



## **HOME APPLIANCES**

### **Introduction**

A home appliance, also referred to as a domestic appliance, an electric appliance or a household appliance, is a machine which assists in household functions such as cooking, cleaning and food preservation. Small appliances; major appliances, or white goods; and consumer electronics, or brown goods.

Major appliances, often known as white goods, small appliances, and consumer electronics are the three types of household appliances. Major appliances are huge home appliances that are used for daily operations including cooking, laundry, food preservation, and so on. They are usually connected with unique connections, such as electrical, gas, plumbing, and ventilation arrangements, limiting their mobility throughout the house. Small appliances are machines that are semi-portable or portable and are typically utilised on platforms such as counters and tables.

### **Market Potential**

The manufacturing of white goods such as refrigerators, washing machines, and air conditioners has increased in India's primary appliance sector. In 2018, India's refrigerator production climbed by 3% year on year to 11.88 million units. In 2018, India's washing appliance production climbed by 5.1 percent year on year to 5.79 million units. The output of air conditioners in India increased by 4.9 percent y-o-y to 3.19 million units in 2018 (up to February 2018). In India, the white goods business is highly consolidated, with the top five manufacturers controlling more than 70% of the market. In India, Xiaomi, a Chinese start-up, joined the white goods market in 2019.

The market for home appliances in the Asia-Pacific region is largely dominated by regional brands, including Haier, Midea, Gree, Hisense from China, Samsung, and LG from Korea, Panasonic, Sharp, and Hitachi from Japan, and Videocon from India. The smart appliances market in Asia-Pacific is expected to grow at a rapid rate. Developed countries like Japan, Singapore, Hong Kong, and Indonesia are expected to register an increase in the sales of smart appliances, mostly owing to the rising energy and labour costs, the high purchasing power of consumers, and greater awareness about smart cities and smart integrated appliances. China has the highest demand for conventional air conditioners, by volume, across the globe,

owing to government policies that favour energy-saving appliances, a growing property market, and hot weather.

## 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, home appliances 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. for display purposes & 1000 sq. ft. for go-down purposes in 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. @1500 per sq. ft. (Shop Premises)	3.50
Equipment	-
Furniture and Fixtures as per Annexure	0.30
Electrical Equipment	1.51
Desktop and Printer	0.50
Software Cost (Tally/SAP) (as per Annexure)	0.30
Inverter (10 Kv office inverter)	0.70
Preliminary & Preoperative Expenses	1.40
<b>Sub-total (A)</b>	<b>8.21</b>
Working Capital Margin @25% of Total WC Requirement	11.25
<b>Total Project Cost</b>	<b>19.46</b>
Total Working Capital Required (lump sum) (B)	45.00
<b>MEANS OF FINANCE</b>	
<b>Total Funds Required (A+B)</b>	<b>53.21</b>
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	6.16
WORKING CAPITAL (75% of B)	33.75
<b>Total</b>	<b>39.91</b>
Equity	13.30
<b>Total</b>	<b>53.21</b>

## Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
	<b>Electrical Equipment</b>			
1	AC	2	45000	0.90
2	CCTV	6	2500	0.15
3	FAN	4	1500	0.06
4	Light	LS	LS	0.40
	<b>Total</b>			<b>1.51</b>
	<b>Furniture and Fixtures</b>			
1	Table & chairs	LS	LS	0.30
	<b>Total</b>			<b>0.30</b>

## Preliminary Expenses

Particulars	Amount (Rs. in Lakhs)
Incorporation Expenses	0.08
Project Report Preparation	0.08
Interior Designer's Fee	0.25
Legal Charges - Drafting for agreements, contracts, stamp paper, notary and affidavit cost	0.05
Salary	0.45
Rent Expenses	0.45
Interest Cost for period before commercial production	0.04
<b>Total</b>	<b>1.40</b>

## Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Cashier	2	1.92
Staff	5	6.00

## 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)	0.60	0.66	0.73	0.80	0.88
Annual Sales (Rs.)	180.00	198.00	217.80	239.58	263.54
<b>Total income during the year</b>	<b>180.00</b>	<b>198.00</b>	<b>217.80</b>	<b>239.58</b>	<b>263.54</b>
<b><u>B. OPERATING EXPENSES</u></b>					
Stock Consumed(75%of sales)	135.00	148.50	163.35	179.69	197.65
Salary	7.92	8.32	8.73	9.17	9.63
Rent	7.80	8.19	8.60	9.03	9.48
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	0.88	0.88	0.88	0.71	0.71
Administrative and General Expenses	3.60	3.96	4.36	4.79	5.27
<b>Total Operating Expenses</b>	<b>158.80</b>	<b>173.52</b>	<b>189.66</b>	<b>207.20</b>	<b>226.63</b>
<b>Operating Profit (A-B)</b>	<b>21.20</b>	<b>24.48</b>	<b>28.14</b>	<b>32.38</b>	<b>36.90</b>
<b><u>C.FINANCIAL EXPENSES</u></b>					
Interest on Term Loan	0.48	0.37	0.27	0.16	0.06
Interest on WC Loan	2.87	2.87	2.87	2.87	2.87
<b>Total Expenses</b>	<b>3.34</b>	<b>3.24</b>	<b>3.13</b>	<b>3.03</b>	<b>2.93</b>
<b>Profit Before Tax</b>	<b>17.86</b>	<b>21.24</b>	<b>25.00</b>	<b>29.35</b>	<b>33.98</b>
Provision for Tax	4.46	5.31	6.25	7.34	8.49
<b>Profit after Tax (PAT)</b>	<b>13.39</b>	<b>15.93</b>	<b>18.75</b>	<b>22.01</b>	<b>25.48</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	180.00	198.00	217.80	239.58	263.54
B.	Variable Cost					
	Stock Consumed	135.00	148.50	163.35	179.69	197.65
	Power and Utility	3.60	3.67	3.75	3.82	3.90
	Total Variable Cost	138.60	152.17	167.10	183.51	201.55
C.	Contribution (A-B)	41.40	45.83	50.70	56.07	61.99
D.	Fixed					
	Salary	7.92	8.32	8.73	9.17	9.63
	Rent Expenses	7.80	8.19	8.60	9.03	9.48
	Interest on term loan	0.48	0.37	0.27	0.16	0.06
	Interest on working capital	2.87	2.87	2.87	2.87	2.87
	Depreciation and Amortization	0.88	0.88	0.88	0.71	0.71
	Total Fixed Cost	19.94	20.63	21.35	21.93	22.74
E.	Breakeven Point	48%	45%	42%	39%	37%
F.	Cash BEP	46%	43%	40%	38%	36%

## Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	13.39	15.93	18.75	22.01	25.48
ii	Depreciation	0.88	0.88	0.88	0.71	0.71
iii	Interest on term loan	0.48	0.37	0.27	0.16	0.06
A	Total ( i + ii + iii )	14.75	17.18	19.90	22.88	26.25
i	Interest on term loan	0.48	0.37	0.27	0.16	0.06
ii	Principal repayment on term loan	1.23	1.23	1.23	1.23	1.23
B	Total ( i + ii )	1.71	1.60	1.50	1.39	1.29
	DSCR ( A / B )	8.64	10.72	13.28	16.42	20.37

## 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
Partha International (CCTV and Computer Shops)	7, Chandni Chowk St, Near Sabir Hotel, Chandni Chawk, Bowbazar, Kolkata, West Bengal 700072 099036 42800
Pugalia Refrigeration Company	11G, Temple St, Chandni Chawk, Bowbazar, Kolkata, West Bengal 700072 03322370846,+919331017074

# 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	6.16	6.06	5.95	5.85	5.75	5.65	5.54	5.44	5.34	5.24	5.13	5.03	
Repaid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.23
Closing	6.06	5.95	5.85	5.75	5.65	5.54	5.44	5.34	5.24	5.13	5.03	4.93	
<b>Interest</b>	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.48
II													
<b>Principal</b>													
Opening	4.93	4.83	4.72	4.62	4.52	4.41	4.31	4.21	4.11	4.00	3.90	3.80	
Repaid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.23
Closing	4.83	4.72	4.62	4.52	4.41	4.31	4.21	4.11	4.00	3.90	3.80	3.70	
<b>Interest</b>	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.37
III													
<b>Principal</b>													
Opening	3.70	3.59	3.49	3.39	3.29	3.18	3.08	2.98	2.87	2.77	2.67	2.57	
Repaid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.23
Closing	3.59	3.49	3.39	3.29	3.18	3.08	2.98	2.87	2.77	2.67	2.57	2.46	
<b>Interest</b>	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.27
IV													
<b>Principal</b>													
Opening	2.46	2.36	2.26	2.16	2.05	1.95	1.85	1.75	1.64	1.54	1.44	1.33	
Repaid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.23
Closing	2.36	2.26	2.16	2.05	1.95	1.85	1.75	1.64	1.54	1.44	1.33	1.23	
<b>Interest</b>	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.16
V													
<b>Principal</b>													
Opening	1.23	1.13	1.03	0.92	0.82	0.72	0.62	0.51	0.41	0.31	0.21	0.10	
Repaid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.23
Closing	1.13	1.03	0.92	0.82	0.72	0.62	0.51	0.41	0.31	0.21	0.10	0.00	
<b>Interest</b>	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.06