



E-COMMERCE

Introduction

Electronic Commerce, Commonly Known as e-commerce, It is a type of industry where buying and selling of product or service is conducted over electronic systems such as internet and other computer. Make a Website to Start an Ecommerce Business -One of the essential things that you need to do while beginning an online or Ecommerce business is to make a website. Ecommerce Start-up cost which can't be avoided- Domain, Hosting, web improvement, Maintenance, inventory and payment processing. Types of Ecommerce are Business to business, Business to customer, Consumer to consumer, and Consumer to business. Here, my project is based on Business to consumer model of Ecommerce.

Market Potential

Growing Demand -India's Ecommerce order volume increased by 36% in the last quarter of 2020, with the personal care, beauty and wellness (PCB&W) Segment being the largest beneficiary. Despite depressed consumer spending, economic slowdown and uncertainty created due to Covid-19 Ecommerce players are expecting strong sales growth. Developing at an outstanding rate, the market worth of the web based business industry in India was roughly 50 billion U.S dollars in 2018. This number was assessed to arrive at 200 billion U.S. dollars by 2027.

Process Of E-Commerce

Online Business works pretty much on same principal as an offline/retail keep does. On a broader scale, the entire ecommerce system may be broken down into three main processes:

1. **Receiving Orders** -This is step one in which clients location the order via the ecommerce platform (internet site or a web portal), and the vendor makes aware of it.
2. **Processing Order Information** -The Second step in which all of the information of the order are processed and completed. It is now geared up for transport.
3. **Shipping** -The remaining step in which the transport system is carried out. All the logistics additives play a large position on this step to make sure well timed transport to the customer.

Cost of Project

Particulars	Amount (Rs.in Lakhs)
Warehouse (own)	
Interior Development Cost (2000 Sq. ft @ 100.00)	2.00
Interior Partition cost (For Partition of chamber separately)	2.00
Miscellaneous Fixed Assets	9.20
Professionally built Ecommerce website	5.00
D G Set	2.50
Escalation & Contingencies	1.04
Preliminary & Preoperative Expenses	1.21
Sub-total (A)	22.94
Working Capital Margin @40% of Total WC Requirement	4.80
Total Project Cost	27.74
Total Working Capital Required (25% of 1st Year Projected Turnover) (B)	12.00
MEANS OF FINANCE	
Total Funds Required(A+B)	34.94
Loan Component-	
TERM LOAN (60% of A)	13.76
WORKING CAPITAL (60% of B)	7.20
Total	20.96
Equity	13.98
Total	34.94

Contingencies and Escalations

It has been assumed at approximately 5% at cost of project.

Preliminary Expenses

Particulars	Amount (Rs.in Lakhs)
Incorporation Expenses	0.15
Project Report Preparation and Consultation	0.30
Feasibility and Engineer's/Architect's Report and Plans	0.125
Legal Charges - Drafting for agreements, contracts, stamp paper, notary	0.1
Other recurring expenses of revenue nature upto start of commercial	0.24
Interest Cost for period before commercial production	0.29
Total	1.21

Salary

Designation	Manpower	Amount (Rs.in Lakhs)
Delivery Boy	5	9
Sweeper	1	0.72
Security Guard	2	2.16
Accountant	1	2.4
Manager	1	3.6
Delivery Boy	5	9

Profitability Statement

Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Annual Turnover	48.00	52.80	58.08	63.89	70.28
Total Income/ annum	48.00	52.80	58.08	63.89	70.28
<u>B. OPERATING EXPENSES</u>					
Raw Material Procurement	20.00	22.00	24.20	26.62	29.28
Salary	17.88	19.67	21.63	23.80	26.18
Domain Name	0.02	0.02	0.02	0.02	0.03
Hosting Charges	3.60	3.96	4.36	4.79	5.27
Website Maintenance Charges	1.20	1.32	1.45	1.60	1.76
Shipping cost (Assumed Rs 100 per order)	4.80	5.28	5.81	6.39	7.03
Transaction Processing cost	0.96	1.06	1.16	1.28	1.41
Repair & Maintenance	0.33	0.35	0.37	0.39	0.41
Power & utilities	2.55	2.81	3.09	3.39	3.73
Depreciation and amortization	2.48	2.48	2.23	1.97	1.97
Marketing	2.00	2.20	2.42	2.66	2.93
Total Operating Expenses	35.82	39.14	42.53	46.29	50.71
Operating Profit (A-B)	12.18	13.66	15.55	17.59	19.57
<u>C.FINANCIAL EXPENSES</u>					
Interest on loan	1.80	1.45	1.01	0.57	0.11
<u>D. Other Expenses</u>					
Administrative and General Expenses	0.96	1.06	1.16	1.28	1.41
Total Expenses	2.76	2.50	2.17	1.85	1.52
Profit before Tax	9.42	11.16	13.38	15.75	18.06
Provision for Tax	2.35	2.79	3.34	3.94	4.51
Profit After Tax	7.06	8.37	10.03	11.81	13.54
Dividend	-	-	-	-	-
Retained Profits	7.06	8.37	10.03	11.81	13.54

Breakeven Point

Break Even Point (BEP)				Amount (Rs. in Lakhs)		
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	48.00	52.80	58.08	63.89	70.28
B.	Variable Cost					
	Raw Material	20.00	22.00	24.20	26.62	29.28
	Power and Utility	2.55	2.81	3.09	3.39	3.73
	Administrative and General Expenses	0.96	1.06	1.16	1.28	1.41
	Marketing	2.00	2.20	2.42	2.66	2.93
	Total Variable Cost	5.51	6.06	6.67	7.33	8.07
C.	Contribution (A-B)	42.49	46.74	51.41	56.55	62.21
D.	Fixed Cost					
	Salary	17.88	19.67	21.63	23.80	26.18
	Interest	1.80	1.45	1.01	0.57	0.11
	Repair & Maintenance	0.33	0.35	0.37	0.39	0.41
	Depreciation and Amortisation	2.48	2.48	2.23	1.97	1.97
	Total Fixed Cost	22.49	23.94	25.24	26.73	28.67
E.	Breakeven Point	53%	51%	49%	47%	46%
F.	Cash BEP	47%	46%	45%	44%	43%

Debt-Service Coverage Ratio

				Amount (Rs. in Lakhs)		
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	7.06	8.37	10.03	11.81	13.54
ii	Depreciation	2.48	2.48	2.23	1.97	1.97
iii	Interest	1.80	1.45	1.01	0.57	0.11
A	Total (i + ii + iii)	11.34	12.29	13.27	14.35	15.63
i	Interest	1.80	1.45	1.01	0.57	0.11
ii	Principal repayment	2.59	5.17	5.17	5.17	3.88
B	Total (i + ii)	4.38	6.62	6.18	5.74	3.99
	DSCR (A / B)	2.59	1.86	2.15	2.50	3.92

Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment.

We have assumed the repayment tenure of term loan for a period of 5 years, Rate of interest being 8.5% p.a. with the moratorium period of 7 months.

Address of Vendors

Name of vendor	Address and Contact Number
Famous Engineering Work	Gamdevi, Mumbai, Maharashtra Phone No: 08048968658

ANNEXURE- I

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
O													
Principal													
Opening	13.76												
Repaid													-
Closing	13.86												
Interest	0.10												0.10
I													
Principal													
Opening	21.06	21.21	21.36	21.51	21.66	21.82	21.97	21.54	21.11	20.68	20.25	19.82	
Repaid	-	-	-	-	-	-	0.43	0.43	0.43	0.43	0.43	0.43	2.59
Closing	21.21	21.36	21.51	21.66	21.82	21.97	21.54	21.11	20.68	20.25	19.82	19.39	
Interest	0.15	0.15	0.15	0.15	0.15	0.15	0.16	0.15	0.15	0.15	0.14	0.14	1.80
II													
Principal													
Opening	19.39	18.96	18.53	18.10	17.66	17.23	16.80	16.37	15.94	15.51	15.08	14.65	
Repaid	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	5.17
Closing	18.96	18.53	18.10	17.66	17.23	16.80	16.37	15.94	15.51	15.08	14.65	14.22	
Interest	0.14	0.13	0.13	0.13	0.13	0.12	0.12	0.12	0.11	0.11	0.11	0.10	1.45
III													
Principal													
Opening	14.22	13.79	13.36	12.93	12.49	12.06	11.63	11.20	10.77	10.34	9.91	9.48	
Repaid	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	5.17
Closing	13.79	13.36	12.93	12.49	12.06	11.63	11.20	10.77	10.34	9.91	9.48	9.05	
Interest	0.10	0.10	0.09	0.09	0.09	0.09	0.08	0.08	0.08	0.07	0.07	0.07	1.01
IV													
Principal													
Opening	9.05	8.62	8.19	7.76	7.32	6.89	6.46	6.03	5.60	5.17	4.74	4.31	
Repaid	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	5.17
Closing	8.62	8.19	7.76	7.32	6.89	6.46	6.03	5.60	5.17	4.74	4.31	3.88	
Interest	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.03	0.03	0.57
V													
Principal													
Opening	3.88	3.45	3.02	2.59	2.15	1.72	1.29	0.86	0.43	-0.00	-	-	
Repaid	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	0.43	-0.00	-	-	3.88
Closing	3.45	3.02	2.59	2.15	1.72	1.29	0.86	0.43	-0.00	-	-	-	
Interest	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.00	-0.00	-	-	-	0.11