

# PROJECT REPORT

Of

# EXTENSION BOARD

## PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Extension Board 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 : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **EXTENSION BOARD**
- 6 Name of the project / business activity proposed : **EXTENSION BOARD MANUFACTURING UNIT**
- 7 Cost of Project : Rs.24.86 Lakhs
- 8 Means of Finance
- Term Loan Rs.15.01 Lakhs
- Own Capital Rs.2.49 Lakhs
- Working Capital Rs.7.36 Lakhs
- 9 Debt Service Coverage Ratio : 2.61
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 44%
- 13 Employment : 11 Persons
- 14 Power Requirement : 24.00 HP
- 15 Major Raw materials : Plastic granules, cables/wires, electrical components and contacts
- 16 Estimated Annual Sales Turnover (Max Capacity) : 160.78 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	15.68
Furniture & Fixtures	1.00
Working Capital	8.18
<b>Total</b>	<b>24.86</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	2.49
Working Capital(Finance)	7.36
Term Loan	15.01
<b>Total</b>	<b>24.86</b>

# **EXTENSION BOARD MANUFACTURING UNIT**

## **Introduction:**

The term Extension cord means a flexible multi-conductor cord having an attachment plug at one end for plugging onto a receptacle (outlet) and a connector on the other end for attachment to a continuing cord” and can range from 3’ to 100’ in length. It’s an insulated, flexible electric wire fitted with a plug at one end and one or more outlets on the other, allowing one to plug in devices whose cords are not long enough to reach a wall outlet. The term usually refers as extensions, adapter cord, extension cables, extension cord etc. There are several types of extension boards are available such as Two-Pin, Three-Pin, Four- Pin, Five-pin etc. By Power rate, the extension board can divide as High Power, Medium Power, and Low Power. In other words, this board is nothing but the block of electrical sockets that attaches to the end of a flexible cable allowing multiple electrical devices to be powered from a single electrical socket. Extension boards are often used when many electrical devices are in proximity, such as for audio, video, computer systems, appliances, power tools, and lighting. Extension boards often include a circuit breaker to interrupt the electric current in case of an overload or a short circuit. Some extension boards protect against electrical power surges. Typical housing styles include strip, rack-mount, and under-monitor and direct plug-in. One can choose an extension board as per the number of slots, LED display indicators, USB port availability, cord length, response time for it to restart in case there is a power surge and absorption rating.



## **Uses & Market Potential:**

A great functional household product, the utility of a Power Extension Board is undeniable as it connects all electrical and electronic devices simultaneously and also protects them from electrical surges or spikes. Extension boards are commonly used for home and office purposes. The Extension Boards, by being a functionally integral part of power distribution system have vast demand. India is a developing country with a fast-growing population and the economic growth of the country and the demand for any essential item grows as a function of population. Electrical power demand also grows as a function of population and commensurately the infrastructural requirement in the power sector grows. This phased increase in the power distribution has by itself, necessitated increased production of electrical extension board, thereby creating a good scope for the electrical extension boards. The rapid increase in the demand for electrical circuit and connection drives the growth of the market.

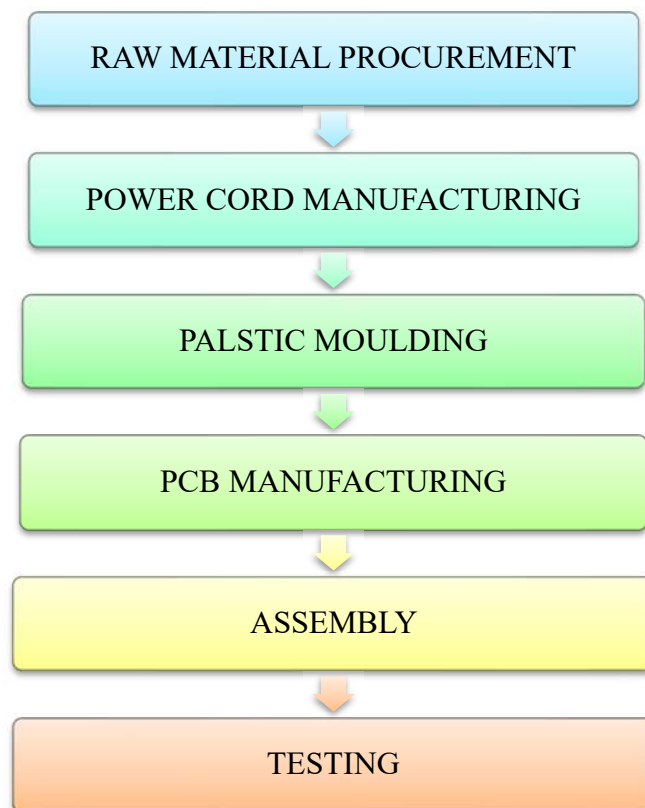
## **Product:**

Extension Board

## **Raw Material:**

Basic raw material are Plastic granules, cables/wires, electrical components (circuit board, transformer, resistors, USB connectors, etc.) and contacts (brass contacts, terminals, busbars, etc.)

## **Manufacturing Process:**



## **Area:**

The industrial setup requires space for Inventory, workshop or manufacturing area, space for power supply utilities and polishing area. Also, some of the area of building is required for office staff facilities, office furniture, etc. Thus, the approximate total area required for complete industrial setup is 1500-2000Sqft.

## **Cost of Machines:**

<b>Machine</b>	<b>Unit</b>	<b>Rate</b>	<b>Price</b>
Injection Moulding Machine	1	1100000	1100000
Wire cutting & stripping machine	1	200000	200000
Laser Marking Machine	1	240000	240000
Soldering Machine	1	8000	8000
Testing Equipment's	-	20000	20000
<b>Total Amount</b>			<b>1568000</b>

**Power Requirement-** The estimated Power requirement is taken at 24 HP.

**Manpower Requirement**— Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-1

# **FINANCIALS**



**PROJECTED PROFITABILITY STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>A) SALES</u></b>					
Gross Sale	102.60	120.05	133.08	146.66	160.78
<b>Total (A)</b>	<b>102.60</b>	<b>120.05</b>	<b>133.08</b>	<b>146.66</b>	<b>160.78</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	70.20	77.57	85.21	93.12	101.32
Electricity Expenses	3.22	3.49	3.76	4.03	4.30
Repair & Maintenance	2.57	3.00	3.33	3.67	4.02
Labour & Wages	12.85	15.17	17.44	19.53	21.49
Depreciation	2.45	2.09	1.78	1.52	1.29
<b>Cost of Production</b>	<b>91.29</b>	<b>101.32</b>	<b>111.52</b>	<b>121.87</b>	<b>132.41</b>
<b>Add: Opening Stock /WIP</b>	<b>-</b>	<b>4.56</b>	<b>5.07</b>	<b>5.58</b>	<b>6.09</b>
<b>Less: Closing Stock /WIP</b>	<b>4.56</b>	<b>5.07</b>	<b>5.58</b>	<b>6.09</b>	<b>6.62</b>
Cost of Sales (B)	86.73	100.82	111.01	121.35	131.89
<b>C) GROSS PROFIT (A-B)</b>	<b>15.87</b>	<b>19.23</b>	<b>22.07</b>	<b>25.31</b>	<b>28.89</b>
	<b>15.47%</b>	<b>16.02%</b>	<b>16.59%</b>	<b>17.26%</b>	<b>17.97%</b>
D) Bank Interest i) (Term Loan )	1.63	1.33	0.96	0.60	0.23
ii) Interest On Working Capital	0.81	0.81	0.81	0.81	0.81
E) Salary to Staff	6.68	7.35	8.08	8.89	9.78
F) Selling & Adm Expenses Exp.	1.54	2.88	3.86	5.13	6.43
<b>G) TOTAL (D+E+F)</b>	<b>10.66</b>	<b>12.37</b>	<b>13.71</b>	<b>15.43</b>	<b>17.25</b>
<b>H) NET PROFIT</b>	<b>5.22</b>	<b>6.86</b>	<b>8.36</b>	<b>9.88</b>	<b>11.64</b>
	<b>5.1%</b>	<b>5.7%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>7.2%</b>
I) Taxation	0.18	0.52	0.83	1.15	1.68
<b>J) PROFIT (After Tax)</b>	<b>5.04</b>	<b>6.35</b>	<b>7.53</b>	<b>8.74</b>	<b>9.96</b>



**PROJECTED CASH FLOW STATEMENT**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>SOURCES OF FUND</u></b>					
Own Contribution	2.49	-	-	-	-
Reserve & Surplus	5.22	6.86	8.36	9.88	11.64
Depreciation & Exp. W/off	2.45	2.09	1.78	1.52	1.29
Increase In Cash Credit	7.36	-	-	-	-
Increase In Term Loan	15.01	-	-	-	-
Increase in Creditors	3.51	0.37	0.38	0.40	0.41
<b>TOTAL :</b>	<b>36.04</b>	<b>9.32</b>	<b>10.52</b>	<b>11.79</b>	<b>13.34</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	16.68	-	-	-	-
Increase in Stock	6.90	0.75	0.76	0.78	0.80
Increase in Debtors	4.79	0.81	0.61	0.63	0.66
Repayment of Term Loan	1.67	3.34	3.34	3.34	3.34
Taxation	0.18	0.52	0.83	1.15	1.68
Drawings	4.20	4.80	5.50	6.00	6.70
<b>TOTAL :</b>	<b>34.42</b>	<b>10.21</b>	<b>11.04</b>	<b>11.90</b>	<b>13.18</b>
Opening Cash & Bank Balance	-	1.63	0.73	0.22	0.11
Add : Surplus	1.63	- 0.89	- 0.52	- 0.10	0.17
Closing Cash & Bank Balance	<b>1.63</b>	<b>0.73</b>	<b>0.22</b>	<b>0.11</b>	<b>0.28</b>

**COMPUTATION OF CLOSING STOCK & WORKING CAPITAL**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>Finished Goods</u></b>					
(15 Days requirement)	4.56	5.07	5.58	6.09	6.62
<b><u>Raw Material</u></b>					
(15 Days requirement)	2.34	2.59	2.84	3.10	3.38
<b>Closing Stock</b>	<b>6.90</b>	<b>7.65</b>	<b>8.42</b>	<b>9.20</b>	<b>10.00</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	6.90		
Less:			
Sundry Creditors	3.51		
<b>Paid Stock</b>	<b>3.39</b>	<b>0.34</b>	<b>3.06</b>
Sundry Debtors	4.79	0.48	4.31
<b>Working Capital Requirement</b>			<b>7.36</b>
<b>Margin</b>			0.82
<b>MPBF</b>			<b>7.36</b>
<b>Working Capital Demand</b>			<b>7.36</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	15.01	15.01	0.41	-	15.01
	Iind Quarter	15.01	-	15.01	0.41	-	15.01
	IIIrd Quarter	15.01	-	15.01	0.41	0.83	14.18
	Ivth Quarter	14.18	-	14.18	0.39	0.83	13.34
					1.63	1.67	
<b>II</b>	Opening Balance						
	Ist Quarter	13.34	-	13.34	0.37	0.83	12.51
	Iind Quarter	12.51	-	12.51	0.34	0.83	11.68
	IIIrd Quarter	11.68	-	11.68	0.32	0.83	10.84
	Ivth Quarter	10.84		10.84	0.30	0.83	10.01
					1.33	3.34	
<b>III</b>	Opening Balance						
	Ist Quarter	10.01	-	10.01	0.28	0.83	9.17
	Iind Quarter	9.17	-	9.17	0.25	0.83	8.34
	IIIrd Quarter	8.34	-	8.34	0.23	0.83	7.51
	Ivth Quarter	7.51		7.51	0.21	0.83	6.67
					0.96	3.34	
<b>IV</b>	Opening Balance						
	Ist Quarter	6.67	-	6.67	0.18	0.83	5.84
	Iind Quarter	5.84	-	5.84	0.16	0.83	5.00
	IIIrd Quarter	5.00	-	5.00	0.14	0.83	4.17
	Ivth Quarter	4.17		4.17	0.11	0.83	3.34
					0.60	3.34	
<b>V</b>	Opening Balance						
	Ist Quarter	3.34	-	3.34	0.09	0.83	2.50
	Iind Quarter	2.50	-	2.50	0.07	0.83	1.67
	IIIrd Quarter	1.67	-	1.67	0.05	0.83	0.83
	Ivth Quarter	0.83		0.83	0.02	0.83	0.00
					0.23	3.34	

Door to Door Period      60 Months  
Moratorium Period        6 Months  
Repayment Period         54 Months

**CALCULATION OF D.S.C.R**

<b>PARTICULARS</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>
<b><u>CASH ACCRUALS</u></b>	7.49	8.43	9.31	10.25	11.25
Interest on Term Loan	1.63	1.33	0.96	0.60	0.23
Total	9.12	9.76	10.27	10.85	11.48
<b><u>REPAYMENT</u></b>					
Repayment of Term Loan	1.67	3.34	3.34	3.34	3.34
Interest on Term Loan	1.63	1.33	0.96	0.60	0.23
Total	3.30	4.67	4.30	3.93	3.57
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.77</b>	<b>2.09</b>	<b>2.39</b>	<b>2.76</b>	<b>3.22</b>
<b>AVERAGE D.S.C.R.</b>			<b>2.61</b>		

### **Assumptions:**

1. Production Capacity of Extension Board Manufacturing unit is taken at 600 Pcs per day. First year, Capacity has been taken @ 60%.
2. Working shift of 10 hours per day has been considered.
3. Raw Material stock and Finished goods closing stock has been taken for 10 and 15 days respectively.
4. Credit period to Sundry Debtors has been given for 14 days.
5. Credit period by the Sundry Creditors has been provided for 15 days.
6. Depreciation and Income tax has been taken as per the Income tax Act,1961.
7. Interest on working Capital Loan and Term loan has been taken at 11%.
8. Salary and wages rates are taken as per the Current Market Scenario.
9. Power Consumption has been taken at 24 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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