

ADVENTURE TOURISM COMPLEX

1. INTRODUCTION

Leisure and tourism sector is growing in the wake of increase in disposable income, changes in lifestyle and impact of media (social media included). The sector consists of several streams – physical feature tourism, cultural tourism, eco-tourism, special interest tourism (e.g., textile circuit tour, tour of architectural buildings), MICE (meeting, incentive, conference, and exhibition) tourism, religious tourism, adventure tourism.

Adventure tourism, often, entails long-distance travel and specialized training, e.g., paragliding; water rafting, skiing, bungee jumping. This limits its scope; many are not able to take it up. If the constraints of distance and specialized training are removed and fun and relaxation are built into it, it would enable many to take it up. In other words, there is scope for mild, easy-to-practice adventure sport facility in an open, unpolluted surrounding not far from the city which will offer to its visitors an opportunity for

- ❖ low-key and safe adventure
- ❖ picnicking
- ❖ relaxation

2. PROJECT PROPOSAL

It is proposed to establish an adventure complex to attract day-time as well as overnight stay visitors. The complex will consist of low-investment, safe, easy-to-practice adventures, tents for stay, modest during facility and provision for such inexpensive sport as & cycling and jogging. The complex will be located in a relatively green environment away from the city but the driving time will not exceed one or two hours so that the locations remains convenient for day-time visitors. The complex will have the following facilities.

2.1. Accommodation

1. Well-furnished, twin sharing tents

10

- | | |
|--|----|
| 2. Well-furnished group (10 persons) tents | 05 |
| 3. Dining tent | |
| 4. Staff (5 persons) tent | |

2.2 Adventure

1. Artificial Rock Climbing
2. Burma Bridge
3. Valley Rope Walking
4. Rappelling
5. Tarzan Swing

2.3 Sport

1. Table Tennis (3 tables)
2. Volley ball (1 court)
3. Badminton (2 courts)
4. Cycling Track
5. Jogging Track
6. Children play area, ride, activity toys

2.4 Other

Meditation/Yoga Hall (20 persons)

Meeting Hall (40 persons)

The day-time/overnight visitors will engage in adventure/sport of their choice or simply relax.

It will be a well spread out (20,000 sq.mtr.) complex and parts of it will be tree-planted/landscaped in a cost-effective way.

The overall character will be natural, environment-friendly and slightly Spartan (in terms of furniture, furnishing, etc.). It is not intended to be a modern resort (swimming pool is expensive to set up and operate and hence excluded).

3. DESIRABLE PROMOTER BACKGROUND

This is somewhat creative project. The promoter should have flair for conceiving imaginatively the character of the project. The clientele will, in substantial measure, be young age-group. He will profit from competency to market the concept to young customers, corporates, colleges and even schools. Simultaneously, he should have an aptitude for installing safety measure to prevent and for avoiding undesirable behavior/episodes on the complex.

4.INDUSTRY OUTLOOK AND TREND

The proposed complex is anchored into soft adventure. It is adventure meant for recreation rather than for challenge.

The recreation market in various forms – cinema, fast food, spa, music – is experiencing growth. The innovation/novelty, soundly conceived, has an advantage in the market. The proposed adventure tourism complex is innovative in nature. There are excellent prospects for projects of this kind.

5. MARKET POTENTIAL

The complex will offer day-time and overnight stay packages-accommodation, food, activities. There will not be any special charge for activities. The food will be fixed menu meal; though special menu may be served if advance notice is given. There will be extra charge for utilizing meeting hall.

There are numerous resorts which offer modern facilities swimming, spa, beauty salon, luxury room's fine dining. However, there is a segment which is keen on interesting outdoor experience-adventure sort, simple and natural food and does not wish to spend too much money. The complex will cater to this segment. In particular, it will attract the following.

- ✓ Young/not-so-young corporate executive groups
- ✓ Group of young friends/couples
- ✓ College/school groups
- ✓ Senior citizens and groups of such citizens interested in mild adventure/relaxation.

The complex will do well, if it is located within proximity of a city having population, say, of minimum three million. The character of the city is pertinent. If the city is a hub of such modern business as IT, telecom, pharmaceutical, financial services, FMCG production/distribution, it will improve market prospects. Corporate tie-ups are likely. The companies may use the complex for retreats and motivation training in respect of groups which do not require luxury. The weekends, vacation periods and festival days will attract for higher business than other days. The complex will have to organize publicity, particularly through social media, to generate business. It will have to build brand equity – a safe, wholesome, adventure-cum-fun-filled experience. In this regard, it will also have guard against potential negative-drunken groups, unruly/indecent behavior.

The promotional methods to bolster the business volume on days other than weekends and public holidays will be important.

The location will have a significant bearing on market prospects. The access road needs to be motor able.

6. PROPOSED SIZE OF THE PROJECT

In terms of accommodation, the project will have tenting capacity for 70 persons (10x2 plus 5x10). However, activities are the heart of the project – adventure, sport, other. Though the complex will be spread over 20,000 sq.mtrs., the project, in its presently conceived form, is 150 persons at any point in time.

On the whole, market prospects will be bright, if the project is located in proximity to large cities where the secondary/tertiary sector is well developed. Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh, National Capital Region and West Bengal appear particularly promising states.

7. MANUFACTURING PROCESS

This is a service sector project and hence the following is pertinent.

TECHNICAL REQUIREMENT

The adventure facilities should be designed and installed to ensure maximum safety. Timely maintenance/repair is crucial. The complex layout/design should ensure a feeling of openness and natural movement from one adventure to another.

OPERATIONAL REQUIREMENT

The person in charge of adventure facilities will play a crucial role-encouraging and demonstrating before not-so-enthusiastic visitors, counseling risk-prone visitors. Likewise, the business processes/practices will have to optimize management burden e.g., meals will be in buffet format during specified hours. Evidently, there will be no room service. The evening lighting will be optimized, depending on occupancy.

8. MANPOWER REQUIREMENT

This is as follows:

❖ Manager	1
❖ Animator	1
❖ Marketing – customer relations	1
❖ Adventure: Orientation/training/upkeep	1
❖ Chef and assistants	3
❖ Outdoor areas upkeep	3
❖ Housekeeping for tents	1
❖ Servers	3
❖ Security/gardening/other	3

Total	17
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We envisage an annual salary –cum-wage bill of Rs.40.50 lacs.

9. COST OF THE PROJECT

The complex will be spread over an area of 20,000 sq.mtrs.. The land will be secured on lease-rent basis. The annual rent will be Rs.6 lacs. The project cost is estimated below (Rs.in lacs)

Sr. No	Particulars	Rs in Lakhs
1	Deposit Against Lease Rent	2.00
2	Land-scaping, tree plantation	5.00
3	Furnished Twin-sharing Tents (10 tents)	9.00
4	Group Tents (5 tents)	15.00

5	Kitchen Tent	2.00
6	Staff Tent	2.00
7	Adventure Facilities	6.00
	- Artificial Rock	
	- Burma Bridge	
	- Valley Crossing	
	- Tight-rope waling	
	- Rappelling	
	- Tarzan Swing Sport	
8	Sport Facility including	4.00
	Children rides and activity toys	
9	Meeting Hall	5.00
10	Sewage Treatment Plant	1.00
11	Office Equipment/furniture	1.50
12	Car	7.00
13	Kitchen equipment and implements	4.00
14	Cutlery, crockery, linen	3.00
15	Preliminary & preoperative expense	6.00
16	Margin for Working Capital	5.00

10. WORKING CAPITAL REQUIREMENT

This is estimated at Rs. 5.0 lacs and we do not envisage working capital loan.

11. MEANS OF FINANCE

Sr. No.	Particulars	Rs in Lakhs
1	Equity	31.00
2	Term Loan	46.50

12.MACHINERIES AND ILLUSTRATIVE LIST OF SUPPLIERS

This is not relevant

13. PROFITABILITY STATEMENT

The complex will work for 42 weeks in a year (closed during rainy season). The complex will offer packages. These are as follows:

(Tariff per person)

Sr. No.	Particulars	Working days	Tariff per Person
A.	Breakfast-lunch-afternoon tea-activity	1 weekday (210 days in a year)	Rs. 800
		2 weekend/public holidays 84 days in a year)	Rs.1000
B.	Three meals-afternoon tea-twin sharing tent accommodation	1 weekday (210 days in a year)	Rs.1500
		2 weekend/ public holidays (84 days in a year)	Rs.2000
C.	Three meals afternoon tea-group sharing tent accommodation	1 weekday (210 days in a year)	Rs.1000
		2 weekend/ public holidays 84 days in a year)	Rs.1200

We expect the following business volume in the **second year of operation**

- A 1 5000 persons
- A2 6250 persons
- B1 1700 persons
- B2 2100 persons
- C1 2500 persons
- C2 3100 persons

There are visitors who will buy extra meal, water, beverages or utilize meeting hall. We envisage such other income to be 5% of income on account of total income –
 $A1+A2+B1+B2+C1+C2$

The operating expenses will be as follows **(second year of operation)**

Sr. No.	Particulars	Rs In lakhs
1	Lease Rent	14.00
2	Manpower	40.50
3	Electricity	7.00
4	Water supply	5.00
5	Sewage Treatment	4.00
6	Repair, maintenance, upkeep	9.50
7	Cost of food and beverage	45.00
8	(Approximately 65000 meals including staff meals) Sales and Marketing 10% of annual income	

We presume that the moratorium period or the period during which the promoter does not have to repay the principal (but interest will have to be paid) will be six months. The term-loan will be repaid in five years thereafter. The outstanding term loan, in the beginning of second year will be (Rs.46.50 lacs less 4.65 lacs) Rs.41.85 lacs.

The profitability is worked out for the **five years of operation** as follows.

Profitability over five years

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Total annual income before expenses , term loan interest and depreciation	21942900	24381000	25600050	26819100	28038150
total annual expense	14938000	14938000	15236760	15535520	15834280
income less all expenses except interest and depreciation	7004900	9443000	10363290	11283580	12203870
term loan interest	716100	601012.5	447562.5	294112.5	140662.5
income less all expenses except depreciation	6288800	8841987.5	9915727.5	10989467.5	12063207.5
Depreciation	1087500	1087500	1087500	1087500	1087500
Profit before tax	5201300	7754487.5	8828227.5	9901967.5	10975707.5
Tax	1560390	2326346.25	2648468.25	2970590.25	3292712.25
Profit after tax	3640910	5428141.25	6179759.25	6931377.25	7682995.25

For projection, second year is the reference year.

In first year, we have assumed 10% lower income than in second year, while keeping operating expenditure identical. In third, fourth and fifth year, income increases @ 5% per year (simple growth, compared to second year).

In first and second year, we have assumed that operating expenditure will remain same, while operating expenditure rises @ 2% per year (simple growth, compared to second year)

The unit cost of power is taken at Rs. 6. The depreciation is taken at the rate of 15%

14. IMPLEMENTATION SCHEDULE

This will take six months since tying up the premises. The milestones will be

❖ Cleaning and sprucing up of premises	1 month
❖ Interior design and plan	simultaneous
❖ Execution of interior plan	3 months
❖ Hiring of manpower	1 month
❖ Pre-opening promotion	1 month
❖ Trial Run	1 month
❖ Opening	1 month

15. BACKWARD AND FORWARD LINKAGES

Once the project generates brand equity, the owner can set up, in the nearby city, an adventure or sport facility which requires less space but earns handsome revenue. The facilities can also be other than those at the proposed complex. The owner can also vary themes and add cultural component to the complex.

16. GOVERNMENT CLEARANCE

The project needs to carry out general formalities pertaining to firm establishment; tax registration and shops/establishment registration. The fire safety clearance is the specific requirement.

The following specific permits are required

- ❖ Pollution Control Clearance from the state government board; National Green Tribunal in some cases.
- ❖ Protected Area permit, if the site is in forest area.

17. TRAINING / COURSES

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for handholding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.