



ELECTRIC GADGETS

Introduction

Electric gadgets are appliances which work on technology or electronic technology. In simple example calculators is an electronic gadget. Using which we can calculate bigger amount easily. It is a form of modern gadget. Modern gadgets are those which include advanced technology. There are different modern electronic appliances we use daily. Like refrigerators, TV, Machines, smartphones etc.

Electric Gadgets plays an important role in today's world. Due to the rapid advances in technology, the usage of gadgets has increased exponentially. Smartphones have become more common among the general population these days, including children. The increased usage of gadgets for educational and recreational purposes has resulted in adverse health effects for individuals. However, the need to use gadgets is at an all-time high to make attending classes and work possible. Therefore, eliminating gadgets might not be the solution, whereas controlling it to appropriate levels would be.

Market Potential

Electrics Gadget is the world's fastest-growing industry. The global electronics gadget market is estimated to be over \$2 tn. India's share in global electronics manufacturing has grown from 1.3% in 2012 to 3.6% in 2019.

Domestic electronics market in India to reach \$400 bn by 2025. With per capita disposable income and private consumption having doubled in the past 7 years, India has emerged as one of the largest markets for electronic products in the world.

The electronics market valued at \$118 bn in 2019-20 is segmented as Mobile Phones (24%), Consumer Electronics (22%), Strategic Electronics (12%), Computer Hardware (7%), LEDs (2%) and Industrial Electronics (34%) comprising of Auto, Medical and other industrial electronic products.

The global electronic products market reached a value of nearly \$1,191.2 billion in 2020, having increased at a compound annual growth rate (CAGR) of 5.4% since 2015. The market is expected to increase from \$1,191.2 billion in 2020 to \$1,653.2 billion in 2025 at a rate of 6.8%.. The electronic products market is expected to grow from \$1,653.2 billion in 2025 to \$2,169.6 in 2030 at a CAGR of 5.6%.

Assumptions

1. For SME unit having yearly turnover of 200 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, electronic gadgets 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. 1000 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 2 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. 1000 sq. ft. @ Rs. 800 per sq. ft. (Shop Premises)	8.00
Equipment	-
Furniture and Fixtures as per Annexure	1.84
Electrical Equipment	1.47
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.30
Inverter (5 Kv office inverter)	0.30
Preliminary & Preoperative Expenses	1.59
Sub-total (A)	14.00
Working Capital Margin @25% of Total WC Requirement	10.00
Total Project Cost	24.00
Total Working Capital Required lumpsum (B)	40.00
MEANS OF FINANCE	
Total Funds Required (A+B)	54.00
<u>Loan Component-</u>	
TERM LOAN (75% of A)	10.50
WORKING CAPITAL (75% of B)	30.00
Total	40.50
Equity	13.50
Total	54.00

Detailed Cost Element

Sl. No.	Particulars	Amount (Rs. in Lakhs)
Electrical Equipment		
1	AC	0.85
2	CCTV	0.50
3	Fan	0.04
4	Light	0.08
	Total	1.47
Furniture and Fixtures		
1	Chairs	0.04
2	Glass Display Counter	1.50
3	Cash Counter	0.30
	Total	1.84

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 month)	0.27
Rent Expenses (1 month; Rs. 60/sq. ft.)	0.60
Interest Cost for BOTH TERM LOAN AND CC (period before commercial production)	0.22
Total	1.59

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Service Technician	1	1.92
Front Desk Bill counter	1	1.20
Sales Executive	2	3.36

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 (Rs.)	0.67	0.73	0.81	0.89	0.98
Annual Sales (Rs.)	200.00	220.00	242.00	266.20	292.82
Total income during the year	200.00	220.00	242.00	266.20	292.82
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	150.00	165.00	181.50	199.65	219.62
Salary	6.48	6.80	7.14	7.50	7.88
Rent	7.20	7.56	7.94	8.33	8.75
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	1.21	1.21	1.21	1.03	1.03
Administrative and General Expenses	4.00	4.40	4.84	5.32	5.86
Total Operating Expenses	172.49	188.64	206.37	225.66	247.03
Operating Profit (A-B)	27.51	31.36	35.63	40.54	45.79
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.81	0.63	0.45	0.28	0.10
Interest on WC Loan	2.55	2.55	2.55	2.55	2.55
Total Expenses	3.36	3.18	3.00	2.83	2.65
Profit Before Tax	24.15	28.18	32.62	37.71	43.15
Provision for Tax	6.04	7.04	8.16	9.43	10.79
Profit after Tax (PAT)	18.12	21.13	24.47	28.29	32.36

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	200.00	220.00	242.00	266.20	292.82
B.	Variable Cost					
	Stock Consumed	150.00	165.00	181.50	199.65	219.62
	Power and Utility	3.60	3.67	3.75	3.82	3.90
	Total Variable Cost	153.60	168.67	185.25	203.47	223.51
C.	Contribution (A-B)	46.40	51.33	56.75	62.73	69.31
D.	Fixed cost					
	Salary	6.48	6.80	7.14	7.50	7.88
	Rent Expenses	7.20	7.56	7.94	8.33	8.75
	Interest on Term Loan	0.81	0.63	0.45	0.28	0.10
	Interest on WC Loan	2.55	2.55	2.55	2.55	2.55
	Depreciation and Amortization	1.21	1.21	1.21	1.03	1.03
	Total Fixed Cost	18.25	18.75	19.29	19.69	20.31
E.	Breakeven Point	39%	37%	34%	31%	29%
F.	Cash BEP	37%	34%	32%	30%	28%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	18.12	21.13	24.47	28.29	32.36
ii	Depreciation	1.21	1.21	1.21	1.03	1.03
iii	Interest	0.81	0.63	0.45	0.28	0.10
A	Total (i + ii + iii)	20.13	22.97	26.13	29.59	33.49
i	Interest on term loan	0.81	0.63	0.45	0.28	0.10
ii	Principal repayment on term loan	2.10	2.10	2.10	2.10	2.10
B	Total (i + ii)	2.91	2.73	2.55	2.38	2.20
	DSCR (A / B)	6.91	8.41	10.23	12.46	15.24

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
JAIWAL ELECTRONICS	18, Chandni Chowk St, Chandni Chawk, Bowbazar, Kolkata, West Bengal 700072
R.K. ELECTRICALS	Shop No-242, 22B, Rabindra Sarani, near Coddar Court, Terita Bazar, Tiretti, Kolkata, West Bengal 700073

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													
Principal													
Opening	10.50	10.33	10.15	9.98	9.80	9.63	9.45	9.28	9.10	8.93	8.75	8.58	
Repaid	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	2.10
Closing	10.33	10.15	9.98	9.80	9.63	9.45	9.28	9.10	8.93	8.75	8.58	8.40	
Interest	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.81
II													
Principal													
Opening	8.40	8.23	8.05	7.88	7.70	7.53	7.35	7.18	7.00	6.83	6.65	6.48	
Repaid	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	2.10
Closing	8.23	8.05	7.88	7.70	7.53	7.35	7.18	7.00	6.83	6.65	6.48	6.30	
Interest	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.63
III													
Principal													
Opening	6.30	6.13	5.95	5.78	5.60	5.43	5.25	5.08	4.90	4.73	4.55	4.38	
Repaid	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	2.10
Closing	6.13	5.95	5.78	5.60	5.43	5.25	5.08	4.90	4.73	4.55	4.38	4.20	
Interest	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.45
IV													
Principal													
Opening	4.20	4.03	3.85	3.68	3.50	3.33	3.15	2.98	2.80	2.63	2.45	2.28	
Repaid	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	2.10
Closing	4.03	3.85	3.68	3.50	3.33	3.15	2.98	2.80	2.63	2.45	2.28	2.10	
Interest	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.28
V													
Principal													
Opening	2.10	1.93	1.75	1.58	1.40	1.23	1.05	0.88	0.70	0.53	0.35	0.18	
Repaid	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	2.10
Closing	1.93	1.75	1.58	1.40	1.23	1.05	0.88	0.70	0.53	0.35	0.18	-0.00	
Interest	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.10