



GROCERY STORE

Introduction

A grocery store, often known as a grocery or grocery shop, is a store that sells a wide variety of food products, both fresh and packaged. These are referred to as kirana shops in India. The 12 million tiny grocery stores known as kirana or mom-and-pop shops account for 90% of India's \$810 billion food and grocery sector. Small grocery or kirana stores are often owned and run on a small scale. The grocery store should be located near a public transportation stop so that people may easily access it.

Market Potential

Over the last ten years, the retail market in India has experienced significant growth and transformation. The overall market size of the Indian retail market was \$275.8 bn in 2008-09 and has grown to \$700 bn as of 2019. India is currently the 4th largest retail market in the world and is further expected to grow to \$1.1 to 1.3 tn by 2025. The retail landscape in India is largely unorganized and holds 88% of the overall retail market; it is a nation of shopkeepers. This unorganized segment, otherwise known as the informal segment, consists of 13 million Kirana and neighborhood stores

Over the past few years, however, there has been a shift in the shopping patterns of consumers. Customers are increasingly purchasing online, at supermarkets, or in larger modern stores, and Kirana stores are losing customers as a result. Kirana stores are predicted to lose 75 percent of their current 88 percent market share by 2021. Some of the reasons contributing to the decline in share include but are not limited to lag in adoption of modern retailing techniques such as digital payments, inventory management or even an official store layout. This disruption emerging in the informal segment of retail can be ameliorated through modernization of Kirana stores.

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 Grocery 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. 200 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 1.5 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. (200 sq. ft. @ Rs. 150 per sq. ft.) (Shop Premises)	0.30
Equipment	-
Furniture and Fixtures	0.12
Electrical Equipment	0.65
Desktop and Printer	-
Software Cost (Tally/SAP)	-
Inverter (10 kv office inverter)	0.20
Preliminary & Preoperative Expenses	0.89
Sub-total (A)	2.16
Working Capital Margin @ 25% of Total WC Requirement	3.75
Total Project Cost	5.91
Total Working Capital Required (Lump sum) (B)	15.00
MEANS OF FINANCE	
Total Funds Required (A+B)	17.16
<u>Loan Component-</u>	
TERM LOAN (75% of A)	1.62
WORKING CAPITAL (75% of B)	11.25
Total	12.87
Equity	4.29
Total	17.16

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	Fan	1	1200	0.01
2	Weighing Machine	1	4000	0.04
3	Freezer	1	40000	0.40
4	Refrigerator	1	15000	0.15
5	Light	LS	LS	0.05
Total				0.65
Furniture and Fixtures				
1	Chairs	LS	LS	0.02
2	Counter	LS	LS	0.10
Total				0.12

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)	0.32
Rent Expenses (1 months; Rs. 30/sq. ft.)	0.06
Interest Cost for Both Term Loan And CC (period before commercial production)	0.01
Total	0.89

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	2	1.92

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	0.25	0.28	0.30	0.33	0.37
Annual Sales	75.00	82.50	90.75	99.83	109.81
Total income during the year	75.00	82.50	90.75	99.83	109.81
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (85% of Sales)	63.75	70.13	77.14	84.85	93.34
Salary	1.92	2.02	2.12	2.22	2.33
Rent	1.20	1.26	1.32	1.39	1.46
Power & utilities	0.90	0.92	0.94	0.96	0.97
Depreciation and Amortization	0.28	0.28	0.28	0.28	0.28
Administrative and General Expenses	1.50	1.65	1.82	2.00	2.20
Total Operating Expenses	69.55	76.25	83.61	91.70	100.58
Operating Profit (A-B)	5.45	6.25	7.14	8.13	9.23
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.13	0.10	0.07	0.04	0.01
Interest on WC Loan	0.96	0.96	0.96	0.96	0.96
Total Expenses	1.08	1.05	1.03	1.00	0.97
Net Profit Before Tax	4.37	5.19	6.11	7.13	8.25
Provision for Tax	1.09	1.30	1.53	1.78	2.06
Profit after Tax (PAT)	3.27	3.90	4.58	5.35	6.19

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	75.00	82.50	90.75	99.83	109.81
B.	Variable Cost					
	Stock Consumed	63.75	70.13	77.14	84.85	93.34
	Power and Utility	0.90	0.92	0.94	0.96	0.97
	Total Variable Cost	64.65	71.04	78.07	85.81	94.31
C.	Contribution (A-B)	10.35	11.46	12.68	14.02	15.50
D.	Fixed cost					
	Salary	1.92	2.02	2.12	2.22	2.33
	Rent Expenses	1.20	1.26	1.32	1.39	1.46
	Interest on Term Loan	0.13	0.10	0.07	0.04	0.01
	Interest on WC Loan	0.96	0.96	0.96	0.96	0.96
	Depreciation and Amortization	0.28	0.28	0.28	0.28	0.28
	Total Fixed Cost	4.48	4.61	4.75	4.89	5.05
E.	Breakeven Point	43%	40%	37%	35%	33%
F.	Cash BEP	41%	38%	35%	33%	31%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
I	Profit	3.27	3.90	4.58	5.35	6.19
ii	Depreciation	0.28	0.28	0.28	0.28	0.28
iii	Interest	0.13	0.10	0.07	0.04	0.01
A	Total (i + ii + iii)	3.68	4.28	4.94	5.67	6.49
i	Interest	0.13	0.10	0.07	0.04	0.01
ii	Principal repayment	0.32	0.32	0.32	0.32	0.32
B	Total (i + ii)	0.45	0.42	0.39	0.37	0.34
	DSCR (A / B)	8.20	10.15	12.54	15.48	19.15

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
Easyday Club	Ashadeep Tower, Ak Azad Road, Rehabari, Guwahati - 781008, Opposite Axis Bank Contact No.- 7045863992

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
I												
Principal												
Opening	1.62	1.59	1.57	1.54	1.51	1.48	1.46	1.43	1.40	1.38	1.35	1.32
Repaid	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Closing	1.59	1.57	1.54	1.51	1.48	1.46	1.43	1.40	1.38	1.35	1.32	1.30
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
II												
Principal												
Opening	1.30	1.27	1.24	1.21	1.19	1.16	1.13	1.11	1.08	1.05	1.03	1.00
Repaid	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Closing	1.27	1.24	1.21	1.19	1.16	1.13	1.11	1.08	1.05	1.03	1.00	0.97
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
III												
Principal												
Opening	0.97	0.94	0.92	0.89	0.86	0.84	0.81	0.78	0.76	0.73	0.70	0.67
Repaid	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Closing	0.94	0.92	0.89	0.86	0.84	0.81	0.78	0.76	0.73	0.70	0.67	0.65
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00
IV												
Principal												
Opening	0.65	0.62	0.59	0.57	0.54	0.51	0.49	0.46	0.43	0.40	0.38	0.35
Repaid	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Closing	0.62	0.59	0.57	0.54	0.51	0.49	0.46	0.43	0.40	0.38	0.35	0.32
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
V												
Principal												
Opening	0.32	0.30	0.27	0.24	0.22	0.19	0.16	0.13	0.11	0.08	0.05	0.03
Repaid	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Closing	0.30	0.27	0.24	0.22	0.19	0.16	0.13	0.11	0.08	0.05	0.03	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