

# **How to Start a Hotel**

**(4 Star Hotel, Hospitality Industry)**

**Detailed Project Report, Profile, Business Plan, Industry Trends, Market Research, Survey, Feasibility Study, Investment Opportunities, Cost and Revenue, Plant Economics, Working Capital Requirement, Plant Layout, Cost of Project, Projected Balance Sheets, Profitability Ratios, Break Even Analysis**

# Introduction

One of the fastest growing sectors of the economy of our time is the hotel industry. The hotel industry alone is a multi-billion dollar and growing enterprise. It is exciting, never boring and offer unlimited opportunities. The hotel industry is diverse enough for people to work in different areas of interest and still be employed within the hotel industry.

This trend is not just in India, but also globally. Modern hotels provide refined services to their guests. The customers or guests are always right. This principle necessitated application of management principles in the hotel industry and the hotel professionals realized the instrumentality of marketing principles in managing the hotel industry.

Hotel is an establishment that provides lodging and usually meals and other services for travellers and other paying guests. It provides paid lodging, usually on a short-term basis. Hotels often provide a number of additional guest services such as a restaurant, laundry, a swimming pool or child care. Some hotels have conference services and meeting rooms

and encourage groups to hold conventions, functions and meetings at their location. Hotels are found in almost all the cities. Hotels operate twenty four hours a day, seven days a week. The principal factor that determines the guest attitude towards a hotel is service although other amenities such as room, food and beverages are of equal importance a tangible determinants.

# Few Indian Major Players are as under

- 18Th Step Resorts Pvt. Ltd.
- Advani Hotels & Resorts (India) Ltd.
- Adyar Gate Hotels Ltd.
- Alankar Business Corpn. Pvt. Ltd.
- Balaji Amines Ltd.
- Bekal Resorts Devp. Corpn. Ltd.
- Benares Hotels Ltd.

- **Best Eastern Hotels Ltd.**
- **Bona Sera Hotels Ltd.**
- **Budget Hotels Ltd.**
- **Chalet Hotels Pvt. Ltd.**
- **Express Resorts & Hotels Ltd.**
- **Jungle Lodges & Resorts Ltd.**
- **Mayank Hotels Ltd.**
- **Neotech Solutions & Securities Ltd.**



- **Oasis Hotels Ltd.**
- **Om Metals Infraprojects Ltd.**
- **Pai Vaibhav Hotels (India) Pvt. Ltd.**
- **Prajay Engineers Syndicate Ltd.**
- **Presidency Leisure Ltd.**
- **Ras Resorts & Apart Hotels Ltd.**
- **Sahara Hospitality Ltd.**



# PROJECT AT A GLANCE

PROJECT AT A GLANCE				(Rs. in lacs)			
COST OF PROJECT				MEANS OF FINANCE			
Particulars	Existing	Proposed	Total	Particulars	Existing	Proposed	Total
Land & Site Development Exp.	0.00	63.00	63.00	Capital	0.00	246.90	246.90
Buildings	0.00	526.20	526.20	Share Premium	0.00	0.00	0.00
Plant & Machineries	0.00	162.63	162.63	Other Type Share Capital	0.00	0.00	0.00
Motor Vehicles	0.00	45.00	45.00	Reserves & Surplus	0.00	0.00	0.00
Office Automation Equipments	0.00	98.75	98.75	Cash Subsidy	0.00	0.00	0.00
Technical Knowhow Fees & Exp.	0.00	30.00	30.00	Internal Cash Accruals	0.00	0.00	0.00
Franchise & Other Deposits	0.00	0.00	0.00	Long/Medium Term Borrowings	0.00	740.70	740.70
Preliminary & Pre-operative Exp	0.00	10.00	10.00	Debentures / Bonds	0.00	0.00	0.00
Provision for Contingencies	0.00	16.00	16.00	Unsecured Loans/Deposits	0.00	0.00	0.00
Margin Money - Working Capital	0.00	36.02	36.02				
<b>TOTAL</b>	<b>0.00</b>	<b>987.60</b>	<b>987.60</b>	<b>TOTAL</b>	<b>0.00</b>	<b>987.60</b>	<b>987.60</b>



# PROJECT AT A GLANCE

Year	Annualised		Book Value	Debt	Dividend	Retained Earnings		Payout	Probable Market Price	P/E Ratio	Yield Price/ Book Value
	EPS	CEPS				Per Share					
	Rs	Rs	Rs	Rs	Rs	%	Rs	%	Rs	No.of Times	%
1-2	4.32	8.35	14.32	24.00	0.00	100.00	4.32	0.00	4.32	1.00	0.00
2-3	7.21	10.78	21.53	18.00	0.00	100.00	7.21	0.00	7.21	1.00	0.00
3-4	10.00	13.17	31.54	12.00	0.00	100.00	10.00	0.00	10.00	1.00	0.00
4-5	12.67	15.49	44.21	6.00	0.00	100.00	12.67	0.00	12.67	1.00	0.00
5-6	15.21	17.72	59.42	0.00	0.00	100.00	15.21	0.00	15.21	1.00	0.00



# PROJECT AT A GLANCE

Year	D. S. C. R.			Debt / - Deposit s Debt	Equity as- Equity	Total Net Worth	Retur n on Net Worth	Profitability Ratio					Assets Turnove r Ratio	Current Ratio
	Individu al	Cumulati ve	Overall					GPM	PBT	PAT	Net Contrib ution	P/V Ratio		
	(Number of times)			(Number of times)	%	%	%	%	%		%			
Initial				3.00	3.00									
1-2	1.25	1.25		1.68	1.68	1.90		30.83%	15.10%	10.31%	837.04	80.82%	1.04	0.76
2-3	1.56	1.40		0.84	0.84	1.01		35.38%	22.68%	14.73%	970.03	80.28%	1.16	1.27
3-4	1.91	1.55	1.90	0.38	0.38	0.51		38.44%	27.98%	17.88%	1108.45	80.27%	1.19	1.96
4-5	2.32	1.72		0.14	0.14	0.24		40.50%	31.74%	20.14%	1246.87	80.26%	1.16	2.81
5-6	2.82	1.90		0.00	0.00	0.09		41.84%	34.39%	21.75%	1385.29	80.25%	1.09	8.26

## BEP

BEP - Maximum Utilisation Year	5
Cash BEP (% of Installed Capacity)	52.60%
Total BEP (% of Installed Capacity)	57.07%

## IRR, PAYBACK and FACR

Internal Rate of Return .. ( In %age )	23.74%
Payback Period of the Project is ( In Years )	2 Years 4 Months
Fixed Assets Coverage Ratio ( No. of times )	3.035

# Major Queries/Questions Answered in the Report?

1. How to open/start a New Hotel?
2. How to establish a Hotel?
3. What is the Project Feasibility of a Hotel?
4. What are the requirements of Working Capital for setting up a Hotel?
5. What is the structure of the Hotel and who are the key/major players?

6. What is the total project cost for starting a Hotel?
7. What are the operating costs for setting up a Hotel?
8. What are the Infrastructure requirements for setting up a Hotel?
9. Who are the Suppliers and Manufacturers of equipment, Furniture for setting up a Hotel?

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12. What are the Personnel (Manpower), Staff Requirements for setting up a Hotel?
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# ***NIIR PROJECT CONSULTANCY SERVICES***

***An ISO 9001:2008 Company***



# Who are we?

- *One of the leading reliable names in industrial world for providing the most comprehensive technical consulting services*
- *We adopt a systematic approach to provide the strong fundamental support needed for the effective delivery of services to our Clients' in India & abroad*





# What do we offer?

- *Project Identification*
- *Detailed Project Reports/Pre-feasibility Reports*
- *Business Plan*
- *Market Research Reports*
- *Technology Books and Directory*
- *Databases on CD-ROM*
- *Laboratory Testing Services*
- *Turnkey Project Consultancy/Solutions*
- *Entrepreneur India (An Industrial Monthly Journal)*



# How are we different ?

- *We have two decades long experience in project consultancy and market research field*
- *We empower our customers with the prerequisite know-how to take sound business decisions*
- *We help catalyze business growth by providing distinctive and profound market analysis*
- *We serve a wide array of customers , from individual entrepreneurs to Corporations and Foreign Investors*
- *We use authentic & reliable sources to ensure business precision*



# Our Approach

Requirement collection

Thorough analysis of the project

Economic feasibility study of the Project

Market potential survey/research

Report Compilation

# Who do we serve?

- *Public-sector Companies*
- *Corporates*
- *Government Undertakings*
- *Individual Entrepreneurs*
- *NRI's*
- *Foreign Investors*
- *Non-profit Organizations, NBFC's*
- *Educational Institutions*
- *Embassies & Consulates*
- *Consultancies*
- *Industry / trade associations*



# Sectors We Cover

- *Ayurvedic And Herbal Medicines, Herbal Cosmetics*
- *Alcoholic And Non Alcoholic Beverages, Drinks*
- *Adhesives, Industrial Adhesive, Sealants, Glues, Gum & Resin*
- *Activated Carbon & Activated Charcoal*
- *Aluminium And Aluminium Extrusion Profiles & Sections,*
- *Bio-fertilizers And Biotechnology*
- *Breakfast Snacks And Cereal Food*
- *Bicycle Tyres & Tubes, Bicycle Parts, Bicycle Assembling*



- *Bamboo And Cane Based Projects*
- *Building Materials And Construction Projects*
- *Biodegradable & Bioplastic Based Projects*
- *Chemicals (Organic And Inorganic)*
- *Confectionery, Bakery/Baking And Other Food*
- *Cereal Processing*
- *Coconut And Coconut Based Products*
- *Cold Storage For Fruits & Vegetables*
- *Coal & Coal Byproduct*

- *Copper & Copper Based Projects*
- *Dairy/Milk Processing*
- *Disinfectants, Pesticides, Insecticides, Mosquito Repellents,*
- *Electrical, Electronic And Computer based Projects*
- *Essential Oils, Oils & Fats And Allied*
- *Engineering Goods*
- *Fibre Glass & Float Glass*
- *Fast Moving Consumer Goods*
- *Food, Bakery, Agro Processing*

- *Fruits & Vegetables Processing*
- *Ferro Alloys Based Projects*
- *Fertilizers & Biofertilizers*
- *Ginger & Ginger Based Projects*
- *Herbs And Medicinal Cultivation And Jatropha (Biofuel)*
- *Hotel & Hospitality Projects*
- *Hospital Based Projects*
- *Herbal Based Projects*
- *Inks, Stationery And Export Industries*



- *Infrastructure Projects*
- *Jute & Jute Based Products*
- *Leather And Leather Based Projects*
- *Leisure & Entertainment Based Projects*
- *Livestock Farming Of Birds & Animals*
- *Minerals And Minerals*
- *Maize Processing(Wet Milling) & Maize Based Projects*
- *Medical Plastics, Disposables Plastic Syringe, Blood Bags*
- *Organic Farming, Neem Products Etc.*

- *Paints, Pigments, Varnish & Lacquer*
- *Paper And Paper Board, Paper Recycling Projects*
- *Printing Inks*
- *Packaging Based Projects*
- *Perfumes, Cosmetics And Flavours*
- *Power Generation Based Projects & Renewable Energy Based Projects*
- *Pharmaceuticals And Drugs*
- *Plantations, Farming And Cultivations*
- *Plastic Film, Plastic Waste And Plastic Compounds*
- *Plastic, PVC, PET, HDPE, LDPE Etc.*

- *Potato And Potato Based Projects*
- *Printing And Packaging*
- *Real Estate, Leisure And Hospitality*
- *Rubber And Rubber Products*
- *Soaps And Detergents*
- *Stationary Products*
- *Spices And Snacks Food*
- *Steel & Steel Products*
- *Textile Auxiliary And Chemicals*

- *Township & Residential Complex*
- *Textiles And Readymade Garments*
- *Waste Management & Recycling*
- *Wood & Wood Products*
- *Water Industry(Packaged Drinking Water & Mineral Water)*
- *Wire & Cable*

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