



## **SPECTACLE STORE**

### **Introduction**

A glasses store sells eyewear that can be corrective, protective, or simply stylish. Stores can be set up in two ways: they can serve clients who have been referred to them by established medical eye care practises, or they can be a full-service shop with an on-staff optometrist.

A big chunk of your clientele will be walk-ins with current prescriptions or who are simply looking for attractive eyewear. Glasses have made a resurgence as a fashion trend, making now the ideal time to start a business in this field.

### **Market Potential**

The Indian eyeglasses industry, which was formerly an almost stagnant market, has now been transformed into one of the country's fastest expanding retail industries. This can be attributed to the arrival of numerous organised players into the market, a major increase in the demand for eyewear in terms of volume sales, significant shifts in consumer tastes and attitudes toward the eyewear category, and so on. The booming eyewear market has spurred industrial behemoths such as Reliance and Titan to enter the market.

### **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, Spectacle 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. 500 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<br>(Rs.in Lakhs) |
|--|-------------------------|
| Premises (Lease)   | -                       |
| Interior Civil Work including False Ceiling, Wall Rack, Partition Rack, etc including Doctor chamber & Technician Room (Shop Premises) | 7.50                    |
| Ophthalmic Equipment   | 7.39                    |
| Furniture and Fixtures as per Annexure   | 0.55                    |
| Electrical Equipment (AC, as per Annexure)   | 1.50                    |
| Desktop and Printer  | 0.50                    |
| Software Cost (Tally/SAP)  | 0.30                    |
| Inverter (5 Kv office inverter)  | 0.30                    |
| Preliminary & Preoperative Expenses  | 2.39                    |
| <b>Sub-total (A)</b>   | <b>20.43</b>            |
| Working Capital Margin @25% of Total WC Requirement  | 7.50                    |
| <b>Total Project Cost</b>  | <b>27.93</b>            |
| Total Working Capital Required (Lumpsum) (B)   | 30.00                   |
| <b>MEANS OF FINANCE</b>  |                         |
| <b>Total Funds Required(A+B)</b>   | <b>50.43</b>            |
| Loan Component   |                         |
| TERM LOAN(60% of A)  | 15.32                   |
| WORKING CAPITAL(60% of B)  | 22.50                   |
| <b>Total</b>   | <b>37.82</b>            |
| Equity   | 12.61                   |
| <b>Total</b>   | <b>50.43</b>            |

## Detailed Cost Element

| Sl. No.                       | Particulars                         | Quantity | Rate   | Amount (Rs. in Lakhs) |
|-------------------------------|-------------------------------------|----------|--------|-----------------------|
| <b>Optthalmic Equipments</b>  |                                     |          |        |                       |
| 1                             | Trial lens set                      | 1        | 5000   | 0.05                  |
| 2                             | Digital Lensometer                  | 1        | 80000  | 0.80                  |
| 3                             | Lens reading machine                | 1        | 8000   | 0.08                  |
| 4                             | Optical hand Edger                  | 1        | 7000   | 0.07                  |
| 5                             | Automatic digital Saccharimeter     | 1        | 200000 | 2.00                  |
| 6                             | Auto Refractometer                  | 1        | 350000 | 3.50                  |
| 7                             | Dobsonian Telescope                 | 2        | 50000  | 0.50                  |
| 8                             | magnifying glass                    | 2        | 500    | 0.01                  |
| 9                             | glass frame                         | 1        | 500    | 0.01                  |
| 10                            | Binocular                           | 1        | 7000   | 0.07                  |
| 11                            | Stethoscope, Black Chestpiece, Tube | 1        | 30000  | 0.30                  |
| <b>Total</b>                  |                                     |          |        | <b>7.39</b>           |
| <b>Electrical Equipment</b>   |                                     |          |        |                       |
| 1                             | AC                                  | 2        | 50000  | 1.00                  |
| 2                             | CCTV                                | 1        | 25000  | 0.25                  |
| 3                             | Fan                                 | 1        | 15000  | 0.15                  |
| 4                             | Light                               | 1        | 10000  | 0.10                  |
| <b>Total</b>                  |                                     |          |        | <b>1.50</b>           |
| <b>Furniture and Fixtures</b> |                                     |          |        |                       |
| 1                             | Reception Cum billing counter       | 1        | 15000  | 0.15                  |
| 2                             | Customer seating chair              | 10       | 4000   | 0.40                  |
| <b>Total</b>                  |                                     |          |        | <b>0.55</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 (3 months)  | 0.81                  |
| Rent Expenses (3 months; Rs. 50/sq. ft.)   | 0.75                  |
| Interest Cost for BOTH TERM LOAN (period before commercial production_3 MONTHS)            | 0.33                  |
| <b>Total</b>   | <b>2.39</b>           |

## Salary

| Designation                       | Manpower | Amount<br>(Rs. In Lakhs) |
|-----------------------------------|----------|--------------------------|
| Technician                        | 2        | 6.00                     |
| Billing Staff and Sales Executive | 3        | 5.76                     |
| Office Boy                        | 1        | 1.20                     |

## 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)  | 0.40                  | 0.44          | 0.48          | 0.53          | 0.59          |
| Annual Sales (Rs.)                  | 120.00                | 132.00        | 145.20        | 159.72        | 175.69        |
| <b>TOTAL INCOME</b>                 | <b>120.00</b>         | <b>132.00</b> | <b>145.20</b> | <b>159.72</b> | <b>175.69</b> |
| <b>B. OPERATING EXPENSE</b>         |                       |               |               |               |               |
| Stock Consumed (65% of sales)       | 78.00                 | 85.80         | 94.38         | 103.82        | 114.20        |
| Salary                              | 12.96                 | 13.61         | 14.29         | 15.00         | 15.75         |
| Doctor's Honorarium                 | 1.80                  | 1.89          | 1.98          | 2.08          | 2.19          |
| Rent                                | 2.70                  | 2.84          | 2.98          | 3.13          | 3.28          |
| Power & utilities                   | 3.00                  | 3.06          | 3.12          | 3.18          | 3.25          |
| Depreciation and Amortization       | 1.73                  | 1.73          | 1.73          | 1.56          | 1.56          |
| Administrative and General Expenses | 2.40                  | 2.64          | 2.90          | 3.19          | 3.51          |
| <b>Total Operating Expenses</b>     | <b>102.59</b>         | <b>111.56</b> | <b>121.39</b> | <b>131.96</b> | <b>143.74</b> |
| <b>OPERATING PROFIT (A-B)</b>       | <b>17.41</b>          | <b>20.44</b>  | <b>23.81</b>  | <b>27.76</b>  | <b>31.95</b>  |
| <b>C. FINANCIAL EXPENSES</b>        |                       |               |               |               |               |
| Interest on Term loan               | 1.18                  | 0.92          | 0.66          | 0.40          | 0.14          |
| Interest on Working Capital Loan    | 1.91                  | 1.91          | 1.91          | 1.91          | 1.91          |
| <b>Total Expenses</b>               | <b>3.10</b>           | <b>2.83</b>   | <b>2.57</b>   | <b>2.31</b>   | <b>2.05</b>   |
| <b>Net Profit Before Tax</b>        | <b>14.31</b>          | <b>17.60</b>  | <b>21.24</b>  | <b>25.44</b>  | <b>29.90</b>  |
| Provision for Tax                   | 3.58                  | 4.40          | 5.31          | 6.36          | 7.47          |
| <b>Net Profit after Tax (PAT)</b>   | <b>10.74</b>          | <b>13.20</b>  | <b>15.93</b>  | <b>19.08</b>  | <b>22.42</b>  |

## Breakeven Point

| Amount (Rs. in lakhs) |                               |          |          |          |          |          |
|-----------------------|-------------------------------|----------|----------|----------|----------|----------|
| SL                    | Particulars                   | Year - 1 | Year - 2 | Year - 3 | Year - 4 | Year - 5 |
| A.                    | Net Sales                     | 120.00   | 132.00   | 145.20   | 159.72   | 175.69   |
| B.                    | Variable Cost                 |          |          |          |          |          |
|                       | Stock consumed                | 78.00    | 85.80    | 94.38    | 103.82   | 114.20   |
|                       | Power and Utility             | 3.00     | 3.06     | 3.12     | 3.18     | 3.25     |
| C.                    | Total Variable Cost           | 81.00    | 88.86    | 97.50    | 107.00   | 117.45   |
| D.                    | Contribution (A-B)            | 39.00    | 43.14    | 47.70    | 52.72    | 58.24    |
|                       | Fixed and Semi-Fixed Cost     |          |          |          |          |          |
|                       | Salary                        | 12.96    | 13.61    | 14.29    | 15.00    | 15.75    |
|                       | Rent Expenses                 | 2.70     | 2.84     | 2.98     | 3.13     | 3.28     |
|                       | Doctor's Honorarium           | 1.80     | 1.89     | 1.98     | 2.08     | 2.19     |
|                       | Interest on term loan         | 1.18     | 0.92     | 0.66     | 0.40     | 0.14     |
|                       | interest on working capital   | 1.91     | 1.91     | 1.91     | 1.91     | 1.91     |
|                       | Depreciation and Amortisation | 1.73     | 1.73     | 1.73     | 1.56     | 1.56     |
|                       | Total Fixed Cost              | 22.29    | 22.90    | 23.56    | 24.08    | 24.83    |
| E.                    | Breakeven Point               | 57%      | 53%      | 49%      | 46%      | 43%      |
| F.                    | Cash BEP                      | 53%      | 49%      | 46%      | 43%      | 40%      |

## Debt-Service Coverage Ratio

| Amount (Rs. In Lakhs) |                      |          |          |          |          |          |
|-----------------------|----------------------|----------|----------|----------|----------|----------|
| SL                    | Particulars          | Year - 1 | Year - 2 | Year - 3 | Year - 4 | Year - 5 |
| i                     | Profit               | 10.74    | 13.20    | 15.93    | 19.08    | 22.42    |
| ii                    | Depreciation         | 1.73     | 1.73     | 1.73     | 1.56     | 1.56     |
| iii                   | Interest             | 1.18     | 0.92     | 0.66     | 0.40     | 0.14     |
| A                     | Total (i + ii + iii) | 13.65    | 15.85    | 18.32    | 21.04    | 24.12    |
| i                     | Interest             | 1.18     | 0.92     | 0.66     | 0.40     | 0.14     |
| ii                    | Principal repayment  | 3.06     | 3.06     | 3.06     | 3.06     | 3.06     |
| B                     | Total (i + ii)       | 4.25     | 3.99     | 3.73     | 3.47     | 3.20     |
|                       | DSCR (A / B )        | 3.21     | 3.98     | 4.92     | 6.07     | 7.53     |

## 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  |
|-----------------------------|---|
| Unitech Vision              | 23-4736 1st floor, Ansari Rd, opp. bank of india, Daryaganj,<br>New Delhi, Delhi 110002<br>Contact: 080 6821 6852 |
| Rumax International Pvt.Ltd | 4/101, Kaushalya Park, Padmini Enclave, Hauz Khas,<br>New Delhi, Delhi 110016<br>Contact: 096547 54655            |
| Suraj Hi-tech Pvt.Ltd       | No,2, Durga St, Sri Sakthi Nagar, Arumbakkam,<br>Chennai, Tamil Nadu 600106<br>Contact: 044 2363 6536             |

# 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          | 15.32   | 15.06   | 14.81   | 14.55   | 14.30   | 14.04   | 13.79   | 13.53   | 13.28   | 13.02    | 12.77    | 12.51    |          |
| Repaid           | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26     | 0.26     | 0.26     | 3.06     |
| Closing          | 15.06   | 14.81   | 14.55   | 14.30   | 14.04   | 13.79   | 13.53   | 13.28   | 13.02   | 12.77    | 12.51    | 12.26    |          |
| <b>Interest</b>  | 0.11    | 0.11    | 0.10    | 0.10    | 0.10    | 0.10    | 0.10    | 0.10    | 0.09    | 0.09     | 0.09     | 0.09     | 1.18     |
| II               |         |         |         |         |         |         |         |         |         |          |          |          |          |
| <b>Principal</b> |         |         |         |         |         |         |         |         |         |          |          |          |          |
| Opening          | 12.26   | 12.00   | 11.74   | 11.49   | 11.23   | 10.98   | 10.72   | 10.47   | 10.21   | 9.96     | 9.70     | 9.45     |          |
| Repaid           | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26     | 0.26     | 0.26     | 3.06     |
| Closing          | 12.00   | 11.74   | 11.49   | 11.23   | 10.98   | 10.72   | 10.47   | 10.21   | 9.96    | 9.70     | 9.45     | 9.19     |          |
| <b>Interest</b>  | 0.09    | 0.08    | 0.08    | 0.08    | 0.08    | 0.08    | 0.08    | 0.07    | 0.07    | 0.07     | 0.07     | 0.07     | 0.92     |
| III              |         |         |         |         |         |         |         |         |         |          |          |          |          |
| <b>Principal</b> |         |         |         |         |         |         |         |         |         |          |          |          |          |
| Opening          | 9.19    | 8.94    | 8.68    | 8.43    | 8.17    | 7.91    | 7.66    | 7.40    | 7.15    | 6.89     | 6.64     | 6.38     |          |
| Repaid           | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26     | 0.26     | 0.26     | 3.06     |
| Closing          | 8.94    | 8.68    | 8.43    | 8.17    | 7.91    | 7.66    | 7.40    | 7.15    | 6.89    | 6.64     | 6.38     | 6.13     |          |
| <b>Interest</b>  | 0.07    | 0.06    | 0.06    | 0.06    | 0.06    | 0.06    | 0.05    | 0.05    | 0.05    | 0.05     | 0.05     | 0.05     | 0.66     |
| IV               |         |         |         |         |         |         |         |         |         |          |          |          |          |
| <b>Principal</b> |         |         |         |         |         |         |         |         |         |          |          |          |          |
| Opening          | 6.13    | 5.87    | 5.62    | 5.36    | 5.11    | 4.85    | 4.60    | 4.34    | 4.08    | 3.83     | 3.57     | 3.32     |          |
| Repaid           | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26     | 0.26     | 0.26     | 3.06     |
| Closing          | 5.87    | 5.62    | 5.36    | 5.11    | 4.85    | 4.60    | 4.34    | 4.08    | 3.83    | 3.57     | 3.32     | 3.06     |          |
| <b>Interest</b>  | 0.04    | 0.04    | 0.04    | 0.04    | 0.04    | 0.03    | 0.03    | 0.03    | 0.03    | 0.03     | 0.03     | 0.02     | 0.40     |
| V                |         |         |         |         |         |         |         |         |         |          |          |          |          |
| <b>Principal</b> |         |         |         |         |         |         |         |         |         |          |          |          |          |
| Opening          | 3.06    | 2.81    | 2.55    | 2.30    | 2.04    | 1.79    | 1.53    | 1.28    | 1.02    | 0.77     | 0.51     | 0.26     |          |
| Repaid           | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26    | 0.26     | 0.26     | 0.26     | 3.06     |
| Closing          | 2.81    | 2.55    | 2.30    | 2.04    | 1.79    | 1.53    | 1.28    | 1.02    | 0.77    | 0.51     | 0.26     | -0.00    |          |
| <b>Interest</b>  | 0.02    | 0.02    | 0.02    | 0.02    | 0.01    | 0.01    | 0.01    | 0.01    | 0.01    | 0.01     | 0.00     | 0.00     | 0.14     |