



MOBILE STORE

Introduction

A mobile phone, also known as a cellular phone, cell phone, cellphone, handphone, or hand phone, is a portable telephone that can make and receive calls over a radio frequency link while the user is moving within a telephone service area. It is sometimes shortened to simply mobile, cell, or just phone. The radio frequency link establishes a connection to a mobile phone operator's switching systems, allowing access to the public switched telephone network (PSTN). Because modern mobile telephone services are based on a cellular network design, mobile phones in North America are referred to as cellular phones or cell phones. Text messaging, MMS, email, Internet access, short-range wireless communications (infrared, Bluetooth), business applications, video games, and digital photography are all supported by digital mobile phones (2G) in addition to telephony. Feature phones are mobile phones that only have those characteristics; smartphones are mobile phones that have much more powerful computational capabilities.

Market Potential

After China, India is the world's second-largest mobile phone manufacturer. And, with its current rate of expansion, India is on its way to become the world's largest handset market. The annual production of mobile phones in India has climbed from 3 million in 2014 to 11 million in 2017, according to the Indian Cellular Association (ICA). India currently produces 11 percent of all mobile phones, up from only 3 percent in 2014. According to Randstad India, the telecom industry is now among the top five job creators in India, with over four million direct and indirect jobs expected to be created over the next several years.

Another feather in India's cap is that it became the world's fastest-growing market for mobile applications in the first quarter of 2018. The Indian government established the Phased Manufacturing Programme (PMP) in May 2017 to stimulate domestic mobile device production. This project is assisting in the development of a strong indigenous mobile manufacturing ecosystem in India, as well as encouraging large-scale manufacturing. The PMP has been successful in encouraging businesses to shift away from direct imports and toward manufacturing. According to the ICA, total capital expenditure by device and component players under the PMP is estimated to reach INR 57 billion by the end of 2018.

Assumptions

1. For SME unit having yearly turnover of 500 lakhs, the Nayak Committee's 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, mobile store 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. 200 sq. ft. is the proposed area is 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 3 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. @800 per sq. ft. (Shop Premises)	1.60
Furniture and Fixtures as per Annexure	1.50
Electrical Equipment	1.22
Desktop	0.60
Software Cost (Tally/SAP) (as per Annexure)	0.30
Inverter (10 Kv office inverter)	0.20
Preliminary & Preoperative Expenses	1.61
Sub-total (A)	7.03
Working Capital Margin @25% of Total WC Requirement	5.00
Total Project Cost	12.03
Total Working Capital Required (lump sum) (B)	20.00
MEANS OF FINANCE	
Total Funds Required (A+B)	27.03
<u>Loan Component-</u>	-
TERM LOAN (75% of A)	5.27
WORKING CAPITAL (75% of B)	15.00
Total	20.27
Equity	6.76
Total	27.03

Detailed Cost Element

Sl. No.	Particulars	Quantity	Rate	Amount (Rs. in Lakhs)
Electrical Equipment				
1	Air Conditioner	2	45000	0.90
2	Lights	15	400	0.06
3	CCTV	4	1500	0.06
4	ATM Swiper Machine	2	3000	0.06
5	Printer	1	14000	0.14
Total				1.22
Furniture and Fixtures				
1	Chairs	10	1000	0.10
2	Interior	LS	LS	1.40
Total				1.50

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	0.84
Rent Expenses	0.18
Interest Cost for period before commercial production	0.09
Total	1.61

Salary

Designation	Manpower	Amount (Rs. in Lakhs)
Sales Man	3	3.60
Manager	1	1.80
Cashier	1	1.68

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)	0.33	0.37	0.40	0.44	0.49
Annual Sales (Rs.)	100.00	110.00	121.00	133.10	146.41
Total income during the year	100.00	110.00	121.00	133.10	146.41
<u>B. OPERATING EXPENSES</u>					
Stock Consumed	60.00	66.00	72.60	79.86	87.85
Salary	7.08	7.43	7.81	8.20	8.61
Rent	1.80	1.89	1.98	2.08	2.19
Power & utilities	1.63	1.66	1.70	1.73	1.77
Repair & Maintenance	1.00	1.10	1.21	1.33	1.46
Depreciation and Amortization	0.96	0.96	0.96	0.75	0.75
Administrative and General Expenses	1.00	1.10	1.21	1.33	1.46
Total Operating Expenses	73.47	80.14	87.46	95.28	104.08
Operating Profit (A-B)	26.53	29.86	33.54	37.82	42.33
<u>C.FINANCIAL EXPENSES</u>					
Interest on Term Loan	0.41	0.32	0.23	0.14	0.05
Interest on WC Loan	1.28	1.28	1.28	1.28	1.28
Total Expenses	1.68	1.59	1.50	1.41	1.32
Profit Before Tax	24.85	28.26	32.03	36.41	41.01
Provision for Tax	6.21	7.07	8.01	9.10	10.25
Profit after Tax (PAT)	18.64	21.20	24.02	27.31	30.75

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	100.00	110.00	121.00	133.10	146.41
B.	Variable Cost					
	Power and Utility	1.63	1.66	1.70	1.73	1.77
	Total Variable Cost	1.63	1.66	1.70	1.73	1.77
C.	Contribution (A-B)	98.37	108.34	119.30	131.37	144.64
D.	Fixed Cost					
	Salary	7.08	7.43	7.81	8.20	8.61
	Rent Expenses	1.80	1.89	1.98	2.08	2.19
	Interest on term loan	0.41	0.32	0.23	0.14	0.05
	Interest on working capital	1.28	1.28	1.28	1.28	1.28
	Depreciation and Amortization	0.96	0.96	0.96	0.75	0.75
	Total Fixed Cost	11.52	11.87	12.25	12.44	12.86
E.	Breakeven Point	12%	11%	10%	9%	9%
F.	Cash BEP	11%	10%	9%	9%	8%

Debt-Service Coverage Ratio

		Amount (Rs. In lakhs)				
SL	Particulars	Year - 1	Year - 2	Year - 3	Year - 4	Year - 5
i	Profit	18.64	21.20	24.02	27.31	30.75
ii	Depreciation	0.96	0.96	0.96	0.75	0.75
iii	Interest on term loan	0.41	0.32	0.23	0.14	0.05
A	Total (i + ii + iii)	20.00	22.47	25.21	28.19	31.55
i	Interest on term loan	0.41	0.32	0.23	0.14	0.05
ii	Principal repayment on term loan	1.05	1.05	1.05	1.05	1.05
B	Total (i + ii)	1.46	1.37	1.28	1.19	1.10
	DSCR (A / B)	13.69	16.39	19.67	23.65	28.62

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
Kumaar Industries	No.7, Venugopal Pillai Layout, Pappanaickenpalayam, near Vanagam Apartment, Coimbatore, Tamil Nadu-641037 Phone: 080 3591 8262
Wang Professionals Private Limited	Flat no 14 & 16, 3rd Floor Shivam Apartments, 111/9, Near First Choice Workshop, Kishangarh, Kishangarh - Mehrauli Rd, Kishangarh Village, Vasant Kunj, New Delhi, Delhi 110070 Phone: 011 2612 1446

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	5.27	5.18	5.09	5.01	4.92	4.83	4.74	4.65	4.57	4.48	4.39	4.30	
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	1.05
Closing	5.18	5.09	5.01	4.92	4.83	4.74	4.65	4.57	4.48	4.39	4.30	4.22	
Interest	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.41
II													
Principal													
Opening	4.22	4.13	4.04	3.95	3.86	3.78	3.69	3.60	3.51	3.42	3.34	3.25	
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	1.05
Closing	4.13	4.04	3.95	3.86	3.78	3.69	3.60	3.51	3.42	3.34	3.25	3.16	
Interest	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.32
III													
Principal													
Opening	3.16	3.07	2.99	2.90	2.81	2.72	2.63	2.55	2.46	2.37	2.28	2.20	
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	1.05
Closing	3.07	2.99	2.90	2.81	2.72	2.63	2.55	2.46	2.37	2.28	2.20	2.11	
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
IV													
Principal													
Opening	2.11	2.02	1.93	1.84	1.76	1.67	1.58	1.49	1.41	1.32	1.23	1.14	
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	1.05
Closing	2.02	1.93	1.84	1.76	1.67	1.58	1.49	1.41	1.32	1.23	1.14	1.05	
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	0.14
V													
Principal													
Opening	1.05	0.97	0.88	0.79	0.70	0.61	0.53	0.44	0.35	0.26	0.18	0.09	
Repaid	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	1.05
Closing	0.97	0.88	0.79	0.70	0.61	0.53	0.44	0.35	0.26	0.18	0.09	-0.00	
Interest	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05