

Prefeasibility Report On Five Star Hotel



Cygnus

Business Consulting & Research Pvt.Ltd.

Knowledge Partners for Profitable Growth

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Preface

The number of tourists visiting India is likely to soar to 10 million in the year 2010 from 5 million in 2007-08. Recent estimates show that India has a shortage of 150,000 rooms, fuelling hotel room rates across the country. About 60,000 quality rooms are currently in different stages of planning and development; most of these rooms should be ready by the year 2012. Looking at this potential in hotel business, international giants are flocking India and forging joint ventures to earn their share in the race. Government of India has approved 300 hotel projects, nearly half of which are in the luxury range. Demand-supply scenario suggests that the hotel industry has great potential for investment. However, the feasibility of investment in this industry needs to be examined.

Prefeasibility Report on 5-Star Hotel attempts to examine critical factors that will provide vital inputs to the potential investors and estimation of commercial viability of such an investment. The Project Concept has been worked out for a 155-room five-star hotel which will be set up in Bengaluru. This report is structured into four chapters—Project Concept, Industry Analysis, Project Details and Conclusion. Industry Analysis provides an overview of the structure of Indian hotel industry, its market information and growth drivers. Project Details gives an insight into the procedure for setting up a hotel, type of machinery and floors space required, regulatory permissions and clearances, capital outlay, profitability, payback period, internal rate of return (IRR) and other project related analysis. Potential investors may be interested to examine the financial viability for the project. A sample financial analysis is given in excel separately (Soft copy in CD) for their convenience. Variables in this excel can be changed by the investors to assess financial viability of a hotel.

This report will be useful to entrepreneurs interested in setting up hotels, banks offering loan services to hotel industry, management consultants, private investors, venture capitalist, MBA institutes and hotel administration and management students.

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