

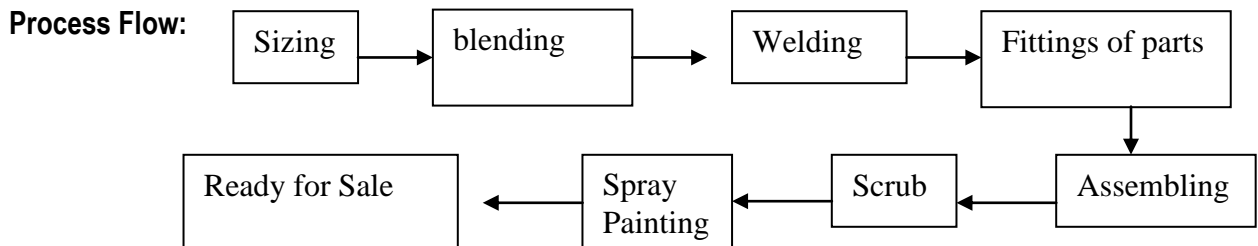
PROJECT PROFILE ON STEEL FABRICATION UNIT

INTRODUCTION: Now a days various types of steel furniture like Almira, Table, Chair, Racks, etc are the normal requirements of a household. Steel almira is practically used almost in every house, office, shop, educational- institution, library etc. These have become essential in all these places because they are used to keep clothes, paper, documents etc. safe and intact.

MARKET: The market for steel furniture is on rise. Steel furniture is not only in demand for household but also in government office, bank etc. They are purchased in bulk by commercial houses every year. Considering their increasing demand, the manufacturing units of these products are being established successfully not only in big cities but also in small townships.

PRODUCTION CAPACITY: Operating single shift of 8 hours per day for 300 working days the Unit will have an annual installed capacity as shown in sales realization below.

PROCESS OF MANUFACTURE: The goods manufacture in the unit involve a process that is simple and proven and mainly depends on the standard of the manufactured products. For example, while making an almira the B.P/C.R.C.A. sheets are cut and bent and then handles and hinges and fitted into it. Then it is painted, similarly while making chairs, the pipes are welded binding them as per the set size and design and the painting of the material is done after blending & welding. Thereafter, the seat is fitted on the chair. Many other products are manufactured in the similar manner.



CAPITAL COST

A. **LAND & BUILDING:** A Built up area about 1000 sq.ft :

On rent .

B. **PLANT & MACHINERY:**

Sl. no.	Particulars	Nos.	Amount
1	Press break 7 ft	2	62,000/-
2	Gas welding set	2	10,000/-
3.	Pillar type drilling m/c	1	10,000/-
4	Span compressor set	2	30,000/-
5	Welding transformer	1	18,000/-
6.	Bench Grinder	2	14,000/-
7.	Head tools & others equipment		16,000/-
	Total		1,60,000/-

C MISC. FIXED ASSETS:

Sl. No.	Description	Rate	Amount (Rs.)
1	Electrification & water installation		5,500/-
2	Furniture's & fixtures	LS	30,000/-
	Total		35,000/-

D.Preliminary & pre-operative expenses		18,000/-
E. Contingency		12,675/-
Total Fixed Costs:		2,26,175/-
Working Capital		
(a)	Raw Material	
1.	M.S. Wire (cold drawn 5050 kg. bright wire) 20-9 gauge wire	1,76,750/-
2.	Old sacs/ bags for packing	1,800/-
3.	Other consumables	1,050/-
Total : Rs.		1,79,600/-
(b)	Salary & Wages	9,000/-
(c)	Misc. expenses	10,000/-
(d)	Electricity/Utilities	1,500/-
Total Working Capital:		2,00,100/-
Total Project Cost		4,26,275/-
		Say 4,26,000/-

	Means of Finance	Urban	Rural
(1)	Composite loan	2,98,200/-	2,55,600/-
(2)	Promoters contribution	21,300/-	21,300/-
(3)	Subsidy	1,06,500/-	1,49,100/-
(4)	Debt Equity Ratio	2.33:1	1.5:1

Profitability:

(Rs. in Thousands)

Sl.No.	Description	1st year	2nd year	3rd year	4th year	5th year
1.	Capacity utilized as percent of installed capacity	60	70	80	80	80
2.	Annual Sales Realization in Rs.	18,03,000	21,03,500	24,04,000	24,04,000	24,04,000
3.	Annual Costs in Rs.					
a)	Raw Materials	12,93,120	15,08,640	17,24,160	17,24,160	17,24,160
b)	Utilities	10,800	12,600	14,400	14,400	14,400
c)	Interest on working capital	15,008	17,508	20,010	20,010	20,010
d)	Selling expenses	7,200	8,400	9,600	9,600	9,600
	Variable Cost	13,26,128	15,47,148	17,68,170	17,68,170	17,68,170
e)	Wages & Salaries	64,800	75,600	86,400	86,400	86,400
f)	Administrative expenses	72,000	84,000	96,000	96,000	96,000
g)	Depreciation	22,618	22,618	22,618	22,618	22,618
h)	Interest on Composite Loan	34,252	27,704	27,200	11,082	3,022
	Fixed & Semi Variable Cost	1,93,670	2,09,922	2,32,218	2,16,100	2,08,040
3.	Total Cost	15,19,798	17,57,070	20,00,388	19,84,270	19,76,210
4.	Annual Profit	2,83,202	3,46,430	4,03,612	4,19,730	4,27,790
5.	Return on Investment	18.63%	19.71%	20.17%	21.15%	21.65%
6.	Return on sales	15.70%	16.47%	16.79%	17.46%	17.79%
7.	Annual contribution	4,76,872	5,56,352	6,35,830	6,35,830	6,35,830
8.	Break Even Point as percent of capacity	40.61%	37.73%	36.52%	33.99%	32.72%
9.	Cash accrual	3,05,820	3,69,048	4,26,230	4,42,348	4,50,408
10.	Debt Servicing Capacity	3,40,077	3,96,752	4,53,430	4,53,430	4,53,430

11.	Repayment of Composite Loan	48,357	56,416	64,476	64,476	64,476
12.	Debt Serviced	82,609	84,120	91,676	75,558	67,498
13.	Pay Back Period	4 yr.	1 month	9 days		
14.	Debt Service Coverage Ratio	4.11:1				

Cash Flow Statement

(Rs. in Thousands)

Sl. No.	Description	Pre-operative Period	Operating Years				
			First	Second	Third	Fourth	Fifth
1.	Increase in Promoter's contribution	21,300	-	-	-	-	-
2.	Increase in composite loan	2,98,200	2,00,000	-	-	-	-
3.	Subsidy	1,06,500	-	-	-	-	-
4.	Depreciation	-	22,618	22,618	22,618	22,618	22,618
5.	Profit before interests	-	3,17,454	3,74,134	4,30,812	4,30,812	4,30,812
A.	TOTAL SOURCES	4,26,000	5,40,172	3,96,752	4,53,430	4,53,430	4,53,430
6.	Increase in capital investment	4,26,000	-	-	-	-	-
7.	Increase in working capital	-	2,00,000	-	-	-	-
8.	Interest	-	34,252	27,704	27,200	11,082	3,022
9.	Repayment of Loan	-	48,357	56,416	64,476	64,476	64,475
B.	TOTAL DISPOSALS	4,26,000	2,82,709	84,120	91,676	75,558	67,498
C.	OPENING BALANCE	NIL	NIL	2,57,463	5,70,095	9,31,849	13,09,721
D.	NET SURPLUS	NIL	2,57,463	3,12,632	3,61,754	3,77,872	3,85,933
E.	CLOSING BALANCE	NIL	2,57,463	5,70,095	9,31,849	13,09,721	16,95,654

Projected Balance sheet:

Sl.No.	Description	Amount in Rs. Thousands as at the end of the				
		1 st Yr.	2 nd Yr.	3 rd Yr.	4 th Yr.	5 th Yr.
1.	Capital Account of Promoter	21,300	3,04,502	6,50,932	10,54,544	14,74,274
2.	Surplus from operation	2,83,202	3,46,430	4,03,612	4,19,730	4,27,790
	NET WORTH:	3,04,502	6,50,932	10,54,544	14,74,274	19,02,064
3.	Subsidy	1,06,500	1,06,500	1,06,500	1,06,500	1,06,500
4.	Composite loan	2,49,843	1,93,427	1,28,951	64,478	-
	TOTAL LIABILITIES	6,60,845	9,50,859	12,89,995	16,45,249	20,08,564
1.	Gross Block	2,25,900	2,25,900	2,25,900	2,25,900	2,25,900
	Less Depreciation	22,618	45,236	67,854	90,472	1,13,090
	NET BLOCK	2,03,282	1,80,664	1,58,046	1,35,428	1,12,810
2.	Current Assets	2,00,100	2,00,100	2,00,100	2,00,100	2,00,100
3.	Cash & Bank Balance	2,57,463	5,70,095	9,31,849	13,09,721	16,95,654
	TOTAL ASSETS	6,60,845	9,50,859	12,89,995	16,45,219	20,08,564