



PET HOSTEL CUM BEHAVIOUR TRAINING

Introduction

Due to the trend of pet humanization, pet sitting is a trendy pet care service that is provided by the market. Many pet owners have long working hours or some might have to travel due to their job and they may not be able to take their pets with them and thus will not be able to look after them when they are busy. Therefore, some of the pet owners would send their pets to pet sitting, in order to keep their pets in good care during the separation between the pets and pet owners. Training pets require skills and time, same as the grooming service, pet owners may want professionals to help them to train their pets. Pet training consists of several types: behavioral training, obeying orders, fitting training, etc. The pet training that is mentioned are usually referring dogs. Pet adoption is encouraged to every pet owner or potential pet owner. For pet grooming service, apart from hair brushing and coat grooming, there is a list of grooming treatment services are provided, such as pet nails care, spa treatment, styling service, bathing, cleaning ears, etc. Pet owners may want to take pet grooming services for related professions if they do not know how to groom or to take care of their pets in grooming.

Market Potential

Pet sitters provide daily care for pets while their owners are on vacation. They typically stay in the home of the owner, so the pets can remain on their familiar territory. In addition to caring for pets, they may also provide basic services for the owner, such as collecting mail and vacuuming pet hair. Pet sitters take care of pet needs in nourishment, food and safety, exercise, medical attention, bedding, bathing products, and more when their owners are away. In recent years, increase in pet ownership owing to altering cultural and socioeconomic factors is influencing growth of the pet care and service industry. Furthermore, demographic shift toward smaller households has encouraged consumers to plug the familial gap with a feline or canine companion. Additionally, increasing incomes have also encouraged families to indulge in pets and provide more facilities to their pets. This factor is expected to drive the growth of the pet service market in the coming years.

Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. This project deals with pet sitting of animals and behaviour training of animals.
3. The hostel premises where pet sitting and behaviour training will be carried out is owned by the pet sitter.
4. DSCR is high because of the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. (Shop Premises)	-
Equipment	-
Furniture and Fixtures	1.93
Electrical Equipment	2.48
Desktop and Printer	0.50
Software Cost (Tally/SAP)	-
Inverter (10 kv office inverter)	0.40
Preliminary & Preoperative Expenses	0.69
Sub-total (A)	5.99
Working Capital Margin @ 25% of Total WC Requirement	0.03
Total Project Cost	6.02
Total Working Capital Required (Lump sum) (B)	0.10
MEANS OF FINANCE	
Total Funds Required (A+B)	6.09
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	4.49
WORKING CAPITAL (75% of B)	0.08
Total	4.57
Equity	1.52
Total	6.09

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	AC	4	50000	2.00
2	CCTV	2	2300	0.05
3	Fan	3	2500	0.08
4	Light	4	1500	0.06
5	Other electrical fittings			0.30
	Total			2.48
Furniture and Fixtures				
1	Pet beds	6	8000	0.48
2	Dog kennels	7	3500	0.25
3	Miscellaneous pet equipments	LS		1.20
	Total			1.93

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (2 months)	0.12
Interest Cost for Both Term Loan And CC (period before commercial production)	0.07
Total	0.69

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Pet attendant	2	1.92
Behavior trainer	2	9.60
Veterinary doctor	1	6.00
Veterinary pharmacy	1	3.00

Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Total Working Days in a Year	365	365	365	365	365
Estimated Sales per Day	0.16	0.18	0.20	0.22	0.24
Annual Sales	60.00	66.00	72.60	79.86	87.85
Total income during the year	60.00	66.00	72.60	79.86	87.85
<u>B. OPERATING EXPENSES</u>					
Salary	20.52	21.55	22.62	23.75	24.94
Consumables (Pet food)	3.00	2.64	2.90	3.19	3.51
Power & utilities	1.20	1.22	1.25	1.27	1.30
Repairs and Maintenance	1.20	1.22	1.25	1.27	1.30
Depreciation and Amortization	0.80	0.80	0.80	0.63	0.63
Administrative and General Expenses	0.60	0.66	0.73	0.80	0.88
Total Operating Expenses	27.32	28.10	29.55	30.92	32.56
Operating Profit (A-B)	32.68	37.90	43.05	48.94	55.29
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.35	0.27	0.19	0.12	0.04
Interest on WC Loan	0.01	0.01	0.01	0.01	0.01
Total Expenses	0.35	0.28	0.20	0.12	0.05
Net Profit Before Tax	32.32	37.63	42.85	48.81	55.24
Provision for Tax	8.08	9.41	10.71	12.20	13.81
Profit after Tax (PAT)	24.24	28.22	32.13	36.61	41.43

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	60.00	66.00	72.60	79.86	87.85
B.	Variable Cost					
	Power and Utility	1.20	1.22	1.25	1.27	1.30
	Consumables	3.00	2.64	2.90	3.19	3.51
	Total Variable Cost	4.20	3.86	4.15	4.47	4.81
C.	Contribution (A-B)	55.80	62.14	68.45	75.39	83.03
D.	Fixed cost					
	Salary	20.52	21.55	22.62	23.75	24.94
	Interest on Term Loan	0.35	0.27	0.19	0.12	0.04
	Interest on WC Loan	0.01	0.01	0.01	0.01	0.01
	Repair and Maintenance	1.20	1.22	1.25	1.27	1.30
	Depreciation and Amortization	0.80	0.80	0.80	0.63	0.63
	Total Fixed Cost	22.88	23.85	24.87	25.78	26.92
E.	Breakeven Point	41%	38%	36%	34%	32%
F.	Cash BEP	40%	37%	35%	33%	32%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	24.24	28.22	32.13	36.61	41.43
ii	Depreciation	0.80	0.80	0.80	0.63	0.63
iii	Interest	0.35	0.27	0.19	0.12	0.04
A	Total (i + ii + iii)	25.39	29.29	33.13	37.36	42.10
i	Interest	0.35	0.27	0.19	0.12	0.04
ii	Principal repayment	0.90	0.90	0.90	0.90	0.90
B	Total (i + ii)	1.25	1.17	1.09	1.02	0.94
	DSCR (A / B)	20.39	25.05	30.32	36.75	44.78

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 5 years, Rate of interest being 8.5% p.a.

Address of Vendors

Name of the Vendor	Address and Contact Number
Assam Kennel	Rehabari, Piyali Phukan Road, Guwahati, Kamrup-781008, Assam, India Contact No.- 8638074842
Upper Assam Pet Shop	T R Phukan Rd, below JSB Pavilion, Dibrugarh, Assam 786001

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	4.49	4.42	4.34	4.27	4.19	4.12	4.04	3.97	3.89	3.82	3.74	3.67	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.90
Closing	4.42	4.34	4.27	4.19	4.12	4.04	3.97	3.89	3.82	3.74	3.67	3.59	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.35
II													
Principal													
Opening	3.59	3.52	3.44	3.37	3.30	3.22	3.15	3.07	3.00	2.92	2.85	2.77	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.90
Closing	3.52	3.44	3.37	3.30	3.22	3.15	3.07	3.00	2.92	2.85	2.77	2.70	
Interest	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.27
III													
Principal													
Opening	2.70	2.62	2.55	2.47	2.40	2.32	2.25	2.17	2.10	2.02	1.95	1.87	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.90
Closing	2.62	2.55	2.47	2.40	2.32	2.25	2.17	2.10	2.02	1.95	1.87	1.80	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.19
IV													
Principal													
Opening	1.80	1.72	1.65	1.57	1.50	1.42	1.35	1.27	1.20	1.12	1.05	0.97	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.90
Closing	1.72	1.65	1.57	1.50	1.42	1.35	1.27	1.20	1.12	1.05	0.97	0.90	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.12
V													
Principal													
Opening	0.90	0.82	0.75	0.67	0.60	0.52	0.45	0.37	0.30	0.22	0.15	0.07	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.90
Closing	0.82	0.75	0.67	0.60	0.52	0.45	0.37	0.30	0.22	0.15	0.07	-	
Interest	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.04