

## **COMPUTER HARDWARE SERVICE CENTRE**

### **1. INTRODUCTION**

Computers are most essential for all type of business. Small retailers, traders, doctors, hospitals, call centres, even nowadays vegetable shops like wholesale, reliance-fresh need computers to maintain inventory, credit/debit card payments, billing, maintaining customer database, appointments, and customer's history/cases. Some of institutions have large number of computers operating under various departments like accounts, inventory, billing, marketing etc. Schools and colleges have separate labs having hundreds of computers operating at same time.

### **2. SERVICE AND ITS APPLICATION**

Computer hardware service centre is one such centre which provides services to above mentioned institutions that have computers for their business. Some of them need repair and maintenance for large number of computers at the same time. They also need upgrades on time to time basis. This centre will provide services to such customers for assembly of upgraded hardware, repair of faulty parts, upgrade of processors and software and also provide external components like mouse, speakers, key-boards.

### **3. DESIRED QUALIFICATION FOR PROMOTER**

An entrepreneur with computer engineer background is required which will helpful in procurement of right materials and components as per customer's specifications and also can understand customer's requirement in upgrade and assembly of computers.

#### **4. REQUIREMENTS – MATERIAL/EQUIPMENT AND MANPOWER**

##### **Resources**

1. Computer Testing System (HDD, Motherboard, Processor, Printer, Keyboard, Mouse etc.)	2. Tools for making internet connections and other essential tools
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#### **5. MANPOWER**

1. Entrepreneur
2. Technical Skilled Worker – 3
3. Semi-Skilled Worker – 2

##### **Project Building**

Setup of a computer hardware service centre requires below steps to follow.

1. Decide a location for office
  - First and foremost is to finalize a place where it is suitable for an entrepreneur to operate this business. Things to keep in mind before deciding are locality where number of schools, colleges and hospitals are more which can have large number of computers.
2. Decide on Services to be offered.
3. Purchasing tools, computer testing system and certain essential hardware for stocks
4. Advertising and Social Media marketing

#### **5. IMPLEMENTATION SCHEDULE**

Finding a location and finalizing office for rent can take around 3-4 weeks. Procuring equipment for services offering can be done parallel and generally takes 3-4 weeks. Furniture and set up of office will take around another 1 week. The whole business with well researched can be setup easily in 4-6 weeks.

## 6. FIXED CAPITAL INVESTMENT

Sr. No.	Description	QTY	Amount
1	Computer Testing System (HDD, Motherboard, Processor, Printer, Keyboard, Mouse etc.)	1	₹ 30,000.00
2	Tools for making internet connections and other essential tools for assembly and service activities	LS	₹ 18,000.00
3	Software	LS	₹ 20,000.00
4	Office Furniture	LS	₹ 45,000.00
5	Electrification and other charges for installation 5 % of plant & machine charges	--	₹ 5,650.00
	<b>Total</b>		<b>₹ 1,18,650.00</b>

## 7. WORKING CAPITAL (PER MONTH)

Sr. No.	Description	Total
<b>1</b>	<b>Salary</b>	<b>₹ 59,000.00</b>
1a	Entrepreneur	₹ 13,000.00
1b	Technical Skilled Worker - 3 @ Rs 10,000 per Month	₹ 30,000.00
1c	Semi-Skilled Worker – 2 @ Rs 8,000 per Month	₹ 16,000.00
<b>2</b>	<b>Raw Material</b>	<b>₹ 58,000.00</b>
2a	Items like processor, motherboard, monitor, keyboard, Hard Disk, DVD writer, SMPS, RAM, Speakers and UPS etc. – For assembly of 2 computers as per customer's specification	₹ 38,000.00
2b	Accessories for networking and other spare hardware frequently used.	₹ 20,000.00
<b>3</b>	<b>Utilities</b>	<b>₹ 1,150.00</b>
3a	Power	₹ 1,000.00
3b	Water	₹ 150.00
<b>4</b>	<b>Other Expenses</b>	<b>₹ 5,200.00</b>

Sr. No.	Description	Total
4a	Advertising/Marketing/Social Media	₹ 800.00
4b	Stationery	₹ 500.00
4c	Telephone	₹ 700.00
4d	Transportation	₹ 1,200.00
4e	Insurance	₹ 500.00
4f	Consumable Stores	₹ 1,000.00
4g	Misc.	₹ 500.00
<b>5</b>	<b>Rent</b>	<b>₹ 8,000.00</b>
	<b>Total</b>	<b>₹ 1,31,350.00</b>

## 8. COST OF PROJECT

Sr. No.	Particulars	Amount in Rs
1	Land	₹ 0.00
2	Building	₹ 0.00
3	Equipments/ Other fixed investment	₹ 1,18,650.00
4	Working Capital Margin (3 Months)	₹ 3,94,050.00
<b>5</b>	<b>Total Cost of Project</b>	<b>₹ 5,12,700.00</b>

## 9. MEANS OF FINANCE

Sr. No.	Description	%age	Amount (Rs)
1	Promoter's Contribution	25%	₹ 1,28,175.00
2	Term Loan/Bank Finance	75%	₹ 3,84,525.00
	Total		₹ 5,12,700.00

## Cost of Operation

Sr. No.	Particulars	Amount in Rs
	<b>Variable Cost</b>	
1	Raw Material and Other direct inputs	₹ 63,200.00
2	Salary (60%)	₹ 35,400.00
3	Power (70%)	₹ 805.00
	Variable Cost 1 Month	₹ 99,405.00

Sr. No.	Particulars	Amount in Rs
	<b>Total Annual Variable Cost</b>	<b>₹ 11,92,860.00</b>
	<b>Fixed Cost</b>	
1	Overheads	₹ 8,000.00
2	Salary (40%)	₹ 23,600.00
3	Power (30%)	₹ 345.00
	<i>Sub Total</i>	₹ 31,945.00
	<i>Total for 12 Months</i>	₹ 3,83,340.00
4	Interest	₹ 46,143.00
5	Depreciation on Equipments @ 10%	₹ 6,865.00
6	Depreciation on Furniture @ 20 %	₹ 9,000.00
	<b>Total Fixed Cost</b>	<b>₹ 4,45,348.00</b>
	<b>Total Cost of Production</b>	<b>₹ 16,38,208.00</b>

## Turnover

Sr. No.	Description	Unit Price	Unit per Day	Revenue per Day	Monthly Amount (25 Working Days)
1	Service Charge for Hardware Repair and Upgrade	500	12	6000	₹ 1,50,000.00
2	Profit Margin on selling assembled of Computers	5000	6	30000	₹ 30,000.00
	Total Revenue per Month				₹ 1,80,000.00
	<b>Total Revenue per Annum</b>				<b>₹ 21,60,000.00</b>

## 10. PROFITABILITY CALCULATION

<b>Net Profit</b> (Turnover - Cost of Operation)	<b>₹ 5,21,792.00</b>
<b>Net Profit Ratio</b> (Net profit * 100/Turnover)	<b>24.16%</b>
<b>Rate of Return</b> (Net Profit * 100 / Total Cost of Project)	<b>101.77%</b>

## Profitability Projection

Sr. No.	Particulars	UOM	Year Wise estimates					At Full Capacity
			Year 1	Year 2	Year 3	Year 4	Year 5	
1	Capacity Utilization	%	30	40	50	60	70	100
2	Sales	Rs Lakhs	₹ 6.48	₹ 8.64	₹ 10.80	₹ 12.96	₹ 15.12	₹ 21.60
3	Raw Materials & Other Direct Inputs	Rs Lakhs	₹ 3.58	₹ 4.77	₹ 5.96	₹ 7.16	₹ 8.35	₹ 11.93
4	Gross Margin	Rs Lakhs	₹ 2.90	₹ 3.87	₹ 4.84	₹ 5.80	₹ 6.77	₹ 9.67
5	Overheads Except Interest	Rs Lakhs	₹ 3.83	₹ 3.83	₹ 3.83	₹ 3.83	₹ 3.83	₹ 3.83
6	Interest	Rs Lakhs	₹ 0.46	₹ 0.46	₹ 0.46	₹ 0.46	₹ 0.46	₹ 0.46
7	Depreciation	Rs Lakhs	₹ 0.16	₹ 0.16	₹ 0.16	₹ 0.16	₹ 0.16	₹ 0.16
8	Net Profit Before Tax	Rs Lakhs	-₹ 1.55	-₹ 0.58	₹ 0.38	₹ 1.35	₹ 2.32	₹ 5.22
9	Profit %		-23.95%	-6.77%	3.54%	10.41%	15.32%	24.16%

## 11. BREAKEVEN ANALYSIS

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	21.60
2	Variable Costs	Rs Lakhs	11.93
3	Fixed Cost incl. Interest	Rs Lakhs	4.45
4	Break Even Capacity BEP = FC/( Sales -Variable Cost) *100	% of Installed Capacity	<b>46.05</b>