



MANAGEMENT **INSTITUTE**

Introduction

Management Institutes are the institutes that fall under the Ministry of Education Authority. They primarily offer post graduate, doctorate, and executive program, as well. Management courses are an outstanding medium that can facilitate the improvement of various qualities such as leadership and innovation. Management courses allow a manager to understand every aspect that makes up the business and the different decisions made at every management company. This also ensures that managers are capable of making the best company decisions in times of crisis and uncertainty as well as better anticipating future disaster. Management programs are the most popular at college and universities around the world. As a result of the numerous employment prospects, individuals are opting for management courses. Some students enroll in management courses in order to boost their graduation rates. The purpose of management training is to motivate and educate managers in order to raise the productivity of all employees.

Market Potential

The increasing number of student enrolment is expected to fuel the Management Institute at a global level. Additionally increasing internationalization in education sector is a major contributor to the growth of the Global Management Institute. This project report offers a comprehensive analysis of key segments, trends, drivers, restraints and factors that are playing a substantial role in the market.

Cost of Project

Particulars	Amount (Rs. In Lakhs)
Owned Land (10 Acres)	0.00
Land Development Cost	500.00
Civil works and Buildings	4037.80
Fixed Assets	1695.63
Miscellaneous Fixed Assets	316.26
D G Set (240 KVA)	15.00
Escalation & Contingencies (5%)	328.23
Preliminary & Preoperative Expenses	576.90
Sub-total (A)	7469.82
Working Capital Margin @ 40% total working capital requirement	142.60
Total Project Cost	7612.42
Total Working Capital Required @25% of 1 st Year Projected Turnover (B)	356.50
MEANS OF FINANCE	
Total Funds Required (A+B)	7826.32
<u>Loan Component-</u>	
TERM LOAN (60% of A)	4481.89
WORKING CAPITAL (60% of B)	213.90
Total	4695.79
Equity	3130.53
Total	7826.32

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
(I)	Hostel Block			
1	Furnishing Hostel Rooms	275	35000	96.25
2	Sports Equipments etc. (For all indoor activities/ outdoor activities)	2500000	1	25.00
3	Electrical Lighting etc. hostel Campuses	1000000	2	20.00
4	CCTV Surveillance System for Entire Campus	500000	2	10.00
(II)	Residential & Guest House Block			
5	Furnishing Residential Block	200000	25	50.00
6	Furnishing Guest House	2000000	1	20.00
(III)	Academic Block			
7	Furnishing cost for class room including all facilities	14	10000000	1400.00
8	Books		LS	20.00
9	Computer	2	50000	1.00
10	Library chair and table set (4 seated)	50	12500	6.25
11	Library Issue return counter	1	30000	0.30
12	Wooden curved library book shelf	20	5000	1.00
13	Chair with table attached	500	2860	14.30
14	Ac	5	50000	2.50
15	Computer	2	50000	1.00
16	Refrigerator	2	20000	0.40
17	Gas connection		LS	1.00
18	Other cooking equipment		LS	0.60
19	Utensils		LS	0.40
20	Light	60	300	0.18
21	Stainless steel cafeteria table (seating capacity 4 persons)	50	10500	5.25
(IV)	Administrative Block			
22	Chair	200	3000	6.00
23	Table	200	3000	6.00
24	Fan	100	2000	2.00
25	Storage cabinet	100	8500	8.50
26	Light	200	350	0.70
27	CCTV	50	4500	2.25
	TOTAL			1695.63

Contingencies and Escalations

It has been assumed at approximately 5% at cost.

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	1.50
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	100.95
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	1.50
Security Guard and others	38.16
Interest Cost for period before commercial operations	434.44
Total	576.90

Salary

Designation	Manpower	Amount (Rs. In lakhs)
Principal	1	19.85
Vice Principal	10	13.23
Professors	12	120.00
Assistant Professors / Trainer	1	115.20
Lab Assistant	4	14.40
Office Staff	10	24.00
Sweeper	6	5.76
Security Guard	6	7.20
Others (helpers)	6	5.76
Warden	6	21.60
Accountant	3	10.80
Engineer	2	19.20
Engineer Assistant	1	6.00
Plumber	2	4.80
Electrician	2	4.80

Profitability Statement

	Amount (Rs. In Lakhs)				
Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Intake Capacity	200	400	450	500	550
Capacity utilisation	100%	100%	100%	100%	100%
Capacity utilised - students	200	400	450	500	550
<u>Revenue from students</u>					
Admission Fees (yearly)	120.00	240.00	270.00	300.00	330.00
Hostel fees(yearly)	170.00	340.00	382.50	425.00	467.50
Other revenue (Registration fees, sale of prospectus, accessories, etc.)	11.00	22.00	24.75	27.50	30.25
Course fees yearly	1125.00	2250.00	2575.00	2900.00	3225.00
Total income during the year	1426.00	2852.00	3252.25	3652.50	4052.75
<u>B. OPERATING EXPENSES</u>					
Consumables (Lump sum)	2.00	4.00	4.50	5.00	5.50
Salary	181.44	271.98	392.60	502.49	620.87
Expenses on various programmes, seminars, placements etc.	40.00	80.00	90.00	100.00	110.00
Repair & Maintenance	42.78	85.56	97.57	109.58	121.58
Power & utilities	20.40	20.81	21.22	21.65	22.08
Research and Development	60.00	120.00	135.00	150.00	165.00
Depreciation and Amortization	409.65	409.65	409.65	409.65	409.65
Total Operating Expenses	756.27	992.00	1150.54	1298.37	1454.68
Operating Profit (A-B)	669.73	1860.00	2101.71	2354.13	2598.07
<u>C. FINANCIAL EXPENSES</u>					
Interest on term loan	244.89	212.19	173.90	135.61	97.32
Interest on working capital	18.18	18.18	18.18	18.18	18.18
<u>D. Other Expenses</u>					
Administrative and general Expenses	28.52	57.04	65.05	73.05	81.06
Total Expenses	291.59	287.41	257.12	226.84	196.55
Profit Before Tax	378.13	1572.59	1844.59	2127.30	2401.51
Provision for Tax	94.53	393.15	461.15	531.82	600.38
Profit after Tax (PAT)	283.60	1179.44	1383.44	1595.47	1801.13
Dividend Declared	0.00	0.00	0.00	0.00	0.00
Retained Profit	283.60	1179.44	1383.44	1595.47	1801.13

Breakeven Point

Amount (Rs. In Lakhs)						
SL	Particulars	Year - 1	Year - 2	Year – 3	Year - 4	Year – 5
A.	Net Sales	1,426.00	2,852.00	3,252.25	3,652.50	4,052.75
B.	Variable Cost					
	Consumables	2.00	4.00	4.50	5.00	5.50
	Power and Utility	20.40	20.81	21.22	21.65	22.08
	Research and Development	60.00	120.00	135.00	150.00	165.00
	Total Variable Cost	82.40	144.81	160.72	176.65	192.58
C.	Contribution (A-B)	1,343.60	2,707.19	3,091.53	3,475.85	3,860.17
D.	Fixed Cost					
	Salary	181.44	271.98	392.60	502.49	620.87
	Interest on term loan	244.89	212.19	173.90	135.61	97.32
	Interest on working capital	18.18	18.18	18.18	18.18	18.18
	Repair & Maintenance	42.78	85.56	97.57	109.58	121.58
	Depreciation and Amortization	409.65	409.65	409.65	409.65	409.65
	Total Fixed Cost	896.95	997.56	1,091.89	1,175.51	1,267.60
E.	Breakeven Point	67%	37%	35%	34%	33%
F.	Cash BEP	36%	22%	22%	22%	22%

Debt-Service Coverage Ratio

Amount (Rs. In Lakhs)						
SL	Particulars	Year - 1	Year - 2	Year – 3	Year - 4	Year - 5
i	Profit	283.60	1,179.44	1,383.44	1,595.47	1,801.13
ii	Depreciation	409.65	409.65	409.65	409.65	409.65
iii	Interest on term loan	244.89	212.19	173.90	135.61	97.32
A	Total (i + ii + iii)	938.15	1,801.28	1,966.99	2,140.73	2,308.11
i	Interest on term loan	244.89	212.19	173.90	135.61	97.32
ii	Principal repayment	225.23	450.46	450.46	450.46	450.46
B	Total (i + ii)	470.12	662.65	624.36	586.07	547.78
	DSCR (A / B)	2.00	2.72	3.15	3.65	4.21

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% with the moratorium period being 42 months.

Address of Vendors

Name of Vendor	Address
National Steel Industries	Choolaimedu, Chennai, Tamil Nadu
Sterling Book Centre	Hyderabad

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	2,928.00	2,928.00	2,928.00	2,928.00	2,928.00	2,928.00	2,928.00	2,890.46	2,852.92	2,815.38	2,777.85	2,740.31	
Repaid	0	0	0	0	0	0	37.54	37.54	37.54	37.54	37.54	37.54	225.23
Closing	2,928.00	2,928.00	2,928.00	2,928.00	2,928.00	2,928.00	2,890.46	2,852.92	2,815.38	2,777.85	2,740.31	2,702.77	
Interest	20.74	20.74	20.74	20.74	20.74	20.74	20.74	20.47	20.21	19.94	19.68	19.41	244.89
II													
Principal													
Opening	2,702.77	2,665.23	2,627.69	2,590.15	2,552.62	2,515.08	2,477.54	2,440.00	2,402.46	2,364.92	2,327.38	2,289.85	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	2,665.23	2,627.69	2,590.15	2,552.62	2,515.08	2,477.54	2,440.00	2,402.46	2,364.92	2,327.38	2,289.85	2,252.31	
Interest	19.14	18.88	18.61	18.35	18.08	17.82	17.55	17.28	17.02	16.75	16.49	16.22	212.19
III													
Principal													
Opening	2,252.31	2,214.77	2,177.23	2,139.69	2,102.15	2,064.62	2,027.08	1,989.54	1,952.00	1,914.46	1,876.92	1,839.38	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	2,214.77	2,177.23	2,139.69	2,102.15	2,064.62	2,027.08	1,989.54	1,952.00	1,914.46	1,876.92	1,839.38	1,801.85	
Interest	15.95	15.69	15.42	15.16	14.89	14.62	14.36	14.09	13.83	13.56	13.29	13.03	173.90
IV													
Principal													
Opening	1,801.85	1,764.31	1,726.77	1,689.23	1,651.69	1,614.15	1,576.62	1,539.08	1,501.54	1,464.00	1,426.46	1,388.92	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	1,764.31	1,726.77	1,689.23	1,651.69	1,614.15	1,576.62	1,539.08	1,501.54	1,464.00	1,426.46	1,388.92	1,351.38	
Interest	12.76	12.50	12.23	11.97	11.70	11.43	11.17	10.90	10.64	10.37	10.10	9.84	135.61
V													
Principal													
Opening	1,351.38	1,313.85	1,276.31	1,238.77	1,201.23	1,163.69	1,126.15	1,088.62	1,051.08	1,013.54	976.00	938.46	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	1,313.85	1,276.31	1,238.77	1,201.23	1,163.69	1,126.15	1,088.62	1,051.08	1,013.54	976.00	938.46	900.92	
Interest	9.57	9.31	9.04	8.77	8.51	8.24	7.98	7.71	7.45	7.18	6.91	6.65	97.32
VI													
Principal													
Opening	900.92	863.38	825.85	788.31	750.77	713.23	675.69	638.15	600.62	563.08	525.54	488.00	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	863.38	825.85	788.31	750.77	713.23	675.69	638.15	600.62	563.08	525.54	488.00	450.46	
Interest	6.38	6.12	5.85	5.58	5.32	5.05	4.79	4.52	4.25	3.99	3.72	3.46	59.03
VII													
Principal													
Opening	450.46	412.92	375.38	337.85	300.31	262.77	225.23	187.69	150.15	112.62	75.08	37.54	
Repaid	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	37.54	450.46
Closing	412.92	375.38	337.85	300.31	262.77	225.23	187.69	150.15	112.62	75.08	37.54	0.00	
Interest	3.19	2.92	2.66	2.39	2.13	1.86	1.60	1.33	1.06	0.80	0.53	0.27	20.74