



## **MODERN ADVERTISING** **AGENCY WITH DTP AND** **FILM STUDIO**

### **Introduction**

Advertising is a well-known marketing strategy used by entities worldwide to gain and retain customers. The main objective towards advertising is to promote their goods and services. Traditionally advertisement may be done through newspapers, radio blogs but nowadays the modern way of advertising include making short video to convey the idea of the entity to the mass at large. Television advertising and online advertising is used the most in the modern era.

The advertising agency market includes the sale of advertising services and related products by entities (organizations, self-employed individuals, and partnerships) that plan, develop, create, and manage advertising and promotional activities on newspapers, radio, television, websites, and social networking sites

An advertising agency, commonly known as a creative agency or advertising agency, is a company dedicated to creating, planning and processing advertisements and sometimes other forms of promotion and marketing for its clients. Advertising agencies use a wide range of advertising strategies to create marketing campaigns tailored to customer needs. Advertising companies work closely with clients to collect information and display their advertising ideas, followed by the creative process of creating and distributing print and online advertisements.

### **Market Potential**

The advertising agency market is segmented into television, digital, print, OOH (outdoor advertising), radio and other advertising services. Only include goods and services that are traded between entities or sold to end consumers. The market size is estimated to reach US \$ 455.38 billion in 2025, with a compound annual growth rate of 6.9%. The advertising agency market covered by this report is subdivided into online advertising and offline advertising. Increased cross-industry ad spend is expected to drive market demand for ad agencies. Video and mobile advertising are the main contributors to the growth of ad spend. Digital advertising has recently exceeded total television advertising spending. The retail industry accounts for the largest share of total advertising spending. Therefore, increased ad spending is expected to drive market demand for ad agencies.

## Cost of Project

Particulars	Amount (Rs.in Lakhs)
Owned Land	-
Civil works and Buildings (9500 sq. ft. @1200/-)	114.00
Interior (8850 sq. ft. @750/-)	66.38
Miscellaneous Fixed Assets	30.22
D G Set (50 KVA)	3.70
Escalation & Contingencies	10.71
Preliminary & Preoperative Expenses	20.48
<b>Sub-total (A)</b>	<b>245.48</b>
Working Capital Margin @40% of Total WC Requirement	15.84
<b>Total Project Cost</b>	<b>261.32</b>
<b>Total Working Capital Required (B)</b>	<b>39.60</b>
<b>MEANS OF FINANCE</b>	
<b>Total funds required (A+B)</b>	<b>285.08</b>
<u>Loan component-</u>	0.00
Term loan (60% of A)	147.29
Working capital (60% of B)	23.76
<b>TOTAL</b>	<b>171.05</b>
Equity	114.03
<b>TOTAL</b>	<b>285.08</b>

## Detailed Cost Element

Sl. no.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
1	Computer system	5	50,000	2.50
2	Professional video camera	3	1,79,000	5.37
3	Camera tripod	3	13,000	0.39
4	Green backdrop background	10	650	0.07
5	Backdrop support fit	5	2,000	0.10
6	Microphone	5	5,000	0.25
7	Audio sound mixer	3	75,000	2.25
8	Music system	5	55,000	2.75
9	CCTV	8	3,000	0.24
10	Water filters	2	15,000	0.30
11	Air conditioners	11	40,000	4.40
12	Furniture for studio	-	-	4.50
13	Lighting sets for shoot	4	15,000	0.60
14	Graphic designing software	3	75,000	2.25
15	Electrical fittings	-	-	2.00
16	Washroom fittings	-	-	0.75
17	Make up room fittings	-	-	1.50
<b>Total</b>				<b>30.22</b>

## Contingencies and Escalations

It has been assumed at approximately 5% at cost.

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.15
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	2.85
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Security guard and others	10.08
Interest Cost for period before commercial operations	7.00
<b>Total</b>	<b>20.48</b>

## Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Graphic designer	2	7.20
Editor	2	9.60
Director	1	6.00
VFX supervisor	1	3.60
Cameraman	2	6.00
DTP operator	2	4.32
Helper	7	10.08
Accounts staff	2	3.60
Receptionist	1	1.80
Security staff	2	2.88
Office staff	2	3.60

## Profitability Statement

Particulars	Amount (Rs. in lakhs)						
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5	Year- 6	Year- 7
<b><u>A. INCOME</u></b>							
Maximum Capacity (Advertisement per annum)	144	144	144	144	144	144	144
Capacity utilisation	55%	60.0%	65.0%	70.0%	75.0%	80.0%	80.0%
Production During the year	79	86	94	101	108	115	115
Annual turnover	158.40	172.80	187.20	201.60	216.00	230.40	230.40
<b>Total income during the year</b>	<b>158.40</b>	<b>172.80</b>	<b>187.20</b>	<b>201.60</b>	<b>216.00</b>	<b>230.40</b>	<b>230.40</b>
<b><u>B. OPERATING EXPENSES</u></b>							
Salary	58.68	61.61	64.69	67.93	71.33	74.89	78.64
Repair & Maintenance	0.76	0.79	0.82	0.85	0.88	0.92	0.96
Power & utilities	7.19	7.19	7.19	7.19	7.19	7.19	7.19
Depreciation and Amortisation	14.99	14.99	14.99	13.33	13.33	9.23	9.23
<b>Total Operating Expenses</b>	<b>81.61</b>	<b>84.58</b>	<b>87.69</b>	<b>89.30</b>	<b>92.73</b>	<b>92.23</b>	<b>96.01</b>
<b>Operating Profit (A-B)</b>	<b>76.79</b>	<b>88.22</b>	<b>99.51</b>	<b>112.30</b>	<b>123.27</b>	<b>138.17</b>	<b>134.39</b>
<b><u>C. FINANCIAL EXPENSES</u></b>							
Interest on Term Loan	11.70	9.91	8.12	6.33	4.55	2.76	0.97
Interest on WC Loan	2.02	2.02	2.02	2.02	2.02	2.02	2.02
<b><u>D. Other Expenses</u></b>							
Administrative and general Expenses	3.96	4.32	4.68	5.04	5.40	5.76	5.76
<b>Total Expenses</b>	<b>17.68</b>	<b>16.25</b>	<b>14.82</b>	<b>13.39</b>	<b>11.97</b>	<b>10.54</b>	<b>8.75</b>
<b>Profit Before Tax</b>	<b>59.11</b>	<b>71.97</b>	<b>84.69</b>	<b>98.91</b>	<b>111.31</b>	<b>127.63</b>	<b>125.64</b>
Provision for Tax	14.78	17.99	21.17	24.73	27.83	31.91	31.41
<b>Profit after Tax (PAT)</b>	<b>44.33</b>	<b>53.98</b>	<b>63.52</b>	<b>74.18</b>	<b>83.48</b>	<b>95.72</b>	<b>94.23</b>
Dividend Declared	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Retained Profit</b>	<b>44.33</b>	<b>53.98</b>	<b>63.52</b>	<b>74.18</b>	<b>83.48</b>	<b>95.72</b>	<b>94.23</b>

## Breakeven Point

Break Even Point (BEP)		Amount (Rs. In Lakhs)						
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7
A.	Net Sales	158.40	172.80	187.20	201.60	216.00	230.40	230.40
B.	Variable Cost							
	Power and Utility	7.19	7.19	7.19	7.19	7.19	7.19	7.19
	Total Variable Cost	7.19	7.19	7.19	7.19	7.19	7.19	7.19
C.	Contribution (A-B)	151.21	165.61	180.01	194.41	208.81	223.21	223.21
D.	Fixed cost							
	Salary	58.68	61.61	64.69	67.93	71.33	74.89	78.64
	Interest on Term Loan	11.70	9.91	8.12	6.33	4.55	2.76	0.97
	Interest on WC Loan	2.02	2.02	2.02	2.02	2.02	2.02	2.02
	Repair & Maintenance	0.76	0.79	0.82	0.85	0.88	0.92	0.96
	Depreciation and Amortization	14.99	14.99	14.99	13.33	13.33	9.23	9.23
	Total Fixed Cost	88.14	89.32	90.64	90.46	92.10	89.82	91.81
E.	Breakeven Point	58%	54%	50%	47%	44%	40%	41%
F.	Cash BEP	48%	45%	42%	40%	38%	36%	37%

## Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)						
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5	Year - 6	Year - 7
i	Profit	44.33	53.98	63.52	74.18	83.48	95.72	94.23
ii	Depreciation	14.99	14.99	14.99	13.33	13.33	9.23	9.23
iii	Interest	11.70	9.91	8.12	6.33	4.55	2.76	0.97
A	Total ( i + ii + iii )	71.02	78.88	86.63	93.84	101.35	107.71	104.43
i	Interest	11.70	9.91	8.12	6.33	4.55	2.76	0.97
ii	Principal repayment	21.04	21.04	21.04	21.04	21.04	21.04	21.04
B	Total ( i + ii )	32.74	30.95	29.16	27.38	25.59	23.80	22.01
	DSCR ( A / B )	2.17	2.55	2.97	3.43	3.96	4.53	4.74

## Interest on Term Loan and Principal Repayment

Refer Annexure I for Loan Repayment Schedule.

We have assumed the repayment tenure of term loan for a period of 7 years, Rate of interest being 8.5% p.a. with the moratorium period of 12 months.

## Address of Vendors

Name of the Vendor	Address and Contact Number
Deepjyot Electronics	Safdarjung Enclave, New Delhi Ph No. 8037429832
H.G. & Co.	Delhi Ph No. 8048559522
Photo Media	Delhi Ph No. 8048564994

# ANNEXURE - 1

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
I													
<b>Principal</b>													
Opening	147.29	145.54	143.78	142.03	140.28	138.52	136.77	135.02	133.26	131.51	129.76	128.00	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	145.54	143.78	142.03	140.28	138.52	136.77	135.02	133.26	131.51	129.76	128.00	126.25	
<b>Interest</b>	1.04	1.03	1.02	1.01	0.99	0.98	0.97	0.96	0.94	0.93	0.92	0.91	11.70
II													
<b>Principal</b>													
Opening	126.25	124.50	122.74	120.99	119.24	117.48	115.73	113.97	112.22	110.47	108.71	106.96	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	124.50	122.74	120.99	119.24	117.48	115.73	113.97	112.22	110.47	108.71	106.96	105.21	
<b>Interest</b>	0.89	0.88	0.87	0.86	0.84	0.83	0.82	0.81	0.79	0.78	0.77	0.76	9.91
III													
<b>Principal</b>													
Opening	105.21	103.45	101.70	99.95	98.19	96.44	94.69	92.93	91.18	89.43	87.67	85.92	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	103.45	101.70	99.95	98.19	96.44	94.69	92.93	91.18	89.43	87.67	85.92	84.17	
<b>Interest</b>	0.75	0.73	0.72	0.71	0.70	0.68	0.67	0.66	0.65	0.63	0.62	0.61	8.12
IV													
<b>Principal</b>													
Opening	84.17	82.41	80.66	78.91	77.15	75.40	73.65	71.89	70.14	68.38	66.63	64.88	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	82.41	80.66	78.91	77.15	75.40	73.65	71.89	70.14	68.38	66.63	64.88	63.12	
<b>Interest</b>	0.60	0.58	0.57	0.56	0.55	0.53	0.52	0.51	0.50	0.48	0.47	0.46	6.33
V													
<b>Principal</b>													
Opening	63.12	61.37	59.62	57.86	56.11	54.36	52.60	50.85	49.10	47.34	45.59	43.84	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	61.37	59.62	57.86	56.11	54.36	52.60	50.85	49.10	47.34	45.59	43.84	42.08	
<b>Interest</b>	0.45	0.43	0.42	0.41	0.40	0.39	0.37	0.36	0.35	0.34	0.32	0.31	4.55
VI													
<b>Principal</b>													
Opening	42.08	40.33	38.58	36.82	35.07	33.32	31.56	29.81	28.06	26.30	24.55	22.79	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	40.33	38.58	36.82	35.07	33.32	31.56	29.81	28.06	26.30	24.55	22.79	21.04	
<b>Interest</b>	0.30	0.29	0.27	0.26	0.25	0.24	0.22	0.21	0.20	0.19	0.17	0.16	2.76
VII													
<b>Principal</b>													
Opening	21.04	19.29	17.53	15.78	14.03	12.27	10.52	8.77	7.01	5.26	3.51	1.75	
Repaid	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	21.04
Closing	19.29	17.53	15.78	14.03	12.27	10.52	8.77	7.01	5.26	3.51	1.75	0.00	
<b>Interest</b>	0.15	0.14	0.12	0.11	0.10	0.09	0.07	0.06	0.05	0.04	0.02	0.01	0.97