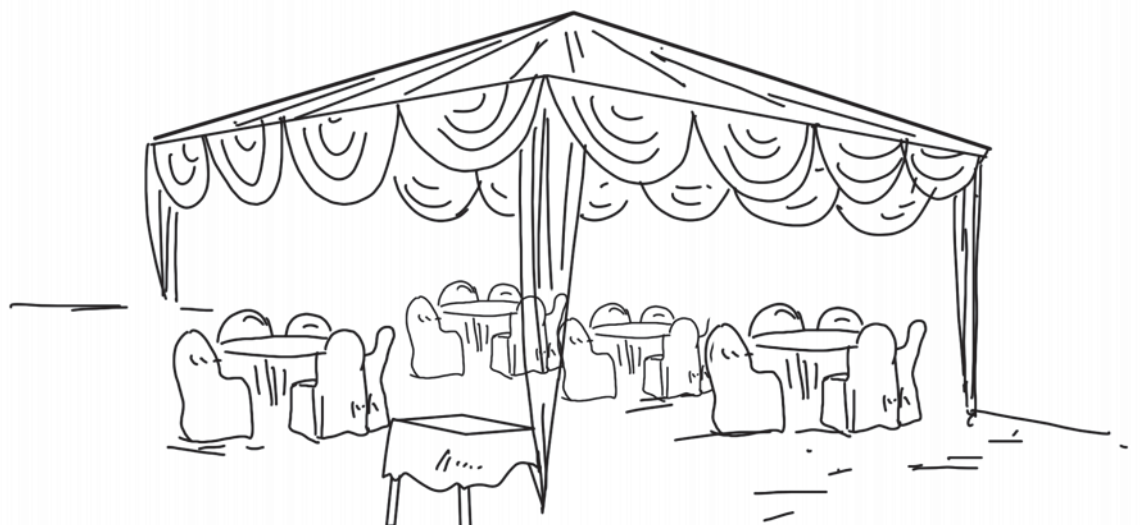


TENT HOUSE



1.0 INTRODUCTION

Tent houses are required at almost all places across India, especially during marriage, festivities and other social functions. A tent house is a service sector unit whose services largely depend on the economic and geographic development of the area. Tent houses in cities are big establishments with large capital investment. Competition in tent house business is minimal as people prefer to hire services of tent houses situated in their own locality rather than taking the pains of bringing the goods from far of places.

This project profile is for setting up of a Tent House Unit, based on 300 working days per annum and 8 working hours per day. The installed capacity of the unit per annum is as follows;

Hiring Service - 300 Nos.

2.0 MARKET POTENTIAL

It is not possible to keep all the important items for managing event by any householder. Therefore, Tent House project has good demand in the market particularly in major centres of hill states.

3.0. COST OF THE PROJECT

The estimated project cost is given below:

(Rs. in lacs)	
Particulars	Amount (Rs)
Land & Site Development	Rented
Building & Civil works	Rented
Plant & Machinery	0.00
Misc. Fixed assets	10.50
Preliminary & pre-operative expenses	0.51
Contingencies & escalation @ 3%	0.32
Working capital	0.15
TOTAL	11.47

3.1 Land & Site Development: Nil. Covered Storage Area and Shop: 1,200 Sq. Ft.

3.2 Building & Civil Works: Nil.

3.3 Plant & Machinery: Nil.

3.4 Misc. Fixed assets: Details of miscellaneous fixed assets are given below.

Particulars	Qty	Amount (Rs)
Tents of all Sizes	1	1000000
Decoration Cloth Pieces	LS	
Utensils for preparing Food	LS	
Utensils for serving Food	LS	
Carpets, Chairs and Tables	LS	
Water Storage Drums	LS	
Mattresses, Quilts, Bed-sheets, Pillows	LS	
Miscellaneous items	LS	50000
Sub total		1050000
TOTAL		1050000
Say (Rs. in lacs)		10.50

3.5 Contingencies & escalation: Contingencies & escalation has been assumed at 3% of the cost of land & site development, building & civil works, plant & machinery and miscellaneous fixed assets.

3.6 Preliminary & pre-operative expenses: Details of preliminary & pre-operative expenses are given below.

		(Rs. In lacs)
Particulars	Amount (Rs)	
Travelling expenses	5000	
Professional & other fees	10000	
Interest during implementation	21000	
Miscellaneous expenses	15000	
TOTAL	51000	
Say (Rs. in lacs)	0.51	

3.7 Working capital: Details of working capital are given below.

		(Rs. in lacs)		
	Period (Days)	Total Current Assets		
		Year 1	Year 2	Year 3
Raw materials	0	0.00	0.00	0.00
Power & Utility	30	0.00	0.00	0.00
Salary	30	0.15	0.15	0.15
Finished Goods	0	0.00	0.00	0.00
Receivables	15	0.22	0.26	0.30
Total		0.37	0.41	0.45
Working capital margin in Year 1 (40%)	0.15			

4.0 MEANS OF FINANCE

The means of finance for the project is estimated as below.

		(Rs. in lacs)
Particulars	Percent	Amount
<u>EQUITY</u>		
A. Equity from Promoters	40%	4.59
B. Subsidy from Central/State Govt.	-	
<u>DEBT</u>		
Term Loan from Banks/Financial Institutions	60%	6.88
TOTAL	100%	11.47

5.0 PROFITABILITY STATEMENT

(Rs. in lacs)

Particulars	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
A. INCOME					
Annual Capacity (No. of Services/annum)	600	600	600	600	600
Capacity utilisation	60%	70%	80%	80%	80%
Production/annum at capacity utilisation	360	420	480	480	480
Total income/annum	5.40	6.30	7.20	7.20	7.20
B. OPERATING EXPENSES					
Raw Materials	0.07	0.08	0.10	0.10	0.10
Power & Utility	0.03	0.04	0.04	0.04	0.04
Salary	1.80	1.81	1.82	1.83	1.84
Repair & Maintenance	0.16	0.16	0.16	0.17	0.17
Other Expenses	0.27	0.32	0.36	0.36	0.36
Total Operating Expenses	2.33	2.41	2.48	2.49	2.51
Operating profit	3.07	3.89	4.72	4.71	4.69
C. FINANCIAL EXPENSES					
Depreciation	0.66	0.66	0.66	0.66	0.66
Interest on Term Loan	0.54	0.43	0.31	0.19	0.07
Interest on Working Capital Loan	0.02	0.02	0.02	0.02	0.02
Net Profit	1.85	2.78	3.72	3.83	3.94
Net cash accruals	2.51	3.44	4.39	4.50	4.61
Principal Repayment	0.76	1.53	1.53	1.53	1.53

5.1 Production capacity and Sales Realisation: Total Tent House Hiring Services at 100% capacity utilization is estimated as below.

Hiring Service	600
Total production per annum at 100% capacity	600

Products	No. Of Services	Average Rate (Rs.)	Amount (Rs)
Hiring Service	600	1500	900000
Total Sales per annum at 100% capacity			900000

5.2 Raw materials: Total expenses on raw materials at 100% capacity utilization are estimated as below.

Particulars	Qty	Average Rate (Rs.)	Amount (Rs)
Consumables for Cleaning Equipment	LS	1000 Per Month	12000
Expenses on raw material at 100% capacity (Rs)			12000

5.3 Power & Utility: Total expenses on power & utility at 100% capacity utilization is estimated as below.

Particulars	Quantity	Power (Kw)	Total (Kw)
Plant & Machinery	--	0.00	0.00
General Lighting	5	0.10	0.50
Total power requirement/ day (Kw)			0.50

No. of hrs/day	8
No. of days/annum	300
Annual power requirement (kwh)	1200
Rate per unit (Rs)	3.50
Expenses on power (Rs)	4200
Expenses on other Utility (Rs)	1200
Expenses on power & utility at 100% capacity (Rs)	5400

5.4 Salary: Total expenses on salary in the 1st year are estimated as given below. It is assumed that salary expenses will increase @ 0.5% every subsequent year.

Particulars of Employees	Numbers	Salary/ Month (Rs)	Cost/ annum (Rs)
Manager	1	5000	60000
Skilled Worker	1	4000	48000
Unskilled workers	2	3000	72000
Expenses on salary in the 1st year (Rs)			180000

5.5 Repair & Maintenance: Total expenses on repair & maintenance in the 1st year is estimated as given below. It is assumed that expenses on repair & maintenance will increase @ 2% every

(Rs. in lacs)

Particulars	Cost (Rs)	Rate	Amount (Rs)
Building & Civil works	0.00	1.00%	0.00
Plant & Machinery	0	2.00%	0.00
Misc. Fixed assets	10.50	1.50%	0.16
Expenses on repair & maintenance in year 1			0.16

5.6 Other Expenses: Other expenses have been assumed at 5% of sales realisation.

5.7 Depreciation: Depreciation has been calculated by straight line method. The details of calculation are given below.

(Rs in lacs)

Description	Cost (Rs)	Rate	Amount/ annum (Rs)
Building & Civil works	0.00	3.34%	0.00
Plant & Machinery	0.00	5.28%	0.00
Misc. Fixed assets	10.50	6.33%	0.66
TOTAL			0.66

5.8 Interest on term loan & principal repayment: Interest rate has been assumed at 8%. Duration of Loan repayment has been considered for a period of 5 years including moratorium period of 6 Months with equal monthly instalments. The details of calculation are given below.

(Rs in lacs)

Month	Year	1	2	3	4	5
Month 1	Opening balance	6.88	6.12	4.59	3.06	1.53
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest (8%)	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.88	5.99	4.46	2.93	1.40
Month 2	Opening balance	6.88	5.99	4.46	2.93	1.40
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01

	Closing balance	6.88	5.86	4.33	2.80	1.27
Month 3	Opening balance	6.88	5.86	4.33	2.80	1.27
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.88	5.74	4.21	2.68	1.15
Month 4	Opening balance	6.88	5.74	4.21	2.68	1.15
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.88	5.61	4.08	2.55	1.02
Month 5	Opening balance	6.88	5.61	4.08	2.55	1.02
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.88	5.48	3.95	2.42	0.89
Month 6	Opening balance	6.88	5.48	3.95	2.42	0.89
	Repayment	0.00	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.88	5.35	3.82	2.29	0.76
Month 7	Opening balance	6.88	5.35	3.82	2.29	0.76
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.05	0.04	0.03	0.02	0.01
	Closing balance	6.76	5.23	3.70	2.17	0.64
Month 8	Opening balance	6.76	5.23	3.70	2.17	0.64
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.05	0.03	0.02	0.01	0.00
	Closing balance	6.63	5.10	3.57	2.04	0.51
Month 9	Opening balance	6.63	5.10	3.57	2.04	0.51
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.04	0.03	0.02	0.01	0.00
	Closing balance	6.50	4.97	3.44	1.91	0.38
Month 10	Opening balance	6.50	4.97	3.44	1.91	0.38
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.04	0.03	0.02	0.01	0.00
	Closing balance	6.37	4.84	3.31	1.78	0.25
Month 11	Opening balance	6.37	4.84	3.31	1.78	0.25
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.04	0.03	0.02	0.01	0.00
	Closing balance	6.25	4.72	3.19	1.66	0.13
Month 12	Opening balance	6.25	4.72	3.19	1.66	0.13
	Repayment	0.13	0.13	0.13	0.13	0.13
	Interest	0.04	0.03	0.02	0.01	0.00
	Closing balance	6.12	4.59	3.06	1.53	0.00
Principal Repayment		0.76	1.53	1.53	1.53	1.53
Interest		0.54	0.43	0.31	0.19	0.07

6.0 DEBT SERVICE COVERAGE RATIO (DSCR)

(Rs. in lacs)

Year	1	2	3	4	5
Profit After Tax (Net Profit)	1.85	2.78	3.72	3.83	3.94
Depreciation	0.66	0.66	0.66	0.66	0.66
Interest	0.54	0.43	0.31	0.19	0.07

Total	3.05	3.87	4.70	4.68	4.67
Interest	0.54	0.43	0.31	0.19	0.07
Loan repayment	0.76	1.53	1.53	1.53	1.53
Total	1.30	1.96	1.84	1.72	1.60
DSCR	2.34	1.97	2.55	2.73	2.93

Average DSCR = 2.49

7.0 BREAK EVEN POINT (BEP)

(Rs. in lacs)

Year	1	2	3
A. Net sales	5.40	6.30	7.20
B. Variable cost			
Raw Materials	0.07	0.08	0.10
Power & Utility	0.03	0.04	0.04
Other expenses	0.27	0.32	0.36
Interest on Working Capital Loan	0.02	0.02	0.02
Total variable cost	0.39	0.46	0.52
C. Contribution (A-B)	5.01	5.84	6.68
D. Fixed & Semi-fixed Costs			
Salary	1.80	1.81	1.82
Repair & maintenance	0.16	0.16	0.16
Interest on Term Loan	0.54	0.43	0.31
Depreciation	0.66	0.66	0.66
Total fixed cost	3.16	3.07	2.96
E. BREAK EVEN POINT	63.11%	52.50%	44.28%
F. BEP at operating capacity	37.86%	36.75%	35.42%
G. Cash BEP	29.90%	28.79%	27.46%

8.0 INTERNAL RATE OF RETURN (IRR)

(Rs. in lacs)

Year	0	1	2	3	4	5
CASH OUTFLOW						
Capital Expenditure	10.82	0.00	0.00	0.00	0.00	0.00
Working Capital	0.00	0.37	0.04	0.04	0.00	0.00
Total (A)	10.82	0.37	0.04	0.04	0.00	0.00
CASH INFLOW						
Profit After Tax		1.85	2.78	3.72	3.83	3.94
Add: Depreciation		0.66	0.66	0.66	0.66	0.66
Add: Interest		0.54	0.43	0.31	0.19	0.07
Add: Salvage Value						
Total (B)	0.00	3.05	3.87	4.70	4.68	4.67
NET FLOW (B-A)	-10.82	2.68	3.84	4.66	4.68	4.67

IRR = 35%