



## **JUICE BAR**

### **Introduction**

Juice is a beverage created by pressing or extracting the natural liquid found in fruits and vegetables. Juice is widely consumed as a beverage or as a flavouring or component in foods and other beverages, such as smoothies. Juices are frequently ingested because of their alleged health benefits. Orange juice containing natural or added vitamin C, folic acid, and potassium, for example. Carotenoids, polyphenols, and vitamin C are all substances found in juice that have health advantages. Fruit juice consumption rises in tandem with a country's economic status. It is made without the use of any heat or solvents. Juice bars offer a lot of potential as a business.

### **Market Potential**

The juice bar sector has seen new growth potential as a result of an increase in preventative eating habits and an overall rise in health consciousness, as indicated by the fact that the industry's size continues to grow. Juice bars are a multibillion-dollar industry in the United States, thanks in part to millennials' embrace of juicing as a way of life. Over the next few years, the juice bar sector will likely expand in size.

In India, as people become more aware of the dangers of carbonated drinks, the cola business has seen dropping revenues in recent years, and market share is likely to continue to decline in the next five years. Increased awareness of the negative health impacts of carbonated beverages has caused some customers to reconsider their cola use. While carbonates increased at a 12.8 percent compounded annual growth rate (CAGR) in India from 2010 to 2015, the juice market rose at a 27.3 percent CAGR. Consumers are migrating away from packaged fruit drinks and toward fresh fruit, which is healthier and free of added preservatives and artificial flavours.

## Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee's 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, Juice Bar 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 preparation of juice & smoothies and serving the customers.
4. Computation of Closing Stock is done on the basis of Working Capital cycle which is assumed to be of 2 days.
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. @800 per sq. ft. (Shop Premises)	0.80
Equipment	-
Furniture and Fixtures as per Annexure	0.12
Electrical Equipment	0.75
Inverter (10 Kv office inverter)	0.20
Preliminary & Preoperative Expenses	0.48
<b>Sub-total (A)</b>	<b>2.35</b>
Working Capital Margin @25% of Total WC Requirement	1.25
<b>Total Project Cost</b>	<b>3.60</b>
Total Working Capital Required (lump sum) (B)	5.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>7.35</b>
<u>Loan Component-</u>	
TERM LOAN (75% of A)	1.76
WORKING CAPITAL (75% of B)	3.75
<b>Total</b>	<b>5.51</b>
Equity	1.84
<b>Total</b>	<b>7.35</b>

## Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
	<b>Electrical Equipment</b>			
1	Juicers	3	5000	0.15
2	Blenders	2	20000	0.40
3	Freezer	1	20000	0.20
	<b>Total</b>			<b>0.75</b>
	<b>Furniture and Fixtures</b>			
1	Chairs	LS	LS	0.02
2	Counter	LS	LS	0.10
	<b>Total</b>			<b>0.12</b>

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation	0.10
Interior Designer's Fee	0.10
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary	0.06
Rent Expenses	0.06
Interest Cost for period before commercial production	0.01
<b>Total</b>	<b>0.48</b>

## Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	1	0.72

## 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 (Rs)	0.07	0.07	0.08	0.09	0.10
Annual Sales (Rs.)	20.00	22.00	24.20	26.62	29.28
<b>Total income during the year</b>	<b>20.00</b>	<b>22.00</b>	<b>24.20</b>	<b>26.62</b>	<b>29.28</b>
<b><u>B. OPERATING EXPENSES</u></b>					
Stock Consumed	12.00	13.20	14.52	15.97	17.57
Salary	0.72	0.76	0.79	0.83	0.88
Rent	0.72	0.76	0.79	0.83	0.88
Power & utilities	0.90	0.92	0.94	0.96	0.97
Depreciation and Amortization	0.23	0.23	0.23	0.23	0.23
Administrative and General Expenses	0.40	0.44	0.48	0.53	0.59
<b>Total Operating Expenses</b>	<b>14.97</b>	<b>16.30</b>	<b>17.76</b>	<b>19.36</b>	<b>21.11</b>
<b>Operating Profit (A-B)</b>	<b>5.03</b>	<b>5.70</b>	<b>6.44</b>	<b>7.26</b>	<b>8.17</b>
<b><u>C.FINANCIAL EXPENSES</u></b>					
Interest on Term Loan	0.14	0.11	0.08	0.05	0.02
Interest on WC Loan	0.32	0.32	0.32	0.32	0.32
<b>Total Expenses</b>	<b>0.46</b>	<b>0.43</b>	<b>0.40</b>	<b>0.37</b>	<b>0.34</b>
<b>Profit Before Tax</b>	<b>4.58</b>	<b>5.28</b>	<b>6.05</b>	<b>6.90</b>	<b>7.84</b>
Provision for Tax	1.14	1.32	1.51	1.72	1.96
<b>Profit after Tax (PAT)</b>	<b>3.43</b>	<b>3.96</b>	<b>4.54</b>	<b>5.17</b>	<b>5.88</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	20.00	22.00	24.20	26.62	29.28
B.	Variable Cost					
	Stock Consumed	12.00	13.20	14.52	15.97	17.57
	Power and Utility	0.90	0.92	0.94	0.96	0.97
	Total Variable Cost	12.90	14.12	15.46	16.93	18.54
C.	Contribution (A-B)	7.10	7.88	8.74	9.69	10.74
D.	Fixed					
	Salary	0.72	0.76	0.79	0.83	0.88
	Rent Expenses	0.72	0.76	0.79	0.83	0.88
	Interest on term loan	0.14	0.11	0.08	0.05	0.02
	Interest on working capital	0.32	0.32	0.32	0.32	0.32
	Depreciation and Amortization	0.23	0.23	0.23	0.23	0.23
	Total Fixed Cost	2.12	2.17	2.21	2.26	2.32
E.	Breakeven Point	30%	27%	25%	23%	22%
F.	Cash BEP	27%	25%	23%	21%	19%

## Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	3.43	3.96	4.54	5.17	5.88
ii	Depreciation	0.23	0.23	0.23	0.23	0.23
iii	Interest on term loan	0.14	0.11	0.08	0.05	0.02
A	Total ( i + ii + iii )	3.80	4.29	4.84	5.45	6.12
i	Interest on term loan	0.14	0.11	0.08	0.05	0.02
ii	Principal repayment on term loan	0.35	0.35	0.35	0.35	0.35
B	Total ( i + ii )	0.49	0.46	0.43	0.40	0.37
	DSCR ( A / B )	7.76	9.35	11.28	13.65	16.59

## 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
Kumaar Industries	No.7, Venugopal Pillai Layout, Pappanaickenpalayam, near Vanagam Apartment, Coimbatore, Tamil Nadu-641037 Phone: 080 3591 8262
Wang Professionals Private Limited	Flat no 14 & 16, 3rd Floor Shivam Apartments, 111/9, Near First Choice Workshop, Kishangarh, Kishangarh - Mehrauli Rd, Kishangarh Village, Vasant Kunj, New Delhi, Delhi 110070 Phone: 011 2612 1446

# 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	1.76	1.74	1.71	1.68	1.65	1.62	1.59	1.56	1.53	1.50	1.47	1.44	
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	0.35
Closing	1.74	1.71	1.68	1.65	1.62	1.59	1.56	1.53	1.50	1.47	1.44	1.41	
<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	0.14
II													
<b>Principal</b>													
Opening	1.41	1.38	1.35	1.32	1.29	1.26	1.24	1.21	1.18	1.15	1.12	1.09	
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	0.35
Closing	1.38	1.35	1.32	1.29	1.26	1.24	1.21	1.18	1.15	1.12	1.09	1.06	
<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	0.11
III													
<b>Principal</b>													
Opening	1.06	1.03	1.00	0.97	0.94	0.91	0.88	0.85	0.82	0.79	0.76	0.74	
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	0.35
Closing	1.03	1.00	0.97	0.94	0.91	0.88	0.85	0.82	0.79	0.76	0.74	0.71	
<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	0.08
IV													
<b>Principal</b>													
Opening	0.71	0.68	0.65	0.62	0.59	0.56	0.53	0.50	0.47	0.44	0.41	0.38	
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	0.35
Closing	0.68	0.65	0.62	0.59	0.56	0.53	0.50	0.47	0.44	0.41	0.38	0.35	
<b>Interest</b>	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
V													
<b>Principal</b>													
Opening	0.35	0.32	0.29	0.26	0.24	0.21	0.18	0.15	0.12	0.09	0.06	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	0.35
Closing	0.32	0.29	0.26	0.24	0.21	0.18	0.15	0.12	0.09	0.06	0.03	-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	0.02