

PROJECT REPORT

Of

LEATHER CRICKET BALL

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Leather Cricket Ball 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.]



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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 : **LEATHER CRICKET BALL**
- 6 Name of the project / business activity proposed : **LEATHER CRICKET BALL MANUFACTURING UNIT**
- 7 Cost of Project : Rs.15.71 Lakhs
- 8 Means of Finance
- Term Loan Rs.11.25 Lakhs
- Own Capital Rs.1.57 Lakhs
- Working Capital Rs.2.89 Lakhs
- 9 Debt Service Coverage Ratio : 2.36
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 30%
- 13 Employment : 12 Persons
- 14 Power Requirement : 20.00 HP
- 15 Major Raw materials : Cork-Rubber, Leather and Packing Material
- 16 Estimated Annual Sales Turnover (Max Capacity) : 107.69 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	11.70
Furniture & Fixtures	0.80
Working Capital	3.21
Total	15.71

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.57
Working Capital(Finance)	2.89
Term Loan	11.25
Total	15.71

LEATHER CRICKET BALL MANUFACTURING

UNIT

Introduction:

Cricket is the most popular game in our country but it is also played all over the world; cricket is mainly played in commonwealth countries. After partition of the country in 1947, large number of workers migrated to India. They have subsequently settled down in Meerut (U.P.) and Jalandhar (Punjab), where they started manufacturing cricket balls. India is the leading manufacturer of Cricket balls and have been in practise in England for centuries. But the undue increase in labour cost and rising demand for the product, the balls prices got unreasonable in Great Britain and the centre of ball manufacturing shifted to India. As per survey conducted in 2014, over 90 percent of leather cricket balls are made in India. Meerut and Ludhiana contribute maximum to the above percentage, as maximum number of leather cricket ball manufacturing units are based in these two cities of India.



Uses & Market Potential:

Cricket balls are traditionally red, and red balls are used in Test cricket and First-class cricket but proposals to introduce other colours date back at least as early as 1937. Red balls are more durable than white balls. Due to this reason, the red cricket balls can be used for 80 overs or more. The production is about 180 thousand dozens per year valued more than Rupees 300 lakhs. The demand for quality goods is increasing hence there is a scope for another 10 to 15 new units every year. The important raw materials required for the manufacturing of cricket balls is leather, thread, cork, polishes and wool. Fortunately, all the items mentioned above except cork are indigenously available. Cork will have to be imported.

Product:

Leather Cricket Ball

Raw Material:

The raw materials are mentioned below:

- Cork-rubber
- Leather
- Packing Material

Manufacturing Process:

The steps are:

- ✓ Raw material procurement
- ✓ Leather seasoning and cutting of leather to length

- ✓ Stitching of Leather Piece
- ✓ Assembly of leather pieces and cork ball
- ✓ Final stitching step

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 1500-2000Sqft.

Cost of Machines:

Machine	Quantity	Rate	Amount
Power Operated Press Machine	1	225000	225000
Core seasoning oven	1	500000	500000
Hydraulic Stamping Press Machine	1	300000	300000
Leather Buff Polishing Machine	1	60000	60000
Sewing Machine	1	35000	35000
Other Equipment's and tools	-	-	50000
Total Amount			1170000

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 BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.20	3.43	5.36	7.62
Add: Additions	1.57	-	-	-	-
Add: Net Profit	3.03	4.03	4.93	5.76	6.76
Less: Drawings	2.40	2.80	3.00	3.50	4.00
Closing Balance	2.20	3.43	5.36	7.62	10.38
CC Limit	2.89	2.89	2.89	2.89	2.89
Term Loan	10.00	7.50	5.00	2.50	-
Sundry Creditors	1.44	1.71	2.00	2.29	2.60
TOTAL :	16.53	15.53	15.25	15.30	15.86
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.50	12.50	12.50	12.50	12.50
Gross Dep.	1.84	3.40	4.73	5.87	6.84
Net Fixed Assets	10.67	9.10	7.77	6.63	5.66
Current Assets					
Sundry Debtors	2.23	2.76	3.25	3.76	4.31
Stock in Hand	2.42	3.46	4.03	4.62	5.23
Cash and Bank	1.22	0.22	0.20	0.29	0.66
TOTAL :	16.53	15.53	15.25	15.30	15.86
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	55.68	68.89	81.14	94.06	107.69
Total (A)	55.68	68.89	81.14	94.06	107.69
<u>B) COST OF SALES</u>					
Raw Material Consumed	28.80	34.27	39.95	45.84	51.96
Electricity Expenses	1.34	1.57	1.79	2.01	2.24
Repair & Maintenance	0.84	1.03	1.22	1.41	1.62
Labour & Wages	11.09	13.86	16.63	19.29	22.19
Depreciation	1.84	1.56	1.33	1.14	0.97
Cost of Production	43.90	52.30	60.92	69.70	78.97
Add: Opening Stock /WIP	-	1.46	1.74	2.03	2.32
Less: Closing Stock /WIP	1.46	1.74	2.03	2.32	2.63
Cost of Sales (B)	42.44	52.02	60.64	69.41	78.66
C) GROSS PROFIT (A-B)	13.24	16.87	20.50	24.66	29.03
	23.78%	24.49%	25.27%	26.21%	26.96%
D) Bank Interest i) (Term Loan)	1.22	1.00	0.72	0.45	0.17
ii) Interest On Working Capital	0.32	0.32	0.32	0.32	0.32
E) Salary to Staff	7.56	9.60	12.10	14.76	17.71
F) Selling & Adm Expenses Exp.	1.11	1.93	2.43	3.01	3.45
G) TOTAL (D+E+F)	10.21	12.84	15.57	18.53	21.65
H) NET PROFIT	3.03	4.03	4.93	6.12	7.38
	5.4%	5.8%	6.1%	6.5%	6.9%
I) Taxation	-	-	-	0.36	0.63
J) PROFIT (After Tax)	3.03	4.03	4.93	5.76	6.76

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.57	-	-	-	-
Reserve & Surplus	3.03	4.03	4.93	6.12	7.38
Depreciation & Exp. W/off	1.84	1.56	1.33	1.14	0.97
Increase In Cash Credit	2.89	-	-	-	-
Increase In Term Loan	11.25	-	-	-	-
Increase in Creditors	1.44	0.27	0.28	0.29	0.31
TOTAL :	22.02	5.86	6.55	7.55	8.66
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.50	-	-	-	-
Increase in Stock	2.42	1.03	0.57	0.59	0.61
Increase in Debtors	2.23	0.53	0.49	0.52	0.55
Repayment of Term Loan	1.25	2.50	2.50	2.50	2.50
Taxation	-	-	-	0.36	0.63
Drawings	2.40	2.80	3.00	3.50	4.00
TOTAL :	20.80	6.86	6.56	7.47	8.29
Opening Cash & Bank Balance	-	1.22	0.22	0.20	0.29
Add : Surplus	1.22	- 1.00	- 0.01	0.09	0.37
Closing Cash & Bank Balance	1.22	0.22	0.20	0.29	0.66

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	1.46	1.74	2.03	2.32	2.63
<u>Raw Material</u>					
(10 Days requirement)	0.96	1.71	2.00	2.29	2.60
Closing Stock	2.42	3.46	4.03	4.62	5.23

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.42		
Less:			
Sundry Creditors	1.44		
Paid Stock	0.98	0.10	0.89
Sundry Debtors	2.23	0.22	2.00
Working Capital Requirement			2.89
Margin			0.32
MPBF			2.89
Working Capital Demand			2.89

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	11.25	11.25	0.31	-	11.25
	Iind Quarter	11.25	-	11.25	0.31	-	11.25
	IIIrd Quarter	11.25	-	11.25	0.31	0.63	10.63
	Ivth Quarter	10.63	-	10.63	0.29	0.63	10.00
					1.22	1.25	
II	Opening Balance						
	Ist Quarter	10.00	-	10.00	0.28	0.63	9.38
	Iind Quarter	9.38	-	9.38	0.26	0.63	8.75
	IIIrd Quarter	8.75	-	8.75	0.24	0.63	8.13
	Ivth Quarter	8.13		8.13	0.22	0.63	7.50
					1.00	2.50	
III	Opening Balance						
	Ist Quarter	7.50	-	7.50	0.21	0.63	6.88
	Iind Quarter	6.88	-	6.88	0.19	0.63	6.25
	IIIrd Quarter	6.25	-	6.25	0.17	0.63	5.63
	Ivth Quarter	5.63		5.63	0.15	0.63	5.00
					0.72	2.50	
IV	Opening Balance						
	Ist Quarter	5.00	-	5.00	0.14	0.63	4.38
	Iind Quarter	4.38	-	4.38	0.12	0.63	3.75
	IIIrd Quarter	3.75	-	3.75	0.10	0.63	3.13
	Ivth Quarter	3.13		3.13	0.09	0.63	2.50
					0.45	2.50	
V	Opening Balance						
	Ist Quarter	2.50	-	2.50	0.07	0.63	1.88
	Iind Quarter	1.88	-	1.88	0.05	0.63	1.25
	IIIrd Quarter	1.25	-	1.25	0.03	0.63	0.63
	Ivth Quarter	0.63		0.63	0.02	0.63	-
					0.17	2.50	

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>	4.87	5.59	6.26	6.90	7.73
Interest on Term Loan	1.22	1.00	0.72	0.45	0.17
Total	6.09	6.59	6.99	7.34	7.90
<u>REPAYMENT</u>					
Repayment of Term Loan	1.25	2.50	2.50	2.50	2.50
Interest on Term Loan	1.22	1.00	0.72	0.45	0.17
Total	2.47	3.50	3.22	2.95	2.67
DEBT SERVICE COVERAGE RATIO	2.46	1.88	2.17	2.49	2.96
AVERAGE D.S.C.R.			2.36		

Assumptions:

1. Production Capacity of Leather Cricket Ball Manufacturing unit is taken at 200 Balls per day. First year, Capacity has been taken @ 30%.
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 12 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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