



## 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
<b>Sub-total (A)</b>	<b>1184.82</b>
Working Capital Margin @50% of Total WC Requirement	5.00
<b>Total Project Cost</b>	<b>1189.82</b>
Total Working Capital Required (B)	10.00
<b>MEANS OF FINANCE</b>	
<b>Total funds required (A+B)</b>	<b>1194.82</b>
<u>Loan component-</u>	
Term loan (60% of A)	710.89
Working capital (60% of B)	6.00
<b>TOTAL</b>	<b>716.89</b>
Equity	477.93
<b>TOTAL</b>	<b>1194.82</b>

## 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
	<b>TOTAL</b>		<b>355.16</b>

## 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
<b>Total</b>	<b>72.70</b>

## 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

Particulars	Amount (Rs. in lakhs)						
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5	Year- 6	Year- 7
<b><u>A. INCOME</u></b>							
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
<b>Total income during the year</b>	<b>556.50</b>	<b>652.96</b>	<b>693.77</b>	<b>734.58</b>	<b>775.39</b>	<b>775.39</b>	<b>775.39</b>
<b><u>B. OPERATING EXPENSES</u></b>							
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
<b>Total Operating Expenses</b>	<b>351.82</b>	<b>357.62</b>	<b>363.35</b>	<b>337.38</b>	<b>343.62</b>	<b>335.48</b>	<b>342.04</b>
<b>Operating Profit (A-B)</b>	<b>204.68</b>	<b>295.34</b>	<b>330.42</b>	<b>397.20</b>	<b>431.77</b>	<b>439.91</b>	<b>433.35</b>
<b><u>C. FINANCIAL EXPENSES</u></b>							
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
<b><u>D. Other Expenses</u></b>							
Administrative and general Expenses	11.13	13.06	13.88	14.69	15.51	15.51	15.51
<b>Total Expenses</b>	<b>70.68</b>	<b>66.05</b>	<b>59.90</b>	<b>53.76</b>	<b>47.04</b>	<b>40.08</b>	<b>33.12</b>
<b>Profit Before Tax</b>	<b>134.00</b>	<b>229.30</b>	<b>270.52</b>	<b>343.44</b>	<b>384.73</b>	<b>399.83</b>	<b>400.23</b>
Provision for Tax	33.50	57.32	67.63	85.86	96.18	99.96	100.06
<b>Profit after Tax (PAT)</b>	<b>100.50</b>	<b>171.97</b>	<b>202.89</b>	<b>257.58</b>	<b>288.55</b>	<b>299.87</b>	<b>300.17</b>
Dividend Declared	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Retained Profit</b>	<b>100.50</b>	<b>171.97</b>	<b>202.89</b>	<b>257.58</b>	<b>288.55</b>	<b>299.87</b>	<b>300.17</b>

## 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
<b>A.</b>	<b>Revenue</b>	<b>556.50</b>	<b>652.96</b>	<b>693.77</b>	<b>734.58</b>	<b>775.39</b>	<b>775.39</b>	<b>775.39</b>
<b>B.</b>	<b>Variable Cost</b>							
	Power and Utilities	35.74	37.17	38.66	40.21	41.82	43.49	45.23
	<b>Total Variable Cost</b>	<b>35.74</b>	<b>37.17</b>	<b>38.66</b>	<b>40.21</b>	<b>41.82</b>	<b>43.49</b>	<b>45.23</b>
<b>C.</b>	<b>Contribution (A-B)</b>	<b>520.76</b>	<b>615.79</b>	<b>655.11</b>	<b>694.37</b>	<b>733.57</b>	<b>731.90</b>	<b>730.16</b>
<b>D.</b>	<b>Fixed cost</b>							
	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
	<b>Total Fixed Cost</b>	<b>375.62</b>	<b>373.43</b>	<b>370.71</b>	<b>336.24</b>	<b>333.34</b>	<b>316.56</b>	<b>314.43</b>
<b>E.</b>	<b>Breakeven Point</b>	<b>72%</b>	<b>61%</b>	<b>57%</b>	<b>48%</b>	<b>45%</b>	<b>43%</b>	<b>43%</b>
<b>F.</b>	<b>Cash BEP</b>	<b>53%</b>	<b>45%</b>	<b>42%</b>	<b>39%</b>	<b>37%</b>	<b>36%</b>	<b>36%</b>

## 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
<b>A</b>	<b>Total ( i + ii + iii )</b>	<b>257.26</b>	<b>322.17</b>	<b>345.92</b>	<b>361.59</b>	<b>385.02</b>	<b>374.85</b>	<b>368.19</b>
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>B</b>	<b>Total ( i + ii )</b>	<b>115.04</b>	<b>134.34</b>	<b>127.38</b>	<b>120.42</b>	<b>112.88</b>	<b>105.93</b>	<b>98.97</b>
	<b>DSCR ( A / B )</b>	<b>2.24</b>	<b>2.40</b>	<b>2.72</b>	<b>3.00</b>	<b>3.41</b>	<b>3.54</b>	<b>3.72</b>

## 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	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	
<b>Interest</b>	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
<b>II</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>III</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>IV</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>V</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>VI</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>VII</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>VIII</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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
<b>IX</b>													
<b>Principal</b>													
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	
<b>Interest</b>	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