

Project Concept Note

Project Name	Development and Operation & Maintenance of Eco-Tourism facilities in Sethumadai in Coimbatore district
Sponsoring Agency	Tamil Nadu Wilderness Experiences Corporation Private Limited
Sponsoring Department	Environment, Climate Change and Forests Department, Government of Tamil Nadu

Contact Details	Single Point Contact for the Project –	
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	Designation	Project Engineer
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Introduction	Sponsoring Agency – Tamil Nadu Wilderness Experiences Corporation Private Limited Tamil Nadu Wilderness Experiences Corporation Private Limited (TNWECPL) is a Government of Tamil Nadu Undertaking registered under Companies Act, 1956. It is governed by the Board of Directors appointed by the Government of Tamil Nadu. Need for the proposed project: The Tamil Nadu eco-tourism policy was prepared by the state forest department in 2017 following the principles of biodiversity conservation. The aim was the promotion of ecological security and livelihood opportunities as enunciated in the National Forest Policy. The policy was prepared after extensive consultation with the experts in different disciplines, line departments, conservationists, non-profits, stakeholders and local community members. To promote Eco-tourism in the state, TNWECPL has identified 4 sites for exploring the feasibility of implementation of eco-tourism projects on Public Private Partnership model. To begin with, pilot development at Sethumadai in Coimbatore district has been selected. Scope of the project: TNWECPL intends to develop the existing site with eco-tourism facilities such as Cottages, dormitories, restaurants, sericulture resource centre etc. with minimal interventions, adopt renewable energy sources and sustainable design	

	approaches on PPP mode for promoting Sethumadai as an eco-tourism destination.								
Project Details	<p>The proposed Sethumadai site is located in the South Sahyadri mountains of Coimbatore district at an altitude of 1200 ft. The site has an area of about 6.6 acres and is located at the junction of the Athirapilly road and Parambikulam road that leads to Top Slip and Parambikulam Tiger Reserve. Proper road infrastructure for approaching the site is available. However, necessary upgradations need to be taken up as part of the project. The site also has sufficient water supply with availability of on-site borewells.</p> <p>This region of Sethumadai and the forests of the sanctuaries and reserves on the mountains are endowed with luxuriant vegetation and all kinds of magnificent wildlife found in southern India. It has some of the best reserves in the country for viewing the various animals such as gaurs, elephants, tigers as well as leapords. Chirping birds and gurgling streams make this region lively and lovely.</p> <p>Sambar, spotted deer, jungle cat, lion tailed macaque, common otter, sloth bear, etc. are also commonly spotted in the reserves. The site and area around its also have various types of vegetation. It mainly consists of Neem trees, Banana trees, Papaya trees, Coconut trees, Ashoka trees and Gulmohar trees.</p> <p>Special Compliances: The towns and cities in hilly areas in Tamil Nadu are governed by Hill Area Conservation Authority (HACA) and Architectural and Aesthetics Aspects (AAA) committee and both of these bodies are under Tamil Nadu Town and country planning Act, 1971 and Tamil Nadu District Municipalities (Hill Stations) Building Rules, 1993. AAA committee is applicable for Nilgiris, Dindigul and Salem districts. To begin any construction in the hilly area in Tamil Nadu, building approval is required from local panchayat and NoC (no objection certificate) is required from Hill Area Conservation Authority (HACA).</p> <table border="1" data-bbox="512 1496 1326 1570"> <thead> <tr> <th>Eco site</th> <th>District</th> <th>Approval Authority</th> <th>Additional NoC</th> </tr> </thead> <tbody> <tr> <td>Sethumadai</td> <td>Coimbatore</td> <td>HACA</td> <td>Not applicable</td> </tr> </tbody> </table> <p>The proposed project involves development of a 4 Star eco-tourism Resort, major project components of which are as below:</p> <ol style="list-style-type: none"> 1. Tourist Accommodation – Motel, Deluxe rooms, Premium villas etc. 2. Food & Beverages – Restaurants etc. 3. Special Facilities – Clubhouse, Swimming pool, Shuttle buses or carts etc. 4. Civic amenities – Parking Facility, Souvenir Shop. <p>Other infrastructure facilities to be provided in the project are Perimeter Protection (Compound wall, gates, trenches, fences, etc.), Water supply &</p>	Eco site	District	Approval Authority	Additional NoC	Sethumadai	Coimbatore	HACA	Not applicable
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	<p>sanitation, Storm water drainage, Solid waste management, Landscaping, Wayfinding signage, Renewable energy – solar, microturbines etc.</p> <p>The estimated project cost to develop the above-mentioned facilities is approximately Rs.45.29 crores.</p> <p>The project development is proposed to be completed within two years.</p>
<p>Project Land Details</p>	<p><i>Please mention the following details pertaining to the project land:</i></p> <ul style="list-style-type: none"> • Land extent required for project. • Land ownership (Own or to be taken up on lease, in which case, details of lease arrangements are to be provided) • Land value as per Guideline value and as per market value/ Land lease values • Current land classification • Any other details
<p>Financial Analysis of the project</p>	<p>99% of the project cost is proposed to be financed through Non-Convertible Debentures (NCDs). For the remaining amount of project cost, 0.8% is proposed to be financed as equity from TNIFMC and 0.2% is proposed to be financed as equity contribution from the developer.</p> <p>The NCDs have been assumed to have a tenure of 20 yrs. The returns to the NCD investors are in the form of a bullet repayment at the end of 20 Yrs. The NCDs have been assumed to have a 6% coupon rate as fixed returns and 55% of EBIDTA as variable returns. In view of the repayment, an NCD annual debt reserve account has been assumed at 6% of NCD amount earning an interest income of 5% per annum. A part of the final NCD repayment will be made from the Debt reserve and the remaining from regular cash flows.</p> <p>Considering the above and various assumptions as provided in the attached financial model, the project is expected to generate –</p> <ol style="list-style-type: none"> 1. Project IRR – 14.79% and 2. NPV – Rs.148.57 crores @ 12% discount factor <p><i>(The above values are to be indicated based on the Financial Analysis Template.)</i></p>
<p>Project Implementation Structure</p>	<p>TNWECP is proposed to have agreements with land owning departments for providing land. The land-owning department will receive 14% of land values taken at circle rates per annum.</p> <p>TNWECP shall undertake the capital expenditure for constructing the proposed facilities of the project. A construction period of 24 months (2 years) has been considered.</p> <p>TNWECP shall select a private operator for operating and maintain the project on Public Private Partnership basis for a period of 20 Years.</p>

	<p>The developer, as operator of the facility, will get 2.5% of revenue as their fixed returns and 5% of EBIDTA as variable returns per annum during operations. <u>The variable returns will be the bid parameter for the selection of the developer.</u></p>																																																											
Risk Assessment	<table border="1" data-bbox="456 432 1163 1137"> <thead> <tr> <th data-bbox="456 432 898 465">Aspect</th> <th data-bbox="898 432 1032 465">Public</th> <th data-bbox="1032 432 1163 465">Private</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 465 898 499">Ownership</td> <td data-bbox="898 465 1032 499">✓</td> <td data-bbox="1032 465 1163 499"></td> </tr> <tr> <td data-bbox="456 499 898 533">Design</td> <td data-bbox="898 499 1032 533"></td> <td data-bbox="1032 499 1163 533">✓</td> </tr> <tr> <td data-bbox="456 533 898 566">Construction</td> <td data-bbox="898 533 1032 566"></td> <td data-bbox="1032 533 1163 566">✓</td> </tr> <tr> <td data-bbox="456 566 898 600">Finance</td> <td data-bbox="898 566 1032 600"></td> <td data-bbox="1032 566 1163 600">✓</td> </tr> <tr> <td data-bbox="456 600 898 633">Operation</td> <td data-bbox="898 600 1032 633"></td> <td data-bbox="1032 600 1163 633">✓</td> </tr> <tr> <td data-bbox="456 633 898 667">Maintenance</td> <td data-bbox="898 633 1032 667"></td> <td data-bbox="1032 633 1163 667">✓</td> </tr> <tr> <td data-bbox="456 667 898 701">Cost escalation in construction</td> <td data-bbox="898 667 1032 701"></td> <td data-bbox="1032 667 1163 701"></td> </tr> <tr> <td data-bbox="456 701 898 734">Cost escalation in O&M</td> <td data-bbox="898 701 1032 734"></td> <td data-bbox="1032 701 1163 734"></td> </tr> <tr> <td data-bbox="456 734 898 768">Time overrun</td> <td data-bbox="898 734 1032 768"></td> <td data-bbox="1032 734 1163 768">✓</td> </tr> <tr> <td data-bbox="456 768 898 801">Statutory Clearances</td> <td data-bbox="898 768 1032 801">✓</td> <td data-bbox="1032 768 1163 801"></td> </tr> <tr> <td data-bbox="456 801 898 835">Force majeure</td> <td data-bbox="898 801 1032 835"></td> <td data-bbox="1032 801 1163 835"></td> </tr> <tr> <td data-bbox="456 835 898 869">Change in law</td> <td data-bbox="898 835 1032 869"></td> <td data-bbox="1032 835 1163 869"></td> </tr> <tr> <td data-bbox="456 869 898 902">Revenue Fluctuation – upside</td> <td data-bbox="898 869 1032 902"></td> <td data-bbox="1032 869 1163 902"></td> </tr> <tr> <td data-bbox="456 902 898 936">Revenue Fluctuation – downside</td> <td data-bbox="898 902 1032 936"></td> <td data-bbox="1032 902 1163 936"></td> </tr> <tr> <td data-bbox="456 936 898 969">Extension of Timelines</td> <td data-bbox="898 936 1032 969"></td> <td data-bbox="1032 936 1163 969"></td> </tr> <tr> <td data-bbox="456 969 898 1003">Extension in Concession Period</td> <td data-bbox="898 969 1032 1003"></td> <td data-bbox="1032 969 1163 1003">✓</td> </tr> <tr> <td data-bbox="456 1003 898 1037">Independent Engineer</td> <td data-bbox="898 1003 1032 1037"></td> <td data-bbox="1032 1003 1163 1037">✓</td> </tr> <tr> <td data-bbox="456 1037 898 1070">Termination</td> <td data-bbox="898 1037 1032 1070"></td> <td data-bbox="1032 1037 1163 1070"></td> </tr> </tbody> </table> <p data-bbox="456 1178 1355 1211"><i>(Please indicate the party responsible for each activity pertaining to the project.)</i></p>			Aspect	Public	Private	Ownership	✓		Design		✓	Construction		✓	Finance		✓	Operation		✓	Maintenance		✓	Cost escalation in construction			Cost escalation in O&M			Time overrun		✓	Statutory Clearances	✓		Force majeure			Change in law			Revenue Fluctuation – upside			Revenue Fluctuation – downside			Extension of Timelines			Extension in Concession Period		✓	Independent Engineer		✓	Termination		
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