



MODEL PROJECT REPORT



PROJECT REPORT ON CORDLESS PHONE

SWAVALAMBI BHARAT ABHIYAN

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **CORDLESS PHONE**
- 6 Name of the project / business activity proposed : **CORDLESS PHONE MANUFACTURING UNIT**
- 7 Cost of Project : Rs.23.69 Lakhs
- 8 Means of Finance
- Term Loan Rs.16.03 Lakhs
- Own Capital Rs.2.37 Lakhs
- Working Capital Rs.5.29 Lakhs
- 9 Debt Service Coverage Ratio : 3.22
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 22%
- 13 Employment : 10 Persons
- 14 Power Requirement : 25.00 KW
- 15 Major Raw materials : ABS, PVC Plastic Granules, Resistors, Transistors
- 16 Estimated Annual Sales Turnover : 155.76 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.81
Miss Assets	1.00
Furniture & Fixtures	-
Working Capital	5.88
Total	23.69

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.37
Working Capital(Finance)	5.29
Term Loan	16.03
Total	23.69

1. INTRODUCTION



A cordless phone or portable phone is a telephone in which the handset is portable but able to be used like landline phone communication, only it operates by radio frequency transmission and not a physical insulated wire or telephone line. The base station is connected to the telephone network through a telephone line as a corded telephone is, and also serves as a charger to charge the handset's batteries. The range is limited, usually to the same building or some short distance from the base station. A cordless telephone differs from a mobile telephone by the limited range and by the base station on the subscriber premises. Current cordless telephone standards, such as PHS and DECT, have blurred the once clear-cut line between cordless and mobile telephones by implementing cell handoff (handover); various advanced features, such as data transfer; and even, on a limited scale, international roaming. In specialized models, base stations are maintained by a commercial mobile network operator and users subscribe to the service.

Unlike a corded telephone, a cordless telephone needs mains electricity to power the base station. The cordless handset is powered by a rechargeable battery, which is charged when the handset is stored in its cradle. Rechargeable batteries in the cordless phone provide hours of available talk time. This phone has a base station and the handset can be used anywhere within a definite distance from the base.

2. USES & MARKET POTENTIAL:

A cordless phone can be used at the home, office, Public places, Industrial areas, etc.

The global Cordless Phone market is expected to reach USD 395.2 million by the end of 2026. Expanded migration to hosted/cloud-based communications solutions; device-as-a-service (DaaS) conveyance models; and the dependence of different vertical industries on ruggedized or purpose-built cordless phones are the main drivers propelling the growth of the cordless phone market. Better voice quality; improved safety features; and additional features such as remote message pickup from the handset call waiting, caller ID, and two-way paging drive the market. Nonetheless, interference by different device signals and the health impacts of cordless phones impede the market development.

PRODUCT RAW MATERIAL

The major raw material required for manufacturing of Cordless Phone are:

- **Plastic:** ABS, PVC Plastic granules can be used to make base units and handset cases for cordless phones.
- **Electrical components:** Resistors, Capacitors, Transistors, Diode, Controller IC, Battery, Battery contacts, Display, Microphone, Speaker, Charging port jack, Customize circuit board, PCB for the handset, etc.
- **Other:** Button pad, Solder wire, Solder paste, Solder flux, wires, etc.

MANUFACTURING PROCESS

This process can be broken down into the following steps-

1. Raw material procurement
2. Injection molding process: Plastic molding
3. PCB assembly
4. Assembly
5. Testing

3. PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 2000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.30,000 per month.

3.2 Plant and Machinery

Machine	Quantity	Price
Injection molding machine	1	5,50,000
Solder Paste printer	1	1,00,000
Pick and place machine	1	1,50,000
Reflow machine	1	90,000
SPI machine	1	1,65,000
AOI machine- Automated optical inspection	1	4,00,000
Temperature-controlled soldering station	1	26,000
Laser printer machines	1	1,50,000
Testing Equipment's (Such as Power supply, Oscilloscope, Multimeter, etc.)		50,000
TOTAL		16,81,000

Note: Average Cost of Plant & Machinery will be Rs. 16.81 Lakhs (approx.) including GST but excluding transportation cost.

3.3 Power Requirement

The borrower shall require power load of 25 KW which shall be applied with Power Corporation. However, for standby power arrangement the borrower shall also purchase DG Set.

3.4 Manpower Requirement

The total manpower required for the operation of Cordless Phone Manufacturing Unit is about 8-12.

4. FINANCIALS

<u>PROJECTED BALANCE SHEET</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		2.88	5.31	8.44	11.98
Add:- Own Capital	2.37				
Add:- Retained Profit	5.32	7.43	10.13	13.14	16.22
Less:- Drawings	4.80	5.00	7.00	9.60	12.40
Closing Balance	2.88	5.31	8.44	11.98	15.80
Term Loan	14.25	10.69	7.12	3.56	-
Working Capital Limit	5.29	5.29	5.29	5.29	5.29
Sundry Creditors	2.67	3.21	3.78	4.38	5.01
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
TOTAL :	25.29	24.73	24.92	25.56	26.52
<u>Assets</u>					
Fixed Assets (Gross)	17.81	17.81	17.81	17.81	17.81
Gross Dep.	2.67	4.94	6.87	8.51	9.91
Net Fixed Assets	15.14	12.87	10.94	9.30	7.90
Current Assets					
Sundry Debtors	3.63	4.52	5.42	6.41	7.47
Stock in Hand	4.91	5.94	7.03	8.19	9.42
Cash and Bank	0.41	0.11	0.13	0.16	0.13
Loans & Advances /Other Current Assets	1.20	1.30	1.40	1.50	1.60
TOTAL :	25.29	24.73	24.92	25.56	26.52

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	30%	35%	40%	45%	50%
<u>SALES</u>					
Gross Sale					
Cordless Phone	155.76	193.58	232.41	274.57	320.35
Total	155.76	193.58	232.41	274.57	320.35
<u>COST OF SALES</u>					
Raw Material Consumed	114.48	137.59	161.95	187.70	214.80
Electricity Expenses	1.44	1.68	1.92	2.16	2.40
Depreciation	2.67	2.27	1.93	1.64	1.39
Wages & labour	10.32	14.45	19.94	26.32	32.90
Repair & maintenance	1.71	2.90	3.49	4.12	4.81
Packaging	3.89	4.84	5.81	6.86	8.01
Cost of Production	134.52	163.73	195.04	228.81	264.31
Add: Opening Stock	-	2.24	2.73	3.25	3.81
Less: Closing Stock	2.24	2.73	3.25	3.81	4.41
Cost of Sales	132.28	163.25	194.52	228.24	263.71
GROSS PROFIT	23.48	30.33	37.90	46.32	56.63
	15.08%	15.67%	16.31%	16.87%	17.68%
Salary to Staff	6.72	9.74	12.57	16.34	20.75
Interest on Term Loan	1.58	1.39	1.00	0.60	0.21
Interest on working Capital	0.58	0.58	0.58	0.58	0.58
Rent	3.60	3.78	3.97	4.17	4.38
Selling & Administrative Exp.	5.61	6.78	8.13	9.61	11.21
TOTAL	18.08	22.27	26.25	31.30	37.13
NET PROFIT	5.40	8.06	11.64	15.02	19.50
	3.47%	4.16%	5.01%	5.47%	6.09%
Taxation	0.08	0.64	1.51	1.88	3.27
PROFIT (After Tax)	5.32	7.43	10.13	13.14	16.22

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	2.37				
Net Profit	5.40	8.06	11.64	15.02	19.50
Depreciation & Exp. W/off	2.67	2.27	1.93	1.64	1.39
Increase in Cash Credit	5.29	-	-	-	-
Increase In Term Loan	16.03	-	-	-	-
Increase in Creditors	2.67	0.54	0.57	0.60	0.63
Increase in Provisions & Oth labilities	0.20	0.04	0.05	0.06	0.07
	-				
TOTAL :	34.63	10.91	14.19	17.32	21.59
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.81				
Increase in Stock	4.91	1.03	1.09	1.16	1.22
Increase in Debtors	3.63	0.88	0.91	0.98	1.07
Repayment of Term Loan	1.78	3.56	3.56	3.56	3.56
Loans & Advances /Other Current Assets	1.20	0.10	0.10	0.10	0.10
Drawings	4.80	5.00	7.00	9.60	12.40
Taxation	0.08	0.64	1.51	1.88	3.27
TOTAL :	34.22	11.21	14.17	17.29	21.63
Opening Cash & Bank Balance	-	0.41	0.11	0.13	0.16
Add : Surplus	0.41	(0.30)	0.02	0.03	(0.04)
Closing Cash & Bank Balance	0.41	0.11	0.13	0.16	0.13

CALCULATION OF D.S.C.R

PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.99	9.70	12.06	14.78	17.62
Interest on Term Loan	1.58	1.39	1.00	0.60	0.21
Total	9.56	11.08	13.06	15.39	17.83
<u>REPAYMENT</u>					
Instalment of Term Loan	1.78	3.56	3.56	3.56	3.56
Interest on Term Loan	1.58	1.39	1.00	0.60	0.21
Total	3.36	4.95	4.56	4.17	3.77
DEBT SERVICE COVERAGE RATIO	2.85	2.24	2.86	3.69	4.72
AVERAGE D.S.C.R.	3.22				

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Finished Goods					
(5 Days)	2.24	2.73	3.25	3.81	4.41
Raw Material					
(7 Days)	2.67	3.21	3.78	4.38	5.01
Closing Stock	4.91	5.94	7.03	8.19	9.42

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD				(in Lacs)	
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	4.91				
Less : Creditors	2.67				
Paid stock	2.24	10 %	0.22	90 %	2.02
Sundry Debtors	3.63	10 %	0.36	90 %	3.27
	5.88		0.59		5.29
MPBF					5.29
WORKING CAPITAL LIMIT DEMAND (from Bank)					5.29
Working Capital Margin					0.59

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	16.03	16.03	-	-	16.03
	2nd month	16.03	-	16.03	0.15	-	16.03
	3rd month	16.03	-	16.03	0.15	-	16.03
	4th month	16.03	-	16.03	0.15		16.03
	5th month	16.03	-	16.03	0.15		16.03
	6th month	16.03	-	16.03	0.15		16.03
	7th month	16.03	-	16.03	0.15	0.30	15.73
	8th month	15.73	-	15.73	0.14	0.30	15.44
	9th month	15.44	-	15.44	0.14	0.30	15.14
	10th month	15.14	-	15.14	0.14	0.30	14.84
	11th month	14.84	-	14.84	0.14	0.30	14.54
	12th month	14.54	-	14.54	0.13	0.30	14.25
					1.58	1.78	
2nd	Opening Balance						
	1st month	14.25	-	14.25	0.13	0.30	13.95
	2nd month	13.95	-	13.95	0.13	0.30	13.65
	3rd month	13.65	-	13.65	0.13	0.30	13.36
	4th month	13.36	-	13.36	0.12	0.30	13.06
	5th month	13.06	-	13.06	0.12	0.30	12.76
	6th month	12.76	-	12.76	0.12	0.30	12.47

	7th month	12.47	-	12.47	0.11	0.30	12.17
	8th month	12.17	-	12.17	0.11	0.30	11.87
	9th month	11.87	-	11.87	0.11	0.30	11.58
	10th month	11.58	-	11.58	0.11	0.30	11.28
	11th month	11.28	-	11.28	0.10	0.30	10.98
	12th month	10.98	-	10.98	0.10	0.30	10.69
				1.39		3.56	
3rd	Opening Balance						
	1st month	10.69	-	10.69	0.10	0.30	10.39
	2nd month	10.39	-	10.39	0.10	0.30	10.09
	3rd month	10.09	-	10.09	0.09	0.30	9.80
	4th month	9.80	-	9.80	0.09	0.30	9.50
	5th month	9.50	-	9.50	0.09	0.30	9.20
	6th month	9.20	-	9.20	0.08	0.30	8.90
	7th month	8.90	-	8.90	0.08	0.30	8.61
	8th month	8.61	-	8.61	0.08	0.30	8.31
	9th month	8.31	-	8.31	0.08	0.30	8.01
	10th month	8.01	-	8.01	0.07	0.30	7.72
	11th month	7.72	-	7.72	0.07	0.30	7.42
	12th month	7.42	-	7.42	0.07	0.30	7.12
				1.00		3.56	
4th	Opening Balance						
	1st month	7.12	-	7.12	0.07	0.30	6.83
	2nd month	6.83	-	6.83	0.06	0.30	6.53
	3rd month	6.53	-	6.53	0.06	0.30	6.23

	4th month	6.23	-	6.23	0.06	0.30	5.94
	5th month	5.94	-	5.94	0.05	0.30	5.64
	6th month	5.64	-	5.64	0.05	0.30	5.34
	7th month	5.34	-	5.34	0.05	0.30	5.05
	8th month	5.05	-	5.05	0.05	0.30	4.75
	9th month	4.75	-	4.75	0.04	0.30	4.45
	10th month	4.45	-	4.45	0.04	0.30	4.16
	11th month	4.16	-	4.16	0.04	0.30	3.86
	12th month	3.86	-	3.86	0.04	0.30	3.56
					0.60	3.56	
5th	Opening Balance						
	1st month	3.56	-	3.56	0.03	0.30	3.27
	2nd month	3.27	-	3.27	0.03	0.30	2.97
	3rd month	2.97	-	2.97	0.03	0.30	2.67
	4th month	2.67	-	2.67	0.02	0.30	2.37
	5th month	2.37	-	2.37	0.02	0.30	2.08
	6th month	2.08	-	2.08	0.02	0.30	1.78
	7th month	1.78	-	1.78	0.02	0.30	1.48
	8th month	1.48	-	1.48	0.01	0.30	1.19
	9th month	1.19	-	1.19	0.01	0.30	0.89
	10th month	0.89	-	0.89	0.01	0.30	0.59
	11th month	0.59	-	0.59	0.01	0.30	0.30
	12th month	0.30	-	0.30	0.00	0.30	-
					0.21	3.56	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
		6		MONTHS			
	REPAYMENT PERIOD	54		MONTHS			

Assumptions:

- Production Capacity of Cordless Phone taken is 80 units per day. First year, Capacity has been taken @ 30%.
- Working shift of 8 hours per day has been considered.
- Raw Material stock is for 7 days and Finished goods Closing Stock has been taken for 5 days.
- Credit period to Sundry Debtors has been given for 7 days.
- Credit period by the Sundry Creditors has been provided for 7 days.
- Depreciation and Income tax has been taken as per the Income tax Act, 1961.
- Interest on working Capital Loan and Term loan has been taken at 11%.
- Salary and wages rates are taken as per the Current Market Scenario.
- Power Consumption has been taken at 25 KW.
- Selling Prices & Raw material costing has been increased by 5% & 3% respectively in the subsequent years.