

# BABY CRECHE/DAY CARE CENTRE



## 1.0 INTRODUCTION

A Creche or day-care is a place where babies, toddlers and young children can play, learn, enjoy meals, rest in a safe and stimulating surroundings. The necessity of creche has arisen due to increase in number of working women. Now-a-days women folk are getting more and more educated and they want to take up employment to supplement the family monthly income. As a result, they are not able to look after their small children in the age group of 1 to 4, at the pre-school stage. During this time they require more care during day time particularly for feeding and playing. This is being looked after by creches. In all semi-urban, urban and other major cities the demand for Creche is going up.

This project profile is of setting up of a Baby Creche Unit with capacity of 40 Children based on 300 working days per annum and 8 working hours per day.

## 2.0 MARKET POTENTIAL

With increased opportunities for employment for women and the need to supplement household income, more and more women are entering the job market. Working women need support in terms of care for their young children while they are at work. Women cannot take long leaves while domestic maids are not easily available. Therefore, effective day care for young children is essential and a cost effective investment as it provides support to both the mothers and young children. Hence there is an urgent need for improved quality and reach of child day care services for working women among all socio-economic groups in both organised and unorganised sectors. These centres have become an essential part of the modern society and work culture.

## 3.0 PROPOSED FACILITIES:

- I. The Centre would be well lighted with adequate ventilation.
- II. The Centre would have clean toilet and sanitation facility for small children.
- III. There would be adequate safe play area outside the Centre.
- IV. The Centre would have a safe and regular drinking water arrangement.
- V. There would be a small kitchen or cooking area for warming/preparation of food for children. Kitchen/cooking area must be located at a place which is away from the activity area of the children to avoid accidents.
- VI. There would be sleeping facilities for children.
- VII. Essential play material and teaching and learning material would be available to meet the needs of pre-school children.
- VIII. The Centre would be equipped with basic First Aid kit containing pediatric medicines for common ailments like fever, vomiting etc. and ointments, disinfectants, band aids, cotton wool etc. for minor injuries.
- IX. There would be proper arrangements for trained or experienced attendants for taking care of children.
- X. The centre would have a chowkidar for safety and security of children.

#### 4.0. COST OF THE PROJECT

The estimated project cost is given below:

Particulars	(Rs. in lacs) Amount (Rs)
Land & Site Development	Rented
Building & Civil works	Rented
Plant & Machinery	2.67
Misc. Fixed assets	1.95
Preliminary & pre-operative expenses	0.56
Contingencies & escalation @ 3%	0.14
Working capital	0.18
<b>TOTAL</b>	<b>5.50</b>

**4.1 Land & Site Development:** Nil. Covered Area: 1,500 Sq. Ft.

**4.2 Building & Civil Works:** Nil.

**4.3 Equipment & Machinery :** Details of plant & machinery are given below.

Particulars	Qty	Rate (Rs)	Amount (Rs)
LPG Gas Burner with Cylinder	1	6000	6000
Microwave Oven	1	12000	12000
Aqua guard Water Filter	1	6000	6000
Refrigerator	1	15000	15000
LCD Colour TV	1	22000	22000
Music System	1	7000	7000
Washing Machine	1	18000	18000
Fire Fighting Equipment	LS	—	12500
Air Conditioners	3	30000	90000
Inverter	1	15000	15000
Room Heaters	3	1000	3000
Vacuum Cleaner	1	6000	6000
Computer with Printer	LS	—	30000
<b>Sub total</b>			<b>242500</b>
Add: Installation, transportation, etc @ 10%			24250
<b>TOTAL</b>			<b>266750</b>
<b>Say (Rs. in lacs)</b>			<b>2.67</b>

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

Particulars	Qty	Rate (Rs)	Amount (Rs)
Children Cot	20 Sets	1200	24000
Mosquito Net, Mattresses, Bed Sheets, Pillows, Towels, Blankets etc.	20 Sets	1700	34000
Cupboard	4	2500	10000
Crockery, Utensils, Thermo Flask etc.	20 Sets	LS	20000
Soft Carpet	4	1500	6000
Cradle	5	2000	10000
Wooden Rack	5	LS	6000
Tables and Chairs	10	750	7500
White Boards	2	2000	4000
Toys and Books	LS	—	25000
Baby Walker and Tricycle	10	900	9000
First Aid Box	2	1000	2000
Miscellaneous items	LS		20000

<b>Sub total</b>	<b>177500</b>
Add: Installation, transportation, etc @ 10%	17750
<b>TOTAL</b>	<b>195250</b>
<b>Say (Rs. in lacs)</b>	<b>1.95</b>

**4.5 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.

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

		(Rs. In lacs)
Particulars	Amount (Rs)	
Travelling expenses	10000	
Professional & other fees	17000	
Interest during implementation	9240	
Miscellaneous expenses	20000	
<b>TOTAL</b>	<b>56240</b>	
<b>Say (Rs. in lacs)</b>	<b>0.56</b>	

**4.8 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	7	0.01	0.02	0.02
Power & Utility	30	0.02	0.02	0.02
Salary	30	0.31	0.31	0.31
Finished Goods	0	0.00	0.00	0.00
Receivables	7	0.11	0.13	0.15
<b>Total</b>		<b>0.45</b>	<b>0.48</b>	<b>0.50</b>
<b>Working capital margin in Year 1 (40%)</b>	<b>0.18</b>			

## 5.0 MEANS OF FINANCE

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

		(Rs. in lacs)	
Particulars	Percent	Amount	
<b><u>EQUITY</u></b>			
<b>A. Equity from Promoters</b>	<b>40%</b>	<b>2.20</b>	
<b>B. Subsidy from Central/State Govt.</b>	<b>-</b>		
<b><u>DEBT</u></b>			
<b>Term Loan from Banks/Financial Institutions</b>	<b>60%</b>	<b>3.30</b>	
<b>TOTAL</b>	<b>100%</b>	<b>5.50</b>	

## 6.0 PROFITABILITY STATEMENT

						(Rs. in lacs)
Particulars	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	
<b><u>A. INCOME</u></b>						
<b>Production Capacity (Nos./annum)</b>	0	0	0	0	0	
Capacity utilisation	60%	70%	80%	80%	80%	
<b>Production/annum at capacity utilisation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total income/annum</b>	<b>5.76</b>	<b>6.72</b>	<b>7.68</b>	<b>7.68</b>	<b>7.68</b>	
<b><u>B. OPERATING EXPENSES</u></b>						

Raw Materials	0.72	0.84	0.96	0.96	0.96
Power & Utility	0.20	0.23	0.27	0.27	0.27
Salary	3.78	3.80	3.82	3.84	3.86
Repair & Maintenance	0.08	0.08	0.09	0.09	0.09
Other Expenses	0.12	0.13	0.15	0.15	0.15
<b>Total Operating Expenses</b>	<b>4.90</b>	<b>5.09</b>	<b>5.28</b>	<b>5.30</b>	<b>5.32</b>
<b>Operating profit</b>	<b>0.86</b>	<b>1.63</b>	<b>2.40</b>	<b>2.38</b>	<b>2.36</b>
<b>C. FINANCIAL EXPENSES</b>					
Depreciation	0.26	0.26	0.26	0.26	0.26
Interest on Term Loan	0.26	0.21	0.15	0.09	0.03
Interest on Working Capital Loan	0.02	0.02	0.02	0.02	0.02
<b>Net Profit</b>	<b>0.32</b>	<b>1.13</b>	<b>1.96</b>	<b>2.00</b>	<b>2.03</b>
Net cash accruals	<b>0.58</b>	<b>1.40</b>	<b>2.22</b>	<b>2.26</b>	<b>2.30</b>
Principal Repayment	0.37	0.73	0.73	0.73	0.73

**6.1 Production capacity and Sales Realisation:** Total service capacity of the Baby Creche at 100% capacity utilization is estimated as below.

Creche Service	40 Babies/Childrens
<b>Annual Subscription at 100% Capacity Utilisation</b>	<b>40 Nos.</b>

Particulars	Qty	Average Rate Per Month (Rs.)	Annual Amount (Rs)
Creche Service	40 Nos.	2000	960000
<b>Total Sale Turnover per annum at 100% capacity</b>			<b>960000</b>

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

Products	Qty	Average Rate Per Children (Rs.)	Amount (Rs)
Cleaning Material/ Food Expense (Per Baby/Children)	40 Subscribers	250	120000
<b>Total Raw Material Expense per annum at 100% capacity</b>			<b>120000</b>

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

Particulars	Quantity	Power (Kw)	Total (Kw)
Plant & Machinery (Total HP of 3)	--	2.24	2.24
General Lighting	10	0.10	1.00
Total power requirement/ day (Kw)			3.24
No. of hrs/day	8		
No. of days/annum	300		

Annual power requirement (kwh)	7771
Rate per unit (Rs)	3.50
Expenses on power (Rs)	27199
Expenses on Gas Cylinder (Rs)	6000
<b>Expenses on power &amp; utility at 100% capacity (Rs)</b>	<b>33199</b>

**6.4 Salary:** Total expenses on salary in the 1<sup>st</sup> 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)
Supervisor	1	5000	60000
Baby Attendants	8	3000	288000
Unskilled workers	1	2500	30000
<b>Expenses on salary in the 1st year (Rs)</b>			<b>378000</b>

**6.5 Repair & Maintenance:** Total expenses on repair & maintenance in the 1<sup>st</sup> year is estimated as given below. It is assumed that expenses on repair & maintenance will increase @ 2% every subsequent year.

(Rs. in lacs)			
Particulars	Cost (Rs)	Rate	Amount (Rs)
Building & Civil works	0.00	1.00%	0.00
Plant & Machinery	2.67	2.00%	0.05
Misc. Fixed assets	1.95	1.50%	0.03
<b>Expenses on repair &amp; maintenance in year 1</b>			<b>0.08</b>

**6.6 Other Expenses:** Other expenses have been assumed at 2% of sales realisation.

**6.7 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	2.67	5.28%	0.14
Misc. Fixed assets	1.95	6.33%	0.12
<b>TOTAL</b>			<b>0.26</b>

**6.8 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	3.30	2.94	2.20	1.47	0.73
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest (8%)	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.30</b>	<b>2.87</b>	<b>2.14</b>	<b>1.41</b>	<b>0.67</b>
Month 2	Opening balance	3.30	2.87	2.14	1.41	0.67
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00

	<b>Closing balance</b>	<b>3.30</b>	<b>2.81</b>	<b>2.08</b>	<b>1.35</b>	<b>0.61</b>
Month 3	Opening balance	3.30	2.81	2.08	1.35	0.61
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.30</b>	<b>2.75</b>	<b>2.02</b>	<b>1.28</b>	<b>0.55</b>
Month 4	Opening balance	3.30	2.75	2.02	1.28	0.55
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.30</b>	<b>2.69</b>	<b>1.96</b>	<b>1.22</b>	<b>0.49</b>
Month 5	Opening balance	3.30	2.69	1.96	1.22	0.49
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.30</b>	<b>2.63</b>	<b>1.90</b>	<b>1.16</b>	<b>0.43</b>
Month 6	Opening balance	3.30	2.63	1.90	1.16	0.43
	Repayment	0.00	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.30</b>	<b>2.57</b>	<b>1.83</b>	<b>1.10</b>	<b>0.37</b>
Month 7	Opening balance	3.30	2.57	1.83	1.10	0.37
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.24</b>	<b>2.51</b>	<b>1.77</b>	<b>1.04</b>	<b>0.31</b>
Month 8	Opening balance	3.24	2.51	1.77	1.04	0.31
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.18</b>	<b>2.45</b>	<b>1.71</b>	<b>0.98</b>	<b>0.24</b>
Month 9	Opening balance	3.18	2.45	1.71	0.98	0.24
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.12</b>	<b>2.39</b>	<b>1.65</b>	<b>0.92</b>	<b>0.18</b>
Month 10	Opening balance	3.12	2.39	1.65	0.92	0.18
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.06</b>	<b>2.32</b>	<b>1.59</b>	<b>0.86</b>	<b>0.12</b>
Month 11	Opening balance	3.06	2.32	1.59	0.86	0.12
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>3.00</b>	<b>2.26</b>	<b>1.53</b>	<b>0.80</b>	<b>0.06</b>
Month 12	Opening balance	3.00	2.26	1.53	0.80	0.06
	Repayment	0.06	0.06	0.06	0.06	0.06
	Interest	0.02	0.02	0.01	0.01	0.00
	<b>Closing balance</b>	<b>2.94</b>	<b>2.20</b>	<b>1.47</b>	<b>0.73</b>	<b>0.00</b>
<b>Principal Repayment</b>		<b>0.37</b>	<b>0.73</b>	<b>0.73</b>	<b>0.73</b>	<b>0.73</b>
<b>Interest</b>		<b>0.26</b>	<b>0.21</b>	<b>0.15</b>	<b>0.09</b>	<b>0.03</b>

**7.0 DEBT SERVICE COVERAGE RATIO (DSCR)**

(Rs. in lacs)

Year	1	2	3	4	5
Profit After Tax (Net Profit)	0.32	1.13	1.96	2.00	2.03
Depreciation	0.26	0.26	0.26	0.26	0.26
Interest	0.26	0.21	0.15	0.09	0.03
<b>Total</b>	<b>0.84</b>	<b>1.61</b>	<b>2.37</b>	<b>2.35</b>	<b>2.33</b>
Interest	0.26	0.21	0.15	0.09	0.03
Loan repayment	0.37	0.73	0.73	0.73	0.73
<b>Total</b>	<b>0.63</b>	<b>0.94</b>	<b>0.88</b>	<b>0.82</b>	<b>0.77</b>
<b>DSCR</b>	<b>1.35</b>	<b>1.71</b>	<b>2.69</b>	<b>2.85</b>	<b>3.04</b>

Average DSCR = 2.35

**8.0 BREAK EVEN POINT (BEP)**

(Rs. in lacs)

Year	1	2	3
<b>A. Net sales</b>	<b>5.76</b>	<b>6.72</b>	<b>7.68</b>
<b>B. Variable cost</b>			
Raw Materials	0.72	0.84	0.96
Power & Utility	0.20	0.23	0.27
Other expenses	0.12	0.13	0.15
Interest on Working Capital Loan	0.02	0.02	0.02
<b>Total variable cost</b>	<b>1.06</b>	<b>1.23</b>	<b>1.40</b>
<b>C. Contribution (A-B)</b>	<b>4.70</b>	<b>5.49</b>	<b>6.28</b>
<b>D. Fixed &amp; Semi-fixed Costs</b>			
Salary	3.78	3.80	3.82
Repair & maintenance	0.08	0.08	0.09
Interest on Term Loan	0.26	0.21	0.15
Depreciation	0.26	0.26	0.26
<b>Total fixed cost</b>	<b>4.39</b>	<b>4.36</b>	<b>4.32</b>
<b>E. BREAK EVEN POINT</b>	<b>93.23%</b>	<b>79.33%</b>	<b>68.79%</b>
<b>F. BEP at operating capacity</b>	<b>55.94%</b>	<b>55.53%</b>	<b>55.03%</b>
<b>G. Cash BEP</b>	<b>52.56%</b>	<b>52.16%</b>	<b>51.66%</b>

**9.0 INTERNAL RATE OF RETURN (IRR)**

(Rs. in lacs)

Year	0	1	2	3	4	5
<b>CASH OUTFLOW</b>						
Capital Expenditure	4.76	0.00	0.00	0.00	0.00	0.00
Working Capital	0.00	0.45	0.02	0.03	0.00	0.00
<b>Total (A)</b>	<b>4.76</b>	<b>0.45</b>	<b>0.02</b>	<b>0.03</b>	<b>0.00</b>	<b>0.00</b>
<b>CASH INFLOW</b>						
Profit After Tax		0.32	1.13	1.96	2.00	2.03
Add: Depreciation		0.26	0.26	0.26	0.26	0.26
Add: Interest		0.26	0.21	0.15	0.09	0.03
Add: Salvage Value						
<b>Total (B)</b>	<b>0.00</b>	<b>0.84</b>	<b>1.61</b>	<b>2.37</b>	<b>2.35</b>	<b>2.33</b>
<b>NET FLOW (B-A)</b>	<b>-4.76</b>	<b>0.39</b>	<b>1.58</b>	<b>2.35</b>	<b>2.35</b>	<b>2.33</b>

IRR = 33%