



## **ORGANIC FOOD STORE**

### **Introduction**

Food that is grown naturally without the use of chemical pesticides and fertilisers is known as organic food. As a result, organic food is often known as natural food. Organic food is extremely beneficial to human health. Organic food does not harm humans because it is not grown or processed with pesticides or chemical fertilisers. Green manure is used to fertilise fields, and crop rotation is used to prevent pests and diseases, which helps to produce safer and healthier food items. Organic food is also often fresher because it does not include preservatives. Organic farming is also healthy for the environment since it decreases pollution, soil erosion, and conserves natural resources.

### **Market Potential**

The organic food business in India is booming, thanks to increased consumer awareness of the products. Organic food demand is being driven by a rising level of health consciousness in the country. Indian consumers have begun to pay attention to the nutritional content and quality of the food they eat, resulting in an increase in demand for organic food. Furthermore, due to factors such as strong economic growth, urbanisation, and rising income levels, consumer expenditure on health and wellness items has expanded considerably. Furthermore, India's significant government backing is catalysing the organic food sector. The Indian government promotes organic farming.

## 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, Organic Food 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. 300 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 1 month.
5. DSCR is high because of 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 @600 per sq. ft. (Shop Premises)	1.80
Equipments	0.60
Furniture and Fixtures	0.13
Electrical Equipment	1.40
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.30
Inverter (15 kv office inverter)	0.30
Preliminary & Preoperative Expenses	0.97
<b>Sub-total (A)</b>	<b>6.00</b>
Working Capital Margin @25% of Total WC Requirement	5.00
<b>Total Project Cost</b>	<b>11.00</b>
Total Working Capital Required @ Lumpsum (B)	20.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>26.00</b>
Loan Component	-
TERM LOAN (75% of A)	4.50
WORKING CAPITAL (75% of B)	15.00
<b>Total</b>	<b>19.50</b>
Equity	6.50
<b>Total</b>	<b>26.00</b>

## Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
<b>Equipments</b>				
1	Digital Weighing Machine	2	5000	0.10
2	Baskets	10	500	0.05
3	Trolleys	15	3000	0.45
	<b>Total</b>			<b>0.60</b>
<b>Electrical Equipment</b>				
1	AC	2	30000	0.60
2	CCTV	LS	LS	0.10
3	Light	LS	LS	0.10
4	Deep Freezer	2	30000	0.60
	<b>Total</b>			<b>1.40</b>
<b>Furniture and Fixtures</b>				
1	Chairs	4	2000	0.08
2	Billing Counter	1	5000	0.05
	<b>Total</b>			<b>0.13</b>

## 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)	0.32
Rent Expenses (1 month; Rs. 30/sq. ft.)	0.12
Interest Cost for BOTH TERM LOAN AND CC (period before commercial production_1 MONTHS)	0.03
<b>Total</b>	<b>0.97</b>

## Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Billing staff and sales executive	1	1.80
Staff	2	2.40

## Profitability Statement

Particulars	Amount (Rs. In lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<b>A. INCOME</b>					
Total Working Days in a Years	300	300	300	300	300
Estimated Sales per Day (in units)	0.27	0.29	0.32	0.35	0.39
Annual Sales (Rs.)	80.00	88.00	96.80	106.48	117.13
<b>TOTAL INCOME</b>	<b>80.00</b>	<b>88.00</b>	<b>96.80</b>	<b>106.48</b>	<b>117.13</b>
<b>B. OPERATING EXPENSE</b>					
Stock Consumed (65% of sales)	56.00	61.60	67.76	74.54	81.99
Salary	4.20	4.41	4.63	4.86	5.11
Rent	1.44	1.51	1.59	1.67	1.75
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	0.72	0.72	0.72	0.54	0.54
Administrative and General Expenses	1.60	1.76	1.94	2.13	2.34
<b>Total Operating Expenses</b>	<b>67.56</b>	<b>73.67</b>	<b>80.38</b>	<b>87.56</b>	<b>95.63</b>
<b>OPERATING PROFIT (A-B)</b>	<b>12.44</b>	<b>14.33</b>	<b>16.42</b>	<b>18.92</b>	<b>21.50</b>
<b>C. FINANCIAL EXPENSES</b>					
Interest on Term loan	0.35	0.27	0.19	0.12	0.04
Interest on Working Capital Loan	1.28	1.28	1.28	1.28	1.28
<b>Total Expenses</b>	<b>1.62</b>	<b>1.55</b>	<b>1.47</b>	<b>1.39</b>	<b>1.32</b>
<b>Net Profit Before Tax</b>	<b>10.82</b>	<b>12.78</b>	<b>14.95</b>	<b>17.53</b>	<b>20.18</b>
Provision for Tax	2.70	3.20	3.74	4.38	5.05
<b>Net Profit after Tax (PAT)</b>	<b>8.11</b>	<b>9.59</b>	<b>11.21</b>	<b>13.15</b>	<b>15.14</b>

## Breakeven Point

Amount( Rs. in lakhs)						
Sl. No.	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	80.00	88.00	96.80	106.48	117.13
B.	Variable Cost					
	Stock consumed	56.00	61.60	67.76	74.54	81.99
	Power and Utility	3.60	3.67	3.75	3.82	3.90
C.	Total Variable Cost	59.60	65.27	71.51	78.36	85.89
D.	Contribution (A-B)	20.40	22.73	25.29	28.12	31.24
	Fixed and Semi-Fixed Cost					
	Salary	4.20	4.41	4.63	4.86	5.11
	Rent Expenses	1.44	1.51	1.59	1.67	1.75
	Interest on term loan	0.35	0.27	0.19	0.12	0.04
	interest on working capital	1.28	1.28	1.28	1.28	1.28
	Depreciation and Amortisation	0.72	0.72	0.72	0.54	0.54
	Total Fixed Cost	7.98	8.19	8.41	8.46	8.71
E.	Breakeven Point	39%	36%	33%	30%	28%
F.	Cash BEP	36%	33%	30%	28%	26%

## Debt-Service Coverage Ratio

Amount (Rs. In Lakhs)						
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	8.11	9.59	11.21	13.15	15.14
ii	Depreciation	0.72	0.72	0.72	0.54	0.54
iii	Interest	0.35	0.27	0.19	0.12	0.04
A	Total (i + ii + iii)	9.18	10.58	12.13	13.81	15.72
i	Interest	0.35	0.27	0.19	0.12	0.04
ii	Principal repayment	0.90	0.90	0.90	0.90	0.90
B	Total (i + ii)	1.25	1.17	1.09	1.02	0.94
	DSCR (A / B )	7.36	9.04	11.09	13.57	16.71

## 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 Vendor	Address and Contact Number
Shree Balajee Traders	Dhanuka Complex, 3 A Block,, Athgaon, Guwahati, Assam 781001 Contact: 083999 25075
Shopping Trolley Manufacturers	Plot No.- 170, Street No.- 1, Dabri Industrial Area, New Delhi, Delhi 110045 Contact: 011 4571 8998

# 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
I													
<b>Principal</b>													
Opening	4.50	4.42	4.35	4.27	4.20	4.12	4.05	3.97	3.90	3.82	3.75	3.67	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.90</b>
Closing	4.42	4.35	4.27	4.20	4.12	4.05	3.97	3.90	3.82	3.75	3.67	3.60	
<b>Interest</b>	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	<b>0.35</b>
II													
<b>Principal</b>													
Opening	3.60	3.52	3.45	3.37	3.30	3.22	3.15	3.07	3.00	2.92	2.85	2.77	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.90</b>
Closing	3.52	3.45	3.37	3.30	3.22	3.15	3.07	3.00	2.92	2.85	2.77	2.70	
<b>Interest</b>	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	<b>0.27</b>
III													
<b>Principal</b>													
Opening	2.70	2.62	2.55	2.47	2.40	2.32	2.25	2.17	2.10	2.02	1.95	1.87	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.90</b>
Closing	2.62	2.55	2.47	2.40	2.32	2.25	2.17	2.10	2.02	1.95	1.87	1.80	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	<b>0.19</b>
IV													
<b>Principal</b>													
Opening	1.80	1.72	1.65	1.57	1.50	1.42	1.35	1.27	1.20	1.12	1.05	0.97	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.90</b>
Closing	1.72	1.65	1.57	1.50	1.42	1.35	1.27	1.20	1.12	1.05	0.97	0.90	
<b>Interest</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	<b>0.12</b>
V													
<b>Principal</b>													
Opening	0.90	0.82	0.75	0.67	0.60	0.52	0.45	0.37	0.30	0.22	0.15	0.07	
Repaid	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	<b>0.90</b>
Closing	0.82	0.75	0.67	0.60	0.52	0.45	0.37	0.30	0.22	0.15	0.07	0.00	
<b>Interest</b>	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.04</b>