

PROJECT REPORT

Of

TENNIS BALL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Tennis Ball Making 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 : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **TENNIS BALL**
- 6 Name of the project / business activity proposed : **TENNIS BALL MAKING UNIT**
- 7 Cost of Project : Rs.20.93 Lakhs
- 8 Means of Finance
- Term Loan Rs.14.4 Lakhs
- Own Capital Rs.2.09 Lakhs
- Working Capital Rs.4.44 Lakhs
- 9 Debt Service Coverage Ratio : 2.11
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 43%
- 13 Employment : 12 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Naural Rubber, CaCO3, Pigment, Sulphur,
Accelerators, Other Additives and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 92.07 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	15.00
Furniture & Fixtures	1.00
Working Capital	4.93
Total	20.93

MEANS OF FINANCE

Particulars	Amount
Own Contribution	2.09
Working Capital(Finance)	4.44
Term Loan	14.40
Total	20.93

TENNIS BALL MAKING UNIT

Introduction:

Tennis ball is a ball designed for the sport of Tennis. Tennis is a four-point game played on a court and which is divided in the middle by a net. For playing this game, a ball is hit by players (two or four) on both sides in such a way that it goes to others side without touching the net and falls in the specified marked area of the court. This ball is known as Tennis Ball. These balls are made of vulcanized rubber and covered with Melton cloth, which has high wool content or Needle cloth, which is cheaper to produce and can have a greater content of synthetic fibres. It is available in white or optic yellow. Tennis balls are fluorescent yellow in organized competitions but in recreational play can be virtually any color. Tennis balls are covered in a fibrous felt which modifies their aerodynamic properties, and each has a white curvilinear oval covering it.



Uses & Market Potential:

Tennis Balls are used for playing the game of Tennis. Apart from playing tennis, this ball can be used for playing many games by kids such as Distance Throwing, Classic Catch, Bottle Bowling, Tennis Ball Transport, Tennis Ball Run, Bucket Ball.

Rise in the disposable income and increased standards of living with a subsequent focus on leisure activities are expected to propel the global market for tennis balls during the forecast period. Other factors driving the market include rise in the number of participants in several tennis tournaments and increase in the number of frequent tennis players.

Product:

Tennis Ball

Raw Material:

The major raw material required for manufacturing of Tennis Ball are:

- Natural Rubber
- CaCO₃
- Pigment
- Sulphur
- Accelerators
- Other Additives
- Packaging Material (Plastics, Cans, etc.)

Manufacturing Process:

Steps involved in manufacturing process includes:

- Raw Material Procurement
- Rubber Mixing
- Half Shells formation
- Buffing
- Molding & Coating
- Covering
- Testing & Packaging

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 1200-1800Sqft.

Cost of Machines:

Machine	Unit	Rate	Price
Two Roll Mixing Mill	1	550000	550000
Hydraulic Compression Molding Press	1	650000	650000
Tumbling Machine	1	110000	110000
Logo Printing Machine	1	120000	120000
Half cup Molding Dies	1	20000	20000
Other equipment's	-	50000	50000
Total Amount			1500000

Power Requirement- The estimated Power requirement is taken at 20 HP.

Manpower Requirement– Following manpower is required:

- Machine operator-2
- Skilled/unskilled worker-3
- Helper-4
- Manager cum Accountant-1
- Sales Personnel-2

FINANCIALS

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	57.00	67.34	75.29	83.53	92.07
Total (A)	57.00	67.34	75.29	83.53	92.07
<u>B) COST OF SALES</u>					
Raw Material Consumed	27.00	30.29	33.71	37.25	40.91
Electricity Expenses	2.24	2.46	2.69	2.91	3.13
Repair & Maintenance	1.43	1.68	1.88	2.09	2.30
Labour & Wages	12.35	14.20	16.19	18.13	19.94
Depreciation	2.35	2.00	1.71	1.45	1.24
Cost of Production	45.36	50.64	56.18	61.83	67.53
Add: Opening Stock /WIP	-	2.27	2.53	2.81	3.09
Less: Closing Stock /WIP	2.27	2.53	2.81	3.09	3.38
Cost of Sales (B)	43.09	50.38	55.90	61.55	67.24
C) GROSS PROFIT (A-B)	13.91	16.96	19.39	21.98	24.83
	24.40%	25.19%	25.75%	26.32%	26.97%
D) Bank Interest i) (Term Loan)	1.56	1.28	0.92	0.57	0.22
ii) Interest On Working Capital	0.49	0.49	0.49	0.49	0.49
E) Salary to Staff	7.31	8.77	10.09	11.30	12.42
F) Selling & Adm Expenses Exp.	1.14	1.89	2.41	2.92	3.68
G) TOTAL (D+E+F)	10.50	12.42	13.91	15.28	16.82
H) NET PROFIT	3.41	4.55	5.48	6.70	8.01
	6.0%	6.7%	7.3%	8.0%	8.7%
I) Taxation	-	-	0.23	0.48	0.76
J) PROFIT (After Tax)	3.41	4.55	5.25	6.22	7.26

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	2.09	-	-	-	-
Reserve & Surplus	3.41	4.55	5.48	6.70	8.01
Depreciation & Exp. W/off	2.35	2.00	1.71	1.45	1.24
Increase In Cash Credit	4.44	-	-	-	-
Increase In Term Loan	14.40	-	-	-	-
Increase in Creditors	1.35	0.16	0.17	0.18	0.18
TOTAL :	28.04	6.71	7.36	8.33	9.44
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	16.00	-	-	-	-
Increase in Stock	3.62	0.43	0.45	0.46	0.47
Increase in Debtors	2.66	0.48	0.37	0.38	0.40
Repayment of Term Loan	1.60	3.20	3.20	3.20	3.20
Taxation	-	-	0.23	0.48	0.76
Drawings	2.80	3.20	3.60	4.00	4.50
TOTAL :	26.68	7.31	7.85	8.53	9.32
Opening Cash & Bank Balance	-	1.36	0.76	0.27	0.08
Add : Surplus	1.36	- 0.60	- 0.49	- 0.19	0.11
Closing Cash & Bank Balance	1.36	0.76	0.27	0.08	0.19

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(15 Days requirement)	2.27	2.53	2.81	3.09	3.38
<u>Raw Material</u>					
(15 Days requirement)	1.35	1.51	1.69	1.86	2.05
Closing Stock	3.62	4.05	4.49	4.95	5.42

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	3.62		
Less:			
Sundry Creditors	1.35		
Paid Stock	2.27	0.23	2.04
Sundry Debtors	2.66	0.27	2.39
Working Capital Requirement			4.44
Margin			0.49
MPBF			4.44
Working Capital Demand			4.44

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	14.40	14.40	0.40	-	14.40
	Iind Quarter	14.40	-	14.40	0.40	-	14.40
	IIIrd Quarter	14.40	-	14.40	0.40	0.80	13.60
	Ivth Quarter	13.60	-	13.60	0.37	0.80	12.80
					1.56	1.60	
II	Opening Balance						
	Ist Quarter	12.80	-	12.80	0.35	0.80	12.00
	Iind Quarter	12.00	-	12.00	0.33	0.80	11.20
	IIIrd Quarter	11.20	-	11.20	0.31	0.80	10.40
	Ivth Quarter	10.40		10.40	0.29	0.80	9.60
					1.28	3.20	
III	Opening Balance						
	Ist Quarter	9.60	-	9.60	0.26	0.80	8.80
	Iind Quarter	8.80	-	8.80	0.24	0.80	8.00
	IIIrd Quarter	8.00	-	8.00	0.22	0.80	7.20
	Ivth Quarter	7.20		7.20	0.20	0.80	6.40
					0.92	3.20	
IV	Opening Balance						
	Ist Quarter	6.40	-	6.40	0.18	0.80	5.60
	Iind Quarter	5.60	-	5.60	0.15	0.80	4.80
	IIIrd Quarter	4.80	-	4.80	0.13	0.80	4.00
	Ivth Quarter	4.00		4.00	0.11	0.80	3.20
					0.57	3.20	
V	Opening Balance						
	Ist Quarter	3.20	-	3.20	0.09	0.80	2.40
	Iind Quarter	2.40	-	2.40	0.07	0.80	1.60
	IIIrd Quarter	1.60	-	1.60	0.04	0.80	0.80
	Ivth Quarter	0.80		0.80	0.02	0.80	- 0.00
					0.22	3.20	

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

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	5.76	6.55	6.96	7.67	8.50
Interest on Term Loan	1.56	1.28	0.92	0.57	0.22
Total	7.32	7.82	7.88	8.25	8.72
<u>REPAYMENT</u>					
Repayment of Term Loan	1.60	3.20	3.20	3.20	3.20
Interest on Term Loan	1.56	1.28	0.92	0.57	0.22
Total	3.16	4.48	4.12	3.77	3.42
DEBT SERVICE COVERAGE RATIO	2.32	1.75	1.91	2.19	2.55
AVERAGE D.S.C.R.			2.11		

Assumptions:

1. Production Capacity of Tennis Ball Making unit is taken at 1000 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 15 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 20 HP.
10. Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years.

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