



STATIONERY STORE

Introduction

Stationery includes both paper-based and non-paper-based goods such as pens, pencils, and art tools that are used to accompany writing. Folders, pen stands, ornamental things like streamers, and computer consumables have all been added to the mix over the years.

The rising standard of education in India (both primary and secondary) is opening up new chances in the stationery industry.

Market Potential

Indian Stationery market holds tremendous growth potential as the country has nearly 22-24 crore students studying and requiring notebooks and other stationery materials. Increasing number of schools and offices, improved standard of living as well as shift in focus from inexpensive to premium quality products on account of rapidly growing economy are some of the crucial factors which would drive the demand for stationery products in India over the next six years. Further, government initiatives such as National Policy on Education and Sarva Shiksha Abhiyan to ensure low cost and quality compulsory education for all would also spur the growth of stationery market in India.

India stationery market revenues are projected to grow at a CAGR of 10-12% during 2021-25. The Indian stationery industry is worth Rs. 4,000 crore, comprising paper products, writing instruments, computer stationery, school stationery, and office stationery.

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, Stationary unit 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 6 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. 700 per sq. ft.) (Shop Premises)	1.40
Equipment	-
Furniture and Fixtures	0.05
Electrical Equipment	0.60
Desktop and Printer	-
Software Cost (Tally/SAP)	-
Inverter (10 kv office inverter)	0.25
Preliminary & Preoperative Expenses	0.79
Sub-total (A)	3.09
Working Capital Margin @ 25% of Total WC Requirement	1.25
Total Project Cost	4.34
Total Working Capital Required (Lump sum) (B)	5.00
MEANS OF FINANCE	
Total Funds Required (A+B)	8.09
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	2.31
WORKING CAPITAL (75% of B)	3.75
Total	6.06
Equity	2.02
Total	8.09

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	AC	1	50000	0.50
2	Fan	2	2000	0.04
3	Light	LS	LS	0.06
Total				0.60
Furniture and Fixtures				
1	Chairs	LS	LS	0.05
Total				0.05

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.)	0.06
Interest Cost for Both Term Loan And CC (period before commercial production)	0.02
Total	1.79

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Staff	1	0.96

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	0.13	0.15	0.16	0.18	0.20
Annual Sales	40.00	44.00	48.40	53.24	58.56
Total income during the year	40.00	44.00	48.40	53.24	58.56
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	30.00	33.00	36.30	39.93	43.92
Salary	0.96	1.01	1.06	1.11	1.17
Rent	2.40	2.52	2.65	2.78	2.92
Power & utilities	0.60	0.61	0.62	0.64	0.65
Depreciation and Amortization	0.29	0.29	0.29	0.29	0.29
Administrative and General Expenses	0.40	0.44	0.48	0.53	0.59
Total Operating Expenses	34.65	37.87	41.40	45.28	49.53
Operating Profit (A-B)	5.35	6.13	7.00	7.96	9.03
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.18	0.14	0.10	0.06	0.02
Interest on WC Loan	0.32	0.32	0.32	0.32	0.32
Total Expenses	0.50	0.46	0.42	0.38	0.34
Net Profit Before Tax	4.85	5.67	6.58	7.58	8.69
Provision for Tax	1.21	1.42	1.64	1.89	2.17
Profit after Tax (PAT)	3.64	4.25	4.93	5.68	6.52

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	40.00	44.00	48.40	53.24	58.56
B.	Variable Cost					
	Stock Consumed	30.00	33.00	36.30	39.93	43.92
	Power and Utility	0.60	0.61	0.62	0.64	0.65
	Total Variable Cost	30.60	33.61	36.92	40.57	44.57
C.	Contribution (A-B)	9.40	10.39	11.48	12.67	13.99
D.	Fixed cost					
	Salary	0.96	1.01	1.06	1.11	1.17
	Rent Expenses	2.40	2.52	2.65	2.78	2.92
	Interest on Term Loan	0.18	0.14	0.10	0.06	0.02
	Interest on WC Loan	0.32	0.32	0.32	0.32	0.32
	Depreciation and Amortization	0.29	0.29	0.29	0.29	0.29
	Total Fixed Cost	4.15	4.28	4.42	4.56	4.72
E.	Breakeven Point	44%	41%	38%	36%	34%
F.	Cash BEP	41%	38%	36%	34%	32%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	3.64	4.25	4.93	5.68	6.52
ii	Depreciation	0.29	0.29	0.29	0.29	0.29
iii	Interest	0.18	0.14	0.10	0.06	0.02
A	Total (i + ii + iii)	4.11	4.68	5.32	6.04	6.83
i	Interest	0.18	0.14	0.10	0.06	0.02
ii	Principal repayment	0.46	0.46	0.46	0.46	0.46
B	Total (i + ii)	0.64	0.60	0.56	0.52	0.48
	DSCR (A / B)	6.40	7.78	9.46	11.53	14.10

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
Mahavir Stationery	Near Kastori Bridge, Imphal-West, Thangal Bazar, Imphal, Manipur 795001, India Contact No.- 096625 72474
RS Traders	Pan Bazar, All Over North East, Guwahati, Kamrup-781001, Assam, India Contact No.- 08048372377

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	2.31	2.28	2.24	2.20	2.16	2.12	2.08	2.04	2.01	1.97	1.93	1.89
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
Closing	2.28	2.24	2.20	2.16	2.12	2.08	2.04	2.01	1.97	1.93	1.89	1.85
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
II												
Principal												
Opening	1.85	1.81	1.77	1.74	1.70	1.66	1.62	1.58	1.54	1.50	1.47	1.43
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
Closing	1.81	1.77	1.74	1.70	1.66	1.62	1.58	1.54	1.50	1.47	1.43	1.39
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	1.39	1.35	1.31	1.27	1.23	1.20	1.16	1.12	1.08	1.04	1.00	0.96
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
Closing	1.35	1.31	1.27	1.23	1.20	1.16	1.12	1.08	1.04	1.00	0.96	0.93
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
IV												
Principal												
Opening	0.93	0.89	0.85	0.81	0.77	0.73	0.69	0.66	0.62	0.58	0.54	0.50
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
Closing	0.89	0.85	0.81	0.77	0.73	0.69	0.66	0.62	0.58	0.54	0.50	0.46
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
V												
Principal												
Opening	0.46	0.42	0.39	0.35	0.31	0.27	0.23	0.19	0.15	0.12	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
Closing	0.42	0.39	0.35	0.31	0.27	0.23	0.19	0.15	0.12	0.08	0.04	-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