



## THREE STAR HOTEL

### Introduction

Three star hotels aim towards meeting guest expectations and providing pleasant stay. These hotels are often located near major express-ways, airports, business areas, convenient for shopping trips etc. They thereby provide their short term guests with a brief, efficient but comfortable stay.

The lodging has a banquet room, rooms accessible for lease, suite rooms. The visitors have 24 hours admittance to the inn without the need of a key. The proprietor or staff is at least accessible by means of call for occupants all through day/night. The café in the hotel generally stay open at least 6 days per week, serving bar bites, breakfast or more. Inns which don't offer supper should be situated nearby eateries which do.

### Market Potential

Among various service sectors, Tourism and Hospitality is the second largest contributor to the national GDP and employment growth after IT sector. The hotel industry is riding on the back of the country's resilient growth story with demand rising from domestic travelers who have more disposable income and a rising middle class. The global luxury hotel market size was USD 93.43 billion in 2020. Over 90% of the hotel rooms in India fall in the category of economy, budget and mid-market segments and serve mostly Indian travelers.

However, the Covid-19 pandemic has had a unprecedented devastating impact on the economy in general and the tourism and hospitality sector in particular The Reserve Bank of India has recognized luxury hotels witnessing a negative demand shock across the globe. The market is projected to grow from USD 119.55 billion in 2021 to USD 238.49 billion in 2028 at a CAGR of 10.4% in the 2021-2028 period and this rise is attributable to this market's demand and growth returning to pre-pandemic levels once the pandemic is

over. The rise in the conversion of hotel rooms to quarantine centers and self-care units have also played a wide role in the regular functioning of the hotels. The emergence of online accommodation booking services, touchless services such as contactless payments, activating room keys or locks by smartphone, kiosk assisted self-service check-ins, has further accelerated market proliferation and would be highly demanded after COVID-19.

## Cost of Project

Particulars	Amount (Rs. In Lakhs)
Land (own)	-
Land development cost	50.00
Civil works and Buildings	631.75
Fixed Asset	914.17
Miscellaneous Fixed Assets	18.11
D G Set 50 KV	4.40
Escalation & Contingencies	80.92
Preliminary & Preoperative Expenses	65.57
<b>Sub-total (A)</b>	<b>1,764.91</b>
Working Capital Margin	131.57
<b>Total Project Cost</b>	<b>1,896.48</b>
Total Working Capital Required (B)	328.92
<b>MEANS OF FINANCE</b>	
<b>Total funds required (A+B)</b>	<b>2,093.83</b>
<u>Loan component</u>	
Term loan	1,132.75
Working capital	197.35
<b>TOTAL</b>	<b>1,330.10</b>
Equity	763.73
<b>TOTAL</b>	<b>2,093.83</b>

## Detailed Cost Element

SL. No.	Particulars	Quantity	Amount (Rs. in Lakhs)
1	Deluxe Rooms	60	189.00
2	Super Deluxe Room	30	110.25
3	Suite	10	58.80
4	Lobby Furnishing	1	21.00
5	Restaurant Furnishing and Kitchen Equipment	1	21.00
6	Health Club Furnishing	1	5.25
7	Every floor Furnishing	5	5.25
8	Coffee Shop Furnishing	1	1.05
9	Shobonier Shop Furnishing	1	1.58
10	Housekeeping and Lift Furnishing	1	2.10
11	Banquet Hall Furnishing	2	6.30
12	Waiting Lounge Furnishing	L.S.	3.50
13	Centralized Geyser	1	1.89
14	Industrial Kitchen including Frizzing	2	21.00
15	Centralized Air Conditioner	1	210.00
16	Electrical Equipment	L.S.	16.00
17	Rain Water Harvest	1	2.10
18	Solar Energy Plant Roof	1	210.00
19	Heath Care Gym Equipment	L.S.	26.00
20	Water Motor	1	2.10
	<b>Total</b>		<b>914.17</b>

## Contingencies and Escalations

It has been assumed at approximately 5% at cost of project.

## 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	15.79
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	10.00
Other recurring expenses of revenue nature up to start of commercial operations -salary, etc	8.28
Interest Cost for period before commercial operations	40.89
<b>Total</b>	<b>65.57</b>

## Salary

Designation	Manpower	Amount (Rs. In Lakhs)
General Manager	1	10.08
Manager	1	7.56
Front Desk	4	10.08
Marketing Executive	1	4.41
Housekeeping	14	26.46
Electrician	3	3.78
Bell Boy	4	10.08
Gym Trainer	2	4.54
Health Club Trainer	2	4.54
Shobonier	2	10.08
Head Chef	4	20.16
Chef	4	10.08
Cook	8	15.12
Service boy	16	20.16
Cleaning Staff	16	16.13
Security Guard	6	11.34

## Profitability Statement

Particulars	Amount (Rs. In Lakhs)				
	Year-1	Year-2	Year-3	Year-4	Year-5
<b>A.INCOME</b>					
Maximum Capacity – Rooms					
Deluxe	40	40	40	40	40
Super Deluxe	20	20	20	20	20
Suite	10	10	10	10	10
<b>Revenue from Operations-</b>					
Rooms	932.545	979.17	1,028.13	1,079.54	1,133.51
Banquet hall	150.00	157.50	165.38	173.64	182.33
Food and Beverages	186.51	195.83	205.63	215.91	226.70
Other Income Laundry, Taxi etc.	46.63	48.96	51.41	53.98	56.68
<b>Total Income/ annum</b>	<b>1,315.68</b>	<b>1,381.47</b>	<b>1,450.54</b>	<b>1,523.07</b>	<b>1,599.22</b>
<b>B.OPERATING EXPENSES</b>					
Consumables	335.72	352.50	370.13	388.63	408.07
Expenses on Banquet Hall	22.50	23.63	24.81	26.05	27.35
Salary	184.59	193.82	203.51	213.69	224.37
Repair & Maintenance	31.28	32.84	34.49	36.21	38.02
Internet Connectivity	2.00	2.00	2.00	2.00	2.00
Power & utilities	95	100.04	105.05	110.30	115.81
Depreciation and amortization	140.97	140.97	140.97	139.85	139.85
<b>Total Operating Expenses</b>	<b>812.33</b>	<b>845.80</b>	<b>880.94</b>	<b>916.72</b>	<b>955.47</b>
<b>Operating Profit (A-B)</b>	<b>503.35</b>	<b>535.66</b>	<b>569.59</b>	<b>606.34</b>	<b>643.75</b>
<b>C.FINANCIAL EXPENSES</b>					
Interest on Term loan	100.57	85.19	69.82	54.45	39.07
Interest on Working Capital	20.72	34.81	36.55	38.38	40.30
<b>D. Other Expenses</b>					
Administrative and General Expenses	26.31	27.63	29.01	30.46	31.98
<b>Total Expenses</b>	<b>147.60</b>	<b>147.63</b>	<b>135.38</b>	<b>123.29</b>	<b>111.36</b>
<b>Profit before Tax</b>	<b>355.75</b>	<b>388.03</b>	<b>434.21</b>	<b>483.05</b>	<b>532.39</b>
Provision for Tax	88.94	97.01	108.55	120.76	133.10
<b>Profit After Tax</b>	<b>266.81</b>	<b>291.02</b>	<b>325.66</b>	<b>362.29</b>	<b>399.30</b>
Dividend	-	-	-	-	-
<b>Retained Profit</b>	<b>266.81</b>	<b>291.02</b>	<b>325.66</b>	<b>362.29</b>	<b>399.30</b>

## Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)				
SL. No.	Particulars	Year-1	Year-2	Year-3	Year-4	Year-5
A.	Net Sales	1,315.68	1,381.47	1,450.54	1,523.0	1,599.22
B.	Variable Cost					
	Consumables	335.72	352.50	370.13	388.63	408.07
	Power and Utility	95.28	100.04	105.05	110.30	115.81
	Internet Connectivity	2.00	2.00	2.00	2.00	2.00
	<b>Total Variable Cost</b>	<b>433.00</b>	<b>454.55</b>	<b>477.17</b>	<b>500.93</b>	<b>525.88</b>
C.	<b>Contribution (A-B)</b>	<b>882.69</b>	<b>926.92</b>	<b>973.37</b>	<b>1,022.1</b>	<b>1,073.34</b>
D.	Fixed and Semi Fixed Cost					
	Salary	184.59	193.82	203.51	213.69	224.37
	Interest on Term Loan	100.57	85.19	69.82	54.45	39.07
	Interest on Working Capital Loan	20.72	34.81	36.55	38.38	40.30
	Repair & Maintenance	31.28	32.84	34.49	36.21	38.02
	Depreciation and Amortization	140.97	140.97	140.97	139.85	139.85
	<b>Total Fixed Cost</b>	<b>478.13</b>	<b>487.64</b>	<b>485.34</b>	<b>482.57</b>	<b>481.61</b>
E.	<b>Breakeven Point</b>	<b>54%</b>	<b>53%</b>	<b>50%</b>	<b>47%</b>	<b>45%</b>
F.	<b>Cash BEP</b>	<b>38%</b>	<b>37%</b>	<b>35%</b>	<b>34%</b>	<b>32%</b>

## Debt-Service Coverage Ratio

		Amount (Rs. in lakhs)				
SL. No.	Particulars	Year-1	Year-2	Year-3	Year-4	Year-5
i	Profit	266.81	291.02	325.66	362.29	399.30
ii	Depreciation	140.97	140.97	140.97	139.85	139.85
iii	Interest	100.57	85.19	69.82	54.45	39.07
A	<b>Total ( i + ii + iii )</b>	<b>508.34</b>	<b>517.18</b>	<b>536.44</b>	<b>556.58</b>	<b>578.22</b>
i	Interest	100.57	85.19	69.82	54.45	39.07
ii	Principal repayment	161.82	161.82	161.82	161.82	161.82
B	<b>Total ( i + ii )</b>	<b>262.39</b>	<b>247.01</b>	<b>231.64</b>	<b>216.27</b>	<b>200.89</b>
	<b>DSCR ( A / B )</b>	<b>1.94</b>	<b>2.09</b>	<b>2.32</b>	<b>2.57</b>	<b>2.88</b>

## Interest on Term Loan and Principal Repayment

Refer Annexure I.

We have assumed the repayment tenure of term loan for a period of 7 years, rate of interest being @9.5% with the moratorium period being 12 months.

## Address of Vendors

Name of the vendor	Address and Contact Number
National Cool Systems	No. 3/1/411 Near Traffic Police Station Kachiguda, Hyderabad Ph. 08048921424
Noida Dreamz	Main GT Road Near CT Centre Metro Station Noida Ghaziabad, UP
M/S Quickcomm Technologies Private Limited	1901, Block CG2 Gh01/A, Capetown Of Supertech Limited, Noida - 201301, Gautam Budh Nagar, Uttar Pradesh, India Contact No. 08048988449

ANNEXURE-1

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
<b>I</b>													
<b>Principal</b>													
Opening	1,132.75	1,119.27	1,105.78	1,092.30	1,078.81	1,065.33	1,051.84	1,038.36	1,024.87	1,011.39	997.90	984.42	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	1,119.27	1,105.78	1,092.30	1,078.81	1,065.33	1,051.84	1,038.36	1,024.87	1,011.39	997.90	984.42	970.93	
<b>Interest</b>	8.97	8.86	8.75	8.65	8.54	8.43	8.33	8.22	8.11	8.01	7.90	7.79	100.57
<b>II</b>													
<b>Principal</b>													
Opening	970.93	957.45	943.96	930.48	916.99	903.50	890.02	876.53	863.05	849.56	836.08	822.59	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	957.45	943.96	930.48	916.99	903.50	890.02	876.53	863.05	849.56	836.08	822.59	809.11	
<b>Interest</b>	7.69	7.58	7.47	7.37	7.26	7.15	7.05	6.94	6.83	6.73	6.62	6.51	85.19
<b>III</b>													
<b>Principal</b>													
Opening	809.11	795.62	782.14	768.65	755.17	741.68	728.20	714.71	701.23	687.74	674.26	660.77	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	795.62	782.14	768.65	755.17	741.68	728.20	714.71	701.23	687.74	674.26	660.77	647.29	
<b>Interest</b>	6.41	6.30	6.19	6.09	5.98	5.87	5.76	5.66	5.55	5.44	5.34	5.23	69.82
<b>IV</b>													
<b>Principal</b>													
Opening	647.29	633.80	620.32	606.83	593.35	579.86	566.38	552.89	539.41	525.92	512.44	498.95	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	633.80	620.32	606.83	593.35	579.86	566.38	552.89	539.41	525.92	512.44	498.95	485.47	
<b>Interest</b>	5.12	5.02	4.91	4.80	4.70	4.59	4.48	4.38	4.27	4.16	4.06	3.95	54.45
<b>V</b>													
<b>Principal</b>													
Opening	485.47	471.98	458.49	445.01	431.52	418.04	404.55	391.07	377.58	364.10	350.61	337.13	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	471.98	458.49	445.01	431.52	418.04	404.55	391.07	377.58	364.10	350.61	337.13	323.64	
<b>Interest</b>	3.84	3.74	3.63	3.52	3.42	3.31	3.20	3.10	2.99	2.88	2.78	2.67	39.07
<b>VI</b>													
<b>Principal</b>													
Opening	323.64	310.16	296.67	283.19	269.70	256.22	242.73	229.25	215.76	202.28	188.79	175.31	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	310.16	296.67	283.19	269.70	256.22	242.73	229.25	215.76	202.28	188.79	175.31	161.82	
<b>Interest</b>	2.56	2.46	2.35	2.24	2.14	2.03	1.92	1.81	1.71	1.60	1.49	1.39	23.70
<b>VII</b>													
<b>Principal</b>													
Opening	161.82	148.34	134.85	121.37	107.88	94.40	80.91	67.43	53.94	40.46	26.97	13.49	
Repaid	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	13.49	161.82
Closing	148.34	134.85	121.37	107.88	94.40	80.91	67.43	53.94	40.46	26.97	13.49	0.00	
<b>Interest</b>	1.28	1.17	1.07	0.96	0.85	0.75	0.64	0.53	0.43	0.32	0.21	0.11	8.33