



HOMESTAY

Introduction

India is known for its attractive tourism. Tourists from all over the world visit India to witness its diverse culture and heritage sites. To give the tourists a homely atmosphere, home-stays have become very popular. Home-stays are pocket friendly and provide a homely environment as well. It becomes a mode of earning for small families having huge houses. The service provided by these home-stays are quite modest, as the family members are involved in providing the hospitality services to their guests. Home-stays cannot replace the traditional hotels and guest houses, but are sure much in demand these days.

Market Potential

The home stay industry is driven by the need for pocket friendly stay coupled with a homely atmosphere. The facilities provided by home-stays are very minimal as compared to the hotels and guest houses, but the feel-at-home feature is absent. Therefore, there's been a steady push in this industry. Many websites like homestay.com, AIRBNB, namastay.in, funstay.in etc. book, sell and promote home-stay facilities.

The Government of India as well as the State Governments are also promoting the concept of home-stays to boost the Indian tourism market. Several guidelines have been issued by the Government to facilitate ease of stay for the tourists.

The global home-stay industry was estimated at 15 billion USD in the year 2015 and is expected to grow at 30%.

Features of Homestay

- Family involvement
- Local Community benefits
- Sharing of space with guest and host
- Homely environment
- Personalized service
- Less expensive
- Homely Food

Assumptions

Model DPR has been prepared based on following assumptions:

- The proposed DPR has been prepared keeping in mind the growing demand of tourism and the homestay facility. The tourists shall be able to experience the local routine, culture, tastes, environment, etc. by staying at their homes, eating with the local people, etc.
- Home Facility shall consist of the following:
 - 6 Rooms (12 Beds) (300 sq. ft.)
 - Attached Washroom
 - Living cum Dining Room (Capacity 8)
 - Common Lounge
- Area: 3000 sq. ft.
- Tariff for the rooms shall depend on the season namely High Season, Peak Season, Shoulder Season and Slack Season.
- Capacity utilization for the first year shall be 70% and the same shall increase at the rate of 5% in the following years.
- Implementation Period is assumed to be 6 months.
- Working Capital requirement is assumed to be 50,000 and doesn't require Working capital loan.
- The rooms shall be well furnished including Flooring, Walls, Ceiling, Doors, Windows, Electrical connections, etc.
- All the facilities shall be made available namely:
 - Cleanliness, freedom from pest and dampness, light, ventilation
 - Attached private bathroom and provision of toiletries and toilet paper
 - 24 hours running hot and cold water with proper sewage connection
 - Smoke-free, pest-free kitchen
 - Air conditioning and heating depending on climatic condition
 - Internet connection
 - Power point for device charging
 - Complimentary RO/mineral water
 - Washing machines/dryer
 - Lounge
 - Heating/cooling in common rooms
 - Left luggage facility
 - Garbage disposal as per regulation
 - Safekeeping facility
 - Contact details of doctor in emergency
 - Security

Cost of Project

Particulars	Amount (Rs.in Lakhs)
Land and Site Development Cost	0.50
Civil Works and Building	30.24
Equipment	3.20
Miscellaneous fixed assets	2.90
DG Set	1.25
Escalation & Contingencies	1.90
Preliminary & Preoperative Expenses	2.58
Sub-total (A)	42.57
Total Project Cost	42.57
Total Working Capital Required (B)	0.50
MEANS OF FINANCE	
Total Funds Required (A+B)	43.07
<u>Loan Component-</u>	
TERM LOAN (60% of A)	25.54
Total	25.54
Equity	17.53
Total	43.07

Detailed Cost Element

SL	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
1	Air Conditioner	3	45000	1.35
2	LCD TVs	1	40000	0.40
3	Geyser	2	9000	0.18
4	Refrigerator	1	12000	0.12
5	Washing Machine	1	15000	0.15
6	Entire Kitchen Equipment and Cooking	LS	LS	0.50
7	Utensils and Crockery set	LS	LS	0.50
	Total			3.20

Contingencies and Escalations

It has been assumed at approximately 5% at cost.

Preliminary Expenses

Particulars	Amount (Rs.in Lakhs)
Incorporation Expenses	0.15
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	0.76
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Other recurring expenses of revenue nature up to start of commercial operations -salary, etc.	0.42
Interest Cost for period before commercial operations	0.85
Total	2.58

Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Housekeeper	2	1.68

Profitability Statement

	Amount (Rs. in Lakhs)				
Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Service Capacity (rooms/annum)	6	6	6	6	6
Capacity Utilization	70%	75%	80%	85%	90%
Annual Revenue	28.08	30.09	32.10	34.10	36.11
Total revenue during the year	28.08	30.09	32.10	34.10	36.11
<u>B. OPERATING EXPENSES</u>					
Raw Material	2.56	2.61	2.66	2.72	2.77
Commission to Booking Agency	3.01	3.07	3.13	3.20	3.26
Toiletries consumables, line/laundry	0.30	0.31	0.31	0.32	0.33
Cost of Breakfast	0.90	0.92	0.94	0.96	0.98
Cost of Meal	0.90	0.92	0.94	0.96	0.98
Housekeeping and Kitchen	0.60	0.61	0.62	0.64	0.65
Salary	1.68	1.71	1.75	1.78	1.82
Repair & Maintenance	0.28	0.30	0.32	0.34	0.36
Power & utilities	1.43	1.46	1.49	1.52	1.55
Depreciation and Amortization	2.21	2.21	2.21	2.21	2.21
Total Operating Expenses	13.88	14.12	14.38	14.63	14.90
Operating Profit (A-B)	14.21	15.97	17.72	19.47	21.21
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	2.03	1.72	1.41	1.10	0.76
<u>D. Other Expenses</u>					
Administrative and General Expenses	0.14	0.14	0.15	0.15	0.15
Total Expenses	2.17	1.86	1.55	1.25	0.91
Profit before Tax	12.04	14.10	16.16	18.22	20.30
Provision for Tax	3.01	3.53	4.04	4.56	5.07
Profit After Tax	9.03	10.58	12.12	13.67	15.22
Dividend	0.00	0.00	0.00	0.00	0.00
Retained Profits	9.03	10.58	12.12	13.67	15.22

Breakeven Point

Break Even Point (BEP)		Amount (Rs. in Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	28.08	30.09	32.10	34.10	36.11
B.	Variable Cost					
	Raw Material	2.56	2.61	2.66	2.72	2.77
	Commission to Booking Agency	3.01	3.07	3.13	3.20	3.26
	Toiletries consumables, line/laundry	0.30	0.31	0.31	0.32	0.33
	Cost of Breakfast	0.90	0.92	0.94	0.96	0.98
	Cost of Meal	0.90	0.92	0.94	0.96	0.98
	Housekeeping and Kitchen assistance	0.60	0.61	0.62	0.64	0.65
	Power and Utility	1.43	1.46	1.49	1.52	1.55
	Total Variable Cost	9.71	9.90	10.10	10.30	10.51
C.	Contribution (A-B)	18.38	20.19	22.00	23.80	25.60
D.	Fixed Cost					
	Salary	1.68	1.71	1.75	1.78	1.82
	Repair & Maintenance	0.28	0.30	0.32	0.34	0.36
	Interest on term Loan	2.03	1.72	1.41	1.10	0.76
	Depreciation	2.21	2.21	2.21	2.21	2.21
	Total Fixed Cost	6.20	5.94	5.68	5.43	5.15
E.	Breakeven Point	34%	29%	26%	23%	20%
F.	Cash BEP	22%	18%	16%	14%	11%

Debt-Service Coverage Ratio

		Amount (Rs. in Lakhs)				
SL	Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
i	Profit	9.03	10.58	12.12	13.67	15.22
ii	Depreciation	2.21	2.21	2.21	2.21	2.21
iii	Interest	2.03	1.72	1.41	1.10	0.76
A	Total (i + ii+ iii)	13.26	14.50	15.74	16.97	18.19
i	Interest	2.03	1.72	1.41	1.10	0.76
ii	Principal repayment	3.65	3.65	3.65	3.65	3.65
B	Total (i + ii)	5.68	5.37	5.06	4.75	4.41
	DSCR (A / B)	2.34	2.70	3.11	3.58	4.12

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 7 years, Rate of interest being 8.5% p.a. and moratorium of 6 months.

Address of Vendors

Name of Vendor	Address and Contact Number
Chill Tech Solutions	Opposite Islampur Masjid, Ghandhi Basti Road, Guwahati – 781003 Ph No.: 9085218446
Assam Furniture	Gora Bazar, Golpark, Dum Dum, Kolkata, West Bengal 700028 Ph No.: 033 2538 6516
Chandan Refrigeration	Shop No. 40, New Field Commercial Complex, MD Shah Rd, PWD Colony, Paltan Bazaar, Guwahati, Assam 781008 Ph No.: 03612739621

ANNEXURE- I

Year	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Annually
I													
Principal													
Opening	25.54	25.24	24.93	24.63	24.32	24.02	23.72	23.41	23.11	22.80	22.50	22.20	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	25.24	24.93	24.63	24.32	24.02	23.72	23.41	23.11	22.80	22.50	22.20	21.89	
Interest	0.18	0.18	0.18	0.17	0.17	0.17	0.17	0.17	0.16	0.16	0.16	0.16	2.03
II													
Principal													
Opening	21.89	21.59	21.28	20.98	20.68	20.37	20.07	19.76	19.46	19.16	18.85	18.55	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	21.59	21.28	20.98	20.68	20.37	20.07	19.76	19.46	19.16	18.85	18.55	18.24	
Interest	0.16	0.15	0.15	0.15	0.15	0.14	0.14	0.14	0.14	0.14	0.13	0.13	1.72
III													
Principal													
Opening	18.24	17.94	17.63	17.33	17.03	16.72	16.42	16.11	15.81	15.51	15.20	14.90	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	17.94	17.63	17.33	17.03	16.72	16.42	16.11	15.81	15.51	15.20	14.90	14.59	
Interest	0.13	0.13	0.12	0.12	0.12	0.12	0.12	0.11	0.11	0.11	0.11	0.11	1.41
IV													
Principal													
Opening	14.59	14.29	13.99	13.68	13.38	13.07	12.77	12.47	12.16	11.86	11.55	11.25	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	14.29	13.99	13.68	13.38	13.07	12.77	12.47	12.16	11.86	11.55	11.25	10.95	
Interest	0.10	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.08	0.08	0.08	1.10
V													
Principal													
Opening	10.95	10.64	10.34	10.03	9.73	9.43	9.12	8.82	8.51	8.21	7.91	7.60	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	10.64	10.34	10.03	9.73	9.43	9.12	8.82	8.51	8.21	7.91	7.60	7.30	
Interest	0.08	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.76
VI													
Principal													
Opening	7.30	6.99	6.69	6.38	6.08	5.78	5.47	5.17	4.86	4.56	4.26	3.95	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	6.99	6.69	6.38	6.08	5.78	5.47	5.17	4.86	4.56	4.26	3.95	3.65	
Interest	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.45
VII													
Principal													
Opening	3.65	3.34	3.04	2.74	2.43	2.13	1.82	1.52	1.22	0.91	0.61	0.30	
Repaid	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	3.65
Closing	3.34	3.04	2.74	2.43	2.13	1.82	1.52	1.22	0.91	0.61	0.30	-0.00	
Interest	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.00	0.00	-0.00	0.14