



PET SHOP

Introduction

A pet shop or pet store is a retail business which sells different kinds of animals to the public. A variety of animal supplies and pet accessories are also sold in pet shops. The products sold include: food, treats, toys, collars, leashes, cat litter, cages and aquariums. Nowadays pets is one of the factors that makes our life more colorful. Many research and studies confirm about the psychological and health benefits for the pets owners. Dog is the most favorite pets and often called human companions because their friendly and loyal attitude towards his master. World Health Organization (WHO) said about 70 percent of households in the world have one or more dogs.

Market Potential

Increase in pet humanization has resulted in the rising sale of pet supplies globally. Pet supplies take care of pet needs in nourishment, food and safety, exercise, medical attention, bedding, bathing products, and more. In recent years, increase in pet ownership owing to altering cultural and socioeconomic factors is influencing growth of the pet care and service industry. Changes in consumer lifestyle and rising disposable income have also spurred pet adoption which is expected to drive the demand for pet supplies during the forecast years. Pet owners treat their pets (cats, dogs, and Birds) like their family members. Owners are focusing on indulging and humanizing the small pets much more than large pets. Furthermore, demographic shift toward smaller households has encouraged consumers to plug the familial gap with a feline or canine companion. Additionally, increasing incomes have also encouraged families to indulge in pets and provide more facilities to their pets. This factor is expected to drive the growth of the pet supplies market in the coming years.

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. This project deals with sale of puppies only and related pet food, dietary supplements and other pet equipment like pet bed, collar, food and water bowl, pet dress, and pet toys.
3. The shop premises of this unit is taken on lease. 600 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 3 months.
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. (500 sq. ft. @ Rs. 600 per sq. ft.) (Shop Premises)	4.80
Equipment	1.18
Furniture and Fixtures	1.50
Electrical Equipment	0.30
Desktop and Printer	0.30
Software Cost (Tally/SAP)	0.25
Inverter (10 kv office inverter)	1.24
Preliminary & Preoperative Expenses	9.57
Sub-total (A)	5.00
Working Capital Margin @ 25% of Total WC Requirement	14.57
Total Project Cost	20.00
Total Working Capital Required (Lump sum) (B)	-
MEANS OF FINANCE	
Total Funds Required (A+B)	29.57
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	7.17
WORKING CAPITAL (75% of B)	15.00
Total	22.17
Equity	7.39
Total	29.57

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	AC	2	50000	1.00
2	CCTV	2	20000	0.40
3	Fan	2	2500	0.05
4	Light	3	1500	0.05
Total				1.50
Furniture and Fixtures				
1	Chairs	LS	LS	0.10
2	Cages	5	2000	0.10
3	Shelves	LS		0.80
4	Cash counter	LS		0.18
Total				1.19

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 (3 months)	0.12
Rent Expenses (3 months; Rs. 30/sq. ft.)	0.48
Interest Cost for Both Term Loan And CC (period before commercial production)	0.14
Total	1.24

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Cashier	1	0.96
Pet caring attendant	2	2.04
Pet trainer	1	3.60
Pet doctor	1	2.40

Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	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	0.33	0.37	0.40	0.44	0.49
Annual Sales	100.00	110.00	121.00	133.10	146.41
Total income during the year	100.00	110.00	121.00	133.10	146.41
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	75.00	82.50	90.75	99.83	109.81
Salary	3.00	3.15	3.31	3.47	3.65
Rent	2.88	3.02	3.18	3.33	3.50
Power & utilities	1.20	1.22	1.25	1.27	1.30
Depreciation and Amortization	0.88	0.88	0.88	0.78	0.78
Administrative and General Expenses	2.00	2.20	2.42	2.66	2.93
Total Operating Expenses	84.96	92.98	101.78	111.34	121.96
Operating Profit (A-B)	15.04	17.02	19.22	21.76	24.45
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.76	0.59	0.43	0.26	0.09
Interest on WC Loan	1.28	1.28	1.28	1.28	1.28
Total Expenses	2.03	1.87	1.70	1.53	1.37
Net Profit Before Tax	13.00	15.15	17.52	20.22	23.09
Provision for Tax	3.25	3.79	4.38	5.06	5.77
Profit after Tax (PAT)	9.75	11.36	13.14	15.17	17.31

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	100.00	110.00	121.00	133.10	146.41
B.	Variable Cost					
	Stock Consumed	75.00	82.50	90.75	99.83	109.81
	Power and Utility	1.20	1.22	1.25	1.27	1.30
	Total Variable Cost	76.20	83.72	92.00	101.10	111.11
C.	Contribution (A-B)	23.80	26.28	29.00	32.00	35.30
D.	Fixed cost					
	Salary	3.00	3.15	3.31	3.47	3.65
	Rent Expenses	2.88	3.02	3.18	3.33	3.50
	Interest on Term Loan	0.76	0.59	0.43	0.26	0.09
	Interest on WC Loan	1.28	1.28	1.28	1.28	1.28
	Depreciation and Amortization	0.88	0.88	0.88	0.78	0.78
	Total Fixed Cost	8.80	8.92	9.07	9.12	9.29
E.	Breakeven Point	37%	34%	31%	28%	26%
F.	Cash BEP	33%	31%	28%	26%	24%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	9.75	11.36	13.14	15.17	17.31
ii	Depreciation	0.88	0.88	0.88	0.78	0.78
iii	Interest	0.76	0.59	0.43	0.26	0.09
A	Total (i + ii + iii)	11.39	12.84	14.44	16.20	18.18
i	Interest	0.76	0.59	0.43	0.26	0.09
ii	Principal repayment	1.97	1.97	1.97	1.97	1.97
B	Total (i + ii)	2.73	2.56	2.39	2.23	2.06
	DSCR (A / B)	4.18	5.01	6.04	7.28	8.83

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
Pet City	Jatia Kahilipara Road, Guwahati
Dog concept pet store	Jayanagar pet store, Guwahati

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	9.84	9.68	9.51	9.35	9.18	9.02	8.86	8.69	8.53	8.36	8.20	8.04	
Repaid	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.97
Closing	9.68	9.51	9.35	9.18	9.02	8.86	8.69	8.53	8.36	8.20	8.04	7.87	
Interest	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
II													
Principal													
Opening	7.87	7.71	7.54	7.38	7.22	7.05	6.89	6.72	6.56	6.40	6.23	6.07	
Repaid	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.97
Closing	7.71	7.54	7.38	7.22	7.05	6.89	6.72	6.56	6.40	6.23	6.07	5.90	
Interest	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.59
III													
Principal													
Opening	5.90	5.74	5.58	5.41	5.25	5.08	4.92	4.76	4.59	4.43	4.26	4.10	
Repaid	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.97
Closing	5.74	5.58	5.41	5.25	5.08	4.92	4.76	4.59	4.43	4.26	4.10	3.94	
Interest	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.43
IV													
Principal													
Opening	3.94	3.77	3.61	3.44	3.28	3.12	2.95	2.79	2.62	2.46	2.30	2.13	
Repaid	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.97
Closing	3.77	3.61	3.44	3.28	3.12	2.95	2.79	2.62	2.46	2.30	2.13	1.97	
Interest	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.26
V													
Principal													
Opening	1.97	1.80	1.64	1.48	1.31	1.15	0.98	0.82	0.66	0.49	0.33	0.16	
Repaid	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	1.97
Closing	1.80	1.64	1.48	1.31	1.15	0.98	0.82	0.66	0.49	0.33	0.16	0.00	
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	0.09