



ELECTRICAL FITTINGS

Introduction

Electrical fittings means electric lines, fittings, apparatus and appliances like switches, socket, holder etc. designed for use by consumers of electricity for lighting, heating, motive power and other purposes. There are wide variety of fitting such as wire, switch, socket, pendent holder, connector, washer, switch board cover plate and many more.

Moreover these components are available in a wide variety of shapes and sizes and materials, like wire sold of different material viz. aluminium, copper, etc. Switches in different size. Thus, electrical fittings are specifically designed considering various size, quality, power, hazard level. If electrical fitting done correctly, it will help you save power, keep your home free from fire hazards and also ensure that your costly electrical/electronic equipment have a longer life.

Market Potential

The increasing use of electrical fittings in industrial, commercial, residential and other industries is driving the growth of the market of electrical fitting across the globe. Electrical fittings market is expected to grow at a steady growth during the forecast period 2021-2026. The electrical conduit fittings market was valued at US\$ 1,256.9 million in 2019 and is further expected to reach US\$ 1,849.7 million in 2028, growing at a CAGR of 6.0% during the forecast period. Further, rising industrial and infrastructural investments for economic growth are expected to fuel the growth of the plugs and socket market. Moreover, market growth can be attributed to factors such as government initiatives to expand renewable energy generation and rapid pace of industrialization and urbanization and consequent increase in power leading to consequent increase in demand for electrical fitting.

Assumptions

1. For SME unit having yearly turnover of 120 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, electrical fittings 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. 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 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)	2.00
Equipment	-
Furniture and Fixtures as per Annexure	0.26
Electrical Equipment	0.76
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.30
Inverter (5 Kv office inverter)	0.30
Preliminary & Preoperative Expenses	0.95
Sub-total (A)	5.07
Working Capital Margin @25% of Total WC Requirement	7.50
Total Project Cost	12.57
Total Working Capital Required (Lump sum) (B)	30.00
MEANS OF FINANCE	
Total Funds Required (A+B)	35.07
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	3.80
WORKING CAPITAL (75% of B)	22.50
Total	26.30
Equity	8.77
Total	35.07

Detailed Cost Element

Sl. No.	Particulars	Amount (Rs. in Lakhs)
	Electrical Equipment	
1	AC	0.50
2	CCTV	0.12
3	Fan	0.04
4	Light	0.10
	Total	0.76
	Furniture and Fixtures	
1	Chairs	0.06
2	Counter	0.20
	Total	0.26

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.)	0.15
Interest Cost for both Term Loan and CC (period before commercial production)	0.03
Total	0.95

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Cashier cum Accountant	1	1.80
Staff	4	0.40

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.)	0.40	0.44	0.48	0.53	0.59
Annual Sales (Rs.)	120.00	132.00	145.20	159.72	175.69
Total income during the year	120.00	132.00	145.20	159.72	175.69
<u>B. OPERATING EXPENSES</u>					
Stock Consumed (75% of Sales)	90.00	99.00	108.90	119.79	131.77
Salary	2.20	2.31	2.43	2.55	2.67
Rent	1.80	1.89	1.98	2.08	2.19
Power & utilities	3.00	3.06	3.12	3.18	3.25
Depreciation and Amortization	0.63	0.63	0.63	0.45	0.45
Administrative and General Expenses	2.40	2.64	2.90	3.19	3.51
Total Operating Expenses	100.03	109.53	119.96	131.25	143.84
Operating Profit (A-B)	19.97	22.47	25.24	28.47	31.85
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.29	0.23	0.16	0.10	0.03
Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
Total Expenses	2.21	2.14	2.08	2.01	1.95
Profit Before Tax	17.77	20.33	23.16	26.46	29.90
Provision for Tax	4.44	5.08	5.79	6.61	7.48
Profit after Tax (PAT)	13.33	15.25	17.37	19.84	22.43

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	120.00	132.00	145.20	159.72	175.69
B.	Variable Cost					
	Stock Consumed	90.00	99.00	108.90	119.79	131.77
	Power and Utility	3.00	3.06	3.12	3.18	3.25
	Total Variable Cost	93.00	102.06	112.02	122.97	135.02
C.	Contribution (A-B)	27.00	29.94	33.18	36.75	40.68
D.	Fixed Cost					
	Salary	2.20	2.31	2.43	2.55	2.67
	Rent Expenses	1.80	1.89	1.98	2.08	2.19
	Interest on Term Loan	0.29	0.23	0.16	0.10	0.03
	Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
	Depreciation and Amortization	0.63	0.63	0.63	0.45	0.45
	Total Fixed Cost	6.83	6.97	7.11	7.09	7.26
E.	Breakeven Point	25%	23%	21%	19%	18%
F.	Cash BEP	23%	21%	20%	18%	17%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	13.33	15.25	17.37	19.84	22.43
ii	Depreciation	0.63	0.63	0.63	0.45	0.45
iii	Interest	0.29	0.23	0.16	0.10	0.03
A	Total (i + ii + iii)	14.25	16.10	18.16	20.39	22.91
i	Interest on term loan	0.29	0.23	0.16	0.10	0.03
ii	Principal repayment on term loan	0.76	0.76	0.76	0.76	0.76
B	Total (i + ii)	1.05	0.99	0.92	0.86	0.80
	DSCR (A / B)	13.52	16.29	19.65	23.72	28.82

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
Jaiswal Electronics	18, Chandni Chowk St, Chandni Chawk, Bowbazar, Kolkata, West Bengal 700072
R.K. Electricals	Shop No-242, 22B, Rabindra Sarani, near Poddar 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	3.80	3.74	3.67	3.61	3.55	3.48	3.42	3.36	3.29	3.23	3.17	3.10	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
Closing	3.74	3.67	3.61	3.55	3.48	3.42	3.36	3.29	3.23	3.17	3.10	3.04	
Interest	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.29
II													
Principal													
Opening	3.04	2.98	2.91	2.85	2.79	2.72	2.66	2.60	2.53	2.47	2.41	2.34	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
Closing	2.98	2.91	2.85	2.79	2.72	2.66	2.60	2.53	2.47	2.41	2.34	2.28	
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	0.23
III													
Principal													
Opening	2.28	2.22	2.15	2.09	2.03	1.96	1.90	1.84	1.77	1.71	1.65	1.58	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
Closing	2.22	2.15	2.09	2.03	1.96	1.90	1.84	1.77	1.71	1.65	1.58	1.52	
Interest	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.16
IV													
Principal													
Opening	1.52	1.46	1.39	1.33	1.27	1.20	1.14	1.08	1.01	0.95	0.89	0.82	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
Closing	1.46	1.39	1.33	1.27	1.20	1.14	1.08	1.01	0.95	0.89	0.82	0.76	
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	0.10
V													
Principal													
Opening	0.76	0.70	0.63	0.57	0.51	0.44	0.38	0.32	0.25	0.19	0.13	0.06	
Repaid	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.76
Closing	0.70	0.63	0.57	0.51	0.44	0.38	0.32	0.25	0.19	0.13	0.06	0.00	
Interest	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03