

LEAN STARTUP MANAGEMENT

Project Report

Business Model for An LED TV Brand

(MGT1022, Slot-TDD1)

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Certificate

This is to certify that the Project work entitled "**Business Model for a LED TV Brand**" that is being submitted

by "**Shreya, Rohit, Arushi, Vaibhav, Rishikesh, Tanishq, Shashank, Utsav, Shashank, Nikhil**" for CAL in B. Tech Lean Start-up Management MGT 1022 is a record of bonafide work done under my supervision. The contents of this project work have not been submitted for any other CAL course.

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Sector Information

Introduction

Indian consumer segment is broadly segregated into urban and rural markets and is attracting marketers from across the world. The sector comprises of a huge middle class, relatively large affluent class and a small economically disadvantaged class, with spending anticipated to more than double by 2025.

India hit ten-year high and stood first among the 63 nations surveyed in the global consumer confidence index with a score of 136 points for the quarter ending December 2016. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favorable population composition and increasing disposable incomes.

By 2020, the electronics market in India is expected to increase to US\$ 100 billion from US\$ 28 billion in FY17. The production is expected to reach to US\$ 104 billion by 2020. By 2018, the television industry in India is expected to grow to US\$ 11.78 billion from US\$ 9.23 billion in 2016, registering a growth of 12.97 per cent.

Investment:

According to the data released by the Department of Industrial Policy and Promotion (DIPP), the electronics

sector attracted foreign direct investment (FDI) worth US\$ 1.78 billion between April 2000 and June 2017.

Following are some major investments and developments in the Indian consumer market sector.

- Japan-based imaging major, Nikon, expects India to be one of its top five markets in the world over the coming 3-4 years as it retains its lead in the DSLR segment and expands its retail presence in India by adding 10-15 Nikon Experience Zone stores.
- Amazon India has set up seven new warehouses in India, which will be used exclusively for large appliances and furniture, with an aim to boost the sales of its high-priced products such as televisions, refrigerators and furniture.
- Dyson, the UK-based manufacturer of innovative vacuum cleaners and air purifiers, plans to enter Indian consumer market by 2017 and invest GBP 154 million (US\$ 190 million) over the next five years in areas of retail infrastructure, marketing, promotion and taxes to the government.
- AO Smith, a US based water technology and air purification solutions company, sees India as one of key markets and plans to grow at double-digit growth rate, having invested US\$ 75 million so far.

Government Initiatives:

- In the Union Budget 2017-18, the Government of India increased the allocation for incentive schemes like the Modified Special Incentive Package Scheme (M-SIPS) and the Electronic Development Fund (EDF) to Rs 745 crore (US\$ 111 million) for providing a boost to the semiconductor as well as the electronics manufacturing industry.
- In the Union Budget 2017, the government has proposed to spend more on the rural side with an aim to double the farmer's income in five years; as well as the cut in income tax rate targeting mainly the small tax payers, focus on affordable housing and infrastructure development will provide multiple growth drivers for the consumer market industry.
- The Union Cabinet has approved incentives up to Rs 10,000 crore (US\$ 1.47 billion) for investors by amending the M-SIPS scheme, in order to further incentivize investments in electronics sector, create employment opportunities and reduce dependence on imports by 2020.
- The Ministry of Electronics and Information Technology plans to revise its policy framework, which would involve the government taking a more active role in developing the sector by providing initial capital, with the aim to attract more private players and make India a global semiconductor hub.
- The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) under the automatic route in Electronics Systems Design & Manufacturing sector. FDI into single brand retail has been increased from 51 per cent to 100 per cent; the government is planning to hike FDI limit in multi-brand retail to 51 per cent
- By 2025, India would rise from the 12th to the 5th largest position in the consumer durables market in the world. The consumer durables market in India is expected to reach US\$ 20.6 billion by 2020. Demand growth is likely to accelerate with rising disposable incomes and easy access to credit. Increasing electrification of rural areas and wide usability of online sales would also aid growth in demand.

Exchange Rate Used:

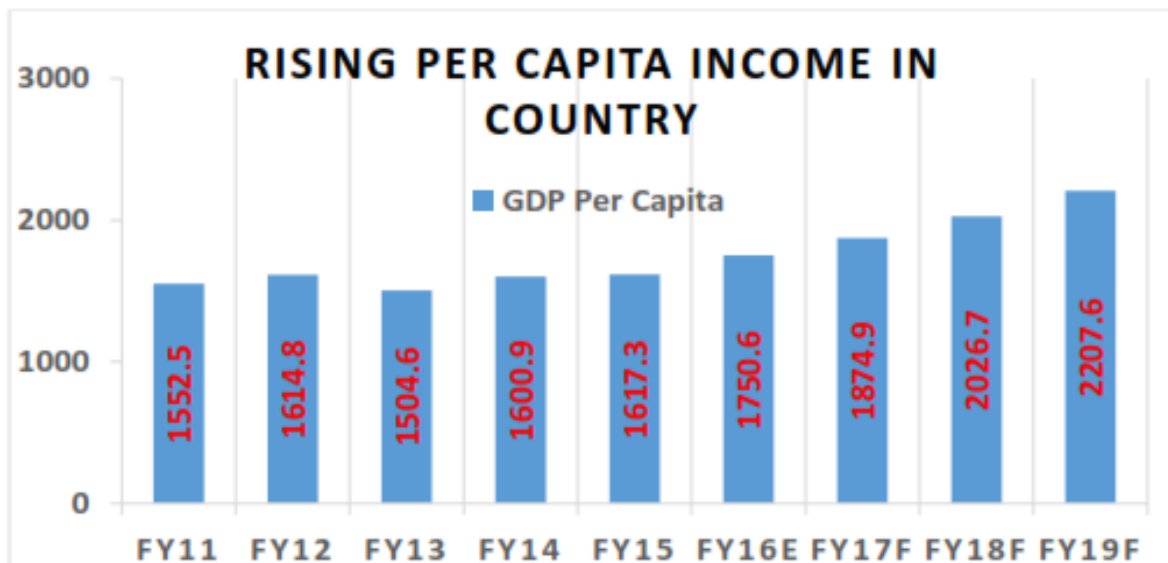
- INR 1 = US\$ 0.015 as of October 6, 2017
- INR 1 = GBP 0.012 as on February 9, 2017

MAKE IN INDIA initiative effect on Television industry in India

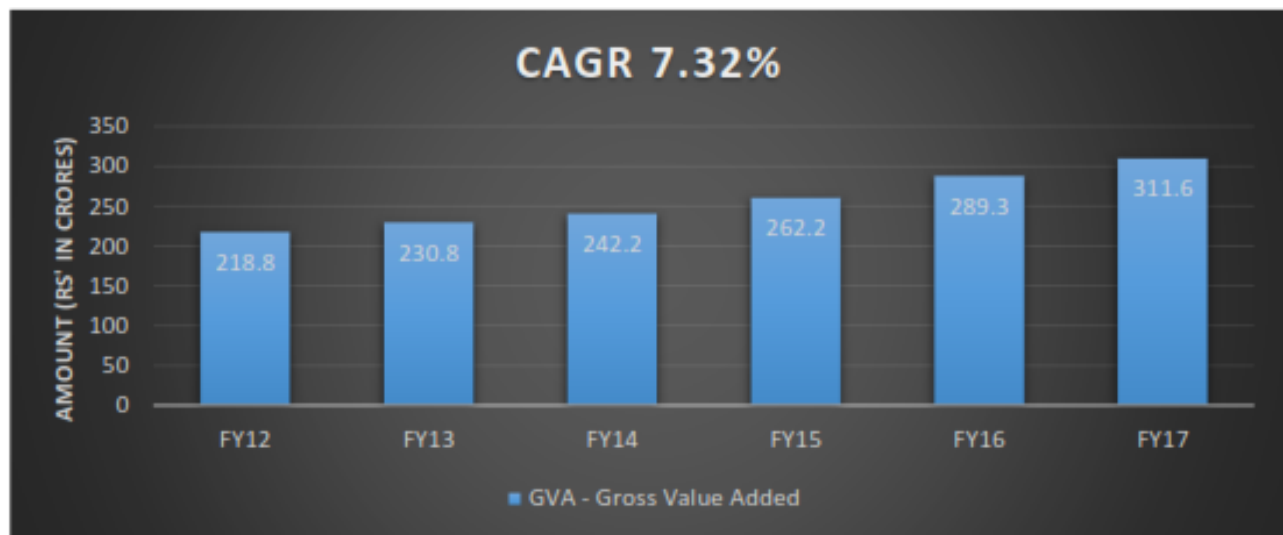
- Make in India just got a shot in the arm from electronics manufacturing. In the past few months, brands such as Xiaomi, TCL, Skyworth, BPL and Thomson — which until recently were importing televisions for sale in the country — have started local production at the component stage.
- The broadcast industry in India already has around 800 satellite television channels, 242 FM channels and 100 operational community radios. To strengthen the broadcasting ecosystem in the country, the Ministry of Information and Broadcasting (I&B) has launched various phases of digitization across the country.
- TV viewership rose by 21 percent in 2017 to approximately 780 million viewers. Growth in TV viewership is fueled by general entertainment channels (GEC) and regional language content, though news channels and sports broadcasting remain popular.
- The cable TV service digitization program began with Delhi, Mumbai, Kolkata and Chennai in 2012. The phase-IV of the program will be completed in December 2016 to achieve digitization of cable TV services across India. With digitization, the consumers can take advantage of a large number of TV channels, better picture quality, reliable connectivity and clear sound. The consumers can also choose channels as per their budget and choice.
- India had 168 million TV households in 2014, which makes it the third largest television market in the world. The number of TV households will reach to 196 million by 2019 along with 175 million Cable & Satellite (C&S) subscriber base, indicating the 90% penetration in TV households. The print media market is projected to reach USD 5.9 billion by 2019 with Compound Annual Growth Rate (CAGR) of 8%.
- Even top brands LG, Sony are now expanding production of televisions in India at the parts stage — as opposed to just assembling imported modules — after the government changed the duty structure earlier this year to make local manufacturing cheaper by 5-7%. The shift includes premium OLED and 4K models that cost a few lakh rupees. The companies are now locally assembling the TV panel itself as well as manufacturing printed circuit boards (PCB) and moulds.
- As per industry estimates, around 35% of the 14 million TV sets sold in India annually are imported, which the industry expects will come down by half by this Diwali when the Make in India models hit the market.
Apart from Sony, all online exclusive brands used to largely import sets.

- The government increased import duty on television sets to 20% from 10%, which made imports from China, Thailand and Malaysia unviable.
- The duty on components was also changed to promote backward integration. The government imposed 15% duty on ready-to-use LED TV panels, while 10% duty was initially levied on open cell TV panels, subsequently reduced to 5%. Open cell TV panels involve manufacturing at the component stage since the TV panel requires further production processes before becoming ready for final assembly. What triggered this wave of local production were these changes in duty structure which made it a definite advantage than importing. Brands can easily save up to 7% in manufacturing cost by locally manufacturing.
- After a 10% duty was imposed on open cell panels in the budget, leading companies and contract manufacturer's shelved plans to assemble TVs locally. They contended it would be cheaper to import ready-to use television panels from South Korea, China and Southeast Asian countries on concessional duties as per India's trade agreements than to assemble them locally. Open cell panels require final assembling to make the LED television panel.
- The Consumer Electronics and Appliances Manufacturers Association (CEAMA) now expects investments of over 1000 crore in assembling of television panels and manufacturing and several thousand jobs to be generated over the next one year.
- Local production has just started for 32 and 40-inch sets, which account for more than half the overall market. It will expand to include larger screens and smart TV's. It is set to do so for larger screen models as well. Production of 32 and 43-inch models in India through the open cell process and plans to completely localise production by the end of this fiscal was also agenda in this plan.
- More than 99% of many companies TV production is in India, including the technologically advanced OLED and UHD models. India's domestic production system is getting ready for larger screens, demand for which is increasing, the person said.
- However, the industry is concerned that the government may need to bring down import duties on open cell panels to zero percent to compete against imports from some countries with which India has free trade agreements (FTAs), which mean nil duty if there is any value addition.
- Market leaders are contemplating the reduction of local manufacturing and instead importing TVs from Vietnam, with which India has an FTA, at least when it comes to large screen models.
- Zero duties should be retained for open cell panels since there is no domestic manufacturer that needs protection and to further promote local production against FTA imports.

Indian GDP From Consumer Durables



Historical Growth/ Degrowth Pattern of the sector observed in the last 6 years

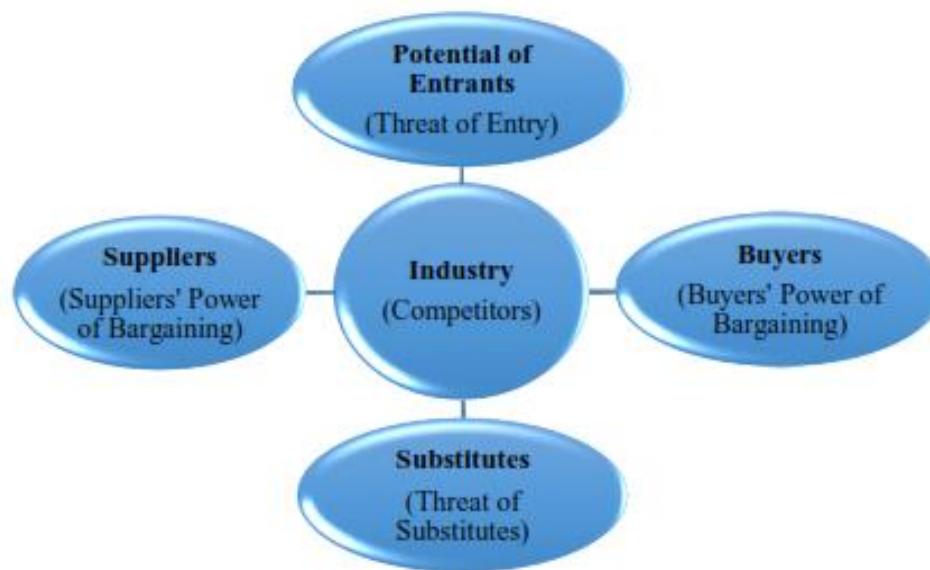


The Reasons for the Growth pattern observed in the sector

As per the estimates released by the Central Statistics Office on August 31, India's economy, as measured by the gross domestic product (GDP), grew by 5.7% in the first quarter of 2017-18, compared with 7.9% in the same quarter a year ago. This is the slowest pace of GDP growth recorded since the NDA came to power in May 2014. India grew by a strong 9.1% in the quarter from January 2016 to March 2016. The growth recorded in the subsequent quarters was 7.9%, 7.5%, 7% and 6.1%. So, this is the fifth quarter in a row that the growth has slipped, with the pace of decline picking up momentum in the last two quarters.

The gross value-added (GVA) in the economy grew at 5.6% between April and June, the same pace as the previous quarter, but sharply low than the 7.6% growth in the first quarter of the last year.

Porter's Five Forces Model



Threat to Entry:

- ☐ Entering the CTV market isn't very easy. One of the most important features needed is a good distribution system which isn't something that can be developed overnight.
- ☐ Also, a television today is a style statement. Therefore, the brand plays an important role in influencing the purchase decision. For a new company then entering this market, not having a recognized brand name is a threat to entry.

Rivalry among existing firms:

- ☐ There is strong competition among the current players. The main players being LG, Samsung, Onida, Videocon, Philips, Sansui. Some of the regional players are- Hyundai and Haier are new entrants in the CTV space in addition to several small regional players.
- ☐ This increased competition has ensured that advertising costs are an integral part of the players' total cost. A lack of product differentiation means that price is a competitive feature that intensifies rivalry. The highest price reductions during 2002-03 to 2005-06 were in the 20inch and 21inch CCTV category.
- ☐ With the future being in LCDs, this market is likely to see price reductions future.
- ☐ It is expected that realizations will fall with increased competition.

Bargaining Power of Buyers:

- The TV market today is a consumer's market where the consumer has the upper hand with him having the power of choosing from a variety of brands.
- This bargaining power of the buyer has forced the players to offer credit facilities on sale, to provide lower EMIs and excellent after-sales service.
- The intense dealer competition also benefits the consumer in terms of prices and offers available.
- Inventory carrying costs for television companies are high. This is a boon for the consumers as it translates into higher bargaining power for the

Threat of Substitutes:

- For a television, the substitute can only be a functional substitute. The functional use of a television is to watch programs, live events etc. This today can also be done on a computer.
- Theaters too can be a substitute to watching movies at home.
- Today with various multiplexes and theaters providing screenings of live events such as sports telecasts etc. along with the luxury of good food and the opportunity to enjoy the event with several other enthusiasts, the TV can be substituted if the TV is bought only to watch certain events.
- However, if the television is considered to be a style statement and a lifestyle statement, then consumers will seek to keep upgrading the type and the model of their television sets.

Bargaining Power of Suppliers:

- PCBs (Printed Circuit Boards) & CRTs (Cathode Ray Tube) are key raw materials in the production of CTVs.
- CRT accounts for 46-48 per cent of the total raw material costs of a CTV. PCBs and housing components account for 33-39 per cent of total raw material costs.
- Domestic CPTs prices tend to follow Global price trends. Therefore, the suppliers do not have much of bargaining power in this regard.

Types of television:



4K Ultra HD TV



DDB LED TV



Windows Powered
TV



CURVE TV



Liquid Luminous
TV



Smart TV



LED TV

Marketing Mix (4P's)



Marketing Mix of SMART analyses the brand/company which covers 4P's and explains the business & marketing strategies of Videocon.

The elaborate description of the 4P's related to SMART LED television are:

1. Product: This element includes quality, benefits, customer service, warranty, features that the customer will derive from the product:

- Saves up to 50% energy compared to LCD television.
- Good picture quality along with good sound quality.
- Videocon is well known for its customer service.
- The brand has also got the title "Name of Trust".
- Durable product that is used almost daily basis in households, offices, news channels, etc.
- This product comes with a domestic warranty period of 1 year.

2. Price: This element includes listed prices, discounts, payment modes, offers, etc. There are different listed and offered prices depending upon the model. Models such as:

- | Model | Listed | Price Offered Price |
|-----------------------------|-----------|---------------------|
| • SMART 24-inch HD Ready TV | Rs 14,270 | Rs 11,590 |
| • SMART 32-inch HD Ready TV | Rs 25,177 | Rs 17,490 |
| • SMART 40-inch HD Ready TV | Rs 42,990 | Rs 32,800 |
| • SMART 55-inch HD Ready TV | Rs 72,900 | Rs 48,465 |

☐ There are different discounts offered depending on the retailers and online shopping sites.

☐ LED television can also be purchased on credit with the use of credit cards, Bajaj Finance Co., etc.

☐ Payment modes could be in cash or credit transaction, COD (Cash on Delivery), Online Payment, etc.

☐ Videocon provides approximately 6 to 12 months' subscription free cable connection or setup box.

3. Place: This element includes distribution channels, channel partners, sales support, etc.

- Provides service centres in different corners of the India.
- Producers, wholesalers and retailer perform jointly in marketing.
- Supports sale's person by providing add-ons to the product and displaying through hoardings.
- This product is mainly targeted to Middle Income-level or High Income-level people.
- LED television has become a trend in the market for watching purpose, showcasing
- status, enabling mini home theatre, etc. For these reasons, it is targeted to mainly
- Urban (Tier-1&2) and Semi-Urban Cities.

4. Promotion: This element makes a major role in creating needs among customers.

Leading to the

needs, customer demands for product is created. So, promotion includes various modes through

which television can be promoted:

- Visual Promotion:
- Television ads.
- Internet Commercialized ads
- Covert Marketing
- Media Promotion:
- Pamphlets
- Ads on newspapers
- Branding: This product is promoted by one of the renowned celebrities, **Mrs. Simran Bagga**

Segmentation, Targeting & Positioning (STP)

Segmentation:

Market segmentation is the process in marketing of dividing a market into distinct subsets (segments) that behave in the same way or have similar needs. Because each segment is homogeneous in their needs and attitudes, they are likely to respond similarly to a given marketing strategy. They are likely to have similar feelings and ideas about a marketing mix comprised of a given product or service, sold at a given price distributed in a certain way and promoted in a certain way. Further, markets can be divided into four major categories:

1. Geographic-wise distribution:

- **Region:** Eastern, North-Western & Southern.
- **City:** Tier 1 – New Delhi, Mumbai, Kolkata. Tier 2 – Pune, Jamshedpur, Gurugam, Jabalpur, Ahmedabad.
- **Area:** Urban & Semi-Urban areas.

2. Demographic-wise distribution:

- **Age:** 11-20 years, 21-40 years and above 40 years
- **Family-size:** Single, Married couple, Nuclear Family and Joint Family
- **Gender:** Male & Female
- **Income:** Basically, preferred by the people whose income level is more than Rs25,000
- **Occupation:** Businessmen, Servicemen, Officers, Senior Employees, Skilled Worker
- **Education:** Literate, Graduate, Post-Graduate & Doctorate.

3. Psychographic-wise distribution:

- **Lifestyle:** Daily television programme followers, Sport-lovers, High quality picture lovers, better viewing experiences, Standard & Classic television lovers
- **Personality:** Ambitious, Interdependent, Passionate.

4. Behavioural-wise distribution:

- **Occasions:** Regular as well as Special occasions like festive seasons, gathering for national sport matches, weekly entertainment shows.
- **Benefits:** Quality service, better eye-care, global news, better observable objects, consists various sources to display, crystal clear picture.
- **Usage:** Medium and Heavy, depending upon the family-size.
- **Attitude:** Enthusiastic & positive.

Targeting:

Once the firm has identified its marketing-segment opportunities, it must decide how many and which ones to target. More importantly, high end product sales are no longer restricted to metros. Consumer in tier-2 cities seems to be as evolved in lifestyle needs. The consumer profile, too, has changed. Higher disposable incomes, greater aspirations and younger demographic have increased demands for the technologies. And Videocon is targeting this segment.

Further, targeted people could be the following:

- People with high disposable income
- Youth
- Movie lovers
- Housemakers
- Businessmen
- News Channels
- Porsche car makers

Positioning:

Positioning has come to mean the process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization. It is the 'relative competitive comparison' their product occupies in a given market as perceived by the target market. Once the competitive frame of reference for positioning has been fixed by defining the customer target market and nature of competition, marketers can define the appropriate Points-of-Difference (POD) and Points-of-Parity (POP) associations.

- SMART's POP is good quality Picture and good sound.
- SMART's POD is the quality product with low cost.

“SMART has positioned itself as a reliable and value-for-money product”.

☐ **Introduction stage** - This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing.

☐ **Growth stage** – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase.

☐ **Maturity stage** – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

☐ **Decline stage** - Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets. **“SMART LED T.V lies in this stage”.**

OPTICS® Corporation

Executive Summary:

1. Company mission statement

We saw the television products that are currently available in the market, became aware that the technology available to the people is at very high tag price. Hence we came up with our brand that'll provide people the luxury of Technology at an Affordable Price.

2. Company philosophy and vision

- a. Honesty, integrity, innovation and community are values we strive to follow in our Company.
- b. OPTICS's vision is to become the markets leading company with broad market recognition.

3. Company goals

Our primary goal is to achieve 10% market share in Televisions within next 5 years. And spread our technological advancements in multiple fields. To achieve that goal we'll have to have a profitable sale in the current fiscal year.

4. Target market

The current generation is shifting towards smart TVs and AI TVs. We are here to serve such customers who want to see the future with our Vision. We'll provide them the necessary Technology at a price that they'll have enough to spend on other technologies too. They are the key to our nation's future and we'll help them see it.

5. Industry

Television Industry is a huge industry. According to 6Wresearch, India smart TV market was valued at \$0.22 billion in 2011 and is expected to reach \$10.41 billion by 2017. According to CEAMA TV market in India is expected to grow at a robust CAGR of 19% till 2017

6. Management Philosophy

Basic management philosophies that ensure OPTICS® Corporation will accomplish its business activity goals. OPTICS® Corporation Code of Ethics. We, at OPTICS, share and believe in two key corporate principles - "Creating value for customers" and "Respecting human dignity." Based on these principles and in the spirit of our Management Charter, we strive to promote self-governing management and its accompanying responsibilities. It is our intention to uphold the principle of free market economy, which embodies the spirit of fair competition. We are committed to attaining our goal of becoming a global leader, and as such we will continuously pursue mutual benefits for our stakeholders on the basis of trust and cooperation.

Company Description Worksheet

Business Name	Smart Optics Television Manufacturer
Company Mission Statement	We saw the television products that are currently available in the market, became aware that the technology available to the people is at very high tag price. Hence we came up with our brand that'll provide people the luxury of Technology at an Affordable Price.
Company Philosophy/ Values	<ol style="list-style-type: none"> a. Honesty, integrity, innovation and community are values we strive to follow in our Company. b. OPTICS's vision is to become the markets leading company with broad market recognition.
Company Vision	We are committed to create a better world full of richer digital experiences, through innovative technology and products. The goal of the vision is to become a beloved brand, an innovative company, and an admired company
Goals & Milestones	<ol style="list-style-type: none"> 1. Our primary goal is to achieve 10% market share in Televisions within next 5 years 2. To achieve that goal, we'll have to have a profitable sale in the current fiscal year.
Target Market	The current generation is shifting towards smart TVs and AI TVs. We are here to serve such customers who want to see the future with our Vision. We'll provide them the necessary Technology at a price that they'll have enough to spend on other technologies too. They are the key to our nation's future and we'll help them see it.
Industry/ Competitors	<ol style="list-style-type: none"> 1. Videocon 2. LG 3. Intex 4. Sony 5. Sharp 6. Panasonic

Products & Services:

1. **Our company's products and services:** We will start with the assembly and sales of budget Televisions in the Indian market. We are aiming at the low-end segment with our product primarily at the 15,000 Rs segment keeping in mind the average Indian consumer. We are launching 32inch Smart TV Aquila in this segment.
2. **The problem that our product or service solves:** Most Smart TVs support such popular services as Hulu, Amazon Prime Video and Pandora. However, some sets offer only a handful of apps that rarely change, while other models deliver several screens of offerings, ranging from MLB to Facebook to Stitcher. The lower-priced models of some manufacturers offer only the most popular apps, while higher-priced sets provide a complete array of services but the cost is generally out of the pockets of an average Indian Consumer. We at OPTICS will provide our customers with latest features in the most affordable range.
3. **Proprietary features that gives us a competitive advantage:** We have the best quality OPTICS display in the segment. Our product supports most of the popular apps such as Netflix, Hulu, Amazon Prime Video and Pandora. Also giving a 6-month free subscription of Netflix. We have highest screen to body ratio and also provide a Front camera which can be used for video conferencing. Provides Wifi internet Access. Supports the Android TV box services.
4. **How will we price your product or service:** We'll Price our product initially with a 15% profit margin so as to gain as much popularity as possible in the short period of time.

Then after we gain our Brand value we'll produce within the competitor's price range.

We are reaching out to discerning consumers with keen sensibilities - people who continue to explore new activities and take on new challenges to experience more and achieve a better life. We have developed our brand image gradually and consistently, always to communicate, we're contemporary yet authentic, always evolving our fundamental philosophies to the modern arena.

Product & Service Description Worksheet

Business Name	OPTICS® Corporation
Product/ Service Idea	A smart OPTICS TV which supports most of the popular apps such as Netflix, Hulu, Amazon Prime Video and Pandora. Has a Front camera which can be used for video conferencing. Providing with the Roku TV intuitive interface and the built-in ability to stream content over the internet, watch live TV with an antenna, and access connected devices like a cable set-top box or game console. This eliminates the need to buy a separate cable connection.
Special Benifits	Also giving a 6-month free subscription of Netflix Providing a Front camera which can be used for video conferencing. Providing the Roku TV interface.
Unique Features	Providing a Front camera which can be used for video conferencing. Our product supports most of the popular apps such as Netflix, Hulu, Amazon Prime Video, Spectrum and Pandora. We have highest screen to body ratio in the segment with Wi-Fi internet Access. Supports the Android TV box services. Also a 6-month Netflix subscription free of cost.
Production and Delivery	Import of materials from China and assembly plants in India. Delivery and Distribution to be taken care off by our prime partner Amazon. Standard delivery within 5 days.
Suppliers	Television Manufacturer: GUANGZHOU FUGUO ELECTRONICS CO. LTD, Guangzhou District, China Camera Manufacturer: GUANGZHOU SINCERE INFORMATION TECHNOLOGY LTD, Guangzhou District, China (Samsung 5-mp camera) Interface Chip: Roku TV, 150 Winchester Circle Los Gatos, CA 95032
Product/ Service Description	Tie up with 247customer for providing the call centre service.

Marketing Plan

OPTICS's philosophy revolves around people, sincerity, and sticking to the fundamentals. It is to understand our customers and to offer optimum solutions and new experiences through ceaseless innovation, thus helping our customers lead better lives.

We are reaching out to discerning consumers with keen sensibilities - people who continue to explore new activities and take on new challenges to experience more and achieve a better life. We have developed our brand image gradually and consistently, always to communicate, we are contemporary yet authentic, always evolving our fundamental philosophies to the modern arena.

OPTICS believes that making a difference in your life and making it more meaningful is the reason of our being.

Market Trends

The Indian television industry is undergoing a seismic shift. The pace of technological change is accelerating so quickly that finding the right balance between addressing today's daily operational challenges and planning for the next big thing can be a struggle. Many executives are so focussed on the critical issues that they need to address today that looking forward is nearly impossible. And yet, looking forward is what executives need to do if they want to innovate, prosper and survive.

1. Unbundling of content will drive new revenue models
2. Technology will enable Omni platform consumption
3. Increased content cost will shift power to the content producer
4. Social dynamics will lead to more real-time feedback
5. "On-tap" content will lead to time-shifted bingeing

Market research

The Indian TV market has seen significant transitions in last one decade. The market which was once dominated by CRT TV, shifted towards plasma TV then LCD TVs and is now evolving towards OPTICS TVs. Consumer's demand for multi-functional services, on-going TV network digitization and increasing internet penetration is helping smart TV market to grow in India. The shifting consumer preferences toward online content as a result of growing proliferation of high-speed internet in most parts of the world is providing an impetus to the industry growth. Several providers are teaming up with streaming device manufacturers to gain a foothold on the market. For instance, Sharp Corporation has incorporated Roku in its smart TV sets so that customers can personalize the screens of their TV sets and access the Roku channel store.

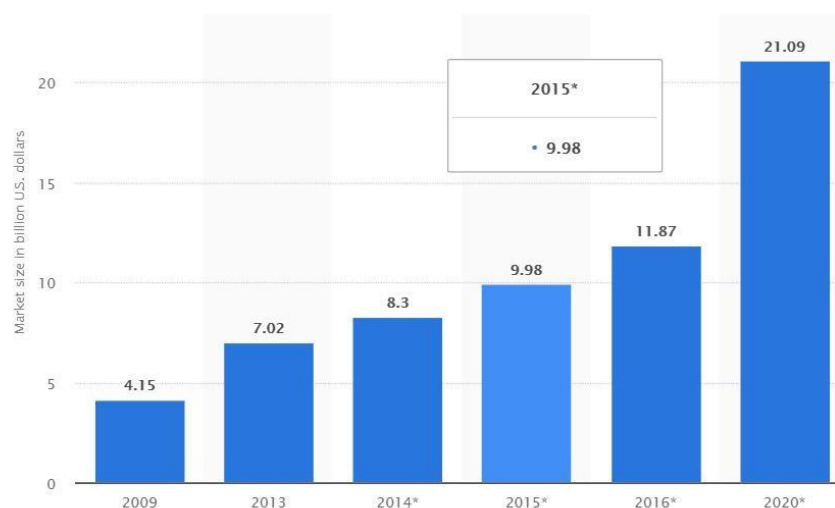
Increased popularity of smart TVs has affected the cable TV market as well as the set-top-box and the conventional television platforms to a certain degree, especially in the developed countries.

On the other hand, the growing demand for online streaming has opened opportunities for service providers to venture into the Over the Top (OTT) space and distribute content via the Internet.

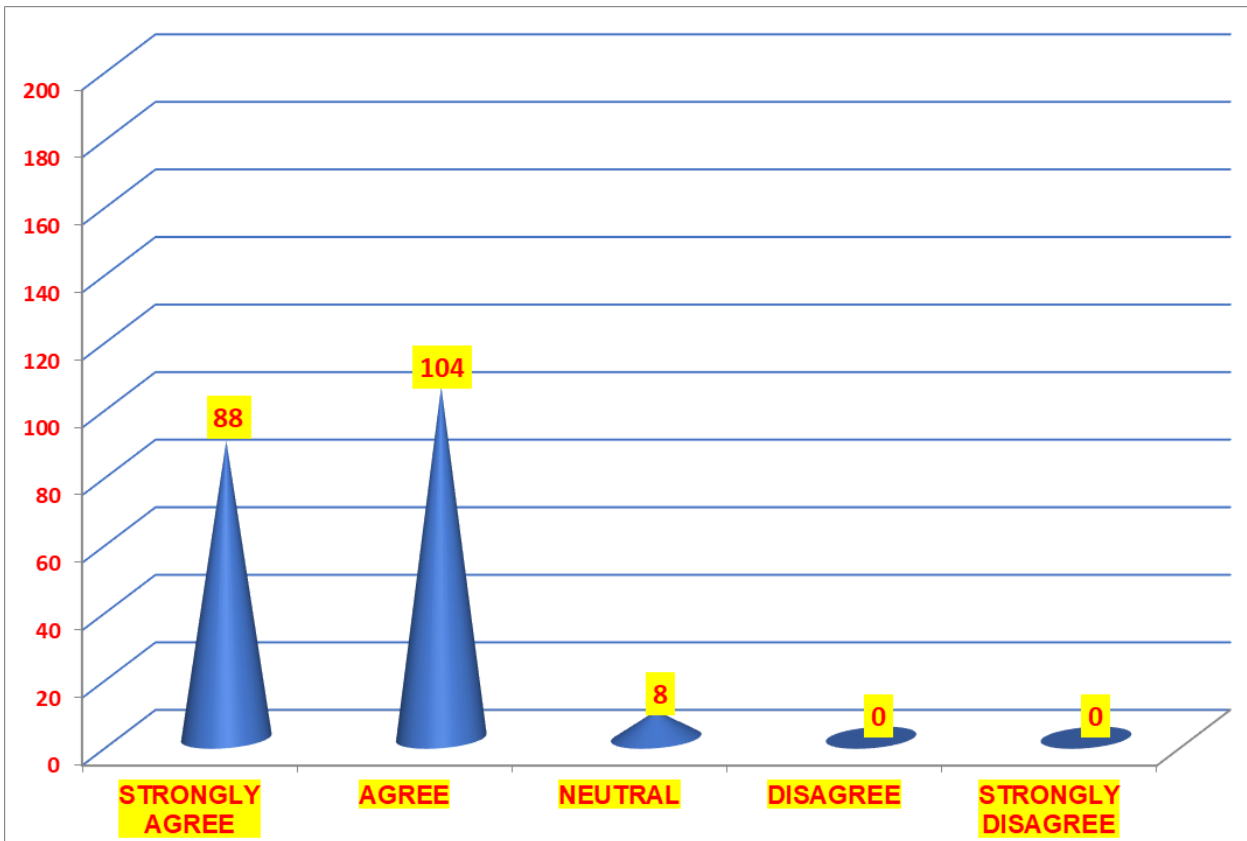
At present, the Television market is dominated by the LCD TVs segment and its market share will continue to rise till the end of 2018 (as per CEAMAReport).

According to CEAMA TV market in India is expected to grow at a robust CAGR of 19% till 2016

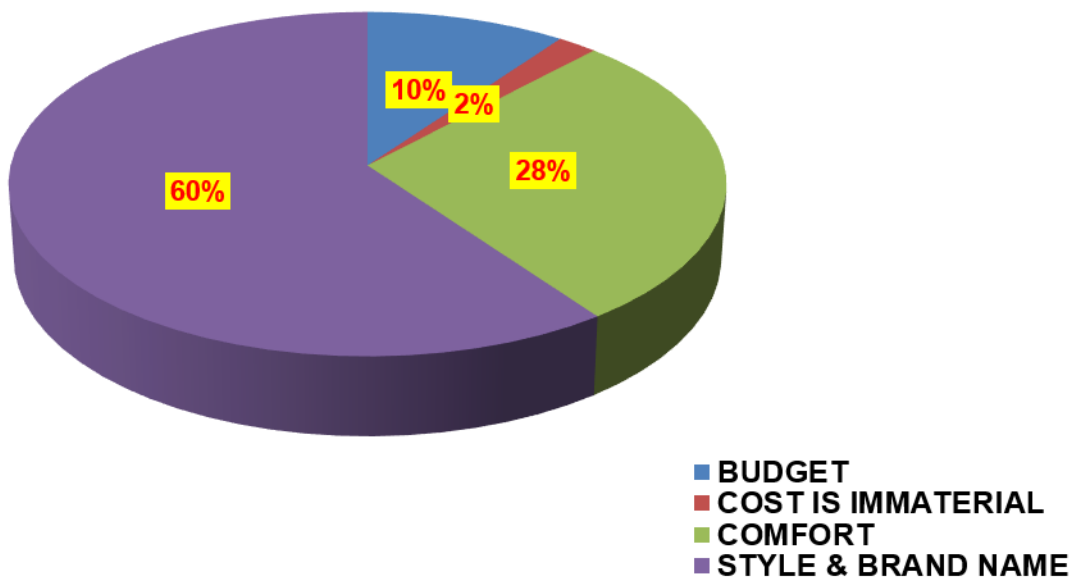
According to 6Wresearch, India smart TV market was valued at \$0.22 billion in 2011 and is expected to reach \$10.41 billion by 2017, growing at a CAGR of 87.02% during the period 2012-2017.



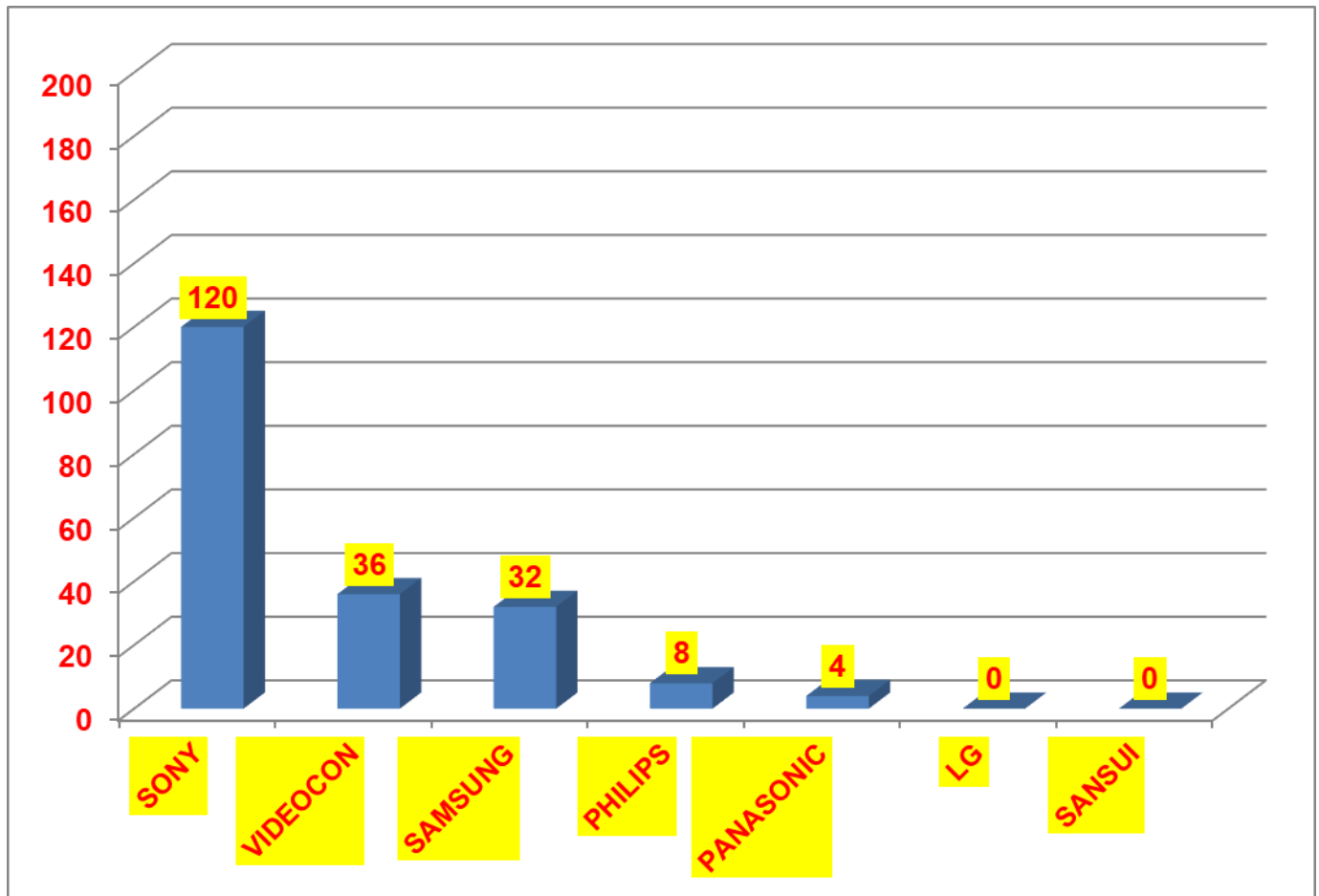
LED TV ENHANCES VISUAL EXPERIENCE



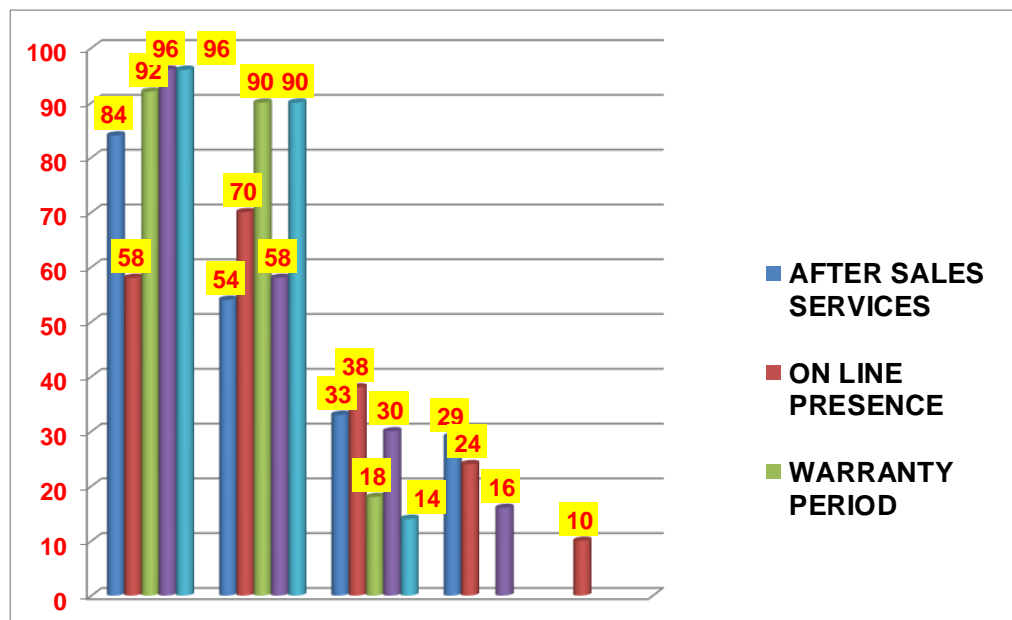
FACTORS AFFECTING SELECTION OF LED TV



RATING OF VARIOUS BRANDS OF LED TV



FACTORS AFFECTING : PURCHASE OF VARIOUS BRANDS OF LED TV



Our Competitive Advantage

We recognize the importance of a competitive marketplace that encourages companies to innovate to best serve our customers' and society's interests. Adherence to fair competition rules that enable strong and competitive markets is essential for maintaining our capability to innovate and deliver value to our customers. When we follow these laws, not only do we better our society, we help our Company and our business partners to deliver better customer value. We are committed to following the fair competition laws in all of the countries where we operate. In this way, our commitment to fair competition not only builds trust among our business partners and consumers, it helps us become a stronger and more innovative company, as well. Understand that fair competition laws are quite complex and vary by jurisdiction. It can be difficult to determine what is or is not a violation of these rules. Some countries have implemented rules that extend the reach of their laws beyond their borders, and many have increased enforcement actions and penalties.

If your job involves sales, marketing, R&D, production planning, equipment or materials sourcing or negotiations with our channel partners or suppliers, you especially are expected to understand the Company's Fair Competition policy and how it applies to your work.

Part of what is going to count as competitive advantage for OPTICS® Corporation is the vast experience of our management team, we have people on board who are highly experienced and understand how to grow business from the scratch to becoming a national phenomenon.

Lastly, our employees will be well taken care of, and their welfare package will be among the best within our segment, meaning that they will be more than willing to build the business with us and help deliver our set goals and achieve all our aims and objectives. We will also give good working conditions and commissions to freelance sales agents that we will recruit from time to time.

SWOT Analysis Worksheet

Strengths	<p>Strong vision and Idea.</p> <p>Presence Business Partners</p> <p>Presence Huge market</p> <p>Presence supply-partners</p> <p>Low manufacturing Costs in China</p> <p>Cheap Labor and assembly costs in India</p>
Weaknesses	<p>Large number of competitors</p> <p>Cheap Chinese manufacturers</p> <p>Demand is seasonal and is high during festive season.</p> <p>Low purchasing power of consumer</p> <p>Limited Global Reach</p> <p>Size of the setup</p> <p>Competitors can copy the idea quickly</p>
Opportunities	<p>In India, the penetration level of white goods is lower as compared to other developing countries.</p> <p>Increase in income levels, i.e., increase in purchasing power of consumer.</p> <p>Easy Availability of finance.</p> <p>Marketing through a Virtual marketplace increases the potential customers rapidly</p>
Threats	<p>Higher import duties on raw material imposed.</p> <p>Increases in prices by suppliers</p> <p>Larger businesses have a wider reach</p> <p>Brand unfamiliarity</p> <p>Threat of copying</p>

Competitive Analysis

We want to be respectful of our competitors and avoid situations that suggest improper interactions. In general, relationships among competitors can cause problems with fair competition. Our first duty is to serve our customers. We serve them by supporting the rules that encourage our continued innovation and success in a strong, competitive market.

Improper agreements do not have to be exclusively about consumer price. Agreements can be about anything that may influence price or customer choice, such as:

- Price fixing – Agreeing on any form of pricing for channel partners or customers, including, for example, use of pricing formulas, discounts or rebates, or agreeing on pricing to pay to suppliers.
- Bid rigging – Agreeing on how to bid for customer or channel partner business, such as by agreeing on what price or other conditions to put in a bid proposal. Typically, this is done so that a competitor wins one customer opportunity and another wins the next opportunity.
- Operation, production or distribution agreements – Agreeing on levels or other limitations of production or distribution of products, or agreeing on other operational activities.
- Market, territory or customer allocation – Agreeing to divide markets, territories or customers so that competition is reduced in each situation.
- Group boycotts – Agreeing not to do business with certain individual or groups of customers, distributors or suppliers, for instance, until that group agrees to more favorable pricing or other conditions.
- Focus on technology and innovation.
- Leveraging on technological prowess from IT hardware industry.
- Create round the year impact through marketing.

Agreements do not have to be fulfilled or even been made sincerely to be illegal. Even failed attempts to reach an agreement that any party had no intention to keep still can be viewed as a conspiracy to violate fair competition law.

Key competitors

INTEX

- Market share 3.97% (Value : 2.61%)
- Focus on technology and innovation.
- Leveraging on technological prowess from IT hardware industry.
- Create round the year impact through marketing.

VIDEOCON

- Market share 3.36% (Value : 2.30%)
- Leveraging on being an Indian company.
- Multiple brand strategy.
- Focusing on dealer/ distributor networks.

Competitive Analysis Worksheet

FACTOR	Me	INTEX A	VIDEOCON B	Importance to Customer
Products	32" LED TV	32" LED TV	32" LED TV	4
Price	12,499	13,999	12,999	5
Quality	Good	Good	Good	5
Service	Good	Good	Good	4
Reliability	Yes	Yes	Yes	4
Company Reputation	Average	Average	Good	4
Location	New Delhi	New Delhi	Mumbai	2
Sales Method	Ecommerce	Retailers and Ecommerce	Retailers and Ecommerce	3
Advertising	Online	Online & Commercials	Online & Commercials & Print	3
Image	Not Yet	Average	Average	3

SALES AND MARKETING STRATEGY

OPTICS® Corporation is established with the aim of maximizing profits in the television market in both India and we are going to go all the way to ensure that we do all it takes to sell our products to a wide range of customers.

Our marketing strategies will be aimed at providing our customers with standout prices due to our low profit margins and efficient structure. Our television being relatively low priced with a high specification ratio.

Emphasizing on the fact that it provides with popular apps such as Netflix, Hulu, Amazon Prime Video and Pandora. Has a Front camera which can be used for video conferencing. Also a 6-month Netflix subscription free of cost to fulfill their entertainment needs. Providing with the Roku TV intuitive interface and the built-in ability to stream content over the internet, watch live TV with an antenna, and access connected devices like a cable set-top box or game console. An easy-to-use remote and free mobile app let you use your voice to control Roku TV and search for movies, shows and more across top streaming services and broadcast TV in your area.

Advertising includes:

- Online – on social media websites (Facebook, Instagram), android apps being a cheaper option.
- Print – main newspapers
- Radio – Radio advertisements

Marketing includes:

- Business website
- Social media marketing
- Email marketing
- Mobile marketing
- Search engine optimization
- Content marketing
- Print marketing materials (brochures, flyers, business cards)
- Public relations
- Trade shows
- Networking
- Word-of-mouth
- Referrals

Our goal is to be the best premium television, not the biggest. Providing our customers an experience. An experience that no other company can provide at such a price. We will continue to play a key role in strengthening community connect and improving brand familiarity beyond our core audience.

Operational Plan

Production

We have made our Tie ups with Fuguo Electronics Co. Ltd, Sincere Information Technology Ltd and Roku International for the parts. We'll assemble the parts in our Assembly Plant in Noida. The recruits will only handle non fragile materials whereas the Professionals will handle the Fragile and assembly. The labor cost is cheap in Uttar Pradesh and will cost around 300 to 500 Rs. per worker per day and for Professionals it'll cost 3000 to 5000 a day.

Quality control

Each and every product that is produced in our plant will go through rigorous Testing procedures managed by professionals so as to maintaining the standard we're striving for.

Location

Our Assembly plant will be located in Noida(NCR), along with Management HQ . In this section, expand on that information with details such as:

- a. The Assembly plant is 25000sq ft of warehouse space in Noida, Uttar Pradesh.
- b. The building is commercial by Design
- c. No Zoning restrictions.
- d. Accessibility for customers, employees, suppliers and transportation if necessary
- e. Costs including rent, maintenance, utilities, insurance and any buildout or remodeling costs

Legal environment

- f. The land has been purchased and registered under the local Taluka.
- g. All the Product design is patented.
- h. The insurance coverage your business requires and how much it costs
- i. Any environmental, health or workplace regulations affecting our business
- j. No special regulations affecting our industry.
- k. Bonding requirements, if applicable.

Personnel

Employees both skilled and unskilled will be required.

- Initially we'll need around 32 unskilled and 10 skilled employees in our Assembly Hub.
- Freelancers are a Good option for cheap labor hence will be considered when the need arises.
- The unskilled labor will be paid 300 to 500 a day whereas the skilled professionals will be paid 3000 to 5000 a day.
- Employees who seek new working environment and a high position in the management will readily join the company which is freshly Establishing,
- The Experts and Research analysts will be hired so as to plan the working Procedure.

Suppliers

Name	GUANGZHOU FUGUO ELECTRONICS CO. LTD	GUANGZHOU SINCERE INFORMATION TECHNOLOGY LTD	Roku TV
Material	LED Television	Samsung 5-mp camera sensors	DTH Chip
Address	Guangzhou District, China	Guangzhou District, China	150 Winchester Circle Los Gatos, CA 95032
Website			
Production Capacity	30000 pcs p/m	4000000 per anum	50000 PCS p/m
Minimum Order	500	1000	1000
Credit Policy	none	none	yes

Statement of Assets and Liabilities

(Rs. In Crore)

Particulars	Standalone	
	As at 31.03.2017	As at 31.12.2015
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
a) Share Capital	334.46	334.46
b) Reserve and Surplus	8,056.61	9,972.29
Total Shareholders' Funds	8,391.07	10,306.75
2. Grant for Ozone Project	5.63	6.14
3. Non-Current Liabilities		
a) Long Term Borrowings	17,194.19	18,588.43
b) Deferred Tax Liability (net)	366.85	704.35
c) Long Term Provisions	164.71	209.88
Total Non-Current Liabilities	17,725.75	19,502.66
4. Current Liabilities		
a) Short Term Borrowings	2,311.73	4,312.20
b) Trade Payables	1,904.89	1,164.87
c) Other Current Liabilities	5,331.56	2,516.73
d) Short Term Provisions	67.86	67.02
Total Current Liabilities	9,616.04	8,060.82
TOTAL EQUITY AND LIABILITIES	35,738.49	37,876.37
B. ASSETS		
1. Non-Current Assets		
a) Fixed assets		
i. Tangible Assets	4,972.64	5,515.27
ii. Intangible Assets	21.27	30.15
iii. Capital Work-in-Progress	490.38	714.36
b) Non-Current Assets	10,239.47	8,994.71
c) Long Term Loans and Advances	3,645.42	4,013.08
Total Non-Current Assets	19,369.18	19,267.57
2. Current Assets		
a) Current investments	-	5.20
b) Inventories	2,863.52	2,359.20
c) Trade Receivables	2,400.31	2,858.52
d) Cash and Bank Balances	553.29	2,676.10
e) Short Term Loans and Advances	10,488.46	10,532.68
f) Other Current Assets	63.73	177.10
Total Current Assets	16,369.31	18,608.80
TOTAL ASSETS	35,738.49	37,876.37

Statement of Income and Expenditure

(Rs. In Crore)

Particulars	15 months ended	Year ended (12 Months)
	31.03.2017	31.12.2015
1. Revenue from Operations (net of excise duty)	12,329.40	12,418.21
2. Other Income	499.20	844.33
3. Total Income (1+2)	12,828.60	13,262.54
4. Expenses		
a) Cost of Materials Consumed	4,428.47	4,073.30
b) Purchases Stock-in-Trade	4,305.53	3,991.93
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21.17	20.90
d) Employee Benefits Expense	375.71	283.43
e) Finance Costs	3,097.73	2,368.46
f) Depreciation and Amortization expense	731.52	701.71
g) Other Expenses	2,121.65	1,883.51
Total Expenses	15,081.78	13,323.24
5. Profit/(Loss) before exceptional items and tax (3-4)	2,253.18	60.70
6. Exceptional Items	-	-
7. Profit/(Loss) before Tax (5+6)	2,253.18	60.70
8. Tax Expense		
a) Current Tax (Net of MAT Credit)	-	-
b) Deferred Tax	337.51	4.90
9. Net Profit/(Loss) for the Period	1,915.67	55.80
10. Paid-up Equity Share Capital (Face Value Rs.10/- per share)	334.46	334.46
11. Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year	8,056.81	9,972.29
12. Earnings per Share (not annualised)		
a) Basic	57.28	1.67
b) Diluted	57.28	1.67

1. Gross Profit and Net Profit Margin of the company

Gross Profit Margin:

Years	Profit Before Tax (PBT) (1)	Finance Cost (2)	Depreciation & Amortization Expenses (3)	Gross Profit = (1)+(2)+(3)	Revenue	Gross Profit Margin
2017	2,253.18	3,097.73	731.52	5,350.91	12,329.40	43.40%
2016	60.70	2,368.46	701.71	2,429.16	12,418.21	19.56%

Net Profit Margin:

Years	Net Profit	Revenue	Net Profit Margin
2017	1,915.67	12,329.40	15.54%
2016	55.80	12,418.21	0.45%

Observation: Both, Gross Profit Margin and Net Profit Margin has increased which concludes that the company has reduced their overheads as the revenue from the operations remained same but the profit has increased over the year.

2. Direct and Indirect costs of the company

Direct Costs:

Items	Amounts (in Rs)		Change in Direct Costs
	Year 2016-17	Year 2015-16	
Costs of Material Consumed	4,428.47	4,073.30	8.72%
Purchase of Stock-in-trade	4,305.53	3,991.93	7.86%
Changes in inventories of FG, WIP & Stock-in-trade	21.17	20.90	1.29%
Total	8,755.17	8,086.13	8.29%

Indirect Costs:

Items	Amounts (in Rs)		Change in Indirect Costs
	Year 2016-17	Year 2015-16	
Employee Benefit Expenses	375.51	283.43	32.49%
Finance Cost	3,097.73	2,368.46	30.79%
Depreciation and Amortization Expenses	731.52	701.71	4.25%
Other Expenses	2,121.65	1,883.51	12.64%
Total	6,326.41	5,237.11	20.80%

3. Fixed Assets added during the year

Assets	Amounts (in Rs)		% Change
	Year 2016-17	Year 2015-16	
Tangible Assets	4,972.64	5,515.27	(9.84)
Intangible Assets	21.27	30.15	(29.45)
Capital Work-in-Progress	490.38	714.36	(31.35)
Intangible Fixed Assets under Development	-	-	-
Total Fixed Assets	5,484.29	6,259.78	(12.39)

Observation: Sale of Fixed Assets took place during the year.

4. Working Capital for the year

Working Capital = Current Assets – Current Liabilities

Year	Current Asset (in Rs)	Current Liabilities (in Rs)	Working Capital (in Rs)	Changes in W.C
2017	16,369.31	9,616.04	6,753.27	(35.98)%
2016	18,608.80	8,060.82	10,547.98	

Observation: As mentioned earlier also, the company has reduced its working capital requirement over the year, which causes to decrease in production costs.

5. Debt/Equity ratio of the company

Debt-Equity Ratio = Long Term Borrowings/Shareholders' Funds

Years	Long-Term Borrowings	Shareholders' Funds	Debt-Equity Ratio
2017	17,194.19	8,391.07	2.05:1
2016	18,588.43	10,306.75	1.80:1

Observation: Company is almost near to the ideal ratio i.e., 2 : 1, which means the company financing its fund requirement from Long-Term Debts.

Career Planning in the company

At SMART, the company recognize that their success depends entirely upon the success of their

colleagues, and hence, they have a clearly defined career path.

- Commensurate as per the education and experience, colleagues will join SMART as part of the

Top / Middle / Intermediate management levels.

- Those with lesser experience will join as Team Members.

- Thereafter, the potential colleagues will grow along with the company as rapidly as their abilities will allow.

- SMART's well-structured career progression scheme ensures that their colleagues focus on their core area of expertise and the rest is taken care of.

Organization Culture

Organizational culture based on reviews:

- Nice place to work !

The company is driven with lot of values, though the culture at work can get better and the

frequent changes in management is pulling it down

- Amazing place to work and also lots of things to learn, atmosphere is friendly and also have fun with employees. Celebrated each function here. Motivational atmosphere.

- Key Deliverables:

- Network expansions

- Product briefing and Competitors analysis

- Tracing Category wise and Product wise Sales

- Product Promotion and Store Branding

- Achieving exceeding Sales Target on Weekly Basis

FIELDWORK PHOTOS

