

20 SERVICE APARTMENT



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1. INTRODUCTION

The Service Apartment business in Uttarakhand has emerged to address the increasing need for temporary accommodations that seamlessly combine the warmth of a home with the convenience of hotel services. As Uttarakhand actively strives to create new and innovative tourism products to captivate the modern traveler, the introduction of service apartments aligns with the evolving preferences of today's tourists. Service apartments contribute to the diversification of available lodging options, presenting an alternative to traditional hotels and homestays. Catering to a broad spectrum of visitors, including tourists, corporate professionals, and families, service apartments present an appealing choice.

2. SERVICE & ITS APPLICATION

This business involves renting fully furnished apartments equipped with amenities such as kitchens, living spaces, and bedrooms. The application spans a broad spectrum, accommodating short-term stays for tourists, business travelers, and individuals in need of flexible and temporary housing solutions.

3. DESIRED QUALIFICATION FOR PROMOTER

A successful promoter in this venture should possess a strong understanding of the hospitality industry, knowledge of local regulations, and excellent customer service and interpersonal skills. Business management experience, along with familiarity with property management, is crucial for effective operations.

4. INDUSTRY LOOKOUT AND TRENDS

The Service Apartment business in Uttarakhand is strategically positioned to align with prevailing industry trends, notably the growing preference for service apartments over conventional hotels, particularly for extended stays. The surge in remote work practices has led to a heightened demand for flexible accommodation options. Additionally, the Service Apartment business in Uttarakhand serves as a desirable alternative to traditional homestays. While homestays provide a personalized experience, service apartments offer a unique balance by combining the comfort of a home with the services and amenities typically associated with hotels. This versatility caters to a diverse range of travelers, including tourists exploring the region, corporate professionals on business trips, and families seeking a temporary residence. It has a great potential for growth in the competitive landscape of accommodations in Uttarakhand.

5. KEY BUSINESS ELEMENTS

- Strategic Location Selection: Strategically selecting a site ensures that guests have convenient access to the places they want to explore or conduct business.
- High-Quality Furnishings and Amenities: Well-designed living spaces, fully equipped kitchens, and modern conveniences contribute to the overall satisfaction of residents
- Robust Customer Service and Feedback Mechanisms: Providing exceptional customer service is a cornerstone of success in the service apartment business.
- Competitive Pricing and Flexible Booking Options: This adaptability positions the service apartments as an attractive and accessible choice for both short-term visitors and those seeking extended stays.

- Safety and Security Measures: Prioritizing the safety and security of guests is crucial. Implementing robust security measures, such as secure access controls and surveillance systems, instills confidence in guests.

6. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

The rise in remote work culture amplifies the market potential, as professionals seek extended stays in these locations. Besides, increasing demand from families organizing destination weddings in the region has further amplified the demand. Strategic marketing opportunities lie in leveraging online platforms, collaborating with local businesses, and emphasizing unique selling points. However, the sector faces challenges, including competition from established hotels, seasonality issues, and regulatory compliance. Mitigation strategies involve thorough market research, targeted marketing campaigns, diversification of services, and addressing seasonality challenges through special promotions. By navigating these factors effectively, service apartments in Uttarakhand can position themselves as preferred lodging choices, offering a harmonious blend of convenience and personalized experiences for both tourists and business travelers.

7. SUPPLY OF RAW MATERIAL

Essential inputs in the business include furnishings, linens, and kitchen equipment for the apartments, along with cleaning and maintenance supplies.

8. BUSINESS MODEL

Revenue streams encompass rental fees, income from additional services such as laundry and catering, etc. The cost structure includes expenses related to property maintenance, utilities, staff salaries, and marketing efforts.

9. BUSINESS PROCESS

- Property Acquisition: The first step is identifying and acquiring suitable apartments in strategic locations.
- Furnishing & Setup: Next is to furnish apartments with quality amenities, ensuring a comfortable living space.
- Marketing & Sales: A key stage is developing an online presence, partnerships with travel agencies, and targeted marketing campaigns.
- Reservation & Check-In: The following step is implementing a user-friendly online reservation system and smooth check-in processes.
- Maintenance & Upkeep: A service in continuity is regular maintenance and upkeep of the apartments, ensuring a high standard of quality.

10. MANPOWER REQUIREMENT

Sr. No	Particulars	No.	No of month in year	Wages/Salaries per month (Rs. In Lakhs)	Annual Expense (Rs. In Lakhs)
1	Self-employed	1	-	-	-
2	Property manager and administrative staff	2	12	0.35	8.4
3	Catering staff	2	12	0.25	6
4	Housekeeping staff	3	12	0.12	4.32
	Total				18.72

11. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	1
2	Construction (if applicable)	1.5
3	Procurement & installation of Plant & Machinery	2.5
4	Arrangement of Finance	1
5	Recruitment of required manpower	1
6	Total time required (some activities shall run concurrently)	3

12. COST OF PROJECT

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
1	Land (rented)	-
2	Building	-
3	Misc. Assets	-
4	Pre-operative and preliminary Exp.	0.15
5	Equipment and Furniture Exp.	6.50
6	Working Capital	2.36
	Total Project Cost	9.01

13. MEANS OF FINANCE

Bank-term loans are assumed @ 60%

Sr. No.	Particulars	Annual Expenses (Rs. in lakhs)
1	Promoter's contribution	3.61
2	Bank Finance	5.41
	Total	9.01

14. FURNITURE AND FIXTURES

Sr. No	Particulars	Total Amount (Rs. in lakhs)
1	Tools (Maintenance, cleaning, security, etc.)	0.50
2	Furniture and set-up (Dining table, chairs, sofa, beds, wardrobes, and side tables)	3.50
3	Fixture (Lighting, plumbing, built-in shelves, cabinets, etc.)	1.00
4	Equipment (Kitchen, entertainment, etc.)	1.00
5	Linen and Furnishings	0.50
	Total	6.50

Local suppliers in India offer a wide range of furniture and fixtures. The entrepreneur can avail furniture after thorough research and analysis. Below are the tentative suppliers in India. Besides these, online platforms such as India Mart, Trade Mart, etc. can also be explored for ordering online.

1. Amar Linen
311 Kargi Grant, Swarn Medical Centre,
Banjarawala Road, Dehradun-248001,
Uttarakhand, India

2. ANB Handlooms
455/9, Sanoli Road,
Panipat - 132103,
Haryana, India

3. Home Zone India
WZ-247, First Floor, Punjabi Bagh West,
Madipur, Near Shiv Mandir,
New Delhi-110063, Delhi, India

15. SALES REALISATION

Sr. No	Service	Sales realization in lakhs
1	Service Apartment inclusive of services (24/7 security, housekeeping, and utilities, kitchen facilities, Wi-Fi, housekeeping services, in-room entertainment, laundry services, parking, health and fitness amenities, etc.)	40.50
	Total	40.50

16. PROFITABILITY CALCULATIONS

The basis of profitability is;

Sr. No	Particulars	Annual Expenses (Rs. in lakhs)
A.	Sales realization	40.50
B.	Cost of production	
i)	Raw materials	12.15
ii)	Utilities	1.00
iii)	Manpower Cost (Salaries/wages)	18.72
iv)	Administrative expenses	0.28
v)	Selling & distribution expenses	1.44
vi)	Rent	1.00
vii)	Interest	0.59
	Total (B)	35.18
	Gross profit/loss (A – B)	5.32
	Less: Depreciation	0.70

C.	PBIT	4.62
D.	Income-tax	0.92
E.	Net profit/loss	3.69
F.	Repayment (Annual)	0.83
G.	Retained surplus (E-F)	2.86

17. BREAKEVEN ANALYSIS

(Rs. in lakhs)

Fixed cost	
Land & Building Rent	1.00
Depreciation	0.70
Interest	0.59
Manpower	5.62
Total Fixed cost	7.91
Variable cost	
Raw materials	12.15
Utilities	1.00
Manpower	13.10
Administrative expenses	0.28
Selling & distribution expenses	1.44
Total Variable cost	27.97
Contribution margin	20%
Break-Even Point in Value	39.55

18. STATUTORY/GOVERNMENT APPROVALS

The project needs to carry out general formalities around service apartments:

1. Business Registration: Obtain a Certificate of Incorporation or register as a sole proprietorship/partnership along with local municipal corporation approval.
2. Land Use and Zoning Clearance: Ensure compliance with land use and zoning regulations; obtain clearances from local planning authorities.
3. Fire Safety Certificate: Obtain a fire safety certificate from the local fire department, meeting required standards.
4. Goods and Services Tax (GST) Registration: Register for GST with GSTN if annual turnover exceeds a stipulated threshold.
5. Ensure police verification for staff, especially those involved in guest interactions.

19. TRAINING CENTERS AND COURSES

Training centers that offer professional training and certification in entrepreneurship and business management are as follows:

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
Regional Centre, Dehradun
NSTI Campus, Green Park, Dehradun-248001,
Uttarakhand, India

2. Indian Institute of Entrepreneurship (IIE)
NH-37 Bypass, Near Game Village,
Lalmati Guwahati- 781029,
Assam, India

3. Institute of Entrepreneurship Development (IEDUP)
A- 1 & 2, Industrial Area, Sarojini Nagar,
Kanpur Road, Lucknow-226008,
Uttar Pradesh, India

Besides, Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for handholding services viz. application filling/project report preparation, EDP, financial Training, Skill Development, mentoring, etc.

Disclaimer

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.