



SURGICAL EQUIPMENT

Introduction

A surgical instrument is a tool or equipment that is used to execute certain activities or produce desired results during a surgery or operation, such as changing biological tissue or allowing access to observe it. Many different types of surgical instruments and tools have been developed over time. Some surgical instruments are made to be used in general surgery, whereas others are made for a specialised treatment.

Market Potential

India is one of the top 20 medical equipment markets in the world. In 2020, India's medical device industry was worth US\$ 11 billion, and by 2024, it is predicted to be worth US\$ 65 billion. The Indian medical equipment industry is expected to grow from US\$ 11 billion to US\$ 50 billion by 2025.

In the projected period of 2021-2026, the India General Surgical Devices Market is expected to grow at a CAGR of 6.8%.

Assumptions

1. For SME unit having yearly turnover upto 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, surgical equipment showroom 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. 1600 sq. ft. is the proposed area, of which 600 sq. ft. is for office cum showroom area and the rest is for the godown, 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.
6. Trading of Surgical Equipment is allowed only to the authorised dealers. These dealers usually trade in the open markets since the open markets provide better margin and marketing assistance. The dealers are supposed to have full-fledged knowledge of the equipment.

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. 300 per sq. ft.- Godown Premises) (600 sq. ft. @ Rs. 700 per sq. ft. – Shop Premises)	7.20
Equipment	-
Furniture and Fixtures	0.35
Electrical Equipment	1.08
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.25
Inverter (10 kv office inverter)	0.30
Preliminary & Preoperative Expenses	2.39
Sub-total (A)	12.07
Working Capital Margin @ 25% of Total WC Requirement	25.00
Total Project Cost	37.07
Total Working Capital Required (Lump sum) (B)	100.00
MEANS OF FINANCE	
Total Funds Required (A+B)	112.07
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	9.05
WORKING CAPITAL (75% of B)	75.00
Total	84.05
Equity	28.02
Total	112.07

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	AC	2	40000	0.80
2	Fan	4	15000	0.08
3	Light	LS	LS	0.20
Total				1.08
Furniture and Fixtures				
1	Chairs	LS	LS	0.10
2	Sofa	LS	LS	0.25
Total				0.35

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 (2 months)	0.84
Rent Expenses (2 months; Rs. 30/sq. ft.)	0.96
Interest Cost for Both Term Loan And CC (period before commercial production)	0.09
Total	2.39

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Salesman	2	3.60
Marketing executive	1	4.20
Front desk executive	1	1.80
Office Staff	2	2.88
Medical equipment technician	2	4.80

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	1.33	1.47	1.61	1.77	1.95
Annual Sales	400.00	440.00	484.00	532.40	585.64
Total income during the year	400.00	440.00	484.00	532.40	585.64
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	300.00	330.00	363.00	399.30	439.23
Salary	17.28	18.14	19.05	20.00	21.00
Rent	9.36	9.83	10.32	10.84	11.38
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	1.13	1.13	1.13	0.95	0.95
Administrative and General Expenses	4.00	4.40	4.84	5.32	5.86
Total Operating Expenses	335.37	367.17	402.08	440.24	482.32
Operating Profit (A-B)	64.63	72.83	81.92	92.16	103.32
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.70	0.54	0.39	0.24	0.08
Interest on WC Loan	6.38	6.38	6.38	6.38	6.38
Total Expenses	7.07	6.92	6.77	6.61	6.46
Net Profit Before Tax	57.56	65.91	75.15	85.55	96.86
Provision for Tax	14.39	16.48	18.79	21.39	24.22
Profit after Tax (PAT)	43.17	49.43	56.36	64.16	72.65

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	400.00	440.00	484.00	532.40	585.64
B.	Variable Cost					
	Stock Consumed	300.00	330.00	363.00	399.30	439.23
	Power and Utility	3.60	3.67	3.75	3.82	3.90
	Total Variable Cost	303.60	333.67	366.75	403.12	443.13
C.	Contribution (A-B)	96.40	106.33	117.25	129.28	142.51
D.	Fixed cost					
	Salary	17.28	18.14	19.05	20.00	21.00
	Rent Expenses	9.36	9.83	10.32	10.84	11.38
	Interest on Term Loan	0.70	0.54	0.39	0.24	0.08
	Interest on WC Loan	6.38	6.38	6.38	6.38	6.38
	Depreciation and Amortization	1.13	1.13	1.13	0.95	0.95
	Total Fixed Cost	34.84	36.02	37.26	38.40	39.79
E.	Breakeven Point	36%	34%	32%	30%	28%
F.	Cash BEP	35%	33%	31%	29%	27%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	43.17	49.43	56.36	64.16	72.65
ii	Depreciation	1.13	1.13	1.13	0.95	0.95
iii	Interest	0.70	0.54	0.39	0.24	0.08
A	Total (i + ii + iii)	45.00	51.10	57.88	65.35	73.68
i	Interest	0.70	0.54	0.39	0.24	0.08
ii	Principal repayment	1.81	1.81	1.81	1.81	1.81
B	Total (i + ii)	2.51	2.35	2.20	2.05	1.89
	DSCR (A / B)	17.94	21.70	26.30	31.93	38.92

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
Suvi Enterprise	Baikunthapur, Geetnagar, Guwahati, Kamrup-781021, Assam, India Contact No.- 08048372460
M/s.soldom Electronics Private Limited.	4th Floor, Orion Tower 402, GS Road, Soldom Electronics Pvt Ltd Christian Basti, Guwahati, Kamrup-781005, Assam, India Contact No.- 07971278440

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	9.05	8.90	8.75	8.60	8.45	8.30	8.14	7.99	7.84	7.69	7.54	7.39
Repaid	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Closing	8.90	8.75	8.60	8.45	8.30	8.14	7.99	7.84	7.69	7.54	7.39	7.24
Interest	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.05
II												
Principal												
Opening	7.24	7.09	6.94	6.79	6.64	6.49	6.33	6.18	6.03	5.88	5.73	5.58
Repaid	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Closing	7.09	6.94	6.79	6.64	6.49	6.33	6.18	6.03	5.88	5.73	5.58	5.43
Interest	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
III												
Principal												
Opening	5.43	5.28	5.13	4.98	4.83	4.68	4.52	4.37	4.22	4.07	3.92	3.77
Repaid	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Closing	5.28	5.13	4.98	4.83	4.68	4.52	4.37	4.22	4.07	3.92	3.77	3.62
Interest	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
IV												
Principal												
Opening	3.62	3.47	3.32	3.17	3.02	2.87	2.71	2.56	2.41	2.26	2.11	1.96
Repaid	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Closing	3.47	3.32	3.17	3.02	2.87	2.71	2.56	2.41	2.26	2.11	1.96	1.81
Interest	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01
V												
Principal												
Opening	1.81	1.66	1.51	1.36	1.21	1.06	0.90	0.75	0.60	0.45	0.30	0.15
Repaid	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Closing	1.66	1.51	1.36	1.21	1.06	0.90	0.75	0.60	0.45	0.30	0.15	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