



## **SPORTS GOODS**

### **Introduction**

Sporting equipment, also called sporting goods, are the tools, materials, apparel, and gear used to compete in a sport and varies depending on the sport. The equipment ranges from balls, nets, and protective gear like helmets. Sporting equipment can be used as protective gear or a tool used to help the athletes play the sport. Over time, sporting equipment has evolved because sports have started to require more protective gear to prevent injuries. Sporting equipment may be found in any department store or in a sports goods store.

### **Market Potential**

India's sporting goods are popular around the world and have made a mark in the global sports goods market. The domestic industry export nearly 60% of its total output. Total toys, games, and sports requisites export stood at US\$ 417.43 million in FY19 and reached US\$ 404.13 million in FY20.

The total sports goods export accounted for US\$ 268.52 million from April 2020 to March 2021 and for the month of March 2021 it was US\$ 24.03 million.

The Indian sports and fitness goods market reached a value of US\$ 1,796 Million in 2020. The market is expected to grow at a CAGR of 8.6% during 2021-2026.

### **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, a sports goods 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 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. (300 sq. ft. @ Rs. 400 per sq. ft.) (Shop Premises)	1.20
Equipment	-
Furniture and Fixtures	0.30
Electrical Equipment	0.72
Desktop and Printer	-
Software Cost (Tally/SAP)	-
Inverter (10 kv office inverter)	0.30
Preliminary & Preoperative Expenses	0.82
<b>Sub-total (A)</b>	<b>3.34</b>
Working Capital Margin @ 25% of Total WC Requirement	3.75
<b>Total Project Cost</b>	<b>7.09</b>
Total Working Capital Required (Lump sum) (B)	15.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>18.34</b>
Loan Component-	-
TERM LOAN (75% of A)	2.50
WORKING CAPITAL (75% of B)	11.25
<b>Total</b>	<b>13.75</b>
Equity	4.58
<b>Total</b>	<b>18.34</b>

## Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
<b>Electrical Equipment</b>				
1	AC	1	50000	0.50
2	Fan	4	3000	0.12
3	Light	LS	LS	0.10
	<b>Total</b>			<b>0.72</b>
<b>Furniture and Fixtures</b>				
1	Cash cum billing counter	LS	LS	0.20
2	Customer Bench with cushion top	LS	LS	0.10
	<b>Total</b>			<b>0.30</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 months)	0.21
Rent Expenses (1 months; Rs. 30/sq. ft.)	0.09
Interest Cost for Both Term Loan And CC (period before commercial production)	0.02
<b>Total</b>	<b>0.82</b>

## Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	2	3.60

## Profitability Statement

Particulars	Amount (Rs. in lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
<b><u>A. INCOME</u></b>					
Total Working Days in a Year	300	300	300	300	300
Estimated Sales per Day	0.20	0.22	0.24	0.27	0.29
Annual Sales	60	66	73	80	88
<b>Total income during the year</b>	<b>60.00</b>	<b>66.00</b>	<b>72.60</b>	<b>79.86</b>	<b>87.85</b>
<b><u>B. OPERATING EXPENSES</u></b>					
Stock Consumed (70% of Sales)	42.00	46.20	50.82	55.90	61.49
Salary	3.60	3.78	3.97	4.17	4.38
Rent	2.40	2.52	2.65	2.78	2.92
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	1.20	1.32	1.45	1.60	1.76
<b>Total Operating Expenses</b>	<b>50.43</b>	<b>55.07</b>	<b>60.16</b>	<b>65.73</b>	<b>71.85</b>
<b>Operating Profit (A-B)</b>	<b>9.57</b>	<b>10.93</b>	<b>12.44</b>	<b>14.13</b>	<b>16.00</b>
<b><u>C. FINANCIAL EXPENSES</u></b>					
Interest on Term Loan	0.19	0.15	0.11	0.07	0.02
Interest on WC Loan	0.96	0.96	0.96	0.96	0.96
<b>Total Expenses</b>	<b>1.15</b>	<b>1.11</b>	<b>1.06</b>	<b>1.02</b>	<b>0.98</b>
<b>Net Profit Before Tax</b>	<b>8.42</b>	<b>9.82</b>	<b>11.38</b>	<b>13.10</b>	<b>15.02</b>
Provision for Tax	2.10	2.46	2.84	3.28	3.75
<b>Profit after Tax (PAT)</b>	<b>6.31</b>	<b>7.37</b>	<b>8.53</b>	<b>9.83</b>	<b>11.26</b>

## 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	60.00	66.00	72.60	79.86	87.85
B.	Variable Cost					
	Stock Consumed	42.00	46.20	50.82	55.90	61.49
	Power and Utility	0.90	0.92	0.94	0.96	0.97
	Total Variable Cost	42.90	47.12	51.76	56.86	62.47
C.	Contribution (A-B)	17.10	18.88	20.84	23.00	25.38
D.	Fixed cost					
	Salary	3.60	3.78	3.97	4.17	4.38
	Rent Expenses	2.40	2.52	2.65	2.78	2.92
	Interest on Term Loan	0.19	0.15	0.11	0.07	0.02
	Interest on WC Loan	0.96	0.96	0.96	0.96	0.96
	Depreciation and Amortization	0.33	0.33	0.33	0.33	0.33
	Total Fixed Cost	7.48	7.74	8.01	8.30	8.61
E.	Breakeven Point	44%	41%	38%	36%	34%
F.	Cash BEP	42%	39%	37%	35%	33%

## Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	6.31	7.37	8.53	9.83	11.26
ii	Depreciation	0.33	0.33	0.33	0.33	0.33
iii	Interest	0.19	0.15	0.11	0.07	0.02
A	Total (i + ii + iii)	6.84	7.85	8.98	10.23	11.62
i	Interest	0.19	0.15	0.11	0.07	0.02
ii	Principal repayment	0.50	0.50	0.50	0.50	0.50
B	Total (i + ii)	0.69	0.65	0.61	0.57	0.52
	DSCR (A / B)	9.86	12.05	14.74	18.06	22.18

## 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
Yonex (Wonder Sports)	Ulubari, Guwahati, Assam, Dr. B Baruah Road, Ulubari, Guwahati - 781007, Near J 14 Contact No.- 9435048885
Verma Sporta	Shop No 3, H B Road, Panbazar, Guwahati - 781001, Near BSNL Office, Opposite Sheikh Brothers Contact No.- 7399007530

# 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	2.50	2.46	2.42	2.38	2.34	2.29	2.25	2.21	2.17	2.13	2.09	2.04	
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	0.50
Closing	2.46	2.42	2.38	2.34	2.29	2.25	2.21	2.17	2.13	2.09	2.04	2.00	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01
													0.19
II													
<b>Principal</b>													
Opening	2.00	1.96	1.92	1.88	1.84	1.79	1.75	1.71	1.67	1.63	1.59	1.54	
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	0.50
Closing	1.96	1.92	1.88	1.84	1.79	1.75	1.71	1.67	1.63	1.59	1.54	1.50	
<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	0.01
													0.15
III													
<b>Principal</b>													
Opening	1.50	1.46	1.42	1.38	1.34	1.29	1.25	1.21	1.17	1.13	1.08	1.04	
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	0.50
Closing	1.46	1.42	1.38	1.34	1.29	1.25	1.21	1.17	1.13	1.08	1.04	1.00	
<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	0.01
													0.11
IV													
<b>Principal</b>													
Opening	1.00	0.96	0.92	0.88	0.83	0.79	0.75	0.71	0.67	0.63	0.58	0.54	
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	0.50
Closing	0.96	0.92	0.88	0.83	0.79	0.75	0.71	0.67	0.63	0.58	0.54	0.50	
<b>Interest</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00
													0.07
V													
<b>Principal</b>													
Opening	0.50	0.46	0.42	0.38	0.33	0.29	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	0.50
Closing	0.46	0.42	0.38	0.33	0.29	0.25	0.21	0.17	0.13	0.08	0.04	-0.00	
<b>Interest</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
													0.02