

UP MSME 1-Connect

PROJECT REPORT

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PROJECT:

Stainless Steel Cutlery Manufacturing unit

PROJECT REPORT

Of

STAINLESS STEEL CUTLERY

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Stainless Steel Cutlery 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.]

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **STAINLESS STEEL CUTLERY**
- 6 Name of the project / business activity proposed : **SAFETY PIN MANUFACTURING UNIT**
- 7 Cost of Project : Rs.20.79 Lakhs
- 8 Means of Finance
- Term Loan Rs.14.94 Lakhs
- Own Capital Rs.2.08 Lakhs
- Working Capital Rs.3.77 Lakhs
- 9 Debt Service Coverage Ratio : 2.63
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 27%
- 13 Employment : 14 Persons
- 14 Power Requirement : 30.00 HP
- 15 Major Raw materials : Stainless steel sheet, forming lubes, polishing material,etc.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 121.98 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	16.10
Furniture & Fixtures	0.50
Working Capital	4.19
Total	20.79

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.08
Working Capital(Finance)	3.77
Term Loan	14.94
Total	20.79

STAINLESS STEEL CUTLERY **MANUFACTURING UNIT**

Introduction:

Spoons, forks, knives and many other items that are used in the preparation of food and while eating are called cutlery. Cutlery also is known as silverware or flatware comprises spears, chopsticks, tongs, ladles, straws and many more. Based on the type of meal one is having various types of cutlery are used. Usage of cutlery is part of social custom and there is a specific procedure for utilizing types of cutlery for various items while making the food and consuming it. Based on the type of food, the cutlery used varies and has to store according to the ease of usage. In modern days, cutlery has come up in wonderful combinations — *spife* (spoon + knife), *spork* (spoon + fork), and *knork* (knife + fork).



Uses & Market Potential:

Cutlery includes Spoons, forks, knives and many other items that are used in the preparation of food and while eating. Apart from eating, Spoons comes in variety of shapes and sizes which are used for cooking and serving purpose's as well. The

global cutlery market is projected to grow at a CAGR of 3.59% to reach US\$1,128.037 million by 2025, from US\$912.886 million in 2019. Increasing demand from consumers in order to improve their dining experience and kitchen aesthetics. The changing lifestyle of people and the shift in the eating etiquette trends have resulted in the consumers to purchase different types of cutlery or a complete set of cutleries. This includes spoons, forks that are suited to specific purposes such as dessert forks, and table forks and tablespoons, teaspoons, and dessert spoons among others in order to make their eating experience more aesthetically pleasing and efficient. This is thereby augmenting the market growth. The rising interest among the cooking enthusiasts to try different cuisines and try to make new dishes is encouraging them to improve their cutlery collection.

Product:

Stainless Steel Cutlery Set

Raw Material:

The raw materials required are:

- Stainless Steel Sheet
- Other Materials: Forming lubes, polishing material, etc.
- Packing Material

Manufacturing Process:

The steps are:

- Blanking
- Rolling
- Annealing
- Cutting to outline
- Forming the pattern
- Special Steps
- Silver Plating
- Buffing & Sand Polishing

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:

Machine	Quantity	Rate
Blanking Machine	1	700000
Annealing Furnace	1	120000
Lathe Machine	1	180000
Edge Trimming Machine	1	160000

Buffing & Polishing Machine	1	150000
Embossing Machine	1	100000
Electroplating Machine	1	200000
Total Amount		1610000

Power Requirement- The estimated Power requirement is taken at 30 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-3
- Skilled/unskilled worker-4
- Helper-5
- Manager cum Accountant-1
- Sales Personnel-1

FINANCIALS

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	3.05	4.71	7.16	10.15
Add: Additions	2.08	-	-	-	-
Add: Net Profit	4.97	6.16	7.45	8.99	10.24
Less: Drawings	4.00	4.50	5.00	6.00	7.00
Closing Balance	3.05	4.71	7.16	10.15	13.38
CC Limit	3.77	3.77	3.77	3.77	3.77
Term Loan	13.28	9.96	6.64	3.32	-
Sundry Creditors	1.46	1.74	2.03	2.33	2.64
TOTAL :	21.56	20.18	19.59	19.56	19.79
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	16.60	16.60	16.60	16.60	16.60
Gross Dep.	2.47	4.56	6.35	7.87	9.16
Net Fixed Assets	14.14	12.04	10.25	8.73	7.44
Current Assets					
Sundry Debtors	2.94	3.64	4.29	4.97	5.69
Stock in Hand	2.70	3.80	4.44	5.10	5.79
Cash and Bank	1.78	0.70	0.62	0.76	0.87
TOTAL :	21.56	20.18	19.59	19.56	19.79

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PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	63.08	78.04	91.91	106.55	121.98
Total (A)	63.08	78.04	91.91	106.55	121.98
<u>B) COST OF SALES</u>					
Raw Material Consumed	29.25	34.81	40.58	46.56	52.77
Electricity Expenses	2.01	2.35	2.69	3.02	3.36
Repair & Maintenance	1.26	1.56	1.84	2.13	2.44
Labour & Wages	16.88	21.11	25.33	29.88	34.67
Depreciation	2.47	2.10	1.79	1.52	1.29
Cost of Production	51.87	61.92	72.21	83.12	94.53
Add: Opening Stock /WIP	-	1.73	2.06	2.41	2.77
Less: Closing Stock /WIP	1.73	2.06	2.41	2.77	3.15
Cost of Sales (B)	50.15	61.59	71.87	82.75	94.15
C) GROSS PROFIT (A-B)	12.93	16.45	20.04	23.80	27.84
	20.50%	21.08%	21.81%	22.33%	22.82%
D) Bank Interest i) (Term Loan)	1.62	1.32	0.96	0.59	0.23
ii) Interest On Working Capital	0.41	0.41	0.41	0.41	0.41
E) Salary to Staff	4.79	6.13	7.66	9.58	11.49
F) Selling & Adm Expenses Exp.	1.14	1.95	2.76	2.98	3.66
G) TOTAL (D+E+F)	7.96	9.82	11.79	13.57	15.79
H) NET PROFIT	4.97	6.63	8.25	10.23	12.05
	7.9%	8.5%	9.0%	9.6%	9.9%
I) Taxation	-	0.47	0.81	1.24	1.81
J) PROFIT (After Tax)	4.97	6.16	7.45	8.99	10.24

PROJECTED CASHFLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.08	-	-	-	-
Reserve & Surplus	4.97	6.63	8.25	10.23	12.05
Depreciation & Exp. W/off	2.47	2.10	1.79	1.52	1.29
Increase In Cash Credit	3.77	-	-	-	-
Increase In Term Loan	14.94	-	-	-	-
Increase in Creditors	1.46	0.28	0.29	0.30	0.31
TOTAL :	29.68	9.01	10.33	12.05	13.65
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.60	-	-	-	-
Increase in Stock	2.70	1.10	0.63	0.66	0.69
Increase in Debtors	2.94	0.70	0.65	0.68	0.72
Repayment of Term Loan	1.66	3.32	3.32	3.32	3.32
Taxation	-	0.47	0.81	1.24	1.81
Drawings	4.00	4.50	5.00	6.00	7.00
TOTAL :	27.91	10.09	10.41	11.91	13.54
Opening Cash & Bank Balance	-	1.78	0.70	0.62	0.76
Add : Surplus	1.78	- 1.08	- 0.08	0.14	0.11
Closing Cash & Bank Balance	1.78	0.70	0.62	0.76	0.87

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.73	2.06	2.41	2.77	3.15
<u>Raw Material</u>					
(10 Days requirement)	0.98	1.74	2.03	2.33	2.64
Closing Stock	2.70	3.80	4.44	5.10	5.79

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.70		
Less:			
Sundry Creditors	1.46		
Paid Stock	1.24	0.12	1.12
Sundry Debtors	2.94	0.29	2.65
Working Capital Requirement			3.77
Margin			0.42
MPBF			3.77
Working Capital Demand			3.77

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	14.94	14.94	0.41	-	14.94
	Iind Quarter	14.94	-	14.94	0.41	-	14.94
	IIIrd Quarter	14.94	-	14.94	0.41	0.83	14.11
	Ivth Quarter	14.11	-	14.11	0.39	0.83	13.28
					1.62	1.66	
II	Opening Balance						
	Ist Quarter	13.28	-	13.28	0.37	0.83	12.45
	Iind Quarter	12.45	-	12.45	0.34	0.83	11.62
	IIIrd Quarter	11.62	-	11.62	0.32	0.83	10.79
	Ivth Quarter	10.79		10.79	0.30	0.83	9.96
					1.32	3.32	
III	Opening Balance						
	Ist Quarter	9.96	-	9.96	0.27	0.83	9.13
	Iind Quarter	9.13	-	9.13	0.25	0.83	8.30
	IIIrd Quarter	8.30	-	8.30	0.23	0.83	7.47
	Ivth Quarter	7.47		7.47	0.21	0.83	6.64
					0.96	3.32	
IV	Opening Balance						
	Ist Quarter	6.64	-	6.64	0.18	0.83	5.81
	Iind Quarter	5.81	-	5.81	0.16	0.83	4.98
	IIIrd Quarter	4.98	-	4.98	0.14	0.83	4.15
	Ivth Quarter	4.15		4.15	0.11	0.83	3.32
					0.59	3.32	
V	Opening Balance						
	Ist Quarter	3.32	-	3.32	0.09	0.83	2.49
	Iind Quarter	2.49	-	2.49	0.07	0.83	1.66
	IIIrd Quarter	1.66	-	1.66	0.05	0.83	0.83
	Ivth Quarter	0.83		0.83	0.02	0.83	0.00
					0.23	3.32	

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

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	7.44	8.26	9.23	10.51	11.53
Interest on Term Loan	1.62	1.32	0.96	0.59	0.23
Total	9.06	9.58	10.19	11.10	11.76
<u>REPAYMENT</u>					
Repayment of Term Loan	1.66	3.32	3.32	3.32	3.32
Interest on Term Loan	1.62	1.32	0.96	0.59	0.23
Total	3.28	4.64	4.28	3.91	3.55
DEBT SERVICE COVERAGE RATIO	2.76	2.06	2.38	2.84	3.31
AVERAGE D.S.C.R.			2.63		

Assumptions:

1. Production Capacity of Stainless Steel Cutlery Manufacturing unit is taken at 500 Sets per day. First year, Capacity has been taken @ 30%.
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 days.
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 30 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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