



ORGANIC GRAINS **AND PULSES SHOP**

Introduction

Whole Pulses are processed to produce Split Pulses (commonly known as Dal), which is also at times De-skinned and Oiled for ease of cooking and better preservation. Commonly processed Pulses are Chana (Gram), Mung, Massor, Urad and Arhar (Tur), which are important part of staple diet in all state of India According to the Handbook of Agriculture, brought out by the ICAR, Organic farming involves the use of renewable resources and recycling, returning to the soil the nutrients found in waste products. Organic farming respects the environment's own system for controlling pests and diseases in raising crops and livestock without the use of synthetic pesticides, herbicides, chemical fertilizers, growth hormones, antibiotics or gene manipulation. Also meat and poultry production is regulated with particular concern for animal welfare and by using natural foodstuffs. Thus, organic farming differs from modern intensive farming systems as in organic farming farmers use a range of techniques that help sustain ecosystems and reduce pollution.

The Ministry of Agriculture (Department of Agriculture & Cooperation) further added as follows: "As per the National Programme for Organic Production (NPOP), Ministry of Commerce, organic agriculture is defined as 'Organic agriculture is a system of farm design and management to create eco system, which can achieve sustainable productivity without the use of artificial external inputs such as chemicals, fertilizers and pesticides.

Market Potential

The organic food business in India is booming, thanks to increased consumer awareness of the products. Organic food demand is being driven by a rising level of health consciousness in the country. Indian consumers have begun to pay attention to the nutritional content and quality of the food they eat, resulting in an increase in demand for organic food. Furthermore, due to factors such as strong economic growth, urbanisation, and rising income levels, consumer expenditure on health and wellness items has expanded considerably. Furthermore, India's significant government backing is catalysing the organic food sector. The Indian government promotes organic farming.

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, Organic Food 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 1 month.

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.

Certifications Required

1. Food Safety and Standard Authority of India(FSSAI): FSSAI certificate appeals to the customers that food is verified chemically and is safe to consume. It certifies that food is as per safety standard in turn attracting more customers towards the entity.
2. Registration under APEDA(Agricultural and Processed Food Products Export Development Authority): It provide financial assistance for undertaking surveys and feasibility studies, participation in enquiry capital through joint ventures and other reliefs and subsidy schemes. It helps in fixing of standards and specifications for the products of exports by means of packaging as per **FIPS (FOUNDATION FOR INNOVATIVE PACKAGING AND SUSTAINABILITY.**

3. NPOP Certification: NPOP or National Program for Organic Production is a program under the Government of India which provides standards for organic production, systems, criteria and procedures for licensing of Certification Bodies
4. AGMARK Certification: Agmark is one such mark that is certified by the Government of India for all agricultural products ensuring consumers of both, their quality and their use.

Cost of Project

Particulars	Amount (Rs.in Lakhs)
Leased Premises	0.42
Civil Work and Building 350 sq. ft.	2.63
Equipment	0.69
Miscellaneous Fixed Assets	1.60
Escalation & Contingencies	0.27
Preliminary & Preoperative Expenses	1.38
Sub-total (A)	6.98
Working Capital Margin	6.25
Total Project Cost	13.23
Total Working Capital Required (B)	25.00
MEANS OF FINANCE	
Total Funds Required (A+B)	31.98
<u>Loan Component</u>	
TERM LOAN	2.57
WORKING CAPITAL LOAN	18.75
Total	21.32
Equity	10.66
Total	31.98

Detailed Cost Element

Sl. no.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
1	Digital Weighing Machine	2	3,600.00	0.07
2	Baskets	10	625.00	0.06
3	Product signboards	4	200.00	0.01
4	Card machines	2	13,000.00	0.26
5	Trolleys	6	4,750.00	0.29
	Total	24	22,175.00	0.69

Contingencies and Escalations

It has been assumed at approximately 5% at cost.

Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.10
Project Report Preparation and Consultation	0.35
Feasibility and Engineer's/Architect's Report and Plans	0.07
Interior Designer's Fee	0.35
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Other recurring expenses of revenue nature upto start of commercial operations -salary, etc	0.20
Rent Expenses (1 months; Rs. 70/sq. ft.)	0.25
Interest Cost for period before commercial production	0.02
Total	1.38

Designation	Manpower	Amount (Rs. in Lakhs)
Billing clerk	1	1.44
Floor Manager	1	2.40
Helper	2	1.92

Note- Wages/ Salaries are subject to change as per The Minimum Wages Act, 1948 and other statutes as may be applicable to the concerned place/state.

Profitability Statement

Amount (Rs. in lakhs)					
Particulars	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 (in units)	0.33	0.35	0.37	0.39	0.41
Annual Sales (Rs.)	100	105	110	116	122
Total income during the year	100.00	105.00	110.25	115.76	121.55
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (65% of sales)	65.00	68.25	71.66	75.25	79.01
Salary	5.76	6.05	6.35	6.67	7.00
Rent	2.94	3.09	3.24	3.40	3.57
Power & utilities	0.68	0.72	0.75	0.79	0.83
Depreciation and Amortization	0.31	0.31	0.31	0.28	0.28
Administrative and General Expenses	2.00	2.10	2.21	2.32	2.43
Total Operating Expenses	76.69	80.51	84.52	88.71	93.13
Operating Profit (A-B)	23.31	24.49	25.73	27.06	28.42
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term loan	0.22	0.17	0.12	0.08	0.03
Interest on Working Capital Loan	1.97	1.97	1.97	1.97	1.97
Total Expenses	2.19	2.14	2.09	2.04	2.00
Net Profit Before Tax	21.12	22.35	23.64	25.01	26.43
Provision for Tax	5.28	5.59	5.91	6.25	6.61
Net Profit after Tax (PAT)	15.84	16.76	17.73	18.76	19.82

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	100.00	105.00	110.25	115.76	121.55
B.	Variable Cost					
	Raw Material	65.00	68.25	71.66	75.25	79.01
	Power and Utility	0.68	0.72	0.75	0.79	0.83
	Total Variable Cost	65.68	68.97	72.42	76.04	79.84
C.	Contribution (A-B)	34.32	36.03	37.83	39.73	41.71
D.	Fixed cost					
	Salary	5.76	6.05	6.35	6.67	7.00
	Repair & Maintenance	2.94	3.09	3.24	3.40	3.57
	Interest on Term Loan	0.22	0.17	0.12	0.08	0.03
	Interest on Working Capital Loan	1.97	1.97	1.97	1.97	1.97
	Depreciation and Amortization	0.31	0.31	0.31	0.28	0.28
	Total Fixed Cost	11.20	11.58	11.99	12.40	12.85
E.	Breakeven Point	33%	32%	32%	31%	31%
F.	Cash BEP	32%	31%	31%	30%	30%

Debt-Service Coverage Ratio

Amount (Rs. In lakhs)						
Sl. No	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	15.84	16.76	17.73	18.76	19.82
ii	Depreciation	0.31	0.31	0.31	0.28	0.28
iii	Interest on term loan	0.22	0.17	0.12	0.08	0.03
A	Total (i + ii + iii)	16.37	17.24	18.16	19.12	20.13
i	Interest on term loan	0.22	0.17	0.12	0.08	0.03
ii	Principal repayment on term loan	0.51	0.51	0.51	0.51	0.51
B	Total (i + ii)	0.74	0.69	0.64	0.59	0.54
	DSCR (A / B)	22.23	25.08	28.44	32.42	37.22

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 9.5% p.a. with the moratorium period of 1 month.

Address of Vendors

Name of the Vendor	Address and Contact Number
Ashirvad Industries	Plot No. 556, Phase 2, GIDC Vatva, Near Vatva Railway Station, GIDC Vatva, Ahmedabad-382445, Gujarat, India. Contact No.- 08048617170
Bio Techno Vision	No. 254, Cross Road, No. 8, Near Basanti Devi Mandir, Khateek Mandi, Ambala-133001, Haryana, India. Contact No.- 08048372359
Avantica Pharmaceuticals	Plot 136, MG Road, Sukharali, Gurgaon-122002, Haryana, India Contact No.- 08048372359
Global Marketing Empire	Plot 32, HSIDC Industrial Estate Ambala - 133006, Haryana, India
Mechpro Engineering	PLOT NO. 186/187/188, KATESAR CHANDAULI RAMNAGAR ROAD Varanasi - 221008, Uttar Pradesh, India Contact No.- 08048603276
Genius Engineering & Solutions	Shed No. 27/48, Laxmi Ratan Industrial Complex, Hardware Chowk, N.I.T Industrial Area, Faridabad - 121001, Haryana, India Contact No.- 8047630513
M/s UBD Engineers	HNO 2, Santipur, Near Pragjyotish College, Guwahati, District Kamrup Metropolitan, Guwahati-781008, Assam, India Contact No.- 07942562713
Automate Technologies	PLOT NO 2, WAZIRPUR ROAD, 1.5 KM KHERI PUL, NAHAR PAR, Neharpar, Faridabad-121002, Haryana, India Contact No.- 08048955806

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													
Principal													
Opening	2.57	2.53	2.49	2.44	2.40	2.36	2.31	2.27	2.23	2.19	2.14	2.10	
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	0.51
Closing	2.53	2.49	2.44	2.40	2.36	2.31	2.27	2.23	2.19	2.14	2.10	2.06	
Interest	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.22
II													
Principal													
Opening	2.06	2.01	1.97	1.93	1.89	1.84	1.80	1.76	1.71	1.67	1.63	1.59	
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	0.51
Closing	2.01	1.97	1.93	1.89	1.84	1.80	1.76	1.71	1.67	1.63	1.59	1.54	
Interest	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.17
III													
Principal													
Opening	1.54	1.50	1.46	1.41	1.37	1.33	1.29	1.24	1.20	1.16	1.11	1.07	
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	0.51
Closing	1.50	1.46	1.41	1.37	1.33	1.29	1.24	1.20	1.16	1.11	1.07	1.03	
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	0.12
IV													
Principal													
Opening	1.03	0.99	0.94	0.90	0.86	0.81	0.77	0.73	0.69	0.64	0.60	0.56	
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	0.51
Closing	0.99	0.94	0.90	0.86	0.81	0.77	0.73	0.69	0.64	0.60	0.56	0.51	
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	0.08
V													
Principal													
Opening	0.51	0.47	0.43	0.39	0.34	0.30	0.26	0.21	0.17	0.13	0.09	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	0.51
Closing	0.47	0.43	0.39	0.34	0.30	0.26	0.21	0.17	0.13	0.09	0.04	0.00	
Interest	0.004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03

ONE PAGER SUMMARY

Sl. No.	Particulars	Description
A. Project Description		
1	Proposed Project	Organic Grains and Pulses Shop
2	Infrastructure Required	Shop area, Buffer stock godown, Land & Building
3	Equipments	<ul style="list-style-type: none"> • Digital Weighing Machine • Baskets • Product signboards • Card machines • Trolleys
4	Employment Generation	1 Billing clerk 1 Floor Manager 2 Helper
B. Project Cost		Amount (Rs. In lakhs)
1	Leased Premises	0.42
2	Civil Work and Bulding 350 sq. ft.	2.63
3	Equipments	0.69
4	Misc Fixed Assets	1.60
5	Escalation & Contingencies	0.27
6	Preliminary & Preoperative Expenses	1.38
7	Sub-total (A)	6.98
8	Working Capital Margin	6.25
9	Total Project Cost	13.23
10	Total Working Capital Required (B)	25.00

C. Means of Finance					Amount (Rs. In lakhs)	
	Total Funds Required (A+B)				31.98	
11	Loan Component					
12	TERM LOAN				2.57	
13	WORKING CAPITAL LOAN				18.75	
14	Total				21.32	
15	Equity				10.66	
16	Total				31.98	
D. Financial Benchmarks					Amount (Rs. In lakhs)	
		Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
1	Target Revenue	100	105	110	116	122
2	Break Even Point	33%	32%	32%	31%	31%
3	DSCR including Principal repayment	22.23	25.08	28.44	32.42	37.22
E. Basic Assumptions						
1	Power rate per unit	8.5 Rs./ unit				
2	Power Requirement	8,030.40 kwh per year				
3	Interest rate assumed	9.50%				
4	Repayment period	1 month Moratorium and 5 years repayment.				
F. Others						
1	Training Institutes	NA				
2	Whether the service is in the Negative list under NEIDS and MSME?	No				