

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2020-22)

END TERM EXAMINATIONS, OCTOBER, 2021

Course Name	Financial Modeling and Analysis	Course Code	FIN405
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS:

- a. *The exam will be held in computer lab.*
- b. *Complete the given exercise and upload on the Moodle as per the instructions of the exam office.*

You are a part of the Corporate Finance team of EIH Hotels Limited and must prepare a financial model for a Hotel Project being evaluated by the company's management. The property would have 40 Luxury Rooms, 60 Premium Rooms and 80 Standard Rooms. Average Room Revenue per night is INR 9,000 for Luxury Rooms, INR 7000 for Premium Rooms and 5,000 for Standard Rooms.

Occupancy Rate would be 55% and expected to increase by 1.5% each year, and get capped at 65%. EBITDA margin can be assumed to be 25% and expected to increase by 2.5% each year. Tax Rate is 30%.

Project Cost is INR 140 crores divided as: Land Cost is 80 crores, Room is 55 crores and Software is 5 crores.

Depreciation rate on Rooms is 10% and Depreciation rate on Software is 15%. Project would be funded in Debt: Equity of 65:35, Interest Rate at 8% p.a., Loan to be repaid in 5 years in monthly equal instalments. Project Life is 10 years.

Develop Projected P&L and Cash Flow for the hotel Project. Analyze and build Sensitivity for Occupancy and Room Rent. Demonstrate all the Excel-based calculations in your working.