

# PROJECT REPORT

Of

## METAL CRAFT UNIT

### PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Metal Craft 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 : xxxxxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **METAL HANDICRAFT**
- 6 Name of the project / business activity proposed : **METAL HANDICRAFT**
- 7 Cost of Project : Rs.16.68 Lakhs
- 8 Means of Finance
- Term Loan Rs.11.18 Lakhs
- Own Capital Rs.1.67 Lakhs
- Working Capital Rs.3.84 Lakhs
- 9 Debt Service Coverage Ratio : 2.59
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 41%
- 13 Employment : 12 Persons
- 14 Power Requirement : 4.00 KW
- 15 Major Raw materials : Brass and Copper are major raw materials for making metal handicraft products. Also brass/zinc/borax powders are used.
- 16 Estimated Annual Sales Turnover (Max Capacity) : 90.80 Lakhs
- 17 Detailed Cost of Project & Means of Finance

**COST OF PROJECT**

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Civil Work	8.80
Plant & Machinery	1.62
Furniture & Fixtures	2.00
Working Capital	4.26
<b>Total</b>	<b>16.68</b>

**MEANS OF FINANCE**

Particulars	Amount
Own Contribution	1.67
Working Capital(Finance)	3.84
Term Loan	11.18
<b>Total</b>	<b>16.68</b>

# **METAL CRAFT UNIT**

## **Introduction:**

Even from early times the craftsmen of India have been known to be masters of metal. Their knowledge of metallurgy pre-dates technologies of many other civilisations and their skill at working metals is surpassed by few others. The traditional metal workers knew his medium so well that he could, indeed, be said to have been able to mix and match them and create alloys to suit every function. Not only that, but to fashion them so as to convey delight and create objects of enduring beauty. Metal Crafts (ancient) reflect human skill and ingenuity rather than the use of power devices. In the past, metal crafts were resorted to for making objects for rulers and nobles as well as for their subjects, for both religious and secular purposes. Today objects are made for wealthy citizens, the middle class, and humble households. While religious and secular demands remain constant, objects have become even more disparate in use and form to meet diverse needs. In India craftsmen use different metals like iron, copper, silver and alloys like bronze, bell metal, white metal etc to make a variety of items such as pots, pans, utensils, photo frames, sculptures of deities, mythological figures and animals etc. Items like doorknobs, taps, key chains, boxes etc are also made, using different metals. Metal Craft enjoys a special place in the handicrafts industry owing to the fine, intricate hand engraving on the metal.



## **Uses & Market Potential:**

The global handicrafts market has been up surging, due to the increasing interest of people in art and culture. A large number of micro and small enterprises have evolved in the developing countries in the past few years, where artisans from poor communities are involved in the creation of handicrafts. Their artworks are also valued on humanitarian grounds. With the advancement in distribution channels and increasing penetration of online retail, the handicraft products have become more visible and easily purchasable for the consumers around the globe. The key types of distribution channels for handicraft products are discount retailers, department stores, specialty stores, catalogue retailer, internet retailer, and independent retailer. The involvement of several non-profit organizations in promoting handicrafts business has not only benefitted the artisans, but also fuelled the growth of the global handicrafts market. The increasing travel and tourism is also supporting the growth of the global handicrafts market. The tourists on recreational tour are always on a hunt to collect souvenirs and specialty handicrafts from the places they visit. This has also led to the development of a large unorganized handicrafts market especially in the developing countries.

## **Product:**

METAL HANDICRAFT

## **Raw Material:**

1. Brass and Copper
2. Brass/Zinc/Borax Powder

## **Manufacturing Process:**

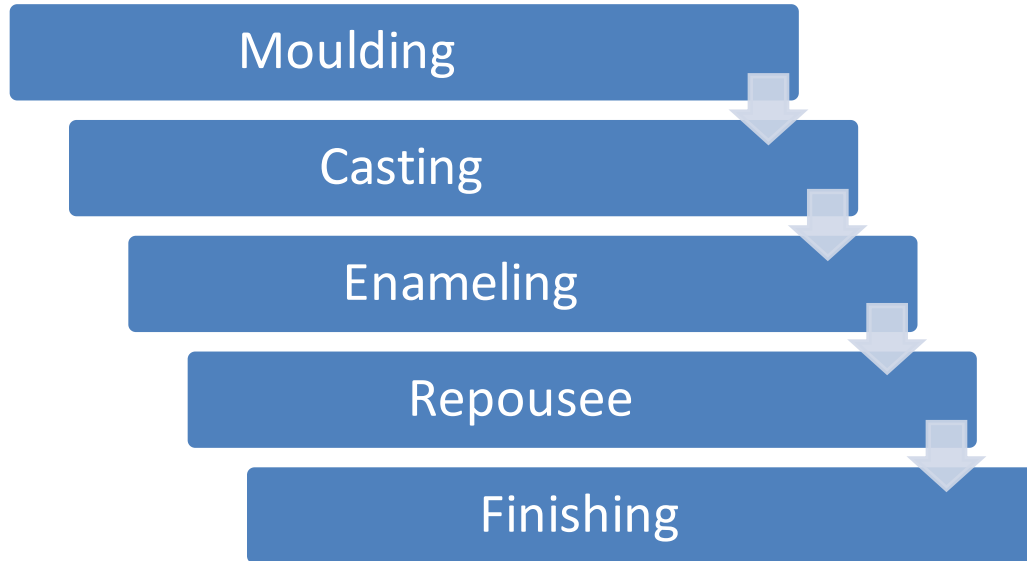


Fig. 1 – Process Flowchart

## **Area:**

The approximate total area required for complete small-scale factory setup is 1000-1200Sq. ft. approximately.

## **Cost of Machines:**

<b>S No.</b>	<b>Machine</b>	<b>Price (INR)</b>
1.	Furnace Oven	22,200/-
2.	Lathe Machine	85,000/-
3.	Hammer	1,500/-
4.	Tongs	1,000/-
5.	Pincers	1,500/-
6.	Files	2,500/-
7.	Scrapers	3,500/-
8.	Hand Operated Drill	4,500/-
9.	Chisel	5,000/-
10.	Crucible	1,000/-

11.	Mallet	2,500/-
12.	Hand blower	6,300/-
13.	Buffing machine	25,500/-
	<b>Total</b>	<b>1,62,000/-</b>

**Power Requirement-** - The estimated Power requirement is taken at 4 KW.

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

- Skilled/unskilled worker-4
- Helper- 6
- Sales Personal and Accountant- 2

# FINANCIALS

**PROJECTED BALANCE SHEET**

<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>					
<b><u>Capital Account</u></b>					
Opening Balance	-	2.89	4.40	6.12	7.98
Add: Additions	1.67	-	-	-	-
Add: Net Profit	3.72	4.51	6.03	6.86	8.17
Less: Drawings	2.50	3.00	4.30	5.00	5.50
<b>Closing Balance</b>	<b>2.89</b>	<b>4.40</b>	<b>6.12</b>	<b>7.98</b>	<b>10.65</b>
CC Limit	3.84	3.84	3.84	3.84	3.84
Term Loan	9.94	7.45	4.97	2.48	-
Sundry Creditors	1.36	1.52	1.69	1.87	2.04
<b>TOTAL :</b>	<b>18.02</b>	<b>17.21</b>	<b>16.62</b>	<b>16.17</b>	<b>16.53</b>
<b><u>APPLICATION OF FUND</u></b>					
<b>Fixed Assets ( Gross)</b>	12.42	12.42	12.42	12.42	12.42
Gross Dep.	1.32	2.50	3.55	4.49	5.32
Net Fixed Assets	11.10	9.92	8.87	7.93	7.10
<b>Current Assets</b>					
Sundry Debtors	2.79	3.27	3.67	4.10	4.54
Stock in Hand	2.83	3.20	3.58	3.98	4.40
Cash and Bank	1.30	0.82	0.49	0.15	0.49
<b>TOTAL :</b>	<b>18.02</b>	<b>17.21</b>	<b>16.62</b>	<b>16.17</b>	<b>16.53</b>
	-	-	-	-	-

**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	55.83	65.32	73.45	81.94	90.80
<b>Total (A)</b>	<b>55.83</b>	<b>65.32</b>	<b>73.45</b>	<b>81.94</b>	<b>90.80</b>
<b><u>B) COST OF SALES</u></b>					
Raw Material Consumed	27.23	30.49	33.86	37.32	40.89
Electricity Expenses	0.60	0.66	0.72	0.78	0.84
Repair & Maintenance	0.22	0.26	0.29	0.33	0.36
Labour & Wages	15.12	16.63	18.30	20.12	22.14
Depreciation	1.32	1.18	1.05	0.94	0.84
<b>Cost of Production</b>	<b>44.49</b>	<b>49.22</b>	<b>54.22</b>	<b>59.49</b>	<b>65.06</b>
<b>Add: Opening Stock /WIP</b>	-	1.93	2.18	2.46	2.74
<b>Less: Closing Stock /WIP</b>	1.93	2.18	2.46	2.74	3.03
<b>Cost of Sales (B)</b>	<b>42.57</b>	<b>48.96</b>	<b>53.95</b>	<b>59.21</b>	<b>64.77</b>
<b>C) GROSS PROFIT (A-B)</b>	13.26	16.36	19.51	22.73	26.03
	<b>23.75%</b>	<b>25.04%</b>	<b>26.56%</b>	<b>27.74%</b>	<b>28.67%</b>
D) Bank Interest i) (Term Loan )	1.21	0.99	0.72	0.44	0.17
ii) Interest On Working Capital	0.42	0.42	0.42	0.42	0.42
E) Salary to Staff	5.67	6.52	7.50	8.62	9.92
F) Selling & Adm Expenses Exp.	2.23	3.92	4.41	5.74	6.36
<b>G) TOTAL (D+E+F)</b>	<b>9.54</b>	<b>11.85</b>	<b>13.04</b>	<b>15.23</b>	<b>16.87</b>
<b>H) NET PROFIT</b>	3.72	4.51	6.46	7.51	9.16
	<b>6.7%</b>	<b>6.9%</b>	<b>8.8%</b>	<b>9.2%</b>	<b>10.1%</b>
I) Taxation	-	-	0.43	0.65	1.00
<b>J) PROFIT (After Tax)</b>	<b>3.72</b>	<b>4.51</b>	<b>6.03</b>	<b>6.86</b>	<b>8.17</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	1.67	-	-	-	-
Reserve & Surplus	3.72	4.51	6.46	7.51	9.16
Depriciation & Exp. W/off	1.32	1.18	1.05	0.94	0.84
Increase In Cash Credit	3.84	-	-	-	-
Increase In Term Loan	11.18	-	-	-	-
Increase in Creditors	1.36	0.16	0.17	0.17	0.18
<b>TOTAL :</b>	<b>23.09</b>	<b>5.85</b>	<b>7.68</b>	<b>8.62</b>	<b>10.18</b>
<b><u>APPLICATION OF FUND</u></b>					
Increase in Fixed Assets	12.42	-	-	-	-
Increase in Stock	2.83	0.37	0.38	0.40	0.41
Increase in Debtors	2.79	0.47	0.41	0.42	0.44
Repayment of Term Loan	1.24	2.48	2.48	2.48	2.48
Taxation	-	-	0.43	0.65	1.00
Drawings	2.50	3.00	4.30	5.00	5.50
<b>TOTAL :</b>	<b>21.79</b>	<b>6.33</b>	<b>8.01</b>	<b>8.96</b>	<b>9.84</b>
Opening Cash & Bank Balance	-	1.30	0.82	0.49	0.15
Add : Surplus	1.30	- 0.48	- 0.33	- 0.34	0.34
Closing Cash & Bank Balance	<b>1.30</b>	<b>0.82</b>	<b>0.49</b>	<b>0.15</b>	<b>0.49</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>					
(10 Days requirement)	1.93	2.18	2.46	2.74	3.03
<b><u>Raw Material</u></b>					
(10 Days requirement)	0.91	1.02	1.13	1.24	1.36
<b>Closing Stock</b>	<b>2.83</b>	<b>3.20</b>	<b>3.58</b>	<b>3.98</b>	<b>4.40</b>

**COMPUTATION OF WORKING CAPITAL REQUIREMENT**

<b>Particulars</b>	<b>Amount</b>	<b>Margin(10%)</b>	<b>Net Amount</b>
Stock in Hand	2.83		
Less:			
Sundry Creditors	1.36		
<b>Paid Stock</b>	<b>1.47</b>	<b>0.15</b>	<b>1.32</b>
Sundry Debtors	2.79	0.28	2.51
<b>Working Capital Requirement</b>			<b>3.84</b>
<b>Margin</b>			0.43
<b>MPBF</b>			<b>3.84</b>
<b>Working Capital Demand</b>			<b>3.84</b>

**REPAYMENT SCHEDULE OF TERM LOAN**

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
<b>I</b>	Opening Balance						
	Ist Quarter	-	11.18	11.18	0.31	-	11.18
	Iind Quarter	11.18	-	11.18	0.31	-	11.18
	IIIrd Quarter	11.18	-	11.18	0.31	0.62	10.56
	Ivth Quarter	10.56	-	10.56	0.29	0.62	9.94
					<b>1.21</b>	<b>1.24</b>	
<b>II</b>	Opening Balance						
	Ist Quarter	9.94	-	9.94	0.27	0.62	9.32
	Iind Quarter	9.32	-	9.32	0.26	0.62	8.69
	IIIrd Quarter	8.69	-	8.69	0.24	0.62	8.07
	Ivth Quarter	8.07		8.07	0.22	0.62	7.45
					<b>0.99</b>	<b>2.48</b>	
<b>III</b>	Opening Balance						
	Ist Quarter	7.45	-	7.45	0.20	0.62	6.83
	Iind Quarter	6.83	-	6.83	0.19	0.62	6.21
	IIIrd Quarter	6.21	-	6.21	0.17	0.62	5.59
	Ivth Quarter	5.59		5.59	0.15	0.62	4.97
					<b>0.72</b>	<b>2.48</b>	
<b>IV</b>	Opening Balance						
	Ist Quarter	4.97	-	4.97	0.14	0.62	4.35
	Iind Quarter	4.35	-	4.35	0.12	0.62	3.73
	IIIrd Quarter	3.73	-	3.73	0.10	0.62	3.11
	Ivth Quarter	3.11		3.11	0.09	0.62	2.48
					<b>0.44</b>	<b>2.48</b>	
<b>V</b>	Opening Balance						
	Ist Quarter	2.48	-	2.48	0.07	0.62	1.86
	Iind Quarter	1.86	-	1.86	0.05	0.62	1.24
	IIIrd Quarter	1.24	-	1.24	0.03	0.62	0.62
	Ivth Quarter	0.62		0.62	0.02	0.62	- 0.00
					<b>0.17</b>	<b>2.48</b>	

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>	5.04	5.68	7.08	7.79	9.00
Interest on Term Loan	1.21	0.99	0.72	0.44	0.17
Total	6.26	6.67	7.79	8.24	9.17
<b><u>REPAYMENT</u></b>					
Principal Repayment of Term Loan	1.24	2.48	2.48	2.48	2.48
Interest on Term Loan	1.21	0.99	0.72	0.44	0.17
Total	2.45	3.47	3.20	2.93	2.65
<b>DEBT SERVICE COVERAGE RATIO</b>	<b>2.55</b>	<b>1.92</b>	<b>2.43</b>	<b>2.81</b>	<b>3.46</b>
<b>AVERAGE D.S.C.R.</b>	<b>2.59</b>				

## **Assumptions:**

- 1.** Production Capacity of Metal Handicraft is 110 Pcs per day. First year, Capacity has been taken @ 50%.
- 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 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 4 KW.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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