



I.T. HARDWARE

Introduction

Information Technology (IT) Hardware refers to the tangible parts of the computer which can be touched. Hardware acts as a means by which computer system and the user communicate with each other. I.T. Hardware includes Monitor, Computer Processing Unit (CPU), Motherboard, UPS, Keyboard, Mouse, Printer, etc. Computer Hardware majorly forms the computer system. It is also sometimes known as the equipment of the computer. IT Hardware is used for taking input data from the user, store the data and display the output and execute the commands given by an individual.

Trading in IT Hardware is a very common business. Many retail shops are available in the local market which are serving to this industry. Net Profit of approximately 10% is expected annually.

Market Potential

The increasing use of Information Technology in industrial, commercial, residential and other industries is driving the growth of the market of I.T. Hardware across the globe. I.T. Hardware market is expected to grow at a steady growth during the forecast period 2021-2026. The market is expected to reach \$1178.15 billion in 2025 at a CAGR of 6%. The I.T. hardware market is expected to be aided by rapid growth in investments in smart city projects in many countries globally. With advancements in the I.T. sector, the hardware has gained demand globally. The market is profitable and trading in the same is profitable.

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, IT Hardware 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. 1150 sq. ft. is the total proposed area which shall be spacious for stock display and stock-keeping.
(Shop Premises – 500 sq. ft.
Godown Premises – 650 sq. ft.)
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 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. (1150 sq. ft. @ Rs. 600 per sq. ft.) (Shop and Godown Premises)	6.90
Equipment	0.58
Furniture and Fixtures	3.55
Electrical Equipment / Fittings	3.10
Desktop and Printer	0.50
Software Cost (Tally/SAP)	0.30
Inverter (5 KV)	0.30
Preliminary & Preoperative Expenses	3.21
Sub-total (A)	18.44
Working Capital Margin @25% of Total WC Requirement	7.50
Total Project Cost	25.94
Total Working Capital Req. (Lump sum) (B)	30.00
MEANS OF FINANCE	
Total Funds Required (A+B)	48.44
Loan Component-	
TERM LOAN (75% of A)	13.83
WORKING CAPITAL LOAN (75% of B)	22.50
Total	36.33
Equity	12.11
Total	48.44

Detailed Cost Element

Sl. No.	Particulars	Amount (Rs. in Lakhs)
	Equipment	
1	Screwdriver	0.03
2	Wire cutters and strippers	0.03
3	Needle-nosed pliers	0.04
4	Utility knife	0.03
5	Small flashlight	0.10
6	Adjustable wrench	0.25
7	Small container to hold screws	0.01
8	Grounding Strap	0.07
9	Miscellaneous Tools and Equipment	0.02
	Total	0.58
	Electrical Equipment	
1	AC	2.50
2	CCTV	0.50
3	Light	0.10
	Total	3.10
	Furniture and Fixtures	
1	Chairs	0.10
2	Display Table	0.20
3	Drawers/ Miscellaneous Furniture for Cash Counter/ Reception	1.50
4	Shelves for Shop and Godown	1.75
	Total	3.55

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)	1.08
Rent Expenses (3 months; Rs. 40/sq. ft.)	1.38
Interest Cost for both Term Loan and CC (period before commercial production)	0.25
Total	3.21

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Cashier	1	1.20
Staff cum Mechanic	2	3.60

Profitability Statement

Amount (Rs. in lakhs)					
Particulars	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 (70% of Sales)	84.00	92.40	101.64	111.80	122.98
Salary	4.80	5.04	5.29	5.56	5.83
Rent	5.52	5.80	6.09	6.39	6.71
Power & utilities	3.60	3.67	3.75	3.82	3.90
Depreciation and Amortization	1.88	1.88	1.88	1.71	1.71
Administrative and General Expenses	2.40	2.64	2.90	3.19	3.51
Total Operating Expenses	102.20	111.43	121.55	132.47	144.65
Operating Profit (A-B)	17.80	20.57	23.65	27.25	31.05
<u>C. FINANCIAL EXPENSES</u>					
Interest on Term Loan	1.07	0.83	0.60	0.36	0.13
Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
Total Expenses	2.98	2.75	2.51	2.27	2.04
Profit Before Tax	14.82	17.83	21.14	24.97	29.01
Provision for Tax	3.70	4.46	5.29	6.24	7.25
Profit after Tax (PAT)	11.11	13.37	15.86	18.73	21.76

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	84.00	92.40	101.64	111.80	122.98
	Power and Utility	3.60	3.67	3.75	3.82	3.90
	Total Variable Cost	87.60	96.07	105.39	115.62	126.88
C.	Contribution (A-B)	32.40	35.93	39.81	44.10	48.81
D.	Fixed Cost					
	Salary	4.80	5.04	5.29	5.56	5.83
	Rent Expenses	5.52	5.80	6.09	6.39	6.71
	Interest on Term Loan	1.07	0.83	0.60	0.36	0.13
	Interest on WC Loan	1.91	1.91	1.91	1.91	1.91
	Depreciation and Amortization	1.88	1.88	1.88	1.71	1.71
	Total Fixed Cost	15.18	15.46	15.77	15.93	16.29
E.	Breakeven Point	47%	43%	40%	36%	33%
F.	Cash BEP	41%	38%	35%	32%	30%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	11.11	13.37	15.86	18.73	21.76
ii	Depreciation	1.88	1.88	1.88	1.71	1.71
iii	Interest	1.07	0.83	0.60	0.36	0.13
A	Total (i + ii + iii)	14.06	16.08	18.33	20.80	23.59
i	Interest on term loan	1.07	0.83	0.60	0.36	0.13
ii	Principal repayment on term loan	2.77	2.77	2.77	2.77	2.77
B	Total (i + ii)	3.83	3.60	3.36	3.13	2.89
	DSCR (A / B)	3.67	4.47	5.45	6.65	8.15

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
Marc Computers	Lamington Road, Mumbai Ph No. 022 6666 1212
Raj Guru Solution Pvt. Ltd.	Grant Road, Mumbai Ph No. 022 4911 0000
Neemash Exports	Grant Road, Mumbai Ph No. 022-23078605

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	13.83	13.60	13.37	13.14	12.91	12.68	12.45	12.22	11.99	11.76	11.52	11.29	
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	2.77
Closing	13.60	13.37	13.14	12.91	12.68	12.45	12.22	11.99	11.76	11.52	11.29	11.06	
Interest	0.10	0.10	0.09	0.09	0.09	0.09	0.09	0.09	0.08	0.08	0.08	0.08	1.07
II													
Principal													
Opening	11.06	10.83	10.60	10.37	10.14	9.91	9.68	9.45	9.22	8.99	8.76	8.53	
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	2.77
Closing	10.83	10.60	10.37	10.14	9.91	9.68	9.45	9.22	8.99	8.76	8.53	8.30	
Interest	0.08	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.83
III													
Principal													
Opening	8.30	8.07	7.84	7.61	7.38	7.15	6.91	6.68	6.45	6.22	5.99	5.76	
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	2.77
Closing	8.07	7.84	7.61	7.38	7.15	6.91	6.68	6.45	6.22	5.99	5.76	5.53	
Interest	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.60
IV													
Principal													
Opening	5.53	5.30	5.07	4.84	4.61	4.38	4.15	3.92	3.69	3.46	3.23	3.00	
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	2.77
Closing	5.30	5.07	4.84	4.61	4.38	4.15	3.92	3.69	3.46	3.23	3.00	2.77	
Interest	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.36
V													
Principal													
Opening	2.77	2.54	2.30	2.07	1.84	1.61	1.38	1.15	0.92	0.69	0.46	0.23	
Repaid	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	2.77
Closing	2.54	2.30	2.07	1.84	1.61	1.38	1.15	0.92	0.69	0.46	0.23	-0.00	
Interest	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.13