of this survey is to understand the demand-supply scenario of luxury hotels in Mehrauli Gurgaon Road (M.G. Road), New Delhi. The primary focus was to cover major 5-star and luxury hotels in the city to understand the Hotel Industry, occupancy level (pre & post-COVID), banqueting facilities, and future forecast.

Furthermore, we also tried to understand the revenue sources at these hotels, such as Room tariffs, revenue from restaurants, and revenue from the banquet.

To make the data comparable, especially to understand the competition in the market, D&B India Research has gathered relevant information from relatively well-known and large institutions based on a detailed primary survey.

The analysis of hotels in the vicinity as per D&B India research is as follows:

S. No.	Name of Hotels	Location	Star Rating
1	Le Méridien	Sector 26 M.G. Road, Gurgaon Delhi Border	5-Star
2	Fortune Select Global	Mehrauli-Gurgaon Rd, Sector 26	5-Star
3	The Grand	Sector C, Vasant Kunj	5-Star
4	Sheraton New Delhi Hotel	Sector 6, Saket	5-Star
5	Radisson Blu Plaza	Block R, Mahipalpur	5-Star

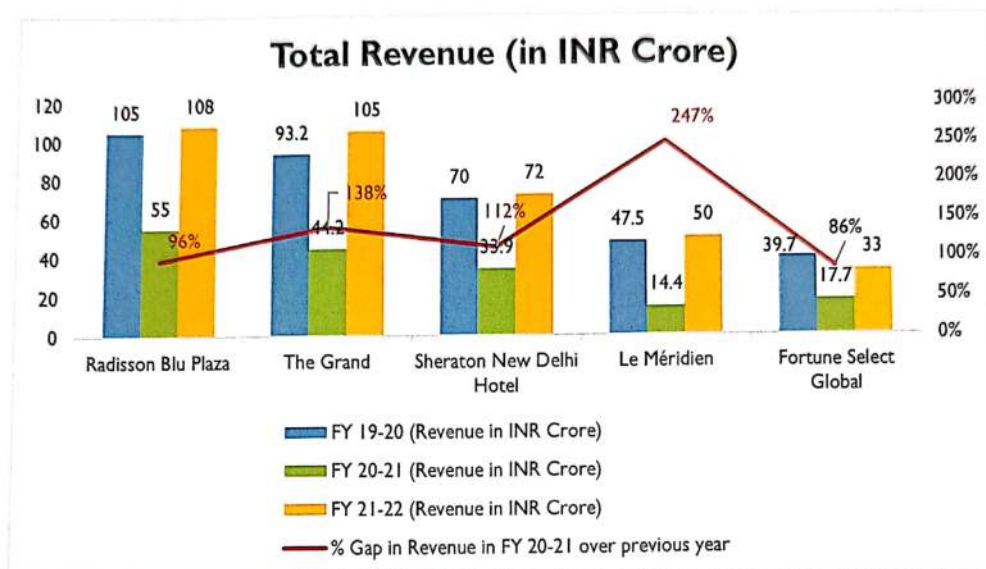
Source: D&B India Primary and secondary research

Total Revenue from Hotel

The hotel has three primary revenue sources: Room Tariff, Revenue from Restaurant, and Revenue from Banquet.



Hotel Name	FY 20-21 (Revenue in ₹ Crore)	FY 21-22 (Revenue in ₹ Crore)	% Gap in Revenue in F.Y. 20-21 over previous year
Le Méridien	14.4	50.0	247%
Fortune Select Global	17.7	33.0	86%
The Grand	44.2	105.0	138%
Sheraton New Delhi Hotel	33.9	72.0	112%
Radisson Blu Plaza	55.0	108.0	96%



Source: D&B India primary research *Estimated revenue

- The overall average % gap in revenue in F.Y. 21-22 over F.Y. 20-21 of sample hotels is 136%.
- Radisson Blu Plaza Hotel has the highest revenue in F.Y. 21-22, i.e., INR 108 crore.
- Hotel Fortune Select Global has the lowest revenue in F.Y. 21-22, i.e., INR 33 crore.
- Post announcement of lockdown in March 2020, the hotel operations remain closed and could partially resume from August 2020, due to which revenue of the hotels decreased during the financial year 2020-21.



Revenue from Rooms

The first and primary source of income for any hotel is renting a room. In our preliminary study, we research the details like the total number of rooms, the occupancy rate of the room, the average length of stay, and the tariff for each room.

Number of Rooms

Room Type	Le Méridien	Fortune Select Global	The Grand	Sheraton New Delhi Hotel	Radisson Blu Plaza	Le Méridien
Deluxe Room	152	-	85	130	-	152
Premier Room	59		--	-	-	59
Standard Rooms	-	60	145	-	-	-
Club Rooms	53	20	75	22	35	53
Superior Rooms	-	18	-	-	140	-
Suites	-	9	-	-	20	-
Executive Room	-	-	55	68	-	-
Premium Suite	20	-	20	-	64	20
Presidential Suite	1	-	2	-	2	1
Total Rooms	285	107	382	220	261	285

Source: D&B India Primary Research

- The Grand New Delhi Hotel has the highest number of rooms, i.e., 382, while Fortune Select Global Hotel has the lowest number of rooms, i.e., 107.

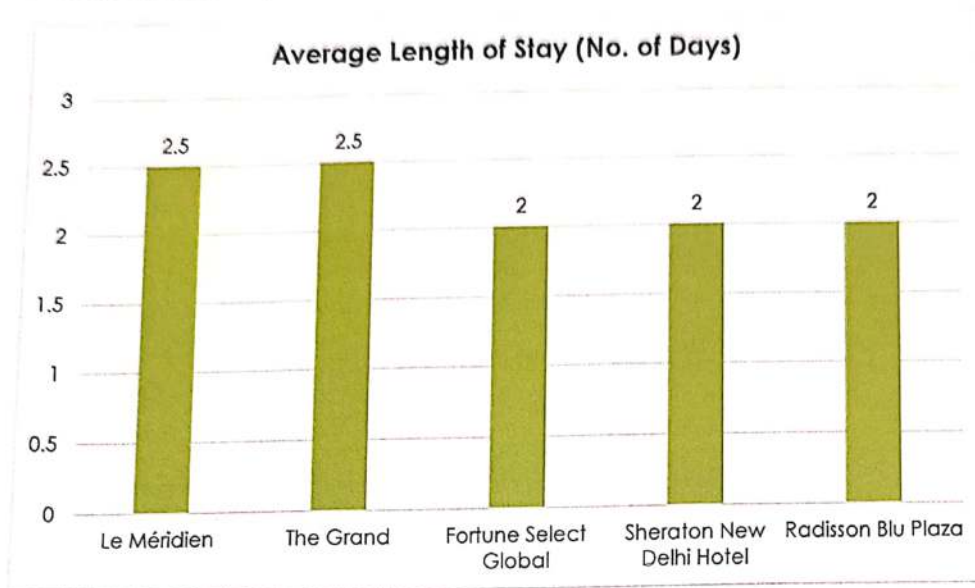
Average Tariff per Room per Night (in INR)

Room Type	Le Méridien	Fortune Select Global	The Grand	Sheraton New Delhi Hotel	Radisson Blu Plaza
Deluxe Room	8,000	4,590	19,000	9,000	8,925
Premier Room	12,500	-	-	-	10,325
Standard Rooms	7,000	4,000	7,000	8,000	7,500
(Off Season)	8,000	5,500	12,000	10,000	8,025
Standard Rooms (Seasonal)	-	5,440	17,000	12,500	15,530
Club Rooms	-	7,650	-	-	17,500
Suites	--	8,500	23,000	10,500	
Executive Room	-	-	-	-	11,630
Junior Suite	20,000	-	55,000	-	45,800
Premium Suite	48,500	-	-	-	-



- Above room tariffs are the average tariff per room/night across the year for F.Y. 21-22.
- All the rates mentioned above are exclusive of the applicable taxes.

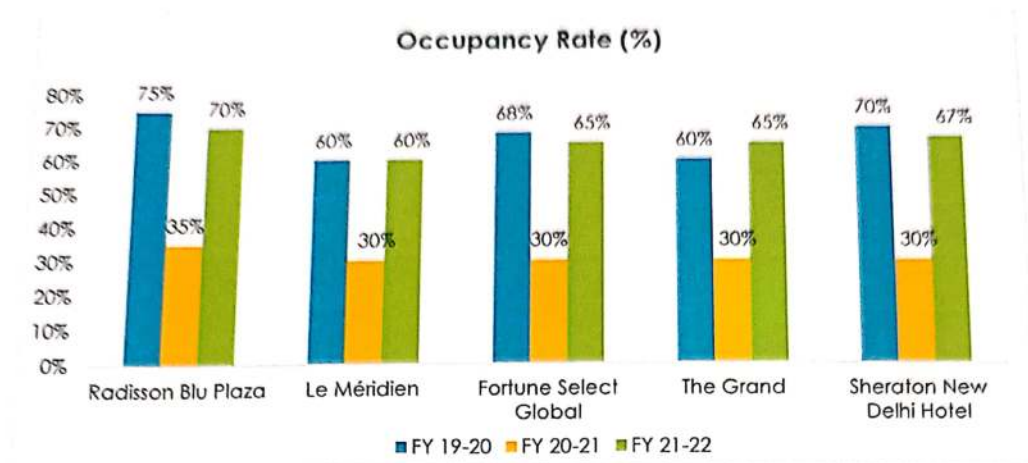
Average Length of Stay



Source: D&B India Primary research

- The average length of stay in any room is 2.2 days.
- The Le Meridien Hotel and The Grand New Delhi Hotel have the highest length of stay, which is 2.5 days.



Occupancy Rate for Last 3 Years

Source: D&B India Primary research

- Radisson Blu Plaza Hotel has the highest room occupancy rate, i.e., 70% for F.Y. 21-22.
- Le Meridien Hotel has the lowest room occupancy rate, i.e., 60% for F.Y. 21-22.
- The overall Average Room Occupancy rate for sample hotels in F.Y. 21-22 is 65%.
- With occupancies remaining at an average of 31% throughout F.Y. 20-21 due to the pandemic, hotels are struggling to retain business. The situation is improving with the easing of Covid restrictions; hotels are seeing larger customer inflow.

Revenue from Restaurant

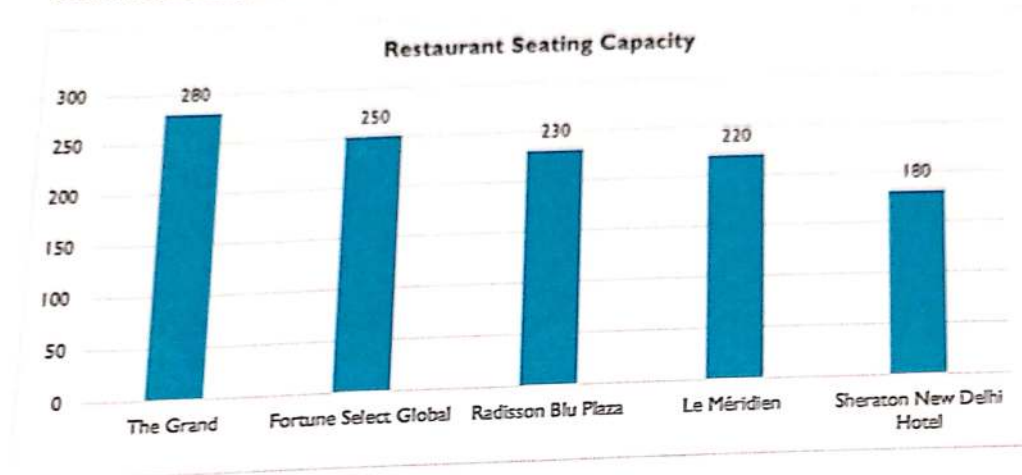
Another source of income is from allied services like restaurants. To find out the revenue from the restaurant, we collected restaurant data like seating capacity, occupancy rate, and average per-person billing of food and liquor.

Restaurant Type

Restaurant Type	Le Méridien	Fortune Select Global	The Grand	Sheraton New Delhi Hotel	Radisson Blu Plaza
Multicuisine / Continental / Café	Bella Cucina, Marriott Bonvoy on Wheels	Orchid, Nakshatra	Dilli Kanteen Kitchen, Cascades, WokTok	Yi Jing, Dakshin, Delhi Pavilion, Fabelle	Soy x Neung Roi, The Great Kabab Factory, N.Y.C.
Bar	Longitude Bar	Orchid	GBar, Aqua Bar	Lounge Bar	Savannah Bar, The Orb



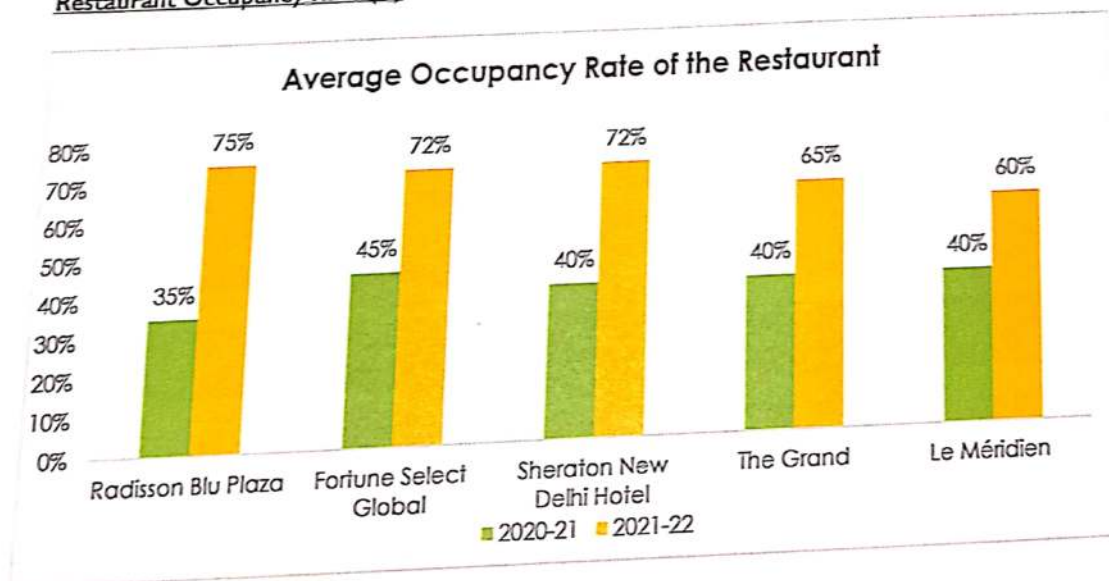
Restaurant Seating Capacity



Source: D&B India Primary research

- The Grand New Delhi Hotel has the highest Restaurant Seating Capacity, i.e., 280.
- Sheraton New Delhi Hotel has the lowest Restaurant Seating Capacity, i.e., 180.

Restaurant Occupancy Rate (%)



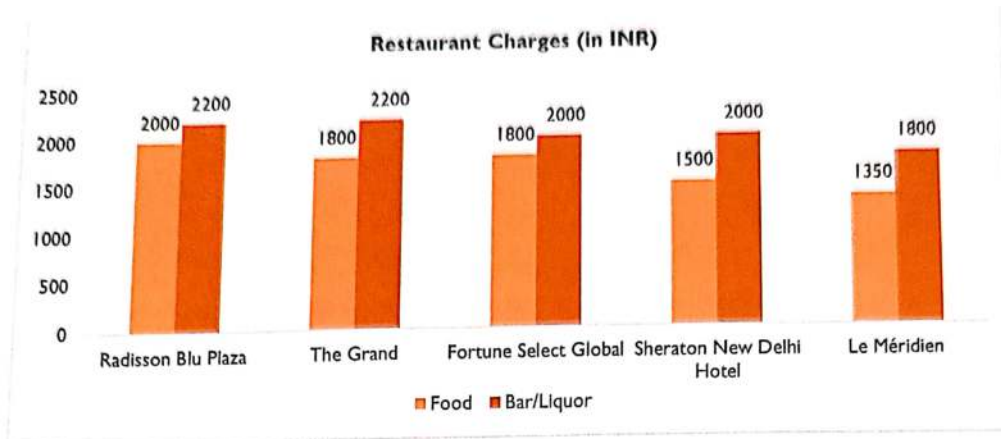
Source: D&B India Primary research

- The occupancy rate of the restaurant represents the percentage of seats occupied in given restaurants throughout the year.
- The average occupancy rate of the restaurants is 69% in F.Y. 2021-22.



- Radisson Blu Plaza Hotel has the highest occupancy rate of 75% for its restaurants in F.Y. 2021-22..

Average Billing for Food



Source: D&B India Primary research

- The average per-person billing for food is highest in Radisson Blu Plaza Hotel, i.e., INR 2,000.
- The average per-person billing for food is lowest in Le Meridien, i.e., INR 1,350.
- The average person spends INR 2,200 to INR 1,800 on liquor.
- The above restaurant charges are average per person billing across the year for F.Y. 21-22..

Revenue from Banquet

The third source of income for the hotel is renting the banquet. Hotels frequently rent out the halls and lawns for various events, ceremonies, etc. Banquets are billed as per the number of plates of food consumed.

Total Number of Banquet & Lawn

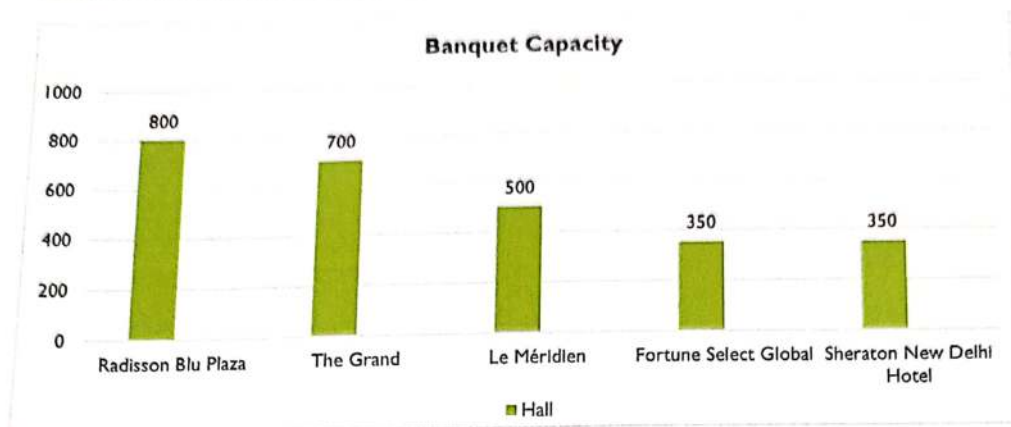
Type	Le Méridien	Fortune Select Global	The Grand	Sheraton New Delhi Hotel	Radisson Blu Plaza
Hall	15	5	5	5	2
Lawn	1	-	1	-	1

*Functions are done in the restaurant

The number of banquets is highest in Le Meridien Hotel i.e., 15.



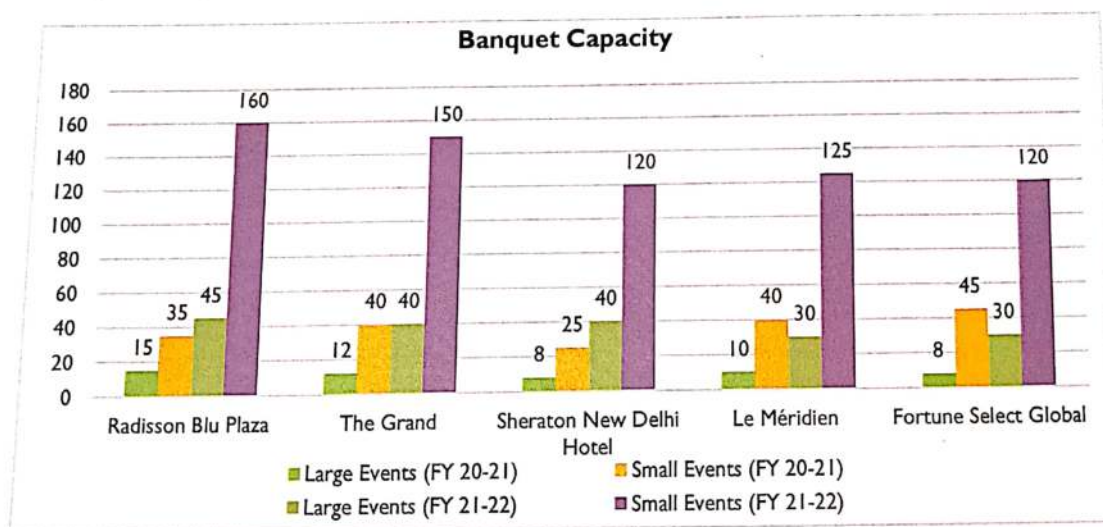
Banquet Capacity (Number of Guests)



Source: D&B India Primary research

- The banquet capacity is highest in Radisson Blu Plaza, i.e., 800 people.
- Fortune Select Global and Sheraton New Delhi Hotel have the least banquet capacity, i.e., 350.
- Le Meridien, The Grand, and Radisson Blu Plaza Hotel have lawn with capacity of 800, 2,500, and 800, respectively.

Banquet Occupancy



Source: D&B India Primary research

Large Events refers to destination weddings and similar large programs

Small & Medium Events refers to corporate launches, gatherings, meetings, and other small functions



- The highest banquet occupancy for large weddings is 45 days and for small events is 160 days in Radisson Blu Plaza Hotel for F.Y. 2021-22.
- Fortune Select Global Hotel has the least banquet occupancy, i.e., 30 days for large weddings and 120 days for small events in F.Y. 2021-22.

Average Billing per Plate

Name of Hotel	Average Per Plate Charges for Banquet / Hall (Veg) in INR	Average Per Plate Charges for Banquet / Hall (Non-veg) in INR	Banquet Hall/ Lawn Charges (INR)	Hall Sound System and Decoration Charges (INR)	Lawn Sound System and Decoration Charges (INR)
Le Méridien	3,500	4,500	It's included per plate.	It's included per plate.	It's included per plate.
Fortune Select Global	2,200	2,200		1,58,000	1,90,000
The Grand	5,000	5,000		It's included per plate.	It's included per plate.
Sheraton New Delhi Hotel	3,200	3,500		1,80,000	2,00,000
Radisson Blu Plaza	4,500	4,850		1,80,000	2,30,000

Source: D&B India Primary research

- The above banquet charges are average for F.Y. 2021-22 across the year, excluding G.S.T. and other taxes.

Facilities Provided by Hotel

Major Amenities	Le Méridien	Fortune Select Global	The Grand	Sheraton New Delhi Hotel	Radisson Blu Plaza
Multilingual Staff	Y	Y	Y	Y	Y
High Speed Internet Connectivity	Y	Y	Y	Y	Y
24-hour reception desk	Y	Y	Y	Y	Y
Full Housekeeping	Y	Y	Y	Y	Y
Gym	Y	Y	Y	Y	Y
Spa	Y	Y	Y	Y	Y
Steam & Sauna	Y	Y	Y	Y	Y
Swimming Pool	Y	Y	Y	Y	Y
Car Services	Y	Y	Y	Y	Y
Business Meeting Space	Y	Y	Y	Y	Y
CCTV	Y	Y	Y	Y	Y
Contactless room service	Y	Y	Y	Y	Y
Healthcare services	Y	Y	Y	Y	Y



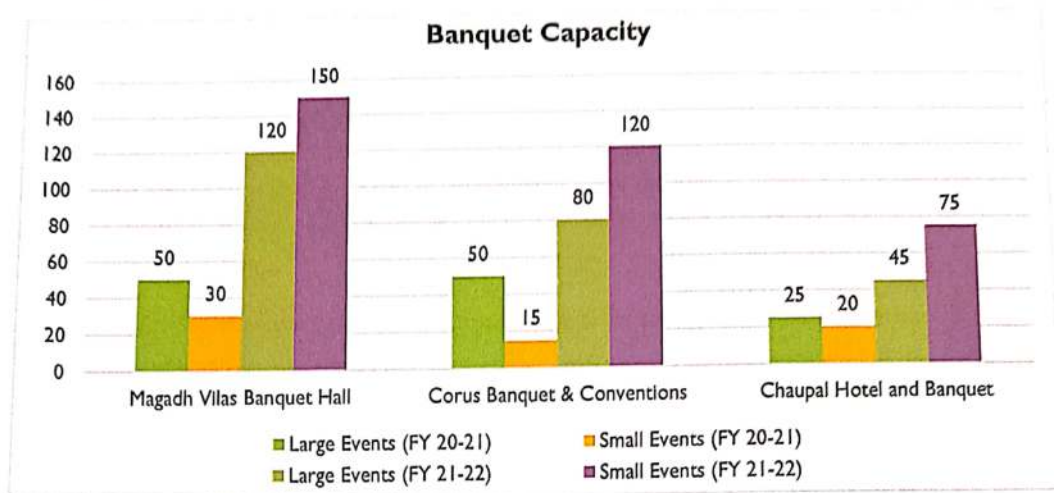
Analysis of Banquet (Other than Hotels Banquet)

Facilities Provided by Hotel

Name of Banquet Hall	Number of Hall	Number of Lawn	Banquet Hall Capacity	Lawn Capacity
Corus Banquet & Conventions	1	1	400	500
Magadh Vilas Banquet Hall	2	1	800	1,000
Chaupal Hotel and Banquet	1	NA	250	NA

Source: D&B India Primary Research

Banquet Occupancy



Source: D&B India Primary Research

Large Events refers to destination weddings and similar large programs

Small & Medium Events refers to corporate launches, gatherings, meetings, and other small functions

- The highest banquet occupancy for large weddings is 120 days and for small events is 150 days in Magadh Vilas Banquet Hall for F.Y. 2021-22.



Average Billing per Plate

Name of Banquet Hall	Average Per Plate Charges for Banquet / Hall (Veg) in INR	Average Per Plate Charges for Banquet / Hall (Non-veg) in INR	Banquet Hall/ Lawn Charges (INR)	Hall Sound System and Decoration Charges (INR)	Lawn Sound System and Decoration Charges (INR)
Corus Banquet & Conventions	1600	1800	It's included per plate.	1,10,000	1,60,000
Magadh Vilas Banquet Hall	2200	2200		1,30,000	2,80,000
Chaupal Hotel and Banquet	1200	1300		N.A.	N.A.

Source: D&B India Primary Research

- The above banquet charges are average for F.Y. 2021-22 across the year, excluding G.S.T. and other taxes.

Conclusion

New Delhi is the capital of India and a part of the National Capital Territory of Delhi (N.C.T.). New Delhi is the seat of all three branches of the Government of India, hosting the Rashtrapati Bhavan, Parliament House, and the Supreme Court of India.

Due to the migration of people from across the country, Delhi has become a cosmopolitan metropolis. Its rapid development and urbanization, coupled with the relatively high average income of its population, has transformed Delhi. Today Delhi is India's major cultural, political, and commercial centre.

The Hotels were shut down entirely during the lockdown phases. The industry faces significant economic uncertainties due to COVID-19, which have impacted the operations with exceptionally minimal hotel occupancy and reduced average realization rate per room and revenue from Restaurant & Banquets.

There was some sequential improvement witnessed since September 2020, and even though recovery is slow and arduous, the hotel industry is positive for early recovery.

Normalcy has returned to the hospitality industry at a much faster pace compared to that seen after the second covid wave. Hospitality demand was impacted in January and the first two weeks of February this year because of the Omicron wave.

The recovery was aided by leisure, transient demand, meetings and incentives segments, weddings, and a gradual pickup in business travel. Across most holiday destinations, hotels are witnessing over 80% of room bookings. So, industry players have optimism, and the upcoming vacation season looks promising.

It expects the recovery to pre-COVID levels in the next 1 to 2 years.



Project Cost

Project Cost

D&B India had sought the details project cost working from the Company and also the BoQ/ work orders to assess the overall Project Cost. Taking the basis of the same, the summary Project Cost as worked out by D&B India is presented in the exhibit below –

Project Cost (INR Cr.)			
S No	Particulars	Total	%
1	Interior Fitout and Furnishing	29.49	34.3%
2	Equipment's	14.03	16.3%
3	Plant and Machinery	27.88	32.4%
4	Miscellaneous Fixed Assets	5.27	6.1%
5	Contingency	2.11	2.5%
6	Preliminary & Pre-op Expenses	0.80	0.9%
7	Interest During Construction	6.42	7.5%
	Total Project Cost	86.00	100.0%

Source: AKMHPL and D&B India Estimates

Interior Fitout & Furnishing and Services (including all plant & equipment) for the Basements and Banquet/ Hotel portion only

Particulars	Area
Total Built up Area	30,506.83 sq. m. (3,28,376 sq. ft.)
3 Basements, Mumty & Machine room	15,275.24 sq. m. (1,64,423 sq. ft.)
Hotel	12,594.92 sq. m. (12,594.92 sq. ft.)
Office	2,636.69 sq. m. (28,381 sq. ft.)

Source: AKMHPL

The Project costs do not include cost of Civil works, civil finishes (flooring, painting, etc.) as well as site development, landscaping and external development, which are being done by the Landowner.

The Project Cost is limited to the Interior Fitout & Furnishing and Services (including all plant & equipment) for the Basements and Hotel portion only and does not include the services or interiors for the Office Block.

Each of the sub-heads of the Project Cost have been discussed in the subsequent sections of the Chapter.

Interior Fitout and Furnishing

The interior fitout and furnishing cost of the Project has been estimated at INR 29.49 Crore. The details of the same have been presented in the table below –



Sl. No.	Category	Scope Of Work	Name Of Vendor	Amount (INR)	GST @ 18% (INR)	Total Amount (INR)
1	Bath wares And Sanitary Fixtures	To Provide Complete Bath fittings, Faucets, WC, Bath wares and Sanitary Wares	Bath Affair, Trendz	67,30,142		67,30,142
2	Hotel Room & Corridor Finishing & Furnishing	Interior Works in Rooms and Corridors Area of Hotel - 25 Rooms (Per Room Costing 675000 X 25 = 16875000) (4th Floor)	Sa Associates & Contractors Pvt. Ltd.	1,68,75,000	30,37,500	1,99,12,500
		Interior Works in Rooms and Corridors Area of Hotel - 25 Rooms (Per Room Costing 675000 X 25 = 16875000) (5th Floor)	To Be Awarded	1,68,75,000	30,37,500	1,99,12,500
		Interior Works in Rooms and Corridors Area of Hotel - 25 Rooms (Per Room Costing 675000 X 25 = 16875000) (6th Floor)	To Be Awarded	1,68,75,000	30,37,500	1,99,12,500
		Interior Works in Rooms and Corridors Area of Hotel - 19 Rooms (Per Room Costing 675000 X 19 = 16875000) (3rd Floor)	To Be Awarded	1,28,25,000	23,08,500	1,51,33,500
		Suite 7 Nos. Total (1350000 X 7 = 9450000)	To Be Awarded	94,50,000	17,01,000	1,11,51,000
3	Interior & Finishing Works - Ground Floor	Flooring & Cladding Work, Ceiling, Panelling, Metal Door, Furniture & Storage, Paints and MS Work for Lobby, Banquet & Pre function and Washroom Work	Sa Associates & Contractors Pvt. Ltd.	3,14,99,955	56,69,992	3,71,69,947
4	Interior Works - First Floor	Complete Interior and Furnishing and Flooring, Wall Cladding of First Floor, Toilets and Dining Area	Checkmate	6,22,82,489	1,12,10,849	7,34,93,338
5	Interior Works - 2nd Floor	Complete Interior and Furnishing and Flooring, Wall Cladding of 2nd Floor- Both Banquet Hall, Pre-Function Area, Deck Area and Washrooms	Checkmate	4,18,07,331	75,25,320	4,93,32,651



6	Facade Lighting	Supply & fixing	Light Craft	75,51,400	11,59,612	89,13,012
7	Ground Floor Lighting	Supply & fixing	Light Craft	72,46,369	11,04,347	85,50,716
8	First Floor Lighting	Supply & fixing		64,20,390	11,55,671	75,76,061
9	2nd Floor lighting	Supply & fixing		61,59,414	11,08,695	72,68,109
10	Fire doors	Supply & Fixing of Fire Doors	JBS Engineers Pvt Ltd.	52,00,000	9,36,000	61,36,000
11	Pumps (Willo)	Supply, installation & commissioning	Universal Tech Trade Pvt Ltd	32,75,114	3,93,014	36,68,128
Total				25,10,74,604	4,37,85,500	29,48,60,104

Equipment Cost

The equipment cost of the Project has been estimated at INR 14.03 Crore. The details of the same have been presented in the table below –

Sl. No.	Category	Scope Of Work	Name Of Vendor	Amount (INR)	GST @ 18% (INR)	Total Amount (INR)
1	BOH Equipment	Back of House Equipment – Supply & Installation	A.M.I. Food Service Equipment Solutions Pvt. Ltd.	8,81,45,630	1,58,66,214	10,40,11,844
2	Laundry Equipment	Supply, installation & Commissioning of Laundry equipment		35,00,000	6,30,000	41,30,000
3	Mini Bars / Tea-Coffee Machine	Supply, installation & Commissioning of Mini Bars/Tea-Coffee Machine				
4	Health Club	Supply, installation & Commissioning of Health Club		47,66,950	8,58,051	56,25,001
5	SPA Equipment	Supply, installation & Commissioning of SPA Equipment		75,00,000	13,50,000	88,50,000
6	Business Centre/Conf. Equipment	Supply, installation & Commissioning of Business Centre/Conference Equipment		1,50,00,000	27,00,000	1,77,00,000
Total				11,89,12,580	2,14,04,265	14,03,16,845

Source: AKMHPL and D&B India Estimates

Plant and Machinery Cost

The plant and machinery cost as estimated for the Project are INR 27.88 Crore, the details of which have been presented in the exhibit below –



Sl. No.	Category	Scope Of Work	Name Of Vendor	Amount (INR)	GST @ 18% (INR)	Total Amount (INR)
1	Security System	CCTV System, ACs & Boom Barrier System & all ELV	Phoenix Equipment India Pvt. Ltd.	2,50,09,600	45,01,728	2,95,11,328
2	HVAC VRF (High Side)	1. Supplying of VRF System Of 1000 Tons (Including Supply of VRF Outdoor Units, Indoor Units, Remote Controllers, Y-Joints & Central Controller) For The Entire Project Work	GD Enterprises	3,55,00,000		3,55,00,000
3	HVAC VRF (Low Side)	Design, Installation, Testing & Commissioning Of VRF System. Supply, Installation Work for Copper Piping, Insulation, Ducting, Drain Piping Work, Control Wiring Connection Between Indoor and Outdoor. Contracts includes AHU & TFA	Phoenix Equipments India Pvt. Ltd.	2,40,00,000		2,40,00,000
4	Ventilation Works	Basement Ventilation Works	Imperial Systems India	75,81,000	13,64,580	89,45,580
5	Pressurization Works	Pressurization Works on Floor	Imperial Systems India	52,54,000	9,45,720	61,99,720
6	Heat Pump & Allied Equipment	Supply Testing and Commissioning of Hot Water / Steam Equipment and Piping Heat Pumps	Explore Watek Systems Pvt. Ltd.	40,00,000	7,20,000	47,20,000
7	STP	Supply, Installation, Testing & Commissioning of Sewage Treatment Plant	Explore Watek Systems Pvt. Ltd.	32,50,000	5,85,000	38,35,000
8	Solar	To Supply, Install, Test & Commission 125 KWp Grid Synchronized Solar PV Based Power System	Explore Watek Systems Pvt. Ltd.	81,20,000	14,61,600	95,81,600
9	Lifts	Supply Installation, Testing & Commissioning Of 9 No. Of Elevators	Schindler India Pvt. Ltd.	1,55,50,000		1,55,50,000
10	Generator Set (02 Pcs)	Supply, Testing and Commissioning Of Two No. 1250 KVA Silent Dg Set Comprising Of Engine Model Kta50-G Coupled To 415v 1250 KVA Alternator Both Mounted On Common Base Frame With Other Entire Accessories I.E Fuel Tank, Batteries With Lead Etc.	Sudhir Power Limited	1,52,00,000	27,36,000	1,79,36,000
11	Stack For Fume Pipe 30 Mtr	Supply, Fabrication & Installation of Dg Set Stack Of 30 Mtr Height	Unipower Projects	34,23,680	6,16,263	40,39,943
12	Plumbing System	Supply Installation, Testing & Commissioning of Pumps, Equipment &	OMT Plumbing	1,34,12,055	-	1,34,12,055



Sl. No.	Category	Scope Of Work	Name Of Vendor	Amount (INR)	GST @ 18% (INR)	Total Amount (INR)
		Electrical Panel, Swimming Pool, Water Treatment Plants & Miscellaneous Items, Internal				
13	Plumbing System	Supply Installation, Testing & Commissioning of Pumps, Equipment & Electrical Panel, Swimming Pool, Water Treatment Plants & Miscellaneous Items, Internal Drainage, External Drainage, Internal Water Supply, External Water Supply, Sanitary Fixtures, Fittings and Accessories	Hydro Chem Engineers & Consultant	1,79,99,902	32,39,983	2,12,39,885
14	Electrical System	Lt Cables & Cable Trays, Earthing System, Lighting		5,16,20,700	92,91,726	6,09,12,426
15		LT Panels	Conquerent Control System Pvt. Ltd.	84,00,000	15,12,000	99,12,000
16	Fire Fighting	Installation, Testing & Commissioning of Fire Fighting System Complete in All respects	Fire Remedies	1,35,00,000		1,35,00,000
Total				23,83,20,937	2,69,74,600	27,87,95,537

Source: AKMHPL and D&B India Estimates

Miscellaneous Fixed Assets

The MFA cost as estimated for the Project are INR 5.27 Crore, the details of which have been presented in the exhibit below-

Sl. No.	Category	Scope Of Work	Name Of Vendor	Amount (INR)	GST @ 18% (INR)	Total Amount (INR)
1	LPG Pipeline	Laying, Installation & Commissioning of LPG system	Rawat Brother Engineers	17,01,613	3,06,291	20,07,904
2	Furniture - Rooms, Banquet / Conference Hall	Supply & Installation				
5	Façade Cladding & Glazing Works	Supply and fixing of external cladding including frames etc. Supply and fixing of glazing for doors, windows & partitions	Devik Alu Glazing	4,29,59,718	77,32,750	5,06,92,468
Total				4,46,61,331	3,06,291	5,27,00,372

Source: AKMHPL



Preliminary and Pre-Operatives

The preliminary and pre-operative expenses for the project have been estimated at INR 0.82 Crore, the details of the same have been presented in the exhibit below –

Preliminary & Pre-operative Cost	Total Amount (INR Cr)
Ramada Initial Fee	0.18
Appraisal, Upfront & legal fees	0.35
Travelling Expenses	0.01
Consultants Fee	0.10
Deposits, rate, taxes, insurance & other fees	0.10
Recruitment & Training Expenses	0.06
Sub-total	0.80

Source: D&B India Estimate

Interest During Construction Period

The IDC for the project has been estimated at INR 6.42 Crore, which is based on the term loan of INR 50.00 Crore and interest rate of 8.50%, considering that the date of commercial operations for the Project will be 1st July 2024.

Contingency

The contingency for the Project is INR 2.11 Crore which has been considered at 2.75% of the hard cost (excluding land). The contingency as considered is primarily to take care of escalation in commodity prices, during the course of implementation of the Project.

Summary

All budgeted costs are inclusive of GST.

The total hard cost of the Project is INR 76.67 Crore, which on a total area (hotel + basements) of 2,99,994 sq. ft. is INR 2,556/- per sq. ft., which is reasonable for the proposed development and specifications. Considering 101 guestrooms the same works out to be INR 7.59 lakh per room. This in comparison to hotel cost estimation index for Upscale segment can vary between USD 7703 to USD 10689 per Guestroom which is equivalent to INR 6.16 lakh per room to INR 8.55 lakh per room. Thus the overall budgeted project cost is reasonable

Interior Fitout and Furnishing

The total cost is INR 29.49 Crore, which, on the total built up area of the Hotel of 1,35,572 sq. ft. is INR 2,175/- per sq. ft., which is reasonable, as there are large interior spaces for Banquets. As per hotel cost estimation index for 2022 in regards of upscale segment hotel (i.e. 5 Star hotels) the cost towards pre-function & ballroom soft-goods renovation otherwise termed as cost towards interior fitout & furnishing can range between USD 22 to USD 32 per sq. ft. in other words INR 1760 per sq. ft. to INR 2560 per sq. ft. Thus the budget for interior fitout and furnishing is considered to be reasonable.



The Company has assumed a room interior cost of INR 6.75 lakhs for per standard room and INR 13.50 lakhs for per suites room, which is reasonable for the specifications proposed.

In case, the entire interior fitout & furnishing cost is converted into Cost per room the same works out to INR 29.20 lakhs. Though this appears higher than normal industry standards, it is because this is predominantly a banqueting facility, with rooms, as against a standard hotel configuration.

The total built-up area of the Hotel (banquet, public areas, BOH and hotel rooms) is 12,594.92 sq. m., of which the built up areas of the rooms is 5051.63 sq. m., i.e. about 44% of the total.

In standard hotels, where the restaurant and banquet facilities are a part of the overall facilities, the percentage of the room areas to the total built up area of banquet, public areas, BOH and hotel room areas will be between 55% to 65%, based on the location and brand, for which the cost per room ranges between 22 lakhs to 25 lakhs per room.

Hence in this case the cost per room of 29 lakhs for the configuration of this development, which is primarily a banqueting facility, is reasonable.

Equipment

The Company has made a provision of INR 14.03 Crore towards equipment for kitchen, laundry, minibars & tea coffee machines, health club & Spa, and business centre.

Of this, an amount of INR 10.40 Crore is provided for kitchen & BOH equipment, based on quotations recd. The amounts provisioned for the others are reasonable for a development of the size proposed.

Plant & Machinery

The total amount provided for is INR 27.88 Crore, which on a total area (hotel + basements) of 2,99,994 sq. ft. is INR 929/- per sq. ft., which is reasonable for the proposed development and specifications. The costs also account for the high Air conditioning and lighting loads for the banquets, as well as the associated increase in the electrical and firefighting equipment.

A major portion of the costs are based on quotations recd. / P.O.s issued, and hence there is unlikely to be any major variation in the final costs.



Means of Finance

The means of finance for the project is shown below:

Exhibit: Means of Finance (INR Cr.)			
S No	Particulars	INR Cr.	%
1	Promoter's Contribution	7.00	8.1%
2	Unsecured Loan (Quasi Equity)	29.00	33.7%
3	Term Loan	50.00	58.1%
	Total	86.00	100.0%

Source: AKMHPL and D&B India Estimates

Based on physical progress on interior works, MEP services and activities at site it is noted that Company has already infused substantial promoter contribution. The details of the same along with CA certificate is appended in this report. The net worth statement of promoters is also required to assess the financial strength.

As per AKM Hotels present net worth is considered it is INR 7.46 Cr. indicating that Company has already infused the required promoter contribution. The balance contribution for the project will be predominately sourced as unsecured loan from friends, family, and relatives.

Term Loan

As discussed above, D&B India notes that the total project cost is INR 86.00 Crore. The Project is funded in a Debt Equity Ratio of 1.39: 1, with Term Loan of INR 50.00 Crore and Equity (include Quasi-equity) of INR 26.00 Crore. The broad term sheet for the proposed loan of INR 50.00 Crore is presented below –

Parameter	Details/ Remark
Term Loan Amount	INR 50.00 Crore
Interest in Term Loan	8.50% per annum
First Draw-down	Q3 of FY 2022-23
Date of Commercial Operations (Phase I)	1 st July 2024
Date of Commercial Operations (Phase II)	1 st July 2024
Moratorium Period	Post Construction moratorium period of 12 Months
Repayments Starts from	July 2025 (Q2 of FY 2025-26)
Door to Door Tenure	10 Years
Last Repayment	September 2032 (Q2 of FY 2032-33)
Instalments	32 Quarterly Instalments

Summary of Repayment Schedule

Particulars	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33
Op Bal	-	25.00	50.00	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00
Additions	25.00	25.00	-	-	-	-	-	-	-	-	-
Repayment	-	-	-	4.00	5.00	6.00	7.00	7.00	8.00	8.00	5.00
CI Bal	25.00	50.00	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00	-
Interest	0.62	3.36	4.25	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
Interest to P&L	-	-	3.19	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
IDC	0.62	3.36	1.06	-	-	-	-	-	-	-	-

Source: AKMHPL and D&B India Estimates



Economic Viability

It is necessary to understand the reasonableness of the revenue, cost assumptions and consequently the margins and the relevant ratios. The relevant industry benchmarks are studied and applied using D&B-India's research and industry expertise. D&B-India projected financial performance of the Company along with sensitivity analysis.

Rooms and Occupancy Levels

Based on the discussion with the Management of the Company, D&B India understands that the Project will be a 101 Room facility. The rooms, operational days and occupancy level as considered for the Project are presented below –

Particulars	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Months	Nos.	9	12	12	12	12	12	12	12	12
Operational Days	Nos.	274	365	365	365	365	365	365	365	365
Description	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Room Types										
Standard Rooms	Nos.	94	94	94	94	94	94	94	94	94
Suite Rooms	Nos.	7	7	7	7	7	7	7	7	7
Total Rooms	Nos.	101	101	101	101	101	101	101	101	101
Description	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Room Inventory										
Standard Rooms	Nos.	25,756	34,310	34,310	34,310	34,310	34,310	34,310	34,310	34,310
Suite Rooms	Nos.	1,918	2,555	2,555	2,555	2,555	2,555	2,555	2,555	2,555
Total Rooms	Nos.	27,674	36,865	36,865	36,865	36,865	36,865	36,865	36,865	36,865
Room Occupancy										
Peak Season		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Standard Rooms	%	40%	50%	55%	60%	60%	60%	60%	60%	60%
Suite Rooms	%	20%	25%	30%	35%	40%	45%	50%	50%	50%
Lean Season		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Standard Rooms	%	30%	40%	45%	50%	50%	50%	50%	50%	50%
Suite Rooms	%	15%	20%	25%	30%	35%	40%	45%	45%	45%
Description	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Room Occupied										



Particulars	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Standard Rooms	Nos.	9,015	15,440	17,155	18,871	18,871	18,871	18,871	18,871	18,871
Suite Rooms	Nos.	336	575	703	830	958	1,086	1,214	1,214	1,214
Total Rooms	Nos.	9,351	16,015	17,858	19,701	19,829	19,957	20,085	20,085	20,085

Source: AKMHPL and D&B India Estimates

Revenue Assumption

The exhibits below elucidate the calculation of revenue based on room availability, restaurant & banqueting capacity, etc. along with occupancy proposed.

Hotel- Rooms

The room rental rates as considered for the purpose of the financial assessment have been presented in the exhibit below –

Room Rental	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Standard Rooms	INR/ Day	4,500.00	4,657.50	4,820.51	4,989.23	5,163.85	5,344.59	5,531.65	5,725.26	5,925.64
Suite Rooms	INR/ Day	7,000.00	7,245.00	7,498.58	7,761.03	8,032.66	8,313.80	8,604.79	8,905.95	9,217.66
Annual Increase (%)	3.5%									
Room Revenue (per. Annum.)	INR Cr.	4.29	7.61	8.80	10.06	10.51	10.99	11.48	11.89	12.30
Rev Par	INR	4,589.83	4,750.40	4,925.94	5,106.01	5,302.45	5,506.16	5,717.40	5,917.51	6,124.62
Minor Operating Department Revenue	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
MOD Revenue (% of Room Rev)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
MOD Revenue	INR Cr.	0.43	0.76	0.88	1.01	1.05	1.10	1.15	1.19	1.23
Food & Beverage Revenue - Rooms	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Food Revenue per Room	INR	1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527	1,580
Beverage Revenue per Room	INR	700	725	750	776	803	831	860	891	922
Annual Increase	3.5%									
Avg. Demand %	%	40%	50%	55%	60%	60%	60%	60%	60%	60%
Food & Beverage Revenue - Rooms	INR Cr.	0.71	1.57	2.00	2.49	2.59	2.70	2.81	2.91	3.02
Spa / Health Club Revenue	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Room Nights in Year	Nos.	9,351	16,015	17,858	19,701	19,829	19,957	20,085	20,085	20,085
Average Passenger per Room (Nos.)	Nos.	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Occupancy at Spa (%)	%	5%	8%	10%	13%	15%	18%	20%	23%	25%
Guest for Spa (Nos.)	Nos.	701	1,802	2,679	3,694	4,462	5,239	6,026	6,779	7,532
Average Charge (INR/Guest)	INR	1,200	1,242	1,285	1,330	1,377	1,425	1,475	1,527	1,580
Annual Increase (%)	3.5%									
Spa / Health Club Revenue	INR Cr	0.08	0.22	0.34	0.49	0.61	0.75	0.89	1.03	1.19

Source: AKMHPL and D&B India Estimates



The total revenue from room related services is depicted below-

Revenue-Stream	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Revenue-Room	INR Cr	4.29	7.61	8.80	10.06	10.51	10.99	11.48	11.89	12.30
Minor Operating Department Revenue	INR Cr	0.43	0.76	0.88	1.01	1.05	1.10	1.15	1.19	1.23
Food & Beverage Revenue - Rooms	INR Cr	0.71	1.57	2.00	2.49	2.59	2.70	2.81	2.91	3.02
Spa / Health Club	INR Cr	0.08	0.22	0.34	0.49	0.61	0.75	0.89	1.03	1.19
Total	INR Cr	5.43	9.94	11.68	13.56	14.16	14.79	15.45	15.99	16.55

Based on the capacity and occupancy and the market research undertaken by D&B India, the tariff considered is in line with current scenario.

Food and Beverages

The max. capacity of F&B facilities of the hotel is shown below

Particulars	Covers
Restaurant	100

Based on current level of billing per person and prevailing rates the following assumption has been envisaged for F&B:

Particulars	Max No of Covers	Breakfast Number of Covers	Lunch Number of covers	Dinner Number of Covers	Breakfast Average Check	Lunch Average Check	Dinner Average Check
Restaurant	100.00	100.00	100.00	100.00	250.00	500.00	800.00

Considering the derived level of occupancy based on present trends and D&B India primary survey findings, the revenue from F&B is shown below

Food & Beverage Revenue - Restaurants	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Breakfast Number of Covers	Nos.	100	100	100	100	100	100	100	100	100
Lunch Number of covers	Nos.	100	100	100	100	100	100	100	100	100
Dinner Number of Covers	Nos.	100	100	100	100	100	100	100	100	100
Breakfast Average Check	INR/ Seat	250	259	268	277	287	297	307	318	329
Lunch Average Check	INR/ Seat	500	518	536	554	574	594	615	636	658
Dinner Average Check	INR/ Seat	800	828	857	887	918	950	983	1,018	1,053
Annual Increase	%									
Breakfast Days Open	days	274	365	365	365	365	365	365	365	365
Lunch Days Open	days	274	365	365	365	365	365	365	365	365



Food & Beverage Revenue - Restaurants	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Dinner Days Open	Days	274	365	365	365	365	365	365	365	365
Occupancy	%	26%	34%	39%	44%	46%	49%	51%	51%	51%
Breakfast Occupied Seats	Nos.	26	34	39	44	46	49	51	51	51
Lunch Occupied Seats	Nos.	26	34	39	44	46	49	51	51	51
Dinner Occupied Seats	Nos.	26	34	39	44	46	49	51	51	51
Restaurant Revenue	INR Cr.	1.11	1.98	2.35	2.74	3.00	3.28	3.56	3.69	3.82

Source: AKMHPL and D&B India Estimates

The total revenue from F&B services is depicted below-

Revenue Stream	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Restaurants	INR Cr.	1.11	1.98	2.35	2.74	3.00	3.28	3.56	3.69	3.82
Total	INR Cr.	1.11	1.98	2.35	2.74	3.00	3.28	3.56	3.69	3.82



Based on the capacity and occupancy and the market research undertaken by D&B India, the average charge per plate considered is in line with current scenario.

The total revenue from Banqueting is depicted below-

Revenue-Stream	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Banquet Revenue	INR Cr.	45.00	55.89	62.67	69.85	72.29	74.82	77.44	80.15	82.96
Liquor Revenue from Banquet	INR Cr.	6.75	8.38	9.40	10.48	10.84	11.22	11.62	12.02	12.44
Conference Rooms	INR Cr.	0.54	0.93	1.16	1.40	1.65	1.92	2.21	2.52	2.84
Total	INR Cr.	52.29	65.21	73.22	81.72	84.79	87.97	91.27	94.70	98.25

Sales Realisation

The sales realisation from the Project, based on the revenue stream as discussed above is presented in the table below --

Particulars	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Revenue from Rooms	5.43	9.94	11.68	13.56	14.16	14.79	15.45	15.99	16.55
Revenue from Banquets	52.29	65.21	73.22	81.72	84.79	87.97	91.27	94.70	98.25
Revenue from F&B	1.11	1.98	2.35	2.74	3.00	3.28	3.56	3.69	3.82
Total Revenue	58.84	77.12	87.25	98.02	101.95	106.04	110.28	114.37	118.61

Source: D&B India Estimates

Operating Costs

The operating cost of the Project is estimated on the occupancy and the industry standards. The same have been presented in the table below --

Particulars	Description	%
Variable Costs		40.00%
Cost of Material Consumed	% of F&B & MICE	25.00%
Stores and Consumables	% of F&B + Room	15.00%
Upkeep Expenses	% of Room Rev + Banquet + F&B	0.50%
Transportation Cost	% of Room Rev + Banquet	1.00%
Repairs and Maintenance Cost	% GB	0.25%
Printing, Stationery, Communication Exp.	% of Rev	0.25%
Insurance	% NB	



Particulars	Description	%
Repairs and Maintenance	% GB	1.25%
Fixed Costs	% of Total Revenue	3.00%
Administrative Expenses	% of Total Revenue	2.50%
Selling Expenses	% of Total Revenue	1.25%
Other Admin & Misc. Exp.	Per Month - INR Cr. (min 25 lakh post 1 st year operation & escalation every 3 yr. by 5%)	0.25
Lease Rent		
Management Fee - Ramada	3% of Gross Rooms Revenue ("GRR") in Years 1 to 5; 3.5% of GRR from the beginning of Year 6 until the end of the Term	3.0%
Room Royalty	0% of Gross Food & Beverage Revenue ("GFBR") in Years 1 to 5; 0.5% from the beginning of Year 6 until the end of the Term;	0.0%
Food & Beverage Royalty	2% of GRR	0.5%
Sales and marketing	0.25% of GRR plus the then current third party distribution charges, which at the date of this LOI are:	2.0%
Reservation Fees	o US\$7.00 per GDS reservation o US\$2.00 per OTA intermediary reservation (which includes DHISCO, Derbysoft, HB5i);	0.25%
	GDS Reservation Fee	595.00
	OTA Reservation Fee	170.00
	GDS Reservation % considered	35.0%
	OTA Reservation % Considered	15.0%
	US\$4,000 (per year);	3,40,000
Quality Circle Fee	Monthly Revenue Management Fee, which at the date of this LOI is US\$3.75 per guest room (with a minimum monthly fee of US\$375.00) per month for basic revenue management services	318.75
National Revenue Management Services Fee	Min per month	3,82,500
		3.0%
System fund contribution and other fee (marketing and reservation contribution)	3% of gross room revenue	1,98,900
Hotel Technology Client Support Services	Licensee must pay Wyndham a monthly fee of US\$195 for HTCSS	0.09
Initial Fee	US\$10,000 payable on signing of this LOI	
	US\$21,200: of which US\$10,600 is payable within six (6) months of the date of signing this LOI;	0.09
	US\$10,600 is payable within twelve (12) months of the date of signing this LOI or Opening Date whichever is earlier	
Technical service fee	During Operations	0.09

Source: D&B India Estimates



Particulars	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Gross Operating Revenue	INR	58.84	77.12	87.25	98.02	101.95	106.04	110.28	114.37	118.61
Operating Expenses	INR	42.02	56.18	63.70	71.57	75.33	78.83	82.42	85.88	89.43
Gross Operating Profit	INR	16.82	20.94	23.55	26.46	26.62	27.21	27.87	28.49	29.18
Gross Operating Profit %		29%	27%	27%	27%	26%	26%	25%	25%	25%
License & Management Fee	INR	0.86	1.46	1.65	1.85	2.40	2.46	2.53	2.57	2.63
Cost of Material Consumed	INR. Cr.	21.65	27.50	31.03	34.78	36.15	37.58	39.06	40.52	42.03
Stores and Consumables	INR. Cr.	1.64	2.98	3.51	4.07	4.29	4.52	4.75	4.92	5.09
Upkeep Expenses	INR. Cr.	7.56	9.82	11.07	12.40	12.87	13.36	13.87	14.36	14.86
Transportation Cost	INR. Cr.	0.25	0.32	0.36	0.40	0.41	0.43	0.44	0.46	0.48
Printing, Stationery, Communication Exp.	INR. Cr.	0.15	0.19	0.22	0.25	0.25	0.27	0.28	0.29	0.30
Administrative Expenses	INR. Cr.	1.77	2.31	2.62	2.94	3.06	3.18	3.31	3.43	3.56
Selling & Marketing Expenses	INR. Cr.	1.47	1.93	2.18	2.45	2.55	2.65	2.76	2.86	2.97
Other Admin & Misc. Exp.	INR. Cr.	0.74	0.96	1.09	1.23	1.27	1.33	1.38	1.43	1.48

D&B India notes that the operational costs of the Project are in line with the current Scenario.

Power and Fuel cost

As per the connected load, the probable power consumption and power cost as per prevailing power tariff in Delhi, the power cost is shown in exhibit below:

Exhibit-Power Cost										
Particulars	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Sanction load in KVA	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Sanction load in KW	800	800	800	800	800	800	800	800	800	800
Load Factor	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Total Operating Load in KW		640	640	640	640	640	640	640	640	640
No. of working hour	22	22	22	22	22	22	22	22	22	22
KW hours per day		14080	14080	14080	14080	14080	14080	14080	14080	14080
KW hours per annum		3857920	5139200	5139200	5139200	5139200	5139200	5139200	5139200	5139200
Per unit Rate (INR)	INR	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15	7.15
fixed charges (INR)	INR	270	270	270	270	270	270	270	270	270
Total fixed charges	INR./Cr.	0.24	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Utilization	%	50%	60%	70%	80%	90%	90%	90%	90%	90%
Total charges	INR./Cr.	1.38	2.20	2.57	2.94	3.31	3.31	3.31	3.31	3.31
Total Power charges	INR./Cr.	1.62	2.53	2.90	3.26	3.63	3.63	3.63	3.63	3.63
Exhibit-DG Cost										
Fuel Requirement	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33



Diesel Consumption per hour	Litre	150	150	150	150	150	150	150	150	150
No. of hours per day	Hours	2	2	2	2	2	2	2	2	2
Diesel Price	per litre	85	85	85	85	85	85	85	85	85
Diesel Cost	INR Cr.	0.21	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Gas Cost Per Year	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
LPG Consumed Per day	Units/day	300	300	300	300	300	300	300	300	300
Cost of LPG per Kg	Unit Rate	60	60	60	60	60	60	60	60	60
No of days per year	days	274	365	365	365	365	365	365	365	365
Fuel Cost Per Year	INR Cr.	0.49	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66

Lease Rent

Lease Rent	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Lease Rent	INR Cr.	0	3.00	3.00	3.00	3.15	3.15	3.15	3.31	3.31
Escalation every 3 year	5%									

Manpower Cost

The proposed manpower and tentative salary are shown below. The average salary has been assumed at INR 37,500/- per staff per month.

Particulars	UoM	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Manpower Cost	INR. Cr.	4.49	5.54	6.64	7.69	8.74	9.79	10.84	11.89	12.94

Accordingly, the manpower cost has been considered with an escalation of 5% considering inflation.



Depreciation Rates

The depreciation rates as considered for the Project are provided below –

Description	SLM (As per Companies Act, 2013)	WDV rates (As per Income Tax Act)
Land & Land Development	0.00%	0%
Interior Fitout and Furnishing	3.33%	10%
Equipment	6.68%	15%
P&M/MEP	6.67%	15%
MFA	6.67	10%

Income Tax Rates

The income tax rates and minimum alternate tax rate as considered for evaluation of the Project are provided in the exhibit below –

Particulars	Income < 1 Cr	Income > 1 Cr	Income > 10 Cr
Base Rate	22.00%	22.00%	22.00%
Surcharge	10.00%	12.00%	12.00%
Education Cess	4.00%	4.00%	4.00%
Effective Rate	25.17%	25.63%	25.63%



Financial Analysis

D&B-India derived several financial ratios to assess the viability of the Project. The same are as explained further.

Operating Profit and PAT Margin

The average EBDITA margin of the Company for the projected duration will be 20.70%, while the average PAT margin will be 10.62%.

DSCR

The DSCR of the Project as estimated is provided in the table below –

DSCR	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
PAT	6.72	6.53	8.36	10.53	10.37	11.09	11.90	12.65	6.77
Add: Depreciation	3.48	4.64	4.64	4.64	4.64	4.64	4.64	4.64	2.32
Add: Interest on TL	3.19	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
Add: Interest on E_TL	0.80	0.70	0.59	0.48	0.38	0.27	0.16	0.05	-
Total Available (A)	14.19	15.97	17.32	18.92	18.11	18.12	18.20	18.16	9.23
Interest Payment new TL	3.19	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
Interest Payment E TL	0.80	0.70	0.59	0.48	0.38	0.27	0.16	0.05	-
Principal Repayment E TL	0.97	1.29	1.29	1.29	1.29	1.29	1.29	1.29	-
Principal Repayment new TL	-	4.00	5.00	6.00	7.00	7.00	8.00	8.00	5.00
Total Obligation (B)	4.96	10.10	10.62	11.05	11.39	10.69	10.95	10.17	5.14
DSCR (A/B)	2.86	1.58	1.63	1.71	1.59	1.70	1.66	1.79	1.80
Min DSCR Repayment Period	1.58								
Average DSCR Repayment Period	1.74								

Source: D&B India Estimates

D&B India notes that the average DSCR during FY25 to FY33 is envisaged to 1.74, indicating that the debt repayment capability of the Company is adequate to service debt obligations.

IRR

The IRR at 21.32% is higher than post tax cost of capital at 9.98%, indicating that the Project is financially viable.

Internal Rate of Return (IRR)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Particulars									
Cash outflow									
Capital employed	86.00								
Incremental capital employed									
Total (a)	86.00	-	-	-	-	-	-	-	-
Cash Inflow									
PAT	6.72	6.53	8.36	10.53	10.37	11.09	11.90	12.65	13.54
Finance Cost	3.99	4.81	4.33	3.76	3.10	2.40	1.66	0.88	0.14
Depreciation	3.48	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
Total (b)	14.19	15.97	17.32	18.92	18.11	18.12	18.20	18.16	18.32
Terminal Value									
Net Cash inflow	(71.81)	15.97	17.32	18.92	18.11	18.12	18.20	18.16	50.13
IRR (after tax)	21.32%								

Source: D&B India Estimate



Break Even Analysis

The breakeven analysis as undertaken for the Project is presented in the table below –

Particulars	Break Even Analysis								
	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Sales	58.84	77.12	87.25	98.02	101.95	106.04	110.28	114.37	118.61
Occupancy	34%	43%	48%	53%	54%	54%	54%	54%	54%
Variable Cost									
Cost of Material Consumed	21.65	27.50	31.03	34.78	36.15	37.58	39.06	40.52	42.03
Stores and Consumables	1.64	2.98	3.51	4.07	4.29	4.52	4.75	4.92	5.09
Up-Keep Expenses	7.56	9.82	11.07	12.40	12.87	13.36	13.87	14.36	14.86
Transportation Cost	0.25	0.32	0.36	0.40	0.41	0.43	0.44	0.46	0.48
Printing, Stationery, Communication Exp.	0.15	0.19	0.22	0.25	0.25	0.27	0.28	0.29	0.30
Manpower	4.49	5.54	6.64	7.69	8.74	9.79	10.84	11.89	12.94
License & Management Fee	0.86	1.46	1.65	1.85	2.40	2.46	2.53	2.57	2.63
Power and Fuel	1.83	2.90	3.26	3.63	4.00	4.00	4.00	4.00	4.00
Gas Expense	0.49	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Total Variable Cost	38.90	51.36	58.39	65.73	69.78	73.06	76.42	79.66	82.97
Contribution	19.94	25.76	28.86	32.30	32.17	32.98	33.86	34.71	35.64
Contribution Margin	33.88%	33.40%	33.07%	32.95%	31.56%	31.10%	30.70%	30.35%	30.05%
Fixed Cost									
Administrative Expenses	1.77	2.31	2.62	2.94	3.06	3.18	3.31	3.43	3.56
Selling and Distribution Expenses	1.47	1.93	2.18	2.45	2.55	2.65	2.76	2.86	2.97
Repair & Maintenance	-	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08
Insurance	0.21	0.19	0.18	0.17	0.16	0.15	0.14	0.13	0.11
Other Admin & Misc. Exp.	0.74	0.96	1.09	1.23	1.27	1.33	1.38	1.43	1.48
Lease Rent	-	3.00	3.00	3.00	3.15	3.15	3.15	3.31	3.31
Depreciation	3.48	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
Interest on Term Loan	3.99	4.81	4.33	3.76	3.10	2.40	1.66	0.88	0.14
Total Fixed Cost	11.65	18.92	19.11	19.26	19.01	18.57	18.11	17.74	17.28
PV Ratio	0.34	0.33	0.33	0.33	0.32	0.31	0.31	0.30	0.30
Break Even Point Sales	34.37	56.64	57.78	58.45	60.23	59.70	58.97	58.45	57.51
Breakeven Point % of Sales	19.74%	31.91%	32.08%	31.86%	31.78%	30.48%	29.13%	27.84%	26.42%
Cash Breakeven Point of Sales	22.59	42.25	44.70	47.04	50.39	51.98	53.55	55.56	57.04
Cash Breakeven Point as a % of Sales	12.97%	23.80%	24.82%	25.65%	26.59%	26.54%	26.46%	26.47%	26.20%
Margin of Safety of Sales	36.25	34.88	42.55	50.98	51.56	54.06	56.73	58.81	61.57
Margin of Safety of % of Sales	20.82%	19.65%	23.62%	27.79%	27.20%	27.60%	28.03%	28.01%	28.28%

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.

Sensitivity Analysis				
Description	Avg. DSCR	Min DSCR	IRR	Post Tax CoC
Base Case	1.74	1.58	21.32%	9.98%
Decrease in Occupancy by	1.53	1.10	16.18%	9.98%
Decrease in Tariff by	1.60	1.46	18.79%	9.98%
Increase in Departmental Cost by	1.58	1.44	18.30%	9.98%
Increase in Rate of Interest by	1.65	1.45	21.16%	10.92%
Decrease in EBITDA by	1.59	1.45	18.51%	9.98%
In Absence of Wyndham	1.52	1.36	17.26%	9.97%

Source: D&B India Estimates

From the table it is noted that Average DSCR of the Company are susceptible to decrease in occupancy level, decrease in revenue, increase in departmental costs, and increase in interest rates.

However, in all scenarios the min DSCR remains above 1, Avg. DSCR remains above 1.5 and IRR is higher than post-tax WACC, indicating robustness of the project.



Risk Analysis and Mitigation

The key risks, allocation and mitigation specific to the project are shown in the following table:

Key Risks	Carrier	Proposed Mitigation of Risk
Experience and Capability	AKMHPL	<p>Mr Ashwani Kumar Mehra (AKM), the promoter of AKM group, is a well-established name in Jewellery business in Delhi for over four decades. The family owns and operates exclusive jewellery showroom, M/s. AKM Mehra's Jewellers at South Extension -I, New Delhi.</p> <p>Jewellery trade is closely interlinked with wedding business, as most of the family buying of jewellery is incurred at the time of weddings in the families. As a result, AKM have linkages with most of the top wedding planners and related professionals over the last few decades.</p> <p>AKM group saw opportunity and synergy in entering into the banqueting business as an extension of jewellery business and had set up a banquet at MG Road named, Trillion in 2008. Further in 2016, the Company decided to dismantle the structure and setup a new structure for banquet cum hotel.</p> <p>Both the promoters have over 25 years of experience in Jewellery trade and operating Banquets. However, this is the 1st hotel project envisaged by the Company and the directors do not have any experience in operations of hotel.</p> <p>To mitigate the risk, the Management of the Company is planning to undergo Technical, Franchise, Management & Marketing arrangement with Wyndham Hotel Asia Pacific Co. Limited to develop a hotel under the Ramada Plaza based on LOI received dated 7th Feb 2022.</p> <p>Additionally, AKMHPL proposes to employ, senior professionals from the industry to operate the hotel on day-to-day basis, once the commercial operation of the proposed project starts. These senior professionals will be recruited during the course of implementation of the Project.</p> <p>The Consultants have been hired with adequate experience in respective fields for the construction of the proposed banquet cum hotel.</p> <p><i>D&B India recommends to recruit, train and retain the key technical manpower.</i></p>
Funding Risk	AKMHPL	<p>D&B India notes that the overall Project Cost has been estimated at INR 86.00 Crore, which is proposed to be funded in a Debt Equity ratio of 1.39: 1 or Debt of INR 50.00 Crore and Equity (including quasi-equity) of INR 36.00 Crore.</p>



Key Risks	Carrier	Proposed Mitigation of Risk																																	
		<p>D&B India notes that the promoters of the Company have already infused in land purchase and civil construction. Also based on physical progress on interior works, MEP services and activities at site it is noted that an amount of INR 19.46 Crore has been infused till 31st July 2022 of which INR 9.63 Crore is through ICICI Bank Loan.</p> <table border="1"> <thead> <tr> <th>Sr. No</th><th>Particulars</th><th>INR Cr.</th></tr> </thead> <tbody> <tr> <td>1</td><td>Plant, Equipment & Materials Purchased</td><td>9.02</td></tr> <tr> <td>2</td><td>Furniture & Fixtures</td><td>2.73</td></tr> <tr> <td>3</td><td>Civil Works</td><td>3.22</td></tr> <tr> <td>4</td><td>Consultants and Professional Fees</td><td>0.20</td></tr> <tr> <td>5</td><td>Interest on Loans</td><td>0.38</td></tr> <tr> <td>6</td><td>Pre-operative Expenses</td><td>0.15</td></tr> <tr> <td>7</td><td>Advances for capital equipment's</td><td>2.67</td></tr> <tr> <td>8</td><td>GST Input</td><td>0.87</td></tr> <tr> <td>9</td><td>Cash and bank Balance</td><td>0.23</td></tr> <tr> <td></td><td>Total</td><td>19.46</td></tr> </tbody> </table> <p>Supporting CA certificate for expenses incurred till 31st July 2022 is appended with this report.</p>	Sr. No	Particulars	INR Cr.	1	Plant, Equipment & Materials Purchased	9.02	2	Furniture & Fixtures	2.73	3	Civil Works	3.22	4	Consultants and Professional Fees	0.20	5	Interest on Loans	0.38	6	Pre-operative Expenses	0.15	7	Advances for capital equipment's	2.67	8	GST Input	0.87	9	Cash and bank Balance	0.23		Total	19.46
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	Total	19.46																																	
Cost/Time Overrun Risk	AKMHPL	<p>The structure, consisting of three basements, ground plus 06 floors is complete for all floors.</p> <p>Internal brickwork and plastering works are complete on the ground floor, and in progress for other floors.</p> <p>MEP for high side has been completed for ground floor and near to completion for first and fourth floors. Interior works are also in progress and is near to completion on ground floor; for other floors interior work is yet to start except for fourth floor where 40% of the interior work has been completed till date.</p> <p>Work orders for major services have been awarded, and contractors have mobilised/ commenced work at site.</p> <p>The proposed date of commercial operations is July 2024, which gives a total of 23 months for project completion, obtaining of completion certificate, permanent connection for water and power, and all other statutory approvals for commencement of operations.</p> <p><i>Any cost over run over and above the contingency amount needs to be funded through promoter contribution. Lender may put a suitable clause accordingly.</i></p>																																	



Key Risks	Carrier	Proposed Mitigation of Risk
Statutory Approvals	AKMHPL	<p>The Company has obtained and furnished the Plan Approval, Environmental Clearance and Structural Stability Certificate. Copies of all other approvals obtained may be furnished.</p> <p>All other licenses required for hotel operation are to be obtained once building is complete and completion certificate received. Balance of the approvals and clearances will be required by the Project just prior to commissioning and immediately post commissioning of the Project and hence these will be applied for during the course of completion of the Project.</p> <p>Lenders may insist the Company to obtain the critical approvals / initiate the process of renewal before disbursement of funds.</p>
Competition Risk	AKMHPL	<p>D&B India notes that the Project of the Company is relatively not a new prospect in the region. There are other established players-</p> <ul style="list-style-type: none"> • Le Meridien • Fortune Select Global • The Grand • Radisson Blu Plaza <p>Other notable banquets available in the region are:</p> <ul style="list-style-type: none"> • Corus Banquet & Conventions • Magadh Vilas Banquet Hall • Chaupal Hotel and Banquet <p>Above hotel and banquets are providing similar set of services and facilities as the Hotel cum banquet of AKMHPL and are direct competition to the Project.</p> <p>Hence it will be essential for the Banquet cum Hotel to undertake advertising on regular basis including hosting events and shows etc. to keep the Banquet/Hotel in visibility of people in general. Further, in order to maintain estimated occupancy rate/ covers and to realise rents the hotel/ banquet will need to tie-up with various websites like TripAdvisor, MakeMyTrip etc. along with planning and execution of advertisement and business promotion activities which shall eventually result in better mileage.</p>
Pricing Level and Sustainability	AKMHPL	<p>As part of the overall assessment, D&B India had undertaken a detailed secondary and primary assessment of the market in the region. Based on the assessment undertaken, D&B India understands that the Company is considering the mark to</p>



Key Risks	Carrier	Proposed Mitigation of Risk
		<p>the market approach for the Project i.e., the prices as proposed for the Project are at par with the prices of similar banquets and hotels in the region.</p> <p>In addition to the above, D&B India undertook a sensitivity analysis, considering a scenario of fall in prices of the services by 5.0% and finds that the Project remains viable under this scenario.</p>
Force Majeure	AKMHPL	The lenders may insist upon the Company to take adequate insurance cover for insurable Force Majeure risks.



SWOT Analysis

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

Strength	Weakness
<ul style="list-style-type: none"> The company has prior experience in operating banquet at the same location and also have tie-ups with high-end customers due to jewellery business of the group It is well connected and in close proximity to Gurgaon and other locality of New Delhi. The land is already acquired and the structure, consisting of three basements, ground plus 06 floors is complete for all floors. Interior works and MEP work is in progress. Majority of Pre-COD approvals are in place. 	<ul style="list-style-type: none"> The promoters do not have prior experience in operating a 5 start hotel project. <p>However, Company is planning to undergo Technical, Franchise, Management & Marketing arrangement for operating the Hotel. At this juncture they have received LOI to operate the hotel under Ramada Plaza brand.</p>
Opportunity	Threat
<ul style="list-style-type: none"> The increase in purchasing power of the domestic population, resulting in spending on travel and tourism and demand for high-end wedding events. The annual turnover in Indian hotel industry before facing Covid crises was growing at CAGR of nearly 12% during FY 2014-19. In FY 2020, the Indian hotel industry's total revenue stood at INR 1820 Bn. Improving business sentiments in India owing to numerous policy and administrative reforms being implemented by the Government of India has helped the industry to grow at healthy rate. Furthermore, occupancy rates, as well as ARR, witnessed good growth. Since the location is in Delhi but near to Gurgaon also. The Company has opportunity to tap customers from both Delhi and Haryana state. The growth in the IT/ITES industry in the Gurgaon and Sultanpur area further augments demands for Business travellers. LUXURY – UPPER UP hotel segment post Covid performance in domestic market 	<ul style="list-style-type: none"> Covid 19 pandemic has largely impacted the hotel industry and service industry owing to country wide lockdown, restrictions on social gathering and ban on international tourist/travel. Due to Pandemic Global International Tourist Arrivals (ITAs) dropped by 74%. Estimated Loss in Tourism Exports revenue is USD 1.3 trillion. <p>At the same time, the gradual rollout of the COVID-19 vaccine across the globe and in India is expected to help restore consumer confidence and help ease these restrictions during the year ahead. India-wide occupancy to improve to 56-59% in 2021, which will push RevPAR.</p> <p>In Q2 of FY21 early signs of revival were visible in the market as the lockdown restrictions started to ease. This revival was primarily due to people traveling to motorable leisure destinations. In the absence of corporate demand and government restrictions on event size, the revival in the conventionally corporate-heavy markets was assisted by social events. In Q3 with the onset of the festive & holiday season the sector focused on social events and other indirect room demand</p>



- Mumbai led Occupancy at 55.4%, followed by Goa at 55%.
- Metro and Business Cities: Besides Mumbai, only Delhi, Chennai and Gurugram secured over 50% Occupancy.
- ADRs showed a different picture. Mumbai at INR 5,938 was unusually below the national average as were other metro cities and business destinations. Gurugram with INR 6,603 also secured the highest RevPAR at INR 3,322
- Only Gurugram and Mumbai enjoyed RevPAR in the 3k level. BLR and Pune remained below Rs 2k for the second year running

generators such as staycations and stayevents. This enabled the Industry to achieve occupancy level closer to 35% and ADR north India of ₹4,000 during the quarter.

In spite of all odds, the Industry did post a moderate recovery in 2021. Key highlights are:

- Demand numbers were positive, rates were not; consequently, RevPAR levels have a long road ahead
- Q3-21 was particularly strong, for that time of year
- Leisure sector fared very well, newer destinations emerged
- Improved demand without sizeable corporate, MICE and crew usage, are a stand-out
- Generic threat of global and economic slowdown.
- Competition from entry of new similar hotel projects in nearby vicinity as well as existing well established Upscale and midscale segment hotels will persist.



Conclusion

The objective of the study is to assess the technical and financial viability of the Upscale segment hotel project as proposed by the Company M/s AKM Hotels Private Limited.

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 primary and secondary research.

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

- Appropriateness of the location & project positioning.
- Reasonableness of the Project Cost.
- Economic viability of the unit.

Technical Assessment Summary

Land

D&B have relied on the Valuation Report for information on the land details and ownership.

The bank may independently verify the same for ownership and land use from sales deed/title deed.

FAR

The Ground Coverage and FAR are within permissible limits. Parking has been provided as per the statutory requirements.

Approvals

The Company has obtained and furnished the Plan Approval, Environmental Clearance and Structural Stability Certificate. Copies of all other approvals obtained may be furnished.

All other licenses required for hotel operation are to be obtained once building is complete and completion certificate received. The Company may provide a list of the licences required

Agreement with Hotel Operator

The Company is in discussions with Wyndham Hotel Asia Pacific Co. Limited to enter into a License Agreement to develop a hotel under the Ramada Plaza ® by Wyndham brand system.

Project Details

The plan has adequate number of restaurants, banquets and meeting rooms.

Detailed BOQs have been prepared for public areas and services.

Detailed kitchen layout, admin areas, offices, stores, time office, locker spaces etc. need to be done in the broader spaces marked for the same in the building plans.



The developer has provided for space for services in the Basement I for Laundry, HNS system, panels, Fire pumps etc.

Outdoor locations for transformers, STP, DG, etc. are identified.

The details are well laid out and meet the requirements for the proposed banquets and rooms.

Project Costs

The total hard cost of the Project is INR 76.67 Crore, which on a total area (hotel + basements) of 2,99,994 sq. ft. is INR 2,556/- per sq. ft., which is reasonable for the proposed development and specifications. Considering 101 guestrooms the same works out to be INR 7.59 lakh per room. This in comparison to hotel cost estimation index for Upscale segment can vary between USD 7703 to USD 10689 per Guestroom which is equivalent to INR 6.16 lakh per room to INR 8.55 lakh per room. Thus the overall budgeted project cost is reasonable

Interior Fitout and Furnishing

The total cost is INR 29.49 Crore, which, on the total built up area of the Hotel of 1,35,572 sq. ft. is INR 2,175/- per sq. ft., which is reasonable, as there are large interior spaces for Banquets. As per hotel cost estimation index for 2022 in regards of upscale segment hotel (i.e. 5 Star hotels) the cost towards pre-function & ballroom soft-goods renovation otherwise termed as cost towards interior fitout & furnishing can range between USD 22 to USD 32 per sq. ft. in other words INR 1760 per sq. ft. to INR 2560 per sq. ft. Thus the budget for interior fitout and furnishing is considered to be reasonable.

The Company has assumed a room interior cost of INR 6.75 lakhs for per standard room and INR 13.50 lakhs for per suites room, which is reasonable for the specifications proposed.

In case, the entire interior fitout & furnishing cost is converted into Cost per room the same works out to INR 29.20 lakhs. Though this appears higher than normal industry standards, it is because this is predominantly a banqueting facility, with rooms, as against a standard hotel configuration.

The total built-up area of the Hotel (banquet, public areas, BOH and hotel rooms) is 12,594.92 sq. m., of which the built up areas of the rooms is 5051.63 sq. m., i.e. about 44% of the total.

In standard hotels, where the restaurant and banquet facilities are a part of the overall facilities, the percentage of the room areas to the total built up area of banquet, public areas, BOH and hotel room areas will be between 55% to 65%, based on the location and brand, for which the cost per room ranges between 22 lakhs to 25 lakhs per room.

Hence in this case the cost per room of 29 lakhs for the configuration of this development, which is primarily a banqueting facility, is reasonable.

Equipment

The Company has made a provision of INR 14.03 Crore towards equipment for kitchen, laundry, minibars & tea coffee machines, health club & Spa, and business centre.



Of this, an amount of INR 10.40 Crore is provided for kitchen & BOH equipment, based on quotations recd. The amounts provisioned for the others are reasonable for a development of the size proposed.

Plant & Machinery

The total amount provided for is INR 27.88 Crore, which on a total area (hotel + basements) of 2,99,994 sq. ft. is INR 929/- per sq. ft., which is reasonable for the proposed development and specifications. The costs also account for the high Air conditioning and lighting loads for the banquets, as well as the associated increase in the electrical and firefighting equipment.

A major portion of the costs are based on quotations recd. / P.O.s issued, and hence there is unlikely to be any major variation in the final costs.

Implementation Schedule

The Company has not furnished an activity schedule, but, in D&B's assessment, the time period is adequate for project completion and obtaining all approvals / licenses for commercial operations by 1st July 2024.

Based on the current status of work, and details of orders placed till date as furnished by the Company, the project can be completed in all respects, in the next 12 to 14 months, with a further time period of about 3 months for any changes brought about by the change in specifications by the Hotel Operator with whom the Company proposes to sign up. This will give the Company an additional 3 to 5 months to get all the required approvals / licenses and soft launch, before commercial operations by 1st July 2024.

The overall time period as proposed by the developer is sufficient for project completion.

Manpower

The manpower of 156 personal proposed for the Project is adequate

Current Status

Civil finishing works, interior works and works on ducting for HVAC and plumbing and firefighting piping works are in progress.

Orders for some of the equipment have been places, and a few quotations received for some of the other services. The Company is in the process of finalising the orders for the balance equipment and works.

Subject to the above comments, the project is technically feasible.

Critical Success Factors

- **Appoint Relevant Technical & Operations Team**

AKMHPL is planning to undergo Technical, Franchise, Management & Marketing arrangement with some giant hotel brands. The company is in discussion with Wyndham group for operation of hotel under its brand name "Ramada". The terms of agreement and milestones to be mentioned will be critical to be complied to. Also, with brand being integrated the Wyndham group may come with changes in overall interiors, furnishing and certain internal configurational changes to fit their brand and specifications



requirement as per international standards and up-scale category standards. In this regard Wyndham has engaged Mohammad Gulfam, an Indian national ("Hotel Consultant") to provide consultancy services so that project components can be planned and implemented as per Wyndham Group standards. Here it is to be noted that since Company is yet to sign the final LOI, thus Mr. Gulfam is yet to come on board for the project. Any substantial changes/modifications based on recommendations of the hotel consultant will be incurred by the Company from their own sources, thus not impacting overall project cost. Also, adequate provisioning has been considered while planning the implementation schedule to take care of such modifications (if any) within the stipulated timelines.

- **The Company should adhere to the project implementation schedule**

Considering the time required for these projects, the implementation schedule appears reasonable. A regular follow up of the construction activities is necessary for overall achievement of the deadline as per the implementation schedule. The Company should also ensure that the order of machines and other utilities is placed and obtain requisite approvals, clearances and arrange funds for the project in a timely manner so to avoid delay in initiation of commercial operations.

- **The Company should plan to deploy standard operating practices & good management practices**

The Partners have to deploy the standard operating practices for the project which are followed in the industry and ensure of the employment, training & retaining of qualified & experienced people to run the project.

- **Approvals**

The Company requires to be provided by the Authority necessary approvals and clearances for smooth progress of the Project. The delay will influence the progress of the project timeline and cost. The Company should ensure timely follow up and co-operation with the authorities to follow the implementation schedule.



Economic Viability

AKM Hotels Private Limited (AKMHPL) intends to set up a five-star upscale luxury banquet cum hotel based on theme of "Banqueting Hotel" at a plot on the main Mehrauli Gurgaon Road (MG Road), New Delhi. The hotel will have 94 standard rooms and 7 suite rooms for lodging and 5 banquets with almost 3000 pax.

The project cost for completion and remaining work like interior, Mechanical, Electrical a Plumbing (MEP) (mostly low side works), Landscape, Finishing, O&E, Furniture, Fixtures and Equipment (FF&E), Kitchens etc, is envisaged at INR 86 Cr. which is proposed to be funded at debt: equity ratio of 1.39:1.

As per D&B India's assessment, the minimum DSCR of the project is 1.58 and the average DSCR of the project is 1.74 for debt service of INR 50.00 Cr., which is expected to provide adequate safety to lenders.

Subject to the above assessment & Critical Success Factors, various scenarios mentioned in sensitivity analysis, SWOT analysis, Risk analysis and Limiting Conditions stated, D&B India is of the opinion that the project is technically feasible and economically viable.



Annexure

Annexure – Site Visit Pictures



AKM Proposed Exterior Front View



Hotel cum Banquet Block








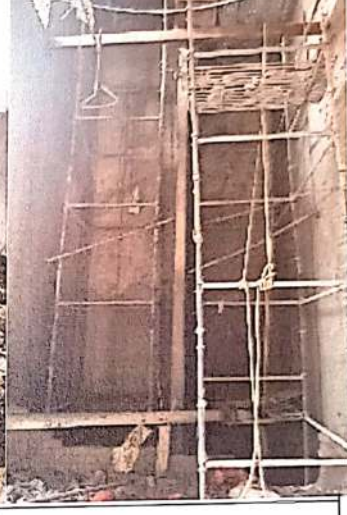

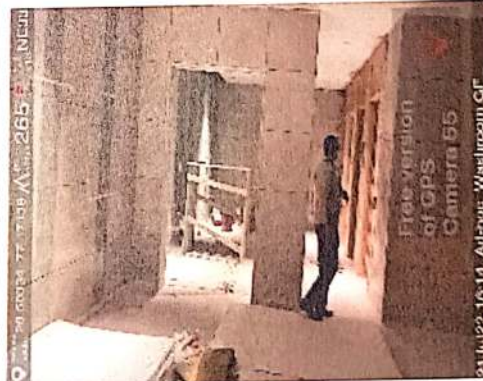
Corporate office Space Block



Ground Floor- Drainage Work in Progress

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Kitchen Area	Service Lift space for Kitchen	Corporate Tower Lobby
		
4 th Floor MEP	1st floor open area for food	Service lift area
		
Open Banquet Hall – Ground Floor	Washroom – Ground Floor	





Front Gate



1st floor all day dining



Deck area and swimming pool



Lobby Area



Reception lift lobby



2nd Floor Banquet





AKM Exterior Pool Side Vision



AKM Exterior Top View Vision



Annexure – Aggrement Format for Rental Fee**AKM HOTELS PRIVATE LIMITED**

G-25, FIRST FLOOR, SOUTH EXTENSION PART-I, NEW DELHI-110049

Tel: 011 41646410, Email ID: accounts@akm.co.in

CIN: U55100DL2003PTC123611

Chief Manager
State Bank of India
SME Branch, Faridabad
Haryana

Date: 19/07/2022

Dear Sir,

PROPOSED HOTEL PROJECT: RENTAL/FEE PAYABLE TO ASHWINI KUMAR MEHRA

In line with the understanding and arrangements between AKM Hotels Private Limited and Shri Ashwini Kumar Mehra, it is to submit that the land is in the name of Shri Ashwani Kumar Mehra and the civil structure for the proposed hotel project will be constructed by Ashwini Kumar Mehra himself. The company will arrange to get finishing done which includes fixtures/furniture, plants and machinery in addition to the other fixed assets required.

As per our understanding and agreement, AKM Hotels Private Ltd will pay a fees/rental to Shri Ashwini Kumar Mehra at the rate of Rs.25 lacs per month in lieu of usage of Land and Structure built upon. The same will be starting after one year of hotel operations. The aforesaid amount will be escalated @5% after every three year post start of payment.

A detailed agreement will be done between AKM Hotels Private Limited and Ashwini Kumar Mehra with all terms and conditions which shall primarily have clause of protection of Bank's interest and the referred payment will be given every month only after the servicing of Bank's interest and principal are paid.

Regards,
For AKM Hotels Pvt Ltd

Authorized Signatory



Annexure – CA Certificate**K.S. Oberoi & Co.**

IFRN No. 07288N
Chartered Accountant
13, Hanuman Road, New Delhi-110 001.
Tel: 011-43016404/ 23341697

TO WHOM SO EVER IT MAY CONCERN

This is to certify that we have examined the books of Account and other relevant record of M/s AKM Hotels Private Limited having registered office at First Floor, G - 25, N.D.S.E. Part - I, New Delhi - 110049 for the period ended 31st July, 2022 and report that following expenditures have been incurred towards the hotel project at M G Road, New Delhi till 31st July, 2022 :

Details of Expenses Incurred on the Hotel Project as on 31st July, 2022

Plant, Equipment & Materials Purchased	90165298
Furniture & Fixtures	27314687
Civil Works	32177824
Consultants and Professional Fees	1967518
Interest on Loans	3763451
Pre-operative Expenses	1519827
Advances for capital equipments	26566541
GST Input	8594701
Cash and Bank Balances	2292218

Total 194562065

Means of Financing

Equity Share Capital	73718529
KICI Bank Loan	96250292
Mr A K Mehra – Unsecured Loan	11954682
Creditors, Payables & Miscellaneous Liabilities	12638562

Total 194562065

For K.S. Oberoi & Co.
Chartered Accountants



K S Oberoi
Proprietor
M No. 085893
Certificate No. – 01/08-22
UDIN – Z2083893AOHQJY1704

4th August, 2022



Annexure – Balance Sheet

Particulars	FY 23	FY24 Proj	FY25 Proj	FY26 Proj	FY27 Proj	FY28 Proj	FY29 Proj	FY30 Proj	FY31 Proj	FY32 Proj	FY33 Proj
Share Capital	1.34	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Unsecured Loan (Quasi Equity)		29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00
Reserve & Surplus	6.20	6.15	12.87	19.39	27.75	38.29	48.66	59.75	71.65	84.30	97.84
Non - Current Liabilities											
Long-term borrowings								21.00	13.00	5.00	-
Proposed TL	25.00	50.00	46.00	41.00	35.00	28.00	21.00	13.00	5.00	-	-
ICIC Bank Term Loan	10.00	9.03	7.74	6.45	5.16	3.87	2.58	1.29	-	-	-
Other Long-term Liability											
Current liabilities											
Current Portion of Long TL		-	4.00	5.00	6.00	7.00	7.00	8.00	8.00	5.00	-
Current Portion of Ex TL	-	0.97	1.29	1.29	1.29	1.29	1.29	1.29	1.29	-	-
Bank CC											
Trade payables		-	3.57	3.53	4.01	4.51	4.79	5.01	5.24	5.46	5.69
Other current liabilities	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Total Liabilities	44.12	103.72	113.04	114.24	116.79	120.54	122.90	125.92	128.76	132.34	141.11
Non-Current Assets											
Fixed Assets											
GB			86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00
Cum Dep		-	3.48	8.11	12.75	17.38	22.02	26.66	31.29	35.93	40.56
Tangible		-	82.52	77.89	73.25	68.62	63.98	59.34	54.71	50.07	45.44
CWIP	36.16	86.00									
Non-Current Investment	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29
Current Assets											
Inventories											
RM		-	1.19	1.13	1.28	1.43	1.49	1.54	1.61	1.67	1.73
Stores and Consumables		-	1.03	1.08	1.23	1.39	1.44	1.50	1.57	1.62	1.68
WIP											
FG											
Trade Receivables		-	2.58	2.54	2.87	3.22	3.35	3.49	3.63	3.76	3.90
Short term loans & advances	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43	2.43
Others											
Cash in Bank Balance	0.24	10.00	18.01	23.89	30.45	38.16	44.92	52.32	59.53	67.50	80.65
Total Assets	44.12	103.72	113.04	114.24	116.79	120.54	122.90	125.92	128.76	132.34	141.11

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Annexure - Profit and Loss

Particulars	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
		Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Revenue from Rooms	-	-	5.43	9.94	11.68	13.56	14.16	14.79	15.45	15.99	16.55
Revenue from Banquets	-	-	52.29	65.21	73.22	81.72	84.79	87.97	91.27	94.70	98.25
Revenue from F&B	-	-	1.11	1.98	2.35	2.74	3.00	3.28	3.56	3.69	3.82
Other Income	0.13	0.13	-	-	-	-	-	-	-	-	-
Total Revenue	0.13	0.13	58.84	77.12	87.25	98.02	101.95	106.04	110.28	114.37	118.61
Cost of Material Consumed	-	-	21.63	27.50	31.03	34.78	36.15	37.58	39.06	40.52	42.03
Stores and Consumables	-	-	1.64	2.98	3.51	4.07	4.29	4.52	4.75	4.92	5.09
Upkeep Expenses	-	-	7.56	9.82	11.07	12.40	12.87	13.36	13.87	14.36	14.86
Transportation Cost	-	-	0.25	0.32	0.36	0.40	0.41	0.43	0.44	0.46	0.48
Printing, Stationery, Communication Exp.	-	-	0.15	0.19	0.22	0.25	0.25	0.27	0.28	0.29	0.30
Manpower	-	-	4.49	5.54	6.64	7.69	8.74	9.79	10.84	11.89	12.94
License & Management Fee	-	-	0.86	1.46	1.65	1.85	2.40	2.46	2.53	2.57	2.63
Power and Fuel	-	-	1.83	2.90	3.26	3.63	4.00	4.00	4.00	4.00	4.00
Gas Expense	-	-	0.49	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
Insurance Cost	-	-	0.21	0.19	0.18	0.17	0.16	0.15	0.14	0.13	0.11
Total Direct Cost	-	-	39.11	51.56	58.57	65.90	69.94	73.21	76.56	79.78	83.09
Opening WIP	-	-	-	-	-	-	-	-	-	-	-
Closing WIP	-	-	-	-	-	-	-	-	-	-	-
Cost of Production	-	-	39.11	51.56	58.57	65.90	69.94	73.21	76.56	79.78	83.09
Opening Stock - FG	-	-	-	-	-	-	-	-	-	-	-
Closing Stock - FG	-	-	-	-	-	-	-	-	-	-	-
Cost of Goods Sold	-	-	39.11	51.56	58.57	65.90	69.94	73.21	76.56	79.78	83.09
Repairs & Maintenance	-	-	-	1.08	1.08	1.08	1.08	1.08	1.08	1.08	1.08
Administrative Expenses	-	-	1.77	2.31	2.62	2.94	3.06	3.18	3.31	3.43	3.56
Selling Expenses	-	-	1.47	1.93	2.18	2.45	2.55	2.65	2.76	2.86	2.97
Other Admin & Misc. Exp.	0.04	0.04	0.74	0.96	1.09	1.23	1.27	1.33	1.38	1.43	1.48
Lease Rent	-	-	-	3.00	3.00	3.00	3.15	3.15	3.15	3.31	3.31
Cost of Sales	0.04	0.04	43.08	60.84	68.54	76.59	81.05	84.59	88.23	91.89	95.48
EBITDA	0.09	0.09	15.76	16.29	18.71	21.43	20.91	21.45	22.05	22.48	23.14
Depreciation/Amortization	-	-	3.48	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
EBIT	0.09	0.09	12.28	11.65	14.07	16.80	16.27	16.81	17.42	17.85	18.50
Interest	-	-	3.19	4.11	3.73	3.27	2.73	2.13	1.50	0.82	0.14
Term Loan-Proposed	-	0.14	0.80	0.70	0.59	0.48	0.38	0.27	0.16	0.05	-
Term Loan-Existing	-	-	-	-	-	-	-	-	-	-	-



Particulars	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
Interest on Working Capital											
Total Interest	-	0.14	3.99	4.81	4.33	3.76	3.10	2.40	1.66	0.88	0.14
Exceptional Items											
PBT	0.09	(0.05)	8.29	6.84	9.75	13.04	13.17	14.41	15.75	16.97	18.36
Provision for Tax		0.00	1.57	0.31	1.39	2.51	2.79	3.33	3.85	4.32	4.81
PAT	0.09	(0.05)	6.72	6.53	8.36	10.53	10.37	11.09	11.90	12.65	13.54



Annexure – Cashflow Statement

Particulars	FY23 Proj	FY24 Proj	FY25 Proj	FY26 Proj	FY27 Proj	FY28 Proj	FY29 Proj	FY30 Proj	FY31 Proj	FY32 Proj	FY33 Proj
Cash flow from operating activities											
PBT	0.09	(0.05)	8.29	6.84	9.75	13.04	13.17	14.41	15.75	16.97	18.36
Add: Depreciation	-	-	3.48	4.64	4.64	4.64	4.64	4.64	4.64	4.64	4.64
Add: (increase)/ decrease in Inventory & Receivable	0.00	0.00	-4.80	0.05	-0.63	-0.67	-0.24	-0.25	-0.26	-0.25	-0.26
Less: increase/ (decrease) in CU/ ST Provisions	0.00	0.00	3.57	-0.04	0.48	0.50	0.28	0.22	0.23	0.22	0.23
Less: Tax paid	-	-	(1.57)	(0.31)	(1.39)	(2.51)	(2.79)	(3.33)	(3.85)	(4.32)	(4.81)
Net cash from operating activities	0.09	(0.05)	8.97	11.18	12.85	15.00	15.04	15.69	16.50	17.26	18.15
Cash flow from investing activities											
Less: (increase)/ decrease in Capital expenditure	0.00	0.00	-86.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: (increase)/ decrease in Investments/NCA	0.00	0.00	-	-	-	-	-	-	-	-	-
Less: (increase)/ decrease in CWIP	-29.00	-49.84	86.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net cash from investing activities	(29.00)	(49.84)	-	-	-	-	-	-	-	-	-
Cash flow from financing activities											
Equity	-	5.66	-	-	-	-	-	-	-	-	-
Promoter Contribution/ Internal Accruals	-	29.00	-	-	-	-	-	-	-	-	-
Quasi-Equity	-	25.00	-	-	-	-	-	-	-	-	-
Add: increase/(decrease) Proposed Term Loan	25.00	25.00	-	-	-	-	-	-	-	-	-
Add: increase/(decrease) Existing Term Loan	4.00	-	-	(4.00)	(5.00)	(6.00)	(7.00)	(7.00)	(8.00)	(8.00)	(5.00)
Repayment of Proposed Term Loan	-	-	(0.97)	(1.29)	(1.29)	(1.29)	(1.29)	(1.29)	(1.29)	(1.29)	-
Repayment of Existing Term Loan	-	-	-	-	-	-	-	-	-	-	-
Increase / Decrease in WC Loan	-	-	-	-	-	-	-	-	-	-	-
(Increase) / Decrease in Security Deposit	-	-	-	-	-	-	-	-	-	-	-
Net cash from financing activities	29.00	59.66	(0.97)	(5.29)	(6.29)	(7.29)	(8.29)	(8.29)	(9.29)	(9.29)	(5.00)
Opening cash balance	0.15	0.24	10.00	18.01	23.89	30.45	38.16	44.92	52.32	59.53	67.50
Additions	0.09	9.77	8.00	5.89	6.56	7.71	6.75	7.40	7.21	7.97	13.15
Closing Cash Balance	0.24	10.00	18.01	23.89	30.45	38.16	44.92	52.32	59.53	67.50	80.65

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Limiting Conditions

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.

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 is 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's reports are prepared on the basis:

- i The project land position is correctly stated.
- 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. the Owners will 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 levelling 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 immoveable 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.



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