



HOSTEL (FOR BOYS AND GIRLS)

Introduction

With the progressive development in the education system of the country more and more children are leaving their homes in search of admission in best schools in big cities as well as urban and rural industrial clusters. One of the main difficulties faced by such students is lack of safe and conveniently located accommodation.

Hostel is established as an essential part of the children's education vision where their safety is of paramount importance. These are supervised shelter providing inexpensive lodging where students live in dormitories under the care of hostel wardens. Hostellers often make their own beds, and do other light work to help maintain the hostel. Many hostels include factors such as curriculum, administration, fitness, care, and safety, supervision, guidance, facilities etc.

Market Potential

There has been an astronomical increase in the number of educational institutions established especially in the last four decades all over the world. This development has brought education to the doorstep of people. Consequently it has increased knowledge and helped produce a population of enlightened citizens who can easily abide by the rules of civilized society and contribute meaningfully to the process of democratic governance. The Government of India being concerned about the difficulties faced by students, introduced many grant-in-aid for construction of new/expansion of existing buildings for providing hostel facilities in cities, smaller towns and also in rural areas. The global hostels market is expected to grow from \$4.37 billion in 2020 to \$5.2 billion in 2021 at a compound annual growth rate (CAGR) of 19%. The market is expected to reach \$5.99 billion in 2025 at a CAGR of 4%.

NOTE- For this model project report, it has been considered that two different hostel buildings will be setup, i.e., one for boys' accommodation and one for girls.

Cost of Project

| Particulars | Amount (Rs. in Lakhs) |
|---|--------------------------|
| Owned Land | - |
| Land Development cost | 5.00 |
| Civil works and Buildings (@1200/-) | 660.00 |
| Fixed Assets | 355.16 |
| Miscellaneous Fixed Assets | 29.00 |
| D G Set (50 KVA) | 10.00 |
| Escalation & Contingencies | 52.96 |
| Preliminary & Preoperative Expenses | 72.70 |
| Sub-total (A) | 1184.82 |
| Working Capital Margin @50% of Total WC Requirement | 5.00 |
| Total Project Cost | 1189.82 |
| Total Working Capital Required (B) | 10.00 |
| MEANS OF FINANCE | |
| Total funds required (A+B) | 1194.82 |
| <u>Loan component-</u> | |
| Term loan (60% of A) | 710.89 |
| Working capital (60% of B) | 6.00 |
| TOTAL | 716.89 |
| Equity | 477.93 |
| TOTAL | 1194.82 |

Detailed Cost Element

| Sl. no. | Particulars | Quantity | Amount (Rs. in Lakhs) |
|---------|-------------------------------|----------|--------------------------|
| 1 | Light | 610 | 2.84 |
| 2 | Fan | 300 | 5.90 |
| 3 | Air Conditioners | 128 | 67.00 |
| 4 | Water Filter and Water Cooler | 78 | 9.00 |
| 5 | Computers | 48 | 24.00 |
| 6 | CCTV | 100 | 3.50 |
| 7 | Books | - | 1.00 |
| 8 | Television | 16 | 2.40 |
| 9 | Washroom Fittings | - | 20.00 |
| 10 | Security Cabin | 2 | 0.80 |
| 11 | Refrigerator | 16 | 5.00 |
| 12 | Bed | 370 | 91.90 |
| 13 | Electrical Equipments | - | 10.00 |
| 14 | Chairs | 324 | 2.73 |
| 15 | Medical Equipments | - | 0.40 |
| 16 | Medicines | - | 0.10 |
| 17 | Other assets | - | 108.59 |
| 18 | Solar Power Plant | - | 20.00 |
| | TOTAL | | 355.16 |

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 | 19.80 |
| 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 production - Security Guard & Others' salary | 10.80 |
| Interest Cost for period before commercial operations | 41.50 |
| Total | 72.70 |

Salary

| Designation | Manpower | Amount (Rs. in Lakhs) |
|-----------------------|----------|--------------------------|
| Superintendent | 2 | 9.60 |
| Chief Warden | 2 | 8.40 |
| Warden | 8 | 28.80 |
| Resident Doctor | 2 | 9.60 |
| Other Medical Staff | 4 | 12.00 |
| Office Staff | 6 | 18.00 |
| Receptionist | 2 | 7.20 |
| Mess Manager | 2 | 7.20 |
| Cook | 4 | 9.60 |
| Other Staff (Kitchen) | 16 | 19.20 |
| Housekeeping | 10 | 12.00 |
| Maintenance Staff | 10 | 12.00 |
| Security | 18 | 32.40 |
| Library-in-charge | 2 | 4.80 |
| Subject Teacher | 10 | 24.00 |

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 9 years, Rate of interest being 8.5% p.a. with the moratorium period of 16 months.

Address of Vendors

| Name of the Vendor | Address and Contact Number |
|----------------------------|---|
| Bharti Refrigeration Works | A-97, Dashrath Puri Dabri, Palam Road New Delhi - 110045, Delhi, India Contact No.- 08048762665 |
| Modern School Furniture | Ground Floor Sr No 32/A/1 Khan Wasti Road Khan Engineering Near Nawaz Khan Bungalow Warje, Nawaz Khan Bungalow, Khan Wasti Road, Warje, Pune - 411058, Maharashtra, India Contact No. 08048000313 |
| Sky Office Systems | Plot Number 417, Sector 86, Nawada Fatehpur Gurgaon - 122004, Haryana, India Contact No.- 08045375602 |

Profitability Statement

| | | | | | | Amount (Rs. in lakhs) | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------------|---------------|
| Particulars | Year- 1 | Year- 2 | Year- 3 | Year- 4 | Year- 5 | Year- 6 | Year- 7 |
| <u>A. INCOME</u> | | | | | | | |
| Maximum Capacity | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Capacity for the year | 75% | 80% | 85% | 90% | 95% | 95% | 95% |
| Capacity utilized | 150 | 160 | 170 | 180 | 190 | 190 | 190 |
| Revenue | 556.50 | 652.96 | 693.77 | 734.58 | 775.39 | 775.39 | 775.39 |
| Total income during the year | 556.50 | 652.96 | 693.77 | 734.58 | 775.39 | 775.39 | 775.39 |
| <u>B. OPERATING EXPENSES</u> | | | | | | | |
| Salary | 214.80 | 219.10 | 223.48 | 227.95 | 232.51 | 237.16 | 241.90 |
| Repair & Maintenance | 3.55 | 3.62 | 3.70 | 3.77 | 3.84 | 3.92 | 4.00 |
| Power & utilities | 35.74 | 37.17 | 38.66 | 40.21 | 41.82 | 43.49 | 45.23 |
| Depreciation and Amortization | 97.72 | 97.72 | 97.51 | 65.45 | 65.45 | 50.91 | 50.91 |
| Total Operating Expenses | 351.82 | 357.62 | 363.35 | 337.38 | 343.62 | 335.48 | 342.04 |
| Operating Profit (A-B) | 204.68 | 295.34 | 330.42 | 397.20 | 431.77 | 439.91 | 433.35 |
| <u>C. FINANCIAL EXPENSES</u> | | | | | | | |
| Interest on Term Loan | 59.04 | 52.48 | 45.52 | 38.56 | 31.02 | 24.06 | 17.11 |
| Interest on Working Capital Loan | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| <u>D. Other Expenses</u> | | | | | | | |
| Administrative and general Expenses | 11.13 | 13.06 | 13.88 | 14.69 | 15.51 | 15.51 | 15.51 |
| Total Expenses | 70.68 | 66.05 | 59.90 | 53.76 | 47.04 | 40.08 | 33.12 |
| Profit Before Tax | 134.00 | 229.30 | 270.52 | 343.44 | 384.73 | 399.83 | 400.23 |
| Provision for Tax | 33.50 | 57.32 | 67.63 | 85.86 | 96.18 | 99.96 | 100.06 |
| Profit after Tax (PAT) | 100.50 | 171.97 | 202.89 | 257.58 | 288.55 | 299.87 | 300.17 |
| Dividend Declared | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Retained Profit | 100.50 | 171.97 | 202.89 | 257.58 | 288.55 | 299.87 | 300.17 |

Breakeven Point

| Break Even Point (BEP) | | Amount (Rs. In Lakhs) | | | | | | |
|------------------------|-------------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| SL | Particulars | Year - 1 | Year - 2 | Year - 3 | Year - 4 | Year - 5 | Year - 6 | Year - 7 |
| A. | Revenue | 556.50 | 652.96 | 693.77 | 734.58 | 775.39 | 775.39 | 775.39 |
| B. | Variable Cost | | | | | | | |
| | Power and Utilities | 35.74 | 37.17 | 38.66 | 40.21 | 41.82 | 43.49 | 45.23 |
| | Total Variable Cost | 35.74 | 37.17 | 38.66 | 40.21 | 41.82 | 43.49 | 45.23 |
| C. | Contribution (A-B) | 520.76 | 615.79 | 655.11 | 694.37 | 733.57 | 731.90 | 730.16 |
| D. | Fixed cost | | | | | | | |
| | Salary | 214.80 | 219.10 | 223.48 | 227.95 | 232.51 | 237.16 | 241.90 |
| | Repair & Maintenance | 3.55 | 3.62 | 3.70 | 3.77 | 3.84 | 3.92 | 4.00 |
| | Interest on Term Loan | 59.04 | 52.48 | 45.52 | 38.56 | 31.02 | 24.06 | 17.11 |
| | Interest on WC Loan | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 | 0.51 |
| | Depreciation and Amortization | 97.72 | 97.72 | 97.51 | 65.45 | 65.45 | 50.91 | 50.91 |
| | Total Fixed Cost | 375.62 | 373.43 | 370.71 | 336.24 | 333.34 | 316.56 | 314.43 |
| E. | Breakeven Point | 72% | 61% | 57% | 48% | 45% | 43% | 43% |
| F. | Cash BEP | 53% | 45% | 42% | 39% | 37% | 36% | 36% |

Debt-Service Coverage Ratio

| | | Amount (Rs. In lakhs) | | | | | | |
|-----|-------------------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| SL | Particulars | Year - 1 | Year - 2 | Year - 3 | Year - 4 | Year - 5 | Year - 6 | Year - 7 |
| i | Profit | 100.50 | 171.97 | 202.89 | 257.58 | 288.55 | 299.87 | 300.17 |
| ii | Depreciation | 97.72 | 97.72 | 97.51 | 65.45 | 65.45 | 50.91 | 50.91 |
| iii | Interest | 59.04 | 52.48 | 45.52 | 38.56 | 31.02 | 24.06 | 17.11 |
| A | Total (i + ii + iii) | 257.26 | 322.17 | 345.92 | 361.59 | 385.02 | 374.85 | 368.19 |
| i | Interest | 59.04 | 52.48 | 45.52 | 38.56 | 31.02 | 24.06 | 17.11 |
| ii | Principal repayment | 56.00 | 81.86 | 81.86 | 81.86 | 81.86 | 81.86 | 81.86 |
| B | Total (i + ii) | 115.04 | 134.34 | 127.38 | 120.42 | 112.88 | 105.93 | 98.97 |
| | DSCR (A / B) | 2.24 | 2.40 | 2.72 | 3.00 | 3.41 | 3.54 | 3.72 |

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 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|
| I | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 710.89 | 710.89 | 710.89 | 710.89 | 710.89 | 703.89 | 696.89 | 689.89 | 682.89 | 675.89 | 668.89 | 661.89 | |
| Repaid | - | - | - | - | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 56.00 |
| Closing | 710.89 | 710.89 | 710.89 | 710.89 | 703.89 | 696.89 | 689.89 | 682.89 | 675.89 | 668.89 | 661.89 | 654.89 | |
| Interest | 5.04 | 5.04 | 5.04 | 5.04 | 5.04 | 4.99 | 4.94 | 4.89 | 4.84 | 4.79 | 4.74 | 4.69 | 59.04 |
| II | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 654.89 | 648.07 | 641.25 | 634.43 | 627.60 | 620.78 | 613.96 | 607.14 | 600.32 | 593.49 | 586.67 | 579.85 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 648.07 | 641.25 | 634.43 | 627.60 | 620.78 | 613.96 | 607.14 | 600.32 | 593.49 | 586.67 | 579.85 | 573.03 | |
| Interest | 4.64 | 4.59 | 4.54 | 4.49 | 4.45 | 4.40 | 4.35 | 4.30 | 4.25 | 4.20 | 4.16 | 4.11 | 52.48 |
| III | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 573.03 | 566.21 | 559.39 | 552.56 | 545.74 | 538.92 | 532.10 | 525.28 | 518.46 | 511.63 | 504.81 | 497.99 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 566.21 | 559.39 | 552.56 | 545.74 | 538.92 | 532.10 | 525.28 | 518.46 | 511.63 | 504.81 | 497.99 | 491.17 | |
| Interest | 4.06 | 4.01 | 3.96 | 3.91 | 3.87 | 3.82 | 3.77 | 3.72 | 3.67 | 3.62 | 3.58 | 3.53 | 45.52 |
| IV | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 491.17 | 484.35 | 477.52 | 470.70 | 463.88 | 457.06 | 450.24 | 443.42 | 436.59 | 429.77 | 422.95 | 416.13 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 484.35 | 477.52 | 470.70 | 463.88 | 457.06 | 450.24 | 443.42 | 436.59 | 429.77 | 422.95 | 416.13 | 409.31 | |
| Interest | 3.48 | 3.43 | 3.38 | 3.33 | 3.29 | 3.24 | 3.19 | 3.14 | 3.09 | 3.04 | 3.00 | 2.95 | 38.56 |
| V | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 409.31 | 402.48 | 395.66 | 388.84 | 382.02 | 375.20 | 368.38 | 361.55 | 354.73 | 347.91 | 341.09 | 334.27 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 402.48 | 395.66 | 388.84 | 382.02 | 375.20 | 368.38 | 361.55 | 354.73 | 347.91 | 341.09 | 334.27 | 327.45 | |
| Interest | 2.85 | 2.80 | 2.75 | 2.71 | 2.66 | 2.61 | 2.56 | 2.51 | 2.46 | 2.42 | 2.37 | 2.32 | 31.02 |
| VI | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 327.45 | 320.62 | 313.80 | 306.98 | 300.16 | 293.34 | 286.51 | 279.69 | 272.87 | 266.05 | 259.23 | 252.41 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 320.62 | 313.80 | 306.98 | 300.16 | 293.34 | 286.51 | 279.69 | 272.87 | 266.05 | 259.23 | 252.41 | 245.58 | |
| Interest | 2.27 | 2.22 | 2.17 | 2.13 | 2.08 | 2.03 | 1.98 | 1.93 | 1.88 | 1.84 | 1.79 | 1.74 | 24.06 |
| VII | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 245.58 | 238.76 | 231.94 | 225.12 | 218.30 | 211.48 | 204.65 | 197.83 | 191.01 | 184.19 | 177.37 | 170.54 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 238.76 | 231.94 | 225.12 | 218.30 | 211.48 | 204.65 | 197.83 | 191.01 | 184.19 | 177.37 | 170.54 | 163.72 | |
| Interest | 1.69 | 1.64 | 1.59 | 1.55 | 1.50 | 1.45 | 1.40 | 1.35 | 1.30 | 1.26 | 1.21 | 1.16 | 17.11 |
| VIII | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 163.72 | 156.90 | 150.08 | 143.26 | 136.44 | 129.61 | 122.79 | 115.97 | 109.15 | 102.33 | 95.50 | 88.68 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 156.90 | 150.08 | 143.26 | 136.44 | 129.61 | 122.79 | 115.97 | 109.15 | 102.33 | 95.50 | 88.68 | 81.86 | |
| Interest | 1.11 | 1.06 | 1.01 | 0.97 | 0.92 | 0.87 | 0.82 | 0.77 | 0.72 | 0.68 | 0.63 | 0.58 | 10.15 |
| IX | | | | | | | | | | | | | |
| Principal | | | | | | | | | | | | | |
| Opening | 81.86 | 75.04 | 68.22 | 61.40 | 54.57 | 47.75 | 40.93 | 34.11 | 27.29 | 20.47 | 13.64 | 6.82 | |
| Repaid | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 81.86 |
| Closing | 75.04 | 68.22 | 61.40 | 54.57 | 47.75 | 40.93 | 34.11 | 27.29 | 20.47 | 13.64 | 6.82 | -0.00 | |
| Interest | 0.53 | 0.48 | 0.43 | 0.39 | 0.34 | 0.29 | 0.24 | 0.19 | 0.14 | 0.10 | 0.05 | -0.00 | 3.19 |