**PROJECT PROFILE FOR COIR HANDICRAFT/ORNAMENTS PRODUCTON UNIT**

**PRODUCT : COIR HANDICRAFTS & ORNAMENTS**

**PRODUCTION CAPACITY (P.A)**

**(100% CAPACITY) : 7 TONS**

**VALUE : RS.113.40 LAKHS**

**MONTH & YEAR OF PREPARATION : JUNE 2018**

**PREPARED BY : COIR BOARD, MINISTRY OF MSME,**

 **GOVT OF INDIA**

* **INTRODUCTION**

The coir fibre is blended with sisal, banana, jut and silk and diversified products including handicrafts such as slippers, bags, umbrella, lamp shades, elephants, deer, horse, watch straps, pen stands, Jackets and similar gift articles were made from it. Coir ornaments such as chains, rings, bangles, necklaces are also made from coir fibre.

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**BASIS AND PRESUMTIONS**

* The Project Profile is based on 8 working hours for2 shifts in a day and 25 days in a month and the Break Even efficiency has been calculated on 70%, 80%, 90%, 90% and 90% capacity utilization.
* The rate of interest both for fixed asset and working capital have been taken as12.5% p.a.
* **TECHNICAL ASPECTS**

Installed Production capacity per Set of frame per day : 0.01

Number of Shift per day : 2

Working days p.a : 300 days

Yield wastage : 5%

Capacity Utilization

-First year : 70%

-Second year : 80%

-Third year : 90%

-Fourth year : 90%

-Fifth year : 90%

Rate of Average Sales Realization : Rs. 1750000 per ton

Rate of Average cost of raw material : Rs.600000

Interest on term Loan : 12.50%

Interest on working capital : 12.50%

**Manpower requirement**

 Supervisor : 1

 Skilled worker : 30

* **FINANCIAL ASPECTS**

**i) Cost of Project**

 **Amount**

* Land : Lease/owned
* Work shed : Rs. 400000/-
* Machinery &Equipments : Rs.93000/-
* Working Capital Rs.207000/-

 **---------------------- Total : Rs. 700000/-**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sl.****No** | **Description of machines &equipments** | **Qty** | **Amount (Rs)** |
| 1 | Needles, Tables, Benches, Nails etc |  | 100000.00 |
| **Total** |  | 100000.00 |

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**ii) Means of Finance**

* Promoters Capital 5% : Rs.35000/-
* Bank Term loan 95% : Rs.468000/-
* WC Loan from Bank 95% : Rs.197000/- ---------------------

**Total : Rs.700000/-**

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**DETAILS OF THE PROFITABILITY OF THE PROJECT**

 Rs.in Lakhs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Years** |  | **1** | **2** | **3** | **4** | **5** |
| Installed Production capacity per set of frame per day | Nos | 0.01  | 0.01  | 0.01  | 0.01  | 0.01  |
| Number of shift/day |  | 2 | 2 | 2 | 2 | 2 |
| Working days per annum |  | 300  | 300  | 300  | 300  | 300  |
| Installed production capacity per annum | Nos | 7  | 7  | 7  | 7  | 7  |
| Capacity utilization |  | 70% | 80% | 90% | 90% | 90% |
| Annual production quantity | Tons | 5  | 6  | 6  | 6  | 6  |
| **Annual Sales Realization** |  *Rs.1,750,000*  | 88.20  | 100.80  | 113.40  | 113.40  | 113.40  |
| Cost of Production  |
| Raw material requirement | Tons | 5.29  | 6.05  | 6.80  | 6.80  | 6.80  |
| Cost of raw material |  Rs. 600,000  | 31.75  | 36.29  | 40.82  | 40.82  | 40.82  |
| Wages & salary |  | 51.66  | 59.04  | 66.42  | 66.42  | 66.42  |
| **Cost of Production** |  | **83.41**  | **95.33**  | **107.24**  | **107.24**  | **107.24**  |
| **Gross Profit** |  | **4.79** | **5.47** | **6.16** | **6.16** | **6.16** |
| Administrative & selling expenses | 2% | 1.76  | 2.02  | 2.27  | 2.27  | 2.27  |
| Interest on Term Loan |  | 0.48  | 0.52  | 0.44  | 0.14  | 0.06  |
| Interest on Working capital |  | 0.25  | 0.25  | 0.25  | 0.25  | 0.25  |
| Depreciation of machinery |  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  |
| Depreciation of building |  | 0.20  | 0.20  | 0.20  | 0.20  | 0.20  |
| **Total** |  | **2.78** | **3.08** | **3.25** | **2.95** | **2.87** |
| **Net Profit** |  | **2.01** | **2.39** | **2.91** | **3.21** | **3.29** |

**ESTIMATION OF BREAK EVEN POINT**

 Rs in Lakhs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **1** | **2** | **3** | **4** | **5** |
|  | 70% | 80% | 90% | 90% | 90% |
| Break-even point | 55% | 51% | 40% | 24% | 19% |
| Break even Production  | 3 | 3 | 3 | 2 | 1 |

* **DEBT SERVICE COVERAGE RATIO**

Rs in Lakhs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **1** | **2** | **3** | **4** | **5** |
|  | 70% | 80% | 90% | 90% | 90% |
| DSCR | 3.21 | 2.56 | 3.14 | 4.33 | 4.83 |
| Average DSCR | 3.62 |  |  |  |  |
| DSCR weighted average | 3.47 |  |  |  |  |

* **WORKING CAPITAL REQUIREMENTS**

Rs in Lakhs

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **1** | **2** | **3** | **4** | **5** |
|  | 70% | 80% | 90% | 90% | 90% |
| Variable Cost | 83.41 | 95.33 | 107.24 | 107.24 | 107.24 |
| Fixed Cost | 2.78 | 3.08 | 3.25 | 2.95 | 2.87 |
| Working capital Gap | 2.07 | 2.37 | 2.68 | 2.72 | 2.76 |