



SPECTACLE STORE

Introduction

A glasses store sells eyewear that can be corrective, protective, or simply stylish. Stores can be set up in two ways: they can serve clients who have been referred to them by established medical eye care practises, or they can be a full-service shop with an on-staff optometrist.

A big chunk of your clientele will be walk-ins with current prescriptions or who are simply looking for attractive eyewear. Glasses have made a resurgence as a fashion trend, making now the ideal time to start a business in this field.

Market Potential

The Indian eyeglasses industry, which was formerly an almost stagnant market, has now been transformed into one of the country's fastest expanding retail industries. This can be attributed to the arrival of numerous organised players into the market, a major increase in the demand for eyewear in terms of volume sales, significant shifts in consumer tastes and attitudes toward the eyewear category, and so on. The booming eyewear market has spurred industrial behemoths such as Reliance and Titan to enter the market.

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, Spectacle 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. 500 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 including Doctor chamber & Technician Room (Shop Premises)	7.50
Ophthalmic Equipment	7.39
Furniture and Fixtures as per Annexure	0.55
Electrical Equipment (AC, as per Annexure)	1.50
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.30
Inverter (5 Kv office inverter)	0.30
Preliminary & Preoperative Expenses	2.39
Sub-total (A)	20.43
Working Capital Margin @25% of Total WC Requirement	7.50
Total Project Cost	27.93
Total Working Capital Required (Lumpsum) (B)	30.00
MEANS OF FINANCE	
Total Funds Required(A+B)	50.43
Loan Component	
TERM LOAN(60% of A)	15.32
WORKING CAPITAL(60% of B)	22.50
Total	37.82
Equity	12.61
Total	50.43

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Ophthalmic Equipments				
1	Trial lens set	1	5000	0.05
2	Digital Lensometer	1	80000	0.80
3	Lens reading machine	1	8000	0.08
4	Optical hand Edger	1	7000	0.07
5	Automatic digital Saccharimeter	1	200000	2.00
6	Auto Refractometer	1	350000	3.50
7	Dobsonian Telescope	2	50000	0.50
8	magnifying glass	2	500	0.01
9	glass frame	1	500	0.01
10	Binocular	1	7000	0.07
11	Stethoscope, Black Chestpiece, Tube	1	30000	0.30
Total				7.39
Electrical Equipment				
1	AC	2	50000	1.00
2	CCTV	1	25000	0.25
3	Fan	1	15000	0.15
4	Light	1	10000	0.10
Total				1.50
Furniture and Fixtures				
1	Reception Cum billing counter	1	15000	0.15
2	Customer seating chair	10	4000	0.40
Total				0.55

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 (3 months)	0.81
Rent Expenses (3 months; Rs. 50/sq. ft.)	0.75
Interest Cost for BOTH TERM LOAN (period before commercial production_3 MONTHS)	0.33
Total	2.39

Salary

Designation	Manpower	Amount (Rs. In Lakhs)
Technician	2	6.00
Billing Staff and Sales Executive	3	5.76
Office Boy	1	1.20

Profitability Statement

Particulars	Amount (Rs. In lakhs)				
	Year- 1	Year- 2	Year- 3	Year- 4	Year- 5
A. INCOME					
Total Working Days in a Years	300	300	300	300	300
Estimated Sales per Day (in units)	0.40	0.44	0.48	0.53	0.59
Annual Sales (Rs.)	120.00	132.00	145.20	159.72	175.69
TOTAL INCOME	120.00	132.00	145.20	159.72	175.69
B. OPERATING EXPENSE					
Stock Consumed (65% of sales)	78.00	85.80	94.38	103.82	114.20
Salary	12.96	13.61	14.29	15.00	15.75
Doctor's Honorarium	1.80	1.89	1.98	2.08	2.19
Rent	2.70	2.84	2.98	3.13	3.28
Power & utilities	3.00	3.06	3.12	3.18	3.25
Depreciation and Amortization	1.73	1.73	1.73	1.56	1.56
Administrative and General Expenses	2.40	2.64	2.90	3.19	3.51
Total Operating Expenses	102.59	111.56	121.39	131.96	143.74
OPERATING PROFIT (A-B)	17.41	20.44	23.81	27.76	31.95
C. FINANCIAL EXPENSES					
Interest on Term loan	1.18	0.92	0.66	0.40	0.14
Interest on Working Capital Loan	1.91	1.91	1.91	1.91	1.91
Total Expenses	3.10	2.83	2.57	2.31	2.05
Net Profit Before Tax	14.31	17.60	21.24	25.44	29.90
Provision for Tax	3.58	4.40	5.31	6.36	7.47
Net Profit after Tax (PAT)	10.74	13.20	15.93	19.08	22.42

Breakeven Point

		Amount (Rs. in lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
A.	Net Sales	120.00	132.00	145.20	159.72	175.69
B.	Variable Cost					
	Stock consumed	78.00	85.80	94.38	103.82	114.20
	Power and Utility	3.00	3.06	3.12	3.18	3.25
C.	Total Variable Cost	81.00	88.86	97.50	107.00	117.45
D.	Contribution (A-B)	39.00	43.14	47.70	52.72	58.24
	Fixed and Semi-Fixed Cost					
	Salary	12.96	13.61	14.29	15.00	15.75
	Rent Expenses	2.70	2.84	2.98	3.13	3.28
	Doctor's Honorarium	1.80	1.89	1.98	2.08	2.19
	Interest on term loan	1.18	0.92	0.66	0.40	0.14
	interest on working capital	1.91	1.91	1.91	1.91	1.91
	Depreciation and Amortisation	1.73	1.73	1.73	1.56	1.56
	Total Fixed Cost	22.29	22.90	23.56	24.08	24.83
E.	Breakeven Point	57%	53%	49%	46%	43%
F.	Cash BEP	53%	49%	46%	43%	40%

Debt-Service Coverage Ratio

		Amount (Rs. In Lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	10.74	13.20	15.93	19.08	22.42
ii	Depreciation	1.73	1.73	1.73	1.56	1.56
iii	Interest	1.18	0.92	0.66	0.40	0.14
A	Total (i + ii + iii)	13.65	15.85	18.32	21.04	24.12
i	Interest	1.18	0.92	0.66	0.40	0.14
ii	Principal repayment	3.06	3.06	3.06	3.06	3.06
B	Total (i + ii)	4.25	3.99	3.73	3.47	3.20
	DSCR (A / B)	3.21	3.98	4.92	6.07	7.53

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 Vendor	Address and Contact Number
Unitech Vision	23-4736 1st floor, Ansari Rd, opp. bank of india, Daryaganj, New Delhi, Delhi 110002 Contact: 080 6821 6852
Rumax International Pvt.Ltd	4/101, Kaushalya Park, Padmini Enclave, Hauz Khas, New Delhi, Delhi 110016 Contact: 096547 54655
Suraj Hi-tech Pvt.Ltd	No,2, Durga St, Sri Sakthi Nagar, Arumbakkam, Chennai, Tamil Nadu 600106 Contact: 044 2363 6536

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	15.32	15.06	14.81	14.55	14.30	14.04	13.79	13.53	13.28	13.02	12.77	12.51	
Repaid	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	3.06
Closing	15.06	14.81	14.55	14.30	14.04	13.79	13.53	13.28	13.02	12.77	12.51	12.26	
Interest	0.11	0.11	0.10	0.10	0.10	0.10	0.10	0.10	0.09	0.09	0.09	0.09	1.18
II													
Principal													
Opening	12.26	12.00	11.74	11.49	11.23	10.98	10.72	10.47	10.21	9.96	9.70	9.45	
Repaid	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	3.06
Closing	12.00	11.74	11.49	11.23	10.98	10.72	10.47	10.21	9.96	9.70	9.45	9.19	
Interest	0.09	0.08	0.08	0.08	0.08	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.92
III													
Principal													
Opening	9.19	8.94	8.68	8.43	8.17	7.91	7.66	7.40	7.15	6.89	6.64	6.38	
Repaid	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	3.06
Closing	8.94	8.68	8.43	8.17	7.91	7.66	7.40	7.15	6.89	6.64	6.38	6.13	
Interest	0.07	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.66
IV													
Principal													
Opening	6.13	5.87	5.62	5.36	5.11	4.85	4.60	4.34	4.08	3.83	3.57	3.32	
Repaid	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	3.06
Closing	5.87	5.62	5.36	5.11	4.85	4.60	4.34	4.08	3.83	3.57	3.32	3.06	
Interest	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.40
V													
Principal													
Opening	3.06	2.81	2.55	2.30	2.04	1.79	1.53	1.28	1.02	0.77	0.51	0.26	
Repaid	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	3.06
Closing	2.81	2.55	2.30	2.04	1.79	1.53	1.28	1.02	0.77	0.51	0.26	-0.00	
Interest	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.14