



BOOK STORE

Introduction

Bookstores sell books and book-adjacent items, of course. But they also may serve as editorial offices, publishing houses, classrooms, and lecture halls, not to mention cafés, play spaces, and reading rooms. Sites of collaboration and exchange, bookstores, like libraries, can help hold a community together. When you support local bookstores, you not only boost up the local economy, you also support their role as a safe haven, livelihood, and place to connect, because in the end, bookstores are not just shelves with books on them. The real heart of bookstores lies in the people that own, run, and use them.

Market Potential

India's book market, currently worth Rs. 261 billion making it the sixth largest of the English language ones, is expected to touch Rs. 739 billion by 2020, says a survey. The study estimates a CASR (compound annual growth rate) of 19.3 percent for the industry in the next five years. However, the Indian book industry receives no direct investment from the government- "a serious roadblock for publishers," the report says. The report, among other interesting facts, also highlights that India is the second largest English-language print book publisher in the world with over 900 publishers. More than 70 percent of publishers in India have digitized their content to produce e-book opportunities to access digital context.

Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee recommendation has been implemented by all the banks. Hence, we have worked out the funding requirement accordingly.
2. Sales of such trading units is majorly impacted by the selection of business location. The entrepreneur should examine all business aspects while selecting this location. Normally, book store is established in a prevalent market area. Thus, we have assumed that the unit has been set up in a market area.
3. The shop premises of this unit is taken on lease. 450 sq. ft. is the proposed area which shall be spacious for stock display and stock-keeping.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 0.5 months.
5. DSCR is high because the term loan component is lesser than working capital requirement. We have not considered repayment for working capital and it is running on a continuous basis.

Cost of Project

Particulars	Amount (Rs. in Lakhs)
Premises (Lease)	-
Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc. (450 sq. ft. @ Rs. 300 per sq. ft.) (Shop Premises)	1.35
Equipment	-
Furniture and Fixtures	0.83
Electrical Equipment	0.22
Inverter (10 kv office inverter)	0.20
Preliminary & Preoperative Expenses	0.79
Sub-total (A)	3.39
Working Capital Margin @ 25% of Total WC Requirement	2.25
Total Project Cost	5.64
Total Working Capital Required (Lump sum) (B)	9.00
MEANS OF FINANCE	
Total Funds Required (A+B)	12.39
Loan Component-	
TERM LOAN (75% of A)	2.54
WORKING CAPITAL (75% of B)	6.75
Total	9.29
Equity	3.10
Total	12.39

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
	Electrical Equipment			
1	FAN	4	1200	0.048
2	CCTV	2	6000	0.120
3	Light	LS	LS	0.050
	Total			0.218
	Furniture and Fixtures			
1	Book shelves			0.60
2	chairs and table			0.15
3	Counter			0.08
	Total			0.83

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary (1 month)	0.14
Rent Expenses (1 month; Rs. 30/sq. ft.)	0.14
Interest Cost for Both Term Loan And CC (period before commercial production)	0.02
Total	0.79

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	2	1.44

Profitability Statement

Amount (Rs. in lakhs)					
Particulars	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<u>A. INCOME</u>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.12	0.13	0.15	0.16	0.18
Annual Sales	36.00	39.60	43.56	47.92	52.71
Total income during the year	36.00	39.60	43.56	47.92	52.71
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	27.00	29.70	32.67	35.94	39.53
Salary	1.44	1.51	1.59	1.67	1.75
Rent	1.62	1.70	1.79	1.88	1.97
Power & utilities	0.90	0.92	0.94	0.96	0.97
Depreciation and Amortization	0.33	0.33	0.33	0.33	0.33
Administrative and General Expenses	0.72	0.79	0.87	0.96	1.05
Total Operating Expenses	32.01	34.95	38.18	41.72	45.61
Operating Profit (A-B)	3.99	4.65	5.38	6.19	7.10
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.20	0.15	0.11	0.07	0.02
Interest on WC Loan	0.57	0.57	0.57	0.57	0.57
Total Expenses	0.77	0.73	0.68	0.64	0.60
Net Profit Before Tax	3.22	3.92	4.70	5.55	6.50
Provision for Tax	0.80	0.98	1.17	1.39	1.63
Profit after Tax (PAT)	2.41	2.94	3.52	4.16	4.88

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	36.00	39.60	43.56	47.92	52.71
B.	Variable Cost					
	Stock Consumed	27.00	29.70	32.67	35.94	39.53
	Power and Utility	0.90	0.92	0.94	0.96	0.97
	Total Variable Cost	27.90	30.62	33.61	36.89	40.50
C.	Contribution (A-B)	8.10	8.98	9.95	11.02	12.20
D.	Fixed cost					
	Salary	1.44	1.51	1.59	1.67	1.75
	Rent Expenses	1.62	1.70	1.79	1.88	1.97
	Interest on Term Loan	0.20	0.15	0.11	0.07	0.02
	Interest on WC Loan	0.57	0.57	0.57	0.57	0.57
	Depreciation and Amortization	0.33	0.33	0.33	0.33	0.33
	Total Fixed Cost	4.16	4.27	4.39	4.51	4.65
E.	Breakeven Point	51%	48%	44%	41%	38%
F.	Cash BEP	47%	44%	41%	38%	35%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	2.41	2.94	3.52	4.16	4.88
ii	Depreciation	0.33	0.33	0.33	0.33	0.33
iii	Interest	0.20	0.15	0.11	0.07	0.02
A	Total (i + ii + iii)	2.94	3.42	3.96	4.56	5.23
i	Interest	0.20	0.15	0.11	0.07	0.02
ii	Principal repayment	0.51	0.51	0.51	0.51	0.51
B	Total (i + ii)	0.71	0.66	0.62	0.58	0.53
	DSCR (A / B)	4.17	5.17	6.40	7.93	9.83

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 5 years, Rate of interest being 8.5% p.a.

Address of Vendors

Name of the Vendor	Address and Contact Number
Ramdeo Fans (BOSCH & SIEMENS home appliances dealer)	P 36, India Exchange PI Rd, Extn, Radha Bazar, Barabazar Market, Kolkata, West Bengal 700001
Cp Plus Cctv Camera Dealer Installation	Esplanade Sovabazar Alipore Saltlake Baguihati Howrah Salkia Laketown Bally Liluah, Dum Dum, Kolkata, West Bengal 700006 Contact no.- 098742 32176

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													
Principal													
Opening	2.54	2.50	2.46	2.42	2.37	2.33	2.29	2.25	2.20	2.16	2.12	2.08	
Repaid	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.51
Closing	2.50	2.46	2.42	2.37	2.33	2.29	2.25	2.20	2.16	2.12	2.08	2.03	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.20
II													
Principal													
Opening	2.03	1.99	1.95	1.91	1.87	1.82	1.78	1.74	1.70	1.65	1.61	1.57	
Repaid	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.51
Closing	1.99	1.95	1.91	1.87	1.82	1.78	1.74	1.70	1.65	1.61	1.57	1.53	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.15
III													
Principal													
Opening	1.53	1.48	1.44	1.40	1.36	1.31	1.27	1.23	1.19	1.14	1.10	1.06	
Repaid	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.51
Closing	1.48	1.44	1.40	1.36	1.31	1.27	1.23	1.19	1.14	1.10	1.06	1.02	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.11
IV													
Principal													
Opening	1.02	0.97	0.93	0.89	0.85	0.81	0.76	0.72	0.68	0.64	0.59	0.55	
Repaid	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.51
Closing	0.97	0.93	0.89	0.85	0.81	0.76	0.72	0.68	0.64	0.59	0.55	0.51	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.07
V													
Principal													
Opening	0.51	0.47	0.42	0.38	0.34	0.30	0.25	0.21	0.17	0.13	0.08	0.04	
Repaid	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.51
Closing	0.47	0.42	0.38	0.34	0.30	0.25	0.21	0.17	0.13	0.08	0.04	0.00	
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02