

PROJECT REPORT

OF

**MODERN WALL LIGHT
MANUFACTURING UNIT**

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Modern Wall Light Manufacturing unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **MODERN WALL LIGHT**
- 6 Name of the project / business activity proposed : **MODERN WALL LIGHT MANUFACTURING UNIT**
- 7 Cost of Project : Rs.22.3 Lakhs
- 8 Means of Finance
- Term Loan Rs.16.03 Lakhs
- Own Capital Rs.2.23 Lakhs
- Working Capital Rs.4.04 Lakhs
- 9 Debt Service Coverage Ratio : 2.81
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 30%
- 13 Employment : 10 Persons
- 14 Power Requirement : 25.00 KW
- 15 Major Raw materials : ABS, PVC Ceramic, LED Strips, Switch, Resistors
- 16 Estimated Annual Sales Turnover : 76.56 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	4.49
Total	22.30

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.23
Working Capital(Finance)	4.04
Term Loan	16.03
Total	22.30

1. INTRODUCTION



A wall light is a type of light fixture that is fixed to a wall. Modern fittings are more often called wall lights or wall lamps for similar terms, especially if the light source is wholly covered by glass. It doesn't take up any space on the floor and doesn't have to have a table to sit on. Wall lights can be elegant, rustic, subtle, or bold. Because they've been around so long and can choose ones for any decor from classic revival through medieval, Victorian, or Arts and Crafts to contemporary. They may be not just the oldest type of lighting fixture still in use, but the oldest of all lighting fixtures.

2. USES & MARKET POTENTIAL:

Wall lights can add light to a dark corner in any room and help you make the room seem larger. In a corridor, wall lights can add both light and interest without interfering with movement. They can add more light over a breakfast nook or in a reading corner. They can be the bedside lights in a bedroom, freeing up the nightstand, or working where there isn't room for a table beside the bed. They can accent, and provide light for, the table in the entrance hall where we drop our keys and the mail, or for a sideboard or serving table.

The lighting market size is expected to grow by USD 6.29 billion during the coming years. Light is a commodity that ought to be bought at the least conceivable cost, but lighting is a business resource that should be carefully considered for investment with the right design and equipment. The large majority of our impressions of the world get through our eyes, and light is necessary to vision. Light is in this manner the medium through which a greater part of individuals sees the world. Lighting, hence, can affect satisfaction, visibility, task execution, safety, security, sales, aesthetic judgment, mood and atmosphere, and social interaction.

PRODUCT RAW MATERIAL

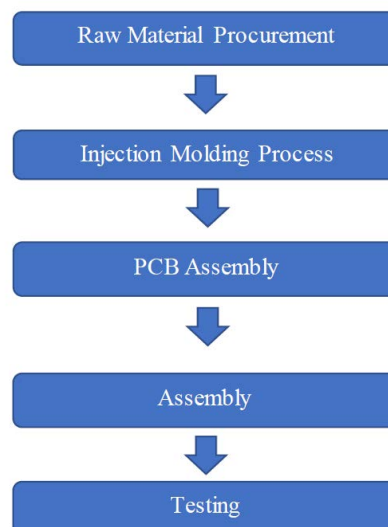
- **Plastic-** ABS, PVC, Ceramic, etc. types of plastic granules can be used to form wall lights cases.
- **Electrical components-** LED strips, Battery, Switch, Resistors, ICs, Diodes, Capacitors, Transformer, Customized circuit board, Connectors, etc.
- **Others-** Solder wire, Solder flux, Solder paste, Screws, etc.

MANUFACTURING PROCESS

This process can be broken down into the following steps:

- Raw material procurement
- Injection molding process- Plastic molding
- PCB assembly
- Assembly
- Testing

FLOW CHART OF THE PROCESS



3. PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 2500 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		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
Printing machines	1	1,50,000
Testing and other equipment's		50,000
TOTAL		16,81,000

Note: Total Machinery cost shall be Rs 16.81 lakh including GST and Transportation Cost.

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		2.98	4.73	7.30	10.19
Add:- Own Capital	2.23				
Add:- Retained Profit	5.25	6.66	8.27	10.89	12.73
Less:- Drawings	4.50	4.90	5.70	8.00	9.40
Closing Balance	2.98	4.73	7.30	10.19	13.52
Term Loan	14.25	10.69	7.12	3.56	-
Working Capital Limit	4.04	4.04	4.04	4.04	4.04
Sundry Creditors	1.25	1.45	1.66	1.87	2.11
Provisions & Other Liability	0.20	0.24	0.29	0.35	0.41
TOTAL :	22.71	21.15	20.41	20.01	20.09
<u>Assets</u>					
Fixed Assets (Gross)					
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	2.55	3.11	3.63	4.19	4.80
Stock in Hand	3.19	3.73	4.31	4.91	5.58
Cash and Bank	0.64	0.14	0.13	0.11	0.20
Loans & Advances /Other Current Assets	1.20	1.30	1.40	1.50	1.60
TOTAL :	22.71	21.15	20.41	20.01	20.09

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	40%	45%	50%	55%	60%
<u>SALES</u>					
Gross Sale					
Mordern Wall Light	76.56	93.29	108.90	125.74	144.10
Total	76.56	93.29	108.90	125.74	144.10
<u>COST OF SALES</u>					
Raw Material Consumed	37.44	43.42	49.68	56.23	63.29
Electricity Expenses	1.92	2.16	2.40	2.64	2.88
Depreciation	2.67	2.27	1.93	1.64	1.39
Wages & labour	12.36	16.07	20.41	24.49	29.39
Repair & maintenance	1.91	2.33	2.72	3.14	3.60
Packaging	1.84	2.24	2.61	3.02	3.46
Cost of Production	58.14	68.49	79.75	91.16	104.01
Add: Opening Stock	-	1.94	2.28	2.66	3.04
Less: Closing Stock	1.94	2.28	2.66	3.04	3.47
Cost of Sales	56.20	68.14	79.38	90.78	103.58
GROSS PROFIT	20.36	25.15	29.52	34.96	40.52
	26.59%	26.96%	27.11%	27.80%	28.12%
Salary to Staff	6.36	8.71	10.63	12.97	15.30
Interest on Term Loan	1.58	1.39	1.00	0.60	0.21
Interest on working Capital	0.44	0.44	0.44	0.44	0.44
Rent	3.60	3.78	3.97	4.17	4.38
Selling & Administrative Exp.	3.06	3.73	4.36	5.03	5.76
TOTAL	15.04	18.06	20.40	23.21	26.10
NET PROFIT	5.31	7.09	9.12	11.75	14.42
	6.94%	7.60%	8.38%	9.34%	10.01%
Taxation	0.07	0.43	0.86	0.86	1.69
PROFIT (After Tax)	5.25	6.66	8.27	10.89	12.73

7.5 Projected Cash Flow Statement

<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	2.23				
Net Profit	5.31	7.09	9.12	11.75	14.42
Depreciation & Exp. W/off	2.67	2.27	1.93	1.64	1.39
Increase in Cash Credit	4.04	-	-	-	-
Increase In Term Loan	16.03	-	-	-	-
Increase in Creditors	1.25	0.20	0.21	0.22	0.24
Increase in Provisions & Oth labilities	0.20	0.04	0.05	0.06	0.07
	-				
TOTAL :	31.73	9.60	11.31	13.66	16.12
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	17.81				
Increase in Stock	3.19	0.54	0.58	0.60	0.66
Increase in Debtors	2.55	0.56	0.52	0.56	0.61
Repayment of Term Loan Loans & Advances /Other Current Assets	1.78	3.56	3.56	3.56	3.56
	1.20	0.10	0.10	0.10	0.10
Drawings	4.50	4.90	5.70	8.00	9.40
Taxation	0.07	0.43	0.86	0.86	1.69
TOTAL :	31.09	10.10	11.32	13.68	16.03
Opening Cash & Bank Balance	-	0.64	0.14	0.13	0.11
Add : Surplus	0.64	(0.50)	(0.01)	(0.02)	0.09
Closing Cash & Bank Balance	0.64	0.14	0.13	0.11	0.20

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	7.92	8.93	10.20	12.53	14.13
Interest on Term Loan	1.58	1.39	1.00	0.60	0.21
Total	9.49	10.31	11.19	13.14	14.34
<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	2.83	2.08	2.46	3.15	3.80
AVERAGE D.S.C.R.	2.81				

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Finished Goods</u>					
(10 Days)	1.94	2.28	2.66	3.04	3.47
<u>Raw Material</u>					
(10 Days)	1.25	1.45	1.66	1.87	2.11
Closing Stock	3.19	3.73	4.31	4.91	5.58

COMPUTATION OF WORKING CAPITAL REQUIREMENT					
TRADITIONAL METHOD					(in Lacs)
Particulars	Amount	Own Margin		Bank Finance	
Finished Goods & Raw Material	3.19				
Less : Creditors	1.25				
Paid stock	1.94	10 %	0.19	90 %	1.74
Sundry Debtors	2.55	10 %	0.26	90 %	2.30
	4.49		0.45		4.04
MPBF					4.04
WORKING CAPITAL LIMIT DEMAND (from Bank)					4.04
Working Capital Margin					0.45

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 Modern Wall Light taken is 120 Units per day. First year, Capacity has been taken @ 40%.
- Working shift of 8 hours per day has been considered.
- Raw Material stock is for 10 days and Finished goods Closing Stock has been taken for 10 days.
- Credit period to Sundry Debtors has been given for 10 days.
- Credit period by the Sundry Creditors has been provided for 10 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.

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