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PROJECT REPORT

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PROJECT:

Brass Utensils Manufacturing Unit

PROJECT REPORT

Of

BRASS UTENSILS MANUFACTURING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Brass Utensils 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 Entrepreneurer : xxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
Pin: xxxxxxxx
Mobile : xxxxxxxx

State: xxxxxxxxxxxx
- 5 Product and By Product : BRASS THALI SET
- 6 Name of the project / business activity proposed : BRASS UTENSIL MANUFACTURING UNIT
- 7 Cost of Project : Rs.11.78 Lakhs
- Means of Finance
Term Loan
Own Capital
Working Capital

Rs.6.3 Lakhs
Rs.1.18 Lakhs
Rs.4.3 Lakhs
- 9 Debt Service Coverage Ratio : 2.94
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 48%
- 13 Employment : 10 Persons
- 14 Power Requirement : 8.00 HP
- 15 Major Raw materials : Brass metal, Refined sand, Bee wax, Charcoal, Clay, Nitric Acid, Emer Paper & Consumables
- 16 Estimated Annual Sales Turnover (Max Capacity) : 103.54 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)	
Particulars	Amount
Land	Own/Rented
Building /Shed 1000 Sq ft	4.00
Plant & Machinery	2.00
Furniture & Fixtures	1.00
Working Capital	4.78
Total	11.78

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.18
Working Capital(Finance)	4.30
Term Loan	6.30
Total	11.78

BRASS UTENSILS MANUFACTURING UNIT



2. Introduction:

The bakhira brassware of Sant Kabir Nagar is an old art. The craftsmans occupied with this specialty make different kinds of masterful utensils and pieces, for example, bowls, plates, glasses, vessels, container, jar, ringers and then some. Metal Handicrafts created here are famous world over and they speak to the genuine Indian craftsmanship and the old greatness for which Indian Brass product is notable.

These selective and exquisitely made brasswares are famous in public business sectors as well as in enormous interest in global business sectors too.

The Brassware Industry is an old conventional industry of U.P. famous everywhere on the world for the tastefulness and perfect excellence for its ornamental just as utility articles. Being work concentrated in nature, the Brassware business has tremendous guarantees not just for retaining a great many un-utilized people in a work overflow economy of India however has likewise gigantic possibilities for getting the truly necessary unfamiliar trade income for the quickened financial improvement of the country. The Brassware business was situated at Moradabad just, and continuously it began creating in different pieces of the state in Uttar Pradesh. There is no exact data with respect to the beginning of the business, yet it is for the most part accepted to be a couple of exceptionally old.

3. Market Potential:

The Brassware business is principally moved in the North-Eastern piece of Uttar Pradesh generally represents 80% creation and 75 percent fare of the country.

Concerning fares of metal products, the business has been effective in making a sizable gouge in unfamiliar business sectors throughout the long term. The business has enrolled an enormous development over the course of the years since autonomy. The U.S.A., is the biggest market for U.P's. brassware, trailed by Saudi Arabia", U.K., Canada, U.S.S.R., West Germany, France, Italy, Netherland and Kuwait and so forth Local patterns in fares of brassware uncover that the American district enlisted the most noteworthy portion of our fare transfer followed by the European area, Asian and Oceanic locale and African locale.

Clearly Uttar Pradesh covers in excess of 90% of the absolute brassware creations in India and the portion of different states is very inconsequential.

4. Product Description:

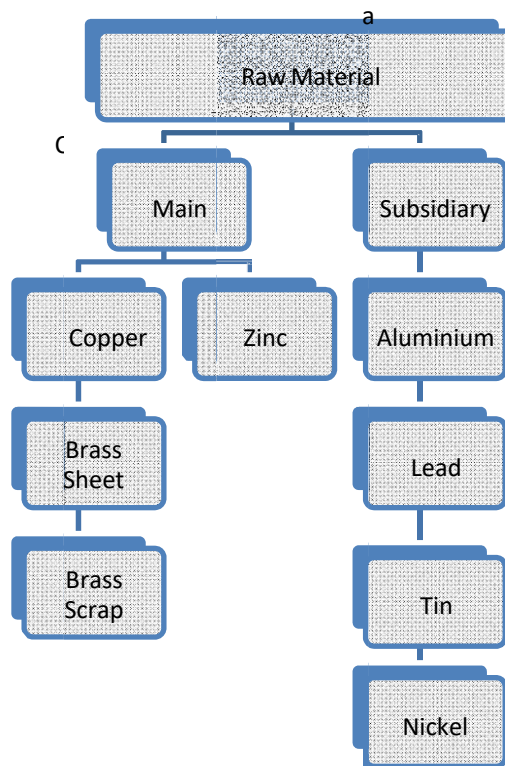
4.1. Product Uses: The ringing of the chime produces what is viewed as a promising sound. Hindu sanctuaries by and large have one metal ringer hanging at the passage. Additionally the utensil utilized by and large for adoring intention is made of metal. In this task we have talked about of Brass Thali Set which comprises of a round thali, a glass, 4 dishes and 2 spoons which make a total thali set for an individual.

4.2. Raw Material:

- Brass Metal: Metal used in sculpture.
- Refined sand: Anthill sand or riverbed soil strained for the molding purpose.
- Bee wax: Raw material used in making the model of sculpture.
- Charcoal: It helps in creating tremendous measure of warmth.
- Clay: It is utilized as a coupling segment in trim.
- Water: It is used in washing the sculpture.
- Gas propane and torch: It is used for ignition of fire.
- Tamarind Pulp: It is used like a soap which helps in cleaning the sculpture.
- Wooden round stick: the stick used like a base for the model in hollow casting.
- Sack: It is utilized in last layer of embellishment measure which authorizes like the coupling object.

- Nitric Acid: It is utilized in cleaning the metal article from the sand dust.
- Emery paper: Paper with rough texture used in refining the metal article.
- Other consumables (Iron wire, iron rod, etc.)

Average raw material cost per Brass Thali set: Rs. 900-980 (Approx.)



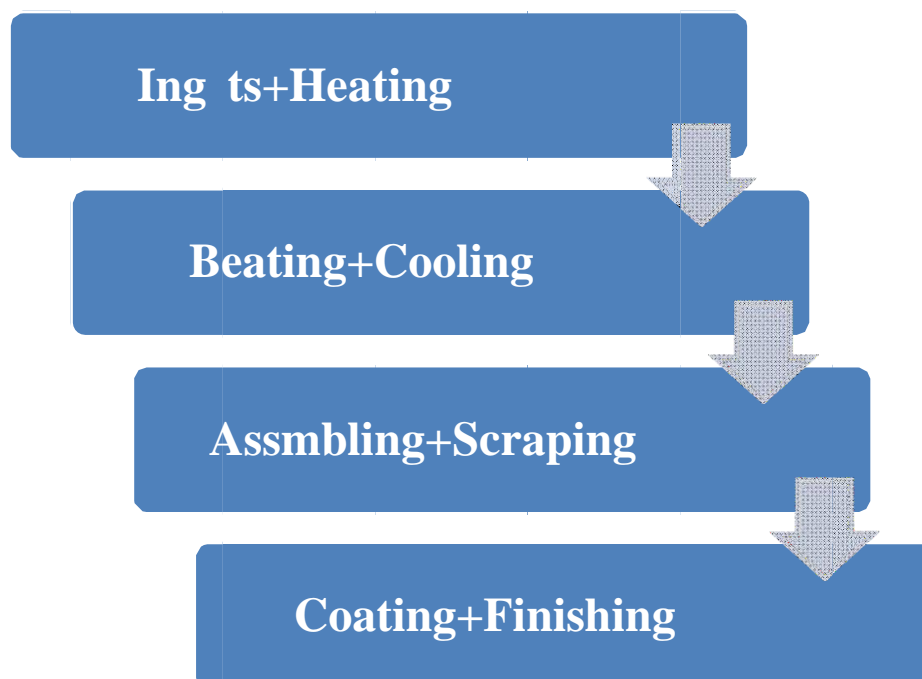
4.3. Manufacturing Process: The process of making brass products are:

- Processing Ingots- Metals are blended to shape ingots
- Heating- Ingots are heated to become malleable
- Beating- Beating these shapes using a mallet with varying weights

and a wooden support, until the metal naturally bends along a concave or convex curve as required. The rim is curved.

- Cooling- Post shaping, the metal is allowed to cool.

- **Assembling-** Parts are assembled and welded into a unanimous whole. Beating improves the rigidity and flexibility of the metal. The vessel in this way is the most fragile at the focuses where it has been welded. Handles are not joined in this type of cookware and utensils are utilized all things considered.
- **Scraping-** Vessels are dingy dark in shading and the outside of cooking vessels is left dirty however within dingy layer is scratched off.
- **Coating-** The base surface of the vessel is warmed, adhered to lac and covered with tin oil. This is done to expand the thickness of the base with the goal that food doesn't adhere to the inner parts of the vessel during cooking.
- **Finishing-** Washing with acid to make them appear like gold. To decorate, flat metal pieces are cut and beaten onto the ware with a hammer. Designs may also be carved out on the metal using an iron pointed tip pen. Etching on a smoky base creates a gold black pattern too.



5. Project Components:







5.1. Land: The mechanical arrangement requires space for Inventory, workshop or assembling region, space for power supply utilities and cleaning territory. Likewise a portion of the territory of building is needed for office staff offices, office furniture, and so on.

5.2. Civil Work:

- **Workshop Area-** This region incorporates the apparatus arrangement and establishment space for all supplies, work floor region, and essential projecting and cleaning. All out workshop territory is approx. 1000-1200Sqft.
- **Inventory Area-** This region incorporates the extra room for all the crude materials, tooling and bite the dust extra room and completed merchandise. Absolute stock territory is approx. 500Sqft.
- **Office Area –** This space incorporates staff working district. Complete workshop zone is approx. 500Sqft. This might be considered over the ground floor.

Land and building requirement may vary depending on the size of project. Civil work cost will be Rs 4 Lac (Approx.).

5.3. Machinery & Tools:

Furnace	A pit made for melting of the metal.	
Crucible	It is made out of earth graphite and it is utilized like a holder to liquefy the metal in it.	
Furnace Tongs	Round Head, Rake, Stopping Hook, 'S' Hook Casting Brackets devices utilized in lifting, holding and adjusting the Crucible	
Furnace exhaust motor	A machine for blowing air to acquire fire flares in the heater.	
Buffing machine	It is utilized in tidying and cleaning of the projected article	
Bamboo tools (Hammer, Chisels, etc.)	Handmade tools made according to prerequisites of the craftsman.	

Average Machinery and Tools cost will be Rs. 2.00 Lakh (Approx.) exclusive of GST & installation cost.

5.4. Miscellaneous Assets:

- Water Supply Arrangements
- Furniture

5.5. Power Requirement: The Power requirement would be 8 Hp.

5.6. Man Power Requirement: Following manpower is required:

- Skilled/Unskilled Worker-3
- Helper-4
- 3 Skilled worker including 2 Sales Personal and Accountant.

6.

**FINANCIAL
ASPECTS**

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.84	4.25	6.11	7.94
Add: Additions	1.18	-	-	-	-
Add: Net Profit	1.66	2.61	3.85	4.84	6.26
Less: Drawings	-	1.20	2.00	3.00	4.00
Closing Balance	2.84	4.25	6.11	7.94	10.20
CC Limit	4.30	4.30	4.30	4.30	4.30
Term Loan	5.60	4.20	2.80	1.40	-
Sundry Creditors	2.43	2.69	2.95	3.22	3.51
TOTAL :	15.17	15.44	16.15	16.86	18.01
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	7.00	7.00	7.00	7.00	7.00
Gross Dep.	0.80	1.51	2.13	2.68	3.16
Net Fixed Assets	6.20	5.50	4.87	4.32	3.84
Current Assets					
Sundry Debtors	3.34	3.85	4.27	4.71	5.18
Stock in Hand	3.92	4.36	4.82	5.30	5.80
Cash and Bank	1.71	1.74	2.20	2.53	3.20
TOTAL :	15.17	15.44	16.15	16.86	18.01
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	66.82	76.91	85.35	94.22	103.54
Total (A)	66.82	76.91	85.35	94.22	103.54
<u>B) COST OF SALES</u>					
Raw Material Consumed	48.60	53.70	58.97	64.46	70.13
Electricity Expenses	1.07	1.16	1.25	1.34	1.43
Repair & Maintenance	0.67	0.77	0.85	0.94	1.04
Labour & Wages	9.07	10.16	11.38	12.52	13.77
Depreciation	0.80	0.71	0.62	0.55	0.48
Cost of Production	60.21	66.50	73.08	79.81	86.85
Add: Opening Stock /WIP	-	2.30	2.57	2.85	3.15
Less: Closing Stock /WIP	2.30	2.57	2.85	3.15	3.46
Cost of Sales (B)	57.91	66.24	72.79	79.52	86.54
C) GROSS PROFIT (A-B)	8.91	10.67	12.56	14.70	17.00
	13.33%	13.87%	14.71%	15.61%	16.42%
D) Bank Interest (Term Loan)	0.68	0.56	0.40	0.25	0.10
ii) Interest On Working Capital	0.47	0.47	0.47	0.47	0.47
E) Salary to Staff	5.54	6.38	7.14	7.85	8.64
F) Selling & Adm Expenses Exp.	0.54	0.65	0.68	0.75	0.83
TOTAL (D+E)	7.24	8.06	8.70	9.33	10.04
H) NET PROFIT	1.66	2.61	3.85	5.37	6.96
	2.5%	3.4%	4.5%	5.7%	6.7%
I) Taxation	-	-	-	0.54	0.70
J) PROFIT (After Tax)	1.66	2.61	3.85	4.84	6.26

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.18	-			
Reserve & Surplus	1.66	2.61	3.85	5.37	6.96
Depriciation & Exp. W/off	0.80	0.71	0.62	0.55	0.48
Increase In Cash Credit	4.30				
Increase In Term Loan	6.30	-	-	-	-
Increase in Creditors	2.43	0.26	0.26	0.27	0.28
TOTAL :	16.67	3.57	4.74	6.20	7.73
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	7.00	-	-	-	-
Increase in Stock	3.92	0.44	0.46	0.48	0.50
Increase in Debtors	3.34	0.50	0.42	0.44	0.47
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Taxation	-	-	-	0.54	0.70
Drawings	-	1.20	2.00	3.00	4.00
TOTAL :	14.96	3.54	4.28	5.86	7.06
Opening Cash & Bank Balance	-	1.71	1.74	2.20	2.53
Add : Surplus	1.71	0.03	0.46	0.34	0.67
Closing Cash & Bank Balance	1.71	1.74	2.20	2.53	3.20

<u>REPAYMENT SCHEDULE OF TERM LOAN</u>						11.0%	
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	6.30	6.30	0.17	-	6.30
	Iind Quarter	6.30	-	6.30	0.17	-	6.30
	IIIrd Quarter	6.30	-	6.30	0.17	0.35	5.95
	Ivth Quarter	5.95	-	5.95	0.16	0.35	5.60
					0.68	0.70	
II	Opening Balance						
	Ist Quarter	5.60	-	5.60	0.15	0.35	5.25
	Iind Quarter	5.25	-	5.25	0.14	0.35	4.90
	IIIrd Quarter	4.90	-	4.90	0.13	0.35	4.55
	Ivth Quarter	4.55		4.55	0.13	0.35	4.20
					0.56	1.40	
III	Opening Balance						
	Ist Quarter	4.20	-	4.20	0.12	0.35	3.85
	Iind Quarter	3.85	-	3.85	0.11	0.35	3.50
	IIIrd Quarter	3.50	-	3.50	0.10	0.35	3.15
	Ivth Quarter	3.15		3.15	0.09	0.35	2.80
					0.40	1.40	
IV	Opening Balance						
	Ist Quarter	2.80	-	2.80	0.08	0.35	2.45
	Iind Quarter	2.45	-	2.45	0.07	0.35	2.10
	IIIrd Quarter	2.10	-	2.10	0.06	0.35	1.75
	Ivth Quarter	1.75		1.75	0.05	0.35	1.40
					0.25	1.40	
V	Opening Balance						
	Ist Quarter	1.40	-	1.40	0.04	0.35	1.05
	Iind Quarter	1.05	-	1.05	0.03	0.35	0.70
	IIIrd Quarter	0.70	-	0.70	0.02	0.35	0.35
	Ivth Quarter	0.35		0.35	0.01	0.35	0.00
					0.10	1.40	
<div style="text-align: right;"> Door to Door Period 60 Months Moratorium Period 6 Months Repayment Period 54 Months </div>							

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	2.30	2.57	2.85	3.15	3.46
<u>Raw Material</u>					
(10 Days requirement)	1.62	1.79	1.97	2.15	2.34
Closing Stock	3.92	4.36	4.82	5.30	5.80

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.92		
Less:			
Sundry Creditors	2.43		
Paid Stock	1.49	0.15	1.34
Sundry Debtors	3.34	0.33	3.01
Working Capital Requirement			4.35
Margin			0.48
MPBF			4.35
Working Capital Demand			4.30

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	2.46	3.31	4.48	5.38	6.75
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	3.15	3.87	4.88	5.63	6.84
<u>REPAYMENT</u>					
Repayment of Term Loan	0.70	1.40	1.40	1.40	1.40
Interest on Term Loan	0.68	0.56	0.40	0.25	0.10
Total	1.38	1.96	1.80	1.65	1.50
DEBT SERVICE COVERAGE RATIO	2.28	1.98	2.71	3.41	4.57
AVERAGE D.S.C.R.			2.94		

Assumptions:

1. Production Capacity of a Brass Utensils unit is taken at 30 Sets 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 10-10 days.
4. Credit period to Sundry Debtors has been given for 15 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 8 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 3% respectively in the subsequent years.

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